

THE REVIEW OF
**SECURITIES & COMMODITIES
REGULATION**

AN ANALYSIS OF CURRENT LAWS AND REGULATIONS
AFFECTING THE SECURITIES AND FUTURES INDUSTRIES

Vol. 57 No. 7

April 10, 2024

CRYPTOCURRENCY SECURITIES CLASS ACTION LITIGATION: 2023 YEAR IN REVIEW

After a record-breaking surge in crypto-related securities class action litigation actions in 2022, the number of such actions fell sharply in 2023, likely in part due to the crypto market's recovery last year. This article examines crypto securities class action litigation trends in 2023 focusing on the types of defendant companies targeted by litigation and the allegations against them, the geographical distribution of cases, the impact of stock or asset price drops, and remaining legal questions that will shape the landscape of crypto litigation in the upcoming year.

By Joni S. Jacobsen, Angela M. Liu, Timothy Spangler, and Vishan J. Patel *

The year 2023 witnessed a recovery in the cryptocurrency and digital assets market corresponding with fewer crypto-related securities class action litigation actions than in 2022. Despite this decrease, the nature of the allegations made by plaintiffs in 2023 remains similar to those in previous years. The fallout from the collapse of several major market players in late 2022 also featured prominently in some cases. This article explores the key trends in 2023's crypto-related securities class action litigation, including the decrease in the number of cases filed, the geographical distribution of the cases, the types of defendant companies and allegations, the impact of stock or asset price drops, and remaining legal questions.

2023 DECREASE IN CASES FILED CORRELATES WITH CRYPTO MARKET RECOVERY

In 2023, there was a significant drop in crypto securities class action filings, a stark contrast to the

record-breaking surge in 2022. Amidst the turbulence of the crypto market in 2022 — which ended with the collapse of FTX, one of the world's largest cryptocurrency exchanges — a total of 23 class actions were filed. This was a substantial increase from the 13 and 12 cases filed in 2020 and 2021, respectively.¹ However, with the recovery of the crypto market in 2023, the number of class action filings fell to 14, which is consistent with the trends observed prior to the 2022 bear market. The 2023 decrease in litigation likely

¹ This article depends primarily on data from the Stanford Law School Securities Class Action Clearinghouse. *Current Trends in Securities Class Action Filings*, Stanford Law School Securities Class Action Clearinghouse (last accessed Feb. 14, 2024), <https://securities.stanford.edu/current-trends.html>.

* JONI S. JACOBSEN and ANGELA M. LIU are partners in Dechert LLP's Chicago office. TIMOTHY SPANGLER is a partner in the same firm's Los Angeles office, and VISHAN J. PATEL is an associate in the firm's New York City office. Their e-mail addresses are joni.jacobsen@dechert.com, angela.liu@dechert.com, timothy.spangler@dechert.com, and vishan.patel@dechert.com.

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