Overview

The fast-moving and changing financial, regulatory, and judicial landscape creates a challenging backdrop for dispute resolution in the courts and in various arbitration forums. Penalties imposed by regulators have grown in size and with increasing frequency firms are subject to parallel investigations by regulators in multiple jurisdictions. Owing to the growing complexity of financial and commercial interactions, parties increasingly find themselves in situations where high-quality economic and financial expertise is critical to the outcome. An important prerequisite for carrying out economic analyses in such conditions is a deep understanding of financial markets, their interconnections, and the economic principles underlying different financial products. This is critical whether the analysis relates to, for example, the assessment of liability, the estimation of damages, or the settlement of commercial and regulatory disputes.

Our Practice

NERA is widely recognised as a leading firm in financial economics, securities, derivatives, valuation, and risk management. Our European Finance, Litigation, and Dispute Resolution Group is based in London and includes leading experts from around the world. NERA economists bring to bear a thorough understanding of financial markets and the regulatory institutions that govern them. The insights we apply in our roles as consultants and expert witnesses build on experience gained as officers at major global institutions, financial regulators, faculty at top-tier universities, and industry arbitrators. Clients hire us because of the objectivity and accuracy for which our work is known, and for its defensibility in a dispute resolution or regulatory enforcement setting.

NERA economists assist clients in all stages of litigation and arbitration, including discovery, fact analysis, and development of sophisticated economic and financial models addressing questions of liability and quantum. We act as independent experts, provide consulting services, review and critique reports by opposing experts, and assist clients with preparation of well-documented reports, exhibits, and testimony. Our expert evidence has been provided in courts and arbitration forums around the world.

Areas of Focus

Valuation and Pricing of Assets, Derivatives, Securities, and Complex Financial Instruments

Valuation is often a key component of securities-related disputes, and a thorough understanding of the economics of valuation is essential to address such matters. With the ability to combine economics, finance, statistics, and econometrics, NERA’s experts can employ valuation methods that go beyond traditional approaches, especially in cases where historical data and other valuation benchmarks are either unavailable or considered inadequate. Our experience in a variety of asset classes, including equity, fixed income, credit, commodities, and foreign exchange, and with both
vanilla securities and more complex structures, allows us to identify important and potentially unique valuation characteristics of assets, assess the impact of market dynamics on value, and design quantitative models to derive reasonable and reliable valuations.

**Disputes Between Financial Institutions and Their Customers**
NERA economists frequently provide analyses in broker-customer disputes in the context of arbitration, litigation, and regulatory investigations. Our work often includes assessment of liability, suitability, and estimation of the quantum of damages. Our expertise in financial theory and experience with financial markets and instruments allow us to develop credible “but for” scenarios.

**Investment Fund Litigation and Regulatory Investigations**
NERA economists have worked in both litigation and consulting roles for investment funds (mutual funds, private equity funds, unit trusts, hedge funds, etc.) and their advisors, examining selection and pricing of the securities in their portfolios, the structures and levels of fees, trading practices, trading strategies, risk management, and pricing practices, such as margin calls and mark-to-market methods. We often investigate the choice of securities within a fund, examining whether the fund composition was appropriate given the fund’s stated strategies and objectives.

**Securities Fraud: Litigation, Regulatory Enforcement, and Insurance Coverage Disputes**
Our economists are often retained as consultants and act as testifying experts in investigations and litigation involving alleged securities fraud. Our experience includes enforcement investigations (including cross-border proceedings), securities class actions and group actions, and individual civil actions—with involvement at all stages of the investigation or action, including support for settlement proceedings. Our work includes assessments of materiality, causation, liability, and damages. European investors and issuers can be affected by US class actions while legal provisions for collective redress continue to evolve in Europe. We also provide estimates of the size and the likely settlement range of a potential claim to assist in settlement or in post-settlement insurance coverage disputes.

**Insider Trading and Financial Market Manipulation**
In matters involving alleged insider trading and financial market manipulation, NERA economists bring to bear use of quantitative and statistical tools, in combination with real-world trading and regulatory experience, to provide objective analysis. NERA economists are well-versed in analysing large complex datasets to identify trading behaviours such as “spoofing”, “layering”, and “banging” the close in a variety of financial markets (both on exchange and over-the-counter) and where a variety of market participants are involved (including high-frequency traders). We are often asked to estimate the impact of alleged behaviour.

**Commercial Disputes and International Arbitration**
NERA has a large pool of experts with in-depth sector knowledge and extensive testifying experience in commercial disputes and international arbitration. Our economists are hired in both consultant and expert witness roles, and are supported by a talented research staff and a network of distinguished academic affiliates. Representative engagements include energy disputes, investor-state disputes, breach of warranty and breach of contract disputes, and other disputes involving complex damages and valuation assessments.

**About NERA**
NERA Economic Consulting ([www.nera.com](http://www.nera.com)) is a global firm of experts dedicated to applying economic, finance, and quantitative principles to complex business and legal challenges. For over half a century, NERA’s economists have been creating strategies, studies, reports, expert testimony, and policy recommendations for government authorities and the world’s leading law firms and corporations. With its main office in New York City, NERA serves clients from more than 25 offices across North America, Europe, and Asia Pacific.

**Contact**
For more information or to contact our experts, please visit [www.nera.com/sec-eurofinancedisputes](http://www.nera.com/sec-eurofinancedisputes).