



SECURITIES ARBITRATION COMMENTATOR, INC.
P.O. BOX 112
MAPLEWOOD, NJ 07040

TEL: 973.761.5880 FAX: 973.761.1504 E-MAIL: help@sacarbitration.com
www.sacarbitration.com

Securities Arbitration Alert

Hearing Length Survey

SAC Issue: Volume 2006, No. 7 & 8 (Feb 2007)

LENGTH OF HEARING SURVEY: *One of the required information elements of SRO Awards -- the number of hearing sessions -- can tell us a lot about correlations between how long it took to try a case and other parameters. We recently reviewed the hearing session field on SAC's Award Database to see whether hearings are getting longer over time.* Filing and issue dates are also required elements of SRO Awards, so we know, for instance, that cases, especially at NASD, have been taking longer to process from start to finish (i.e., filing date to issue date). NASD posts that information on a monthly basis in the "Statistics" section of the NASD-DR WebSite (www.nasdadr.com <<http://www.nasdadr.com/>>), but to know whether hearing time is also on the increase, we need to take an average of the sum of the number of hearing sessions for each Award issued during a selected time frame.

To get a fix on this figure, we looked back over the past 15 years and, at five-year intervals (1990, 1995, 2000 & 2005), we isolated the NASD Awards categorized as Customer-Member (customer-initiated, more than \$25k claimed) during each year and found the average length of hearing for each year. For instance, during 1990, NASD issued 825 Customer-Member Awards reflecting an aggregate of 2,879 hearing sessions.

The longest hearing that year took 43 hearing sessions. We then continued the same calculation process for the other three time periods and found as follows:

In 1995, NASD issued 708 Customer-Member Awards reflecting an aggregate of 3.387 hearing sessions. The longest hearing that year took 92 hearing sessions.

In 2000, NASD issued 874 Customer-Member Awards reflecting an aggregate of 3.543 hearing sessions. The longest hearing that year took 36 hearing sessions.

In 2005, NASD issued 1,170 Customer-Member Awards reflecting an aggregate of 7.095 hearing sessions. The longest hearing that year took 108 hearing sessions.

From these calculations, we were able to draw average hearing lengths for each year:

3.5 hearing sessions in 1990;

4.8 hearing sessions in 1995;

4.1 hearing sessions in 2000; and

6.1 hearing sessions in 2005.

It is clear that the trend is on the upswing and, especially so, in the last five-year period.

As a double-check on the data results, we tested the median hearing length for each year and that approach also reflected an uptick over time: from a median of two hearing sessions in 1990 to five in 2005. The growing complexity of arbitration proceedings that require hearing has a direct impact on cost. In addition, longer hearing lengths probably influence settlements and turnaround time, and, maybe, even outcomes. (*ed: We recently developed this information for one of the industry periodicals and thought we would share it with SAC subscribers.*) (SAC Ref. No. SAA 2006-49-01, 12/13/06)