UNITED STATES COURT OF APPEALS FOR THE SECOND CIRCUIT

Huey v. Anavex Life Sciences Corporation

Huey · No. 25-1752 · Decided June 26, 2026

SUMMARY

The United States Court of Appeals for the Second Circuit affirms the Southern District of New York's dismissal of a putative securities-fraud class action against Anavex Life Sciences Corporation and its former CEO. The court holds that the plaintiff failed plausibly to plead loss causation because the company's stock price increased on the alleged corrective-disclosure date and later declines moved in tandem with the broader market. The opinion addresses loss causation under Section 10(b) of the Securities Exchange Act and Rule 10b-5.

CASE DETAILS

COURT	United States Court of Appeals for the Second Circuit
WRITING FOR THE COURT	Calabresi, Circuit Judge; Jacobs, Circuit Judge; Nathan, Circuit Judge
JURISDICTION	United States Court of Appeals for the Second Circuit
DECIDED	June 26, 2026
DOCKET	25-1752
DISPOSITION	affirmed
PROCEDURAL POSTURE	Plaintiff appealed from a judgment dismissing her securities-fraud complaint under Federal Rule of Civil Procedure 12(b)(6) and denying leave to replead.
STANDARD OF REVIEW	The court reviewed dismissal under Rule 12(b)(6) de novo, accepting factual allegations as true and drawing reasonable inferences in plaintiff's favor. It reviewed denial of leave to amend for abuse of discretion, but reviewed de novo the legal conclusion that amendment would be futile.
PRECEDENTIAL VALUE	published precedential opinion
PARTIES	Quintessa Huey v. Anavex Life Sciences Corporation, Christopher U. Missling

TOPICS

securities fraud · appellate procedure · standard of review · commercial litigation · appellate jurisdiction

PRACTICE AREAS

securities litigation · securities fraud · appellate procedure · civil procedure

QUESTIONS PRESENTED

1. Whether Huey plausibly pleaded loss causation under Section 10(b) and Rule 10b-5 when the stock price increased on the day of the alleged corrective disclosure, declined over the next two days in tandem with the market, and declined more substantially only later.
2. Whether the district court properly denied leave to amend as futile.
3. Whether the court needed to address falsity and scienter after concluding that loss causation was inadequately pleaded.

HOLDINGS

1. A plaintiff alleging loss causation in a fraud-on-the-market case must plausibly plead a causal link between the alleged misrepresentation and the stock-price loss. When the loss is delayed, follows an initial stock-price increase, and coincides with broader market losses, the plaintiff must provide some indication explaining the delay and distinguishing the alleged fraud from intervening market forces.
2. The Second Circuit does not impose a per se rule requiring a stock price to decline on the exact day of a corrective disclosure in order to plead loss causation.
3. The district court properly denied leave to amend because Huey did not show that amendment could cure the loss-causation defect and the proposed additions were substantially duplicative of the existing allegations.
4. Because Huey failed plausibly to plead loss causation, the court did not decide whether she adequately pleaded falsity or scienter as to the February 2, 2023 statement.

KEY QUOTATIONS

> *"But that is not to say we should have a per se rule rendering implausible any claim where the share price did not immediately adjust. To the contrary, we expressly reject a per se rule that a plaintiff can only establish loss causation by showing a loss on the exact day of the corrective disclosure."* (25-27)

> *"Accordingly, where, as here, the share price did not substantially decline until two days after the corrective disclosure, and even that decline coincided with broader market losses, we hold that Huey failed plausibly to allege loss causation."* (31-32)

> *"To establish plausibility, Huey must provide "some indication" of why the loss was delayed and why it was caused by the corrective disclosure rather than intervening market forces."* (32)

FACTUAL BACKGROUND

Anavex developed ANAVEX 2-73, a proposed treatment for Rett syndrome, and used an RSBQ-AUC endpoint in clinical trials. Anavex publicly stated that it had received FDA input on the endpoints, and later disclosed that it would not use the RSBQ-AUC endpoint in the EXCELLENCE trial. Anavex's stock price increased on the day of that corrective disclosure, declined over the next two days while generally tracking the market, and declined more substantially two days later. Huey alleged that the disclosure corrected a prior misrepresentation and caused investor losses.

PROCEDURAL HISTORY

Huey filed a putative securities-fraud class action against Anavex and its former CEO, Christopher U. Missling. The Southern District of New York held that she plausibly pleaded falsity and scienter only as to a February 2, 2023 press release, but failed to plausibly plead loss causation; it dismissed the complaint with prejudice and denied leave to amend as futile. The Second Circuit affirmed.

DISPOSITION

affirmed

CASES CITED

- Adelson v. Harris, 774 F.3d 803, 807 (2d Cir. 2014)
- Panther Partners Inc. v. Ikanos Communications, Inc., 681 F.3d 114, 119 (2d Cir. 2012)
- ATSI Communications, Inc. v. Shaar Fund, Ltd., 493 F.3d 87, 108 (2d Cir. 2007)
- Arkansas Public Employees' Retirement System v. Bristol-Myers Squibb Co., 28 F.4th 343, 351-52 (2d Cir. 2022)
- United States v. Nelson, 277 F.3d 164, 186 (2d Cir. 2002)
- Berry v. Sugar Notch Borough, 43 A. 240 (Pa. 1899)
- Loreley Financial (Jersey) No. 3 Ltd. v. Wells Fargo Securities, LLC, 797 F.3d 160, 183-86 (2d Cir. 2015)
- Martin v. Herzog, 126 N.E. 814, 816 (N.Y. 1920)
- Zuchowicz v. United States, 140 F.3d 381, 391 (2d Cir. 1998)
- Calo v. Ocean Ships, Inc., 57 F.3d 159, 162 (2d Cir. 1995)
- Transatlantic Shiffahrtskontor GmbH v. Shanghai Foreign Trade Corp., 204 F.3d 384, 390-91 (2d Cir. 2000)
- Dura Pharmaceuticals, Inc. v. Broudo, 544 U.S. 336, 341-42, 346-47 (2005)
- Bastian v. Petren Resources Corp., 892 F.2d 680, 683 (7th Cir. 1990)
- Emergent Capital Investment Management, LLC v. Stonepath Group, Inc., 343 F.3d 189, 197 (2d Cir. 2003)
- Basic Inc. v. Levinson, 485 U.S. 224 (1988)
- Moore v. PaineWebber, Inc., 189 F.3d 165, 175 (2d Cir. 1999) (Calabresi, J., concurring)
- Palsgraf v. Long Island Railroad, 162 N.E. 99, 101 (N.Y. 1928)
- Jeffrey Hecht v. Commerce Clearing House, Inc., William Miller, Louis Ceccoli, and Stanley Stephens, Hecht v. Commercial Clearing House, Inc., 897 F.2d 21, 23-24 (2d Cir. 1990)
- CSX Transportation, Inc. v. McBride, 564 U.S. 685, 688 (2011)
- Lentell v. Merrill Lynch & Co., 396 F.3d 161, 174 (2d Cir. 2005)
- Bricklayers & Trowel Trades International Pension Fund v. Credit Suisse Securities (USA) LLC, 752 F.3d 82, 89 (1st Cir. 2014)
- Ashcroft v. Iqbal, 556 U.S. 662, 678 (2009)

- Federal Housing Finance Agency for Federal National Mortgage Association v. Nomura Holding America, Inc., 873 F.3d 85, 158 (2d Cir. 2017)
- Central States, Southeast & Southwest Areas Pension Fund v. Federal Home Loan Mortgage Corp., 543 F. App'x 72 (2d Cir. 2013)
- Gimpel v. The Hain Celestial Group, Inc., 156 F.4th 121, 151 (2d Cir. 2025)
- Ganino v. Citizens Utilities Co., 228 F.3d 154, 166 n.8 (2d Cir. 2000)
- Abramson v. Newlink Genetics Corp., 965 F.3d 165, 179 (2d Cir. 2020)
- Waters v. General Electric Co., No. 8-CV-8484, 2010 WL 3910303, at *8 (S.D.N.Y. Sept. 29, 2010)
- Swanson v. Interface, Inc., No. 20-CV-5518, 2022 WL 2003990 (E.D.N.Y. June 6, 2022)
- Ross v. Lloyds Banking Group, 546 F. App'x 5, 12 n.2 (2d Cir. 2013)
- Glickenhaus & Co. v. Household International, Inc., 787 F.3d 408 (7th Cir. 2015)
- Furlong v. Long Island College Hospital, 710 F.2d 922, 927 (2d Cir. 1983)
- Telectronics Proprietary, Ltd. v. Medtronic, Inc., 687 F. Supp. 832, 836 (S.D.N.Y. 1988)
- Noto v. 22nd Century Group, Inc., 35 F.4th 95, 107-08 (2d Cir. 2022)
- In re Lehman Brothers Mortgage-Backed Securities Litigation, 650 F.3d 167, 188 (2d Cir. 2011)