

LATEST CCMR STUDY CONFIRMS RESUMED DETERIORATION IN COMPETITIVENESS OF U.S. PUBLIC EQUITY MARKETS

CAMBRIDGE, Mass., September 22, 2010—The Committee on Capital Markets Regulation (CCMR), an independent and nonpartisan research organization dedicated to improving the regulation and enhancing the competitiveness of U.S. capital markets, today released data confirming that the competitiveness of U.S. public equity markets in global markets has resumed its deterioration throughout this year's first half.

Hal S. Scott, President and Director of the Committee said: "Consistent with its findings for this year's first quarter, the second quarter data have confirmed a reversal of a two year trend toward mild improvement in our markets competitiveness. The prior long-term deterioration clearly has resumed."

Most of the measures that improved in 2009 have deteriorated in the first half of 2010:

- The U.S. captured a very disappointing 2.7% of global IPO activity by value in the first half of 2010. Historically, the U.S.'s share was 16.9% in all of 2009, 1.9% in 2008, 6.9% in 2007, and averaged 28.7% for the period 1996-2006.
- Among the global IPOs captured by the U.S., an overwhelming 96.7% of activity in the first half of 2010 occurred in the private Rule 144A market rather than the public market, compared to 70.2% for all of 2009, 95.5% in 2008, and 87.9% in 2007. Rule 144A IPOs by foreign companies as a percentage of total global IPOs in the U.S. averaged 64.1% for 1996-2006.
- The U.S. captured none of the top 20 IPOs in the first half of 2010. In all of 2009, the U.S. captured 2 of the top 20, compared to 0 in both 2008 and 2007. Historically, the U.S. has captured on average 5 of the top 20 IPOs annually for 1996-2006.
- The percentage of IPOs that U.S. issuers have chosen to list only abroad was 4.6% in the first half of 2010, compared to 3.0% for all of 2009, 20.0% for 2008, and 8.6% for 2007. This percentage was just 0.3% for 1996-2006.
- The U.S. had a 24.3% share of the equity globally raised in public markets at the end of the period, compared to 24.6% at the end of 2009. This measure averaged 32.2% for 1996-2006.

The following measures continue to deteriorate:

- The U.S. share of the value of global share trading was 50.7% at the end of the first half of 2010, down from 58.1% at 2009 year-end, and 62.4% at 2008 year-end. It is slightly better than the 45.0% for 2007, but is still lower than the historical average of 50.6% for 1990-2006.

- The U.S. share of global market capitalization remained at 33.8% at the end of the first half of 2010, continuing an overall decline from an average of 43.3% for 1990-2006, 32.8% at 2007 year-end, 36.0% at 2008 year-end, and 32.4% at 2009 year-end.

The following measures improved in Q2 2010 from 2009:

- The equity raised via Rule 144A ADRs as a percentage of total equity raised by foreign issuers in the U.S. public market was just 0.5% during the first half of 2010, compared to 4.1% for all of 2009, 5.0% for 2008, 13.7% for 2007, and 10.2% for 2000-2006.
- There were 6 foreign companies cross listed on a U.S. exchange in the first half, up from 5 in all of 2009, but still far below the historical average of 18 per year for 2000-2006.
- The U.S. share of total global M&A advisory and equity/debt underwriting revenue grew to 43% during the second half of 2010. Historically, this figure was 37% for 2009 and averaged 49% for 1996-2006.
- The semiannual delisting rate of foreign companies from the NYSE was 2.2% in the first half of 2010, compared to annual rates of 5.1% in 2009, 5.0% in 2008, 16.0% in 2007, and 5.3% for 1997-2006.

Overall, Q2 2010 evidences a continued, overall decline in U.S. competitiveness. The Committee believes it is important to continue to closely monitor and further bolster the competitiveness of the U.S. capital markets. The global financial crisis provides a unique opportunity to effect reform in this area, and in May 2009 the Committee released a comprehensive set of recommendations in its report, “The Global Financial Crisis: A Plan for Regulatory Reform.”

Historical data through Q2 2010 are now available at www.capmksreg.org.

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