

Q1 2010 SEES FRESH DETERIORATION IN COMPETITIVENESS OF U.S. PUBLIC EQUITY MARKETS, REVERSING MILD IMPROVEMENTS

CAMBRIDGE, Mass., June 2, 2010—The Committee on Capital Markets Regulation, an independent and nonpartisan research organization dedicated to improving the regulation and enhancing the competitiveness of U.S. capital markets, reported today that Q1 2010 data demonstrate deterioration in the competitiveness of U.S. public equity markets. Hal S. Scott, President and Director of the Committee said, “Q1 2010 reverses the trend of mild improvement from the last two years.”

Five measures that had improved in 2009 deteriorated in Q1 2010:

- The U.S. had a 21.6% share of the equity globally raised in public markets in the first quarter, compared to 24.6% for all of 2009, and from an average 32.2% in 1996-2006.
- The U.S. captured only 2.8% of global IPO activity by value in Q1 2010, down from 16.9% for all of 2009 and from 28.7% during the decade 1996-2006.
- Among the global IPOs done in the U.S. during the first quarter, an overwhelming 96.7% occurred in the Rule 144A sector rather than in the public market, up from 70.2% for the full year 2009. Rule 144A IPOs by foreign companies as a percentage of total global IPOs in the U.S. averaged 64.1% for 1996-2006.
- None of the 20 largest IPOs occurred in the U.S. during the first quarter. Historically, the U.S. attracted 2 of the top 20 for the full year 2009, less than half the 5 of the top 20 IPOs the nation had annually from 1996-2006.
- Only one foreign company listed its shares on a U.S. exchange in Q1 2010, down from 5 for all of 2009, and far below the historical average of 18 for 2000-2006.

These following volume/market capitalization measures also continued to deteriorate:

- The U.S. share of the value of global share trading was 47.9% in Q1 2010, versus 58.1% in all of 2009 and 62.4% in 2008. This measure averaged 50.6% for the 15-year period from 1990-2006.
- The U.S. share of global market capitalization remained at 32.4% in Q1 2010, as it did in all of 2009, but was below the 36% share in 2008 and 43.3% in the 1990-2006 period.

Some measures improved in Q1 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 0.6% in the first quarter compared with 4.1% in 2009 and a historical average of 10.2% in 2000-2006.
- The rate of foreign companies delisting from the NYSE in Q1 2010 declined to just 0.7%, from annual rates of 5.1% in 2009, 5.0% in 2008 and 16.0% in 2007, and an average of 5.3% from 1997-2006. However, this may reflect the fact that most foreign companies that wanted to delist already have done so.
- The U.S. share of total global M&A advisory and equity/debt underwriting revenue grew to 45% in Q1 2010 from 37% in all of 2009, moving back closer to the historical average of 49% in the 1996-2006 period.

In view of the continued first quarter declines, the Committee believes it is important to further bolster the competitiveness of the U.S. capital markets, and it plans to continue closely monitoring the competitiveness of the United States capital markets.

Historical data through Q1 2010 is available at www.capmksreg.org.

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For Further Information:

Prof. Hal S. Scott, President and Director
Committee on Capital Markets Regulation
(617) 384-5364
hscott@law.harvard.edu

Tim Metz
Hullin Metz & Co.
(646) 495-5136
tim@hmllc.com