

LATEST CCMR STUDY SHOWS DETERIORATION IN COMPETITIVENESS OF U.S. PUBLIC EQUITY MARKETS IN 2010 COMPARED TO 2009

CAMBRIDGE, Mass., March 22, 2011—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 in 2010 the competitiveness of U.S. public equity markets in global markets continued to deteriorate. Further, many improvements made in 2009 were reversed in 2010.

Hal S. Scott, President and Director of the Committee said: “The size and value of U.S. capital markets declined in 2010. Many improvements that we saw in 2009 appear to have been a result of a flight to quality. We now seem to have reverted to the long-term trend of continued loss of competitiveness.”

The following measures have declined every year since 2008:

- The U.S. share of global market capitalization declined to 31.5% in 2010. This figure is lower than totals from the previous three years (32.4% for 2009, 36.0% for 2008, and 32.8% for 2007) and significantly lower than the average of 43.3% share for the years 1990-2006.
- The U.S. share of global equity trading, measured by value, was 49.6 % in 2010, down from 58.1% in 2009, and 62.4% in 2008, but in line with the 1990-2006 historical average of 50.6%.

Many measures that improved in 2009 deteriorated in 2010:

- The U.S. captured 14.2% of global IPO activity by value in 2010. This is lower than 16.9% in 2009, and an average of 28.7% for the period 1996-2006.
- Among global IPOs captured by the U.S. in 2010, 79.3% of activity was in the private Rule 144A market rather than the public market. This is higher than 2009’s 70.2% and well above the historical average of 64.1% for 1996-2006.
- During 2010, 5.2% of IPOs by U.S. issuers were listed only abroad, compared to 3.0% for 2009. This percentage was just 0.3% for 1996-2006.
- The U.S. captured only one of the top 20 IPOs of 2010. In 2009 two of the top 20 IPOs were sold on U.S. markets. Historically, the U.S. has captured an average 5 of the top 20 IPOs annually for 1996-2006.

In 2010, two measures slightly improved over 2009 levels, while one significantly improved:

- In 2010, the U.S. share of global M&A advisory and equity/debt underwriting revenue grew slightly to 40%. This figure was 37% in 2009, but averaged 49% for 1996-2006.
- During 2010, 3.8% of equity raised by foreign issuers in the U.S. public market was via Rule 144A American Depositary Receipts, compared to 4.1% for 2009, and an average 10.2% for 2000-2006.
- 30% of global equity raised in 2010 was raised in markets in the United States, compared to 24.6% at the end of 2009. This measure averaged 32.2% for 1996-2006. This seems to reflect the revitalization of the IPO market for U.S. companies rather than the attraction of our markets to foreign issuers.

The Committee believes that measures suggested in its 2006 Interim Report must be taken to help restore U.S. competitiveness. We also urge regulators implementing the provisions of the Dodd–Frank Wall Street Reform and Consumer Protection Act to minimize, to the extent possible, adverse competitive impacts, particularly in areas where the U.S. regulatory approach differs significantly from that taken in other markets.

Historical data through Q4 2010 are available at www.capmksreg.org.

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