COMMITTEE ON CAPITAL MARKETS REGULATION

COMMITTEE STUDY SHOWS
CONTINUED COMPETITIVE WEAKNESS IN U.S. CAPITAL MARKETS

CAMBRIDGE, Mass., February 14, 2013—The Committee on Capital Markets Regulation today released U.S. competitiveness data for 2012.

U.S. capital market competitiveness remained weak in 2012 with many competitiveness measures suffering declines from the previous year. Hal S. Scott, Director of the Committee, said, "The data indicate that, when raising capital outside their home jurisdictions, foreign companies increasingly prefer to tap non-U.S. financial markets."

U.S. public markets failed to attract the largest global IPOs, as only one of the 20 largest offerings of 2012 was conducted within the United States, a decline from three in 2011 and far less than the historical average of five such offerings per year. Of global initial equity offerings conducted outside an issuer's home market, only 11.4% by volume was raised in the United States in 2012. While this represents a small improvement over 2011 (8.6%), it falls short of the levels reached in 2009 and 2010 (16.9% and 14.2%, respectively) and remains well below the historical average of 28.7% (1996-2006).

Further, foreign companies raising capital in the United States tend to do so via private rather than public markets. Of the total volume of foreign equity issued in initial offerings in the United States in 2012, 84.5% was conducted through private Rule 144A offerings rather than public offerings, an increase from 82.5% in 2011. This measure of aversion to U.S. public equity markets is now at its highest level in five years and stands significantly higher than the historical average of 64.1%.

The percentage of IPOs by U.S. issuers listed only abroad declined significantly to 0.7% in 2012 from 6.9% the previous year, although the decline was likely due in part to the softness of European equity markets in the wake of the recent sovereign debt crisis.

The CCMR believes that the measures suggested in its 2006 *Interim Report* remain essential to the restoration of U.S. competitiveness. "We urge regulators implementing the provisions of the Dodd-Frank Wall Street Reform and Consumer Protection Act to minimize the adverse competitive effects of new regulations, particularly in areas where the U.S. regulatory approach differs significantly from competitor markets," said Director Scott.

Historical data through 2012 are available at www.capmktsreg.org.

*   *   *

For Further Information:

Hal S. Scott, Director
Committee on Capital Markets Regulation
hscott@law.harvard.edu

C. Wallace DeWitt, Research Director
Committee on Capital Markets Regulation
cwdewitt@capmktsreg.org