

LATEST CCMR STUDY SHOWS SOME IMPROVEMENT IN U.S. PUBLIC EQUITY CAPITAL MARKET COMPETITIVENESS

CAMBRIDGE, Mass., December 10, 2012—The Committee on Capital Markets Regulation (CCMR), an independent and nonpartisan research organization dedicated to improving regulation and enhancing the competitiveness of U.S. public equity capital markets, today released data from the third quarter of 2012.

U.S. capital markets showed slightly improved competitiveness this past quarter, though most measures of competitiveness still fall short of historical averages. Hal S. Scott, Director of the Committee said, “While foreign companies continue to prefer non-U.S. financial markets for raising capital outside their home markets, and regulatory reform is still needed, this quarter’s data offers a promising sign that competitiveness can be restored to U.S. markets.”

Of the global initial equity offerings conducted outside a company’s home market, 18.3% of the volume is raised in the U.S. equity markets. While this measure is at its highest level over the past five years, the U.S. share of this volume remains well below its historical average of 28.7% (1996-2006). Furthermore, the U.S. markets still fail to attract the largest global IPOs, as only 2 of the 20 largest offerings this year have been conducted in the U.S. The U.S. has averaged five such offerings each year in the past (1996-2006).

U.S. public equity markets also showed modest improvement as foreign companies that choose to raise equity capital in the U.S. through initial offerings scaled back their reliance on private markets. Of the total volume of foreign equity issued as initial offerings in the U.S. through the third quarter of this year, 78.6% was conducted through private Rule 144A offerings rather than public offerings. This represents a small reduction from the 82.5% reliance on private markets seen in 2011 and is the lowest level since 70.2% in 2009. However, despite the small improvement, this measure remains much larger than its historical average of 64.1% (1996-2006), indicating a continued aversion to U.S. public equity markets for initial offerings.

The CCMR believes that measures suggested in its 2006 Interim Report must be taken to continue to 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 2011 are available at www.capmksreg.org.

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