LATEST CCMR STUDY SHOWS DECLINE IN U.S. SHARE OF GLOBAL MARKETS IN 2011

CAMBRIDGE, Mass., June 4, 2012—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 from the fourth quarter of 2011 and the first quarter of 2012. The value of foreign issuer-raised equity in the U.S. private markets showed a significant increase in 2011, suggesting a further decline in the relative competitiveness of the U.S. public capital markets.

On the other hand, while several measures of competitiveness have shown limited improvement in the first quarter of 2012, it is premature to tell whether this is an anomaly or the beginning of a broader trend. We will have a better perspective on these results following the release of our quarter 2 data this summer.

2011 Measures

Global IPOs

In 2011, U.S. equity markets captured only 8.6% (by value) of the global IPO market. This is a decrease from 14.2% in 2010 and 16.9% in 2009, and is substantially less than the historical average of 28.7% for the period 1996–2006.

Three of 2011's 20 largest IPOs were sold on U.S. markets. This represents an improvement from only one IPO in 2010, two in 2009, and none in 2008 or 2007. However, the figure is still lower than the historical average of five IPOs for the period 1996 –2006.

U.S. Public & Private Equity Markets

In 2011, the U.S. raised 42.7% of the equity raised in worldwide public markets. This figure represents a significant increase over the 2010 figure of 30.0%. But it just reflects the fact that U.S. IPOs, of U.S. firms, were more active than IPOs of foreign companies.

At the same time, however, in 2011, the 144A market also captured a larger relative share (6.3%) of foreign issues in the U.S., a substantial increase from 3.8% in 2010. The value of foreign issuer–raised equity on the 144A market during that period was $1.32 billion, a dramatic increase over 2010's $771 million. This shows that our public markets are still unattractive to foreign issuers who have a real choice as to whether to use them. These issuers prefer the private markets.

In addition, in 2011, a total of 11 foreign companies cross–listed their shares on U.S. exchanges without raising capital. This remains well below the historical average of 18 for the period 2000–2006.

Quarter 1 of 2012

Global IPOs

U.S. equity markets captured 17% (by value) of the global IPO markets during the first quarter of 2012. This is a significant increase over the 8.6% U.S. share in 2011, and a hopeful sign, but it still remains well below the historical average of 28.7%. The U.S. share of the 20 largest global IPOs remained relatively flat.

U.S. Public & Private Equity Markets

In the first quarter of 2012, the U.S. raised 47.4% of global equity raised in public markets. This marks a further increase over 2011 levels. Again, this just shows the active IPO for U.S. firms. More importantly, the percentage of private IPOs by foreign companies relative to total global IPOs in the U.S. decreased in the first quarter to 67.9% (from 82.5% in 2011), reflecting that foreign companies were finding U.S. public markets more attractive. This is a promising development, but the figure remains above the historical average of 64.1%.

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 2011 are available at www.capmktsreg.org.

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