

## LATEST CCMR STUDY SHOWS FURTHER DECLINE IN U.S. CAPITAL MARKET COMPETITIVENESS

CAMBRIDGE, Mass., August 27, 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. capital markets, today released data from the second quarter of 2012.

U.S. capital markets suffered a setback this past quarter as improvement seen in the first quarter of 2012 was reversed in the second quarter. Hal S. Scott, Director of the Committee said, “Despite the promising first quarter data, foreign companies have continued to avoid U.S. markets when raising capital outside their home markets, demonstrating a clear preference for non-U.S. financial centers.”

Of the global initial equity offerings conducted outside a company’s home market, only 6.7% of the volume is raised in the U.S. equity markets. While this measure had reached 17% through the first quarter of this year, the current decline illustrates a continuation of a 4-year downward trend. U.S. share of this volume has reached its lowest level since 2008 and remains well below its historical average of 28.7% (1996-2006).

U.S. public equity markets fared particularly poorly as foreign companies that choose to raise equity capital in the U.S. through initial offerings overwhelmingly decided to do so in the private markets via Rule 144A offerings. Of the total volume of foreign equity issued as initial offerings in the U.S. during the second quarter, 90.5% was conducted through private Rule 144A offerings rather than public offerings. Not only is this a substantial increase over the 82.5% seen in the prior year (2011), but this figure is also far greater than the historical average of 64.1% (1996-2006), indicating a strong aversion to U.S. public equity markets for initial offerings. Foreign issuers’ preference for the 144A private market over public equity markets demonstrates continuing weakness in the competitiveness of U.S. public markets.

The CCMR 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.capmktreg.org](http://www.capmktreg.org).

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