LATEST CCMR STUDY SHOWS IMPROVEMENT IN U.S. SHARE OF GLOBAL IPO MARKET

CAMBRIDGE, Mass., August 18, 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 some improvement in Q2 2011 in the relative competiveness of U.S. capital markets within global markets. Much of the improvement was in the U.S. share of the global IPO market. The relative position of U.S. markets within global equity markets held steady, while the share of non-IPO foreign issues captured by U.S. public markets declined compared to Q1.

Hal S. Scott, President and Director of the Committee said, "The relative strength of U.S. companies going public is a welcome sign, but the continued flight of foreign capital to private markets and non-U.S. exchanges still demonstrates the competitive problem of U.S. public equity markets."

U.S. Public IPO Markets Continue to be Uncompetitive

During the first half of 2011, U.S. markets captured three of the 20 largest global IPOs, an improvement over the last four years (1 in 2010, 2 in 2009, none in 2008 and 2007), but fewer than the 1996-2006 average of 5. This is a reflection of the fact that there were more large U.S. companies going public than in the recent past. The Hong Kong Stock Exchange continued to serve as listing exchange of choice for very large IPOs, listing seven of 2011's top 20 global IPOs, including the top five.

The first half of the year also saw a slight increase in IPO capital raised through U.S. public markets as compared to private markets. The value of global IPOs sold through the private 144A market decreased to 75.1% from 79.3% in 2010, but remained higher than the 1996–2006 average of 64.1%.

The proportion of the global IPO market captured by U.S. markets shrank again to 11.4% during the first half of 2011—a decrease from 14.2% in 2010, 16.9% in 2009, and much less than the 1996–2006 average of 28.7%.

There were 81 IPOs by U.S. issuers in the first half of 2011. Four of these, or 4.9%, were listed only on foreign exchanges, a slight improvement over 2010's 5.2%, but more than 2009's 3.0%. This percentage averaged just 1.3% during the period 1996-2006. The value of such transactions increased significantly to $2.0 billion as compared to $278 million in 2010, $193 million in 2009. It is a distressing sign that U.S. companies are using foreign markets to go public.

ADR Offerings Migrate to the Private Market, Market Share of Trading Ebbs

In contrast to the IPO market, the private ADR market saw an increase in the value of private sales by foreign issuers. Foreign issuers raised a total of $1.16 billion on U.S. markets via 144A

ADRs sponsored by the Bank of New York. This is a significant increase over year–end totals of $771 million in 2010, $738 million in 2009, and $308 million in 2008 and is projected to exceed the historical average of $2.2 billion for the period 2000–2006. At 7.7%, the 144A ADR market also captured a larger proportion of U.S. offerings by foreign issuers—more than prior–year totals of 3.8% in 2010, 4.1% in 2009, and 5.0% in 2008, but less than the 2000–2006 average of 10.2%. This shows that in the private markets where regulation is less burdensome, the U.S. continues to do well.

In the first half of 2011, the volume of trading in ADRs sponsored by the Bank of New York declined to 19.8% when compared to trading volume in the ordinary shares of ADR issuers on their home exchanges—less than 2010's 22%, but more than the 2001-2006 average of 17.7%.

U.S. Continues to Lose Share of Global Exchange Trading

The U.S. share of global market capitalization was flat, at 31.6%, compared to 2010's total of 31.5%, and less than 2009's 32.4%, 2008's 36.0%, and the 1996-2006 average of 45.7%.

The U.S. share of global equity trading, measured by value, decreased again to 45.8% from 48.3% in 2010, 50.2% in 2009, and the historical average of 50.6% from 1990–2006.

Investment Banking Revenue Stayed Flat

During the first half of 2011 the U.S. share of global M&A advisory and equity/debt underwriting revenue remained at the 2010 level of 40%. This figure was 37% in 2009, but averaged 49% for 1996-2006.

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 Q2 2011 are available at www.capmktsreg.org.

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