U.S. Securities and Exchange Commission

Speech by SEC Commissioner: SEC Regulation Outside the United States

by

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I. Introduction.

Good morning. To start, I'd like to thank Mark Berman for his efforts in putting together such an excellent conference and for the kind invitation to join you here. Obviously, it is my hope that I, along with my colleagues from the SEC, can provide some insight into some of the latest thinking at our agency. In any event, before I begin, I must remind you that the comments I make today are my own and do not reflect the opinions of the staff or the other Commissioners of the Securities and Exchange Commission. (I think you'll hear this disclaimer a lot today.)

II. The Strength of U.S. Capital Markets.

As you know, there's been a great deal of talk over the past few months about the alleged over-regulation in the United States, the loss of competitiveness of U.S. capital markets, and the rise of alternative markets and exchanges. In particular, we have seen the publication of two voluminous reports, the Interim Report of the Committee on Capital Markets (referred to as the Hubbard report, after its co-chair) and the report on Sustaining New York's and the US' Global Financial Services Leadership (the Bloomberg-Schumer report, after its co-sponsors). We will soon have a third paper from the U.S. Chamber of Commerce, essentially reaching the same conclusions. Since I'm here in London, it's especially appropriate to note that much of the commentary has focused on the supposed London versus New York divide, with London being held up as the paradigm and the LSE and AIM being touted as viable and preferable alternatives to the NYSE and Nasdaq, in large part due to their so-called "light-touch" regulation and their lack of Sarbanes-Oxley Section 404.

These are interesting arguments, and while I don't subscribe to them for a number of reasons - which I'll turn to in a moment - I do think they're worth discussing because they raise interesting issues about what the proper role is for regulators such as the SEC and the FSA. In short, I don't think it's a very good idea for regulators and others to tout lower or "light touch" standards as a means of promoting their markets. Touting lower standards risks driving capital away.

Not only do I have philosophical issues with regulators touting "light touch" regulations, but I also believe that the Hubbard report and the Bloomberg-Schumer report present a myth: that the U.S. markets are somehow in decline. All of these papers struggle mightily to blame Sarbanes-Oxley, or regulation in general, for the decline of foreign IPO's in the U.S. The evidence, however, fails to support this proposition.

For example, a recent report by Thomson Financial points to the strength of the U.S. IPO market.[1] The study found that foreign IPOs accounted for 16% of the 208 IPOs in the U.S. last year, the highest proportion of foreign IPOs in Thomson's 20-year review. Also, foreign IPOs in the U.S. last year raised $10.6 billion of the $45.3 billion in IPO offerings priced in the U.S., which equals 23% of IPO money raised year, the highest level since 1994. Further, and this is a quote: "since the adoption of Sarbanes-Oxley . . . in July 2002, there has been little evidence that foreign issuer IPOs have been shying away from the U.S. market." The 34 foreign IPOs in 2006 equaled the total in 2005 and represented the highest level since SOX was enacted.

Moreover, even if one believes that the U.S. has seen a decline in the U.S. capital markets - as represented by a decline in the global percentage of IPOs in the U.S. - relative to other countries, the evidence does not support the claim that regulation is to blame. Instead, there are a number of other factors likely at work, which I addressed in more detail in a talk I gave last December.[2] Since that time, we have seen more evidence to support this claim. In particular, a recent study by Goldman Sachs states that the "growth of capital markets outside the U.S. [is] a natural consequence of economic growth and market maturation elsewhere" and that the U.S. "has in fact been losing market share for several decades."[3] Admittedly, the report notes that regulatory reform might strengthen New York's competitiveness, but the report does "not think this is the main problem - nor indeed that Wall Street is 'losing out' in a regrettable way."

So what is going on here? First of all, many of the supporters of the aforementioned studies have a broad ideological agenda against all regulation. It's the idea that the markets, if only left completely alone, will correct themselves. I certainly believe that market-based solutions are the best if they can be found. However, markets need referees, and without those referees, the law of the jungle will rule. Competition, innovation and new entrants will eventually cease.

One of the basic principles that I believe governs today's global economy is this: Most capital will go to where it is best protected. Yes, some capital will also be allocated to seek returns and take measured risks, whether in developing countries or sectors or alternative investments. However, most capital and investment will go to jurisdictions that have a high level of protection and redress through rule of law and an effective and fair judicial system.

So, let's review the basics. A jurisdiction that is perceived to have high standards of financial disclosure, to protect minority shareholders, to promote strong issuer internal controls, to offer rights of redress, and to have a strong system of enforcement and compliance will attract capital. To the contrary, a jurisdiction that is perceived to have low standards and opaque disclosure, to not protect minority shareholder rights, and to have no effective system of enforcement and compliance will not attract capital

in any significant amount over the long run.

So, if a jurisdiction promotes itself as having lower standards, it risks driving capital away to other markets where capital is perceived to be better protected. Instead, the objective should be to first attract capital in the form of investors. In the long run, it is a losing proposition to seek to attract listings through lower standards. So, capital first. In my view, issuers will always follow capital and liquidity.

I know this is true for a number of reasons. First, significant non-U.S. investors and their CEOs and directors tell me every day that they will continue to invest hundreds of billions of dollars in the U.S. equity markets over other markets because they love the protections rendered by Sarbanes-Oxley, along with the deterrence of the enforcement program at the SEC.

Moreover, the standards imposed by Sarbanes-Oxley are being emulated across the world in a local way. So, I disagree with the voices that say the problem with our markets is regulation. Instead, I say that one of the great strengths of U.S. markets (as in the U.K.) is the system of high standards and protections of capital and protection of minority shareholder rights. That system will continue to attract capital from all corners of the world. So, for example, when the discussion goes to SOX 404 and internal controls, I say the following: SOX 404 is the only standard in the world where both the management of the issuer certifies the effectiveness of, and the auditor tests and attests to, internal controls. I submit that investors appreciate and desire this high level of protection for capital. So, if a jurisdiction does not provide for the level of protection of SOX 404 with auditor attestation, the question for investors is: why not? Indeed, why should an investor accept a lower level of protection for his or her capital?

Of course, it goes without saying that we at the SEC have the greatest respect and admiration for the FSA and the UK system. We realize that our respective markets are very different and specific local solutions will be different. The SEC continues to work closely together with the FSA on projects involving hedge funds, market regulation, and above all seeking convergence at the highest level of principles. I will point out that my good friend, Sir Callum McCarthy, Chairman of the FSA, said in a recent speech that it is a myth that the FSA is a "light touch" regulator, with the implication that the attractiveness of the UK's regulatory regime is that it permits practices prohibited elsewhere.[4] "Light touch," Sir Callum noted, should not be transcribed as "soft touch."

III. The Challenge of Regulators.

Having offered a general defense of the U.S. system and our robust regulatory protections, I should also caution that at the same time, we cannot lose sight of the fact that our regulations have a real-world impact on the economies of our countries. At the SEC, we are certainly required to consider this. It is the mission of the SEC not only to protect investors, but also to "maintain fair, orderly, and efficient markets, and facilitate capital formation." Moreover, Congress requires us to undertake cost-benefit analyses and consider the burden of our rules on competition, efficiency and capital formation. We realize that no system is perfect, and we are open to finding improvements after consultation with industry and

investors.

Indeed, regulators face a difficult balancing act when considering what to do in the face of new challenges. Of course, this has always been the case, but I think it's much more acute now, in the era of globalization, because of the dangers of regulatory arbitrage and the potential race to the bottom. It's certainly preferable to ease overregulation and fix unnecessary or outdated rules, but this must be done only because it's the right thing to do in order to protect investors, maintain efficient markets and facilitate capital formation. I, personally, will be very wary of arguments that we should eliminate regulations because such-and-such a country is doing so.

So, with the remainder of my time here, I'll turn to some concrete topics that illustrate this theme. First, I'll discuss a few initiatives currently underway at the SEC, which I hope will show that the SEC is responsive to constructive criticisms about overregulation, but which also don't try to throw out the baby with the bathwater. Then, I'll conclude by addressing recent pronouncements by SEC senior staff about the future of cross-border regulation, which I think has the possibility to harmonize regulation in a way that does not create a regulatory race to the bottom.

IV. Sarbanes-Oxley Section 404.

The first item that I'll address is the elephant in the room - the famous (or infamous) Section 404 of the Sarbanes-Oxley Act, which requires auditors to attest to the effectiveness of an issuer's internal controls. I think this is the prototypical area in which the SEC has tried to show some flexibility - particularly with respect to foreign private issuers - without losing the importance of the rulemaking. In summary, the SEC and the PCAOB proposed a package of improvements in late December 2006 that I believe will essentially "fix" the implementation problems of Section 404 of the Sarbanes-Oxley Act.

It has been a long road getting here. Although the implementation costs and burdens of Section 404 have been much higher than originally anticipated, nearly three years of experience have made it clear that the benefits gained from improved internal controls over financial reporting are significant ones that we absolutely cannot afford to lose.

Thus, the challenge has been to modify and improve the overall Section 404 framework so that it remains robust and meaningful, yet cost-efficient and flexible enough to accommodate differences among companies. I believe that the combination of the SEC's proposed management guidance, together with the PCAOB's proposed new auditing standard on internal control (AS5), will likely meet this difficult challenge - dramatically reducing the inefficiencies and excessive costs of Section 404, while retaining all of the good.

First, by putting management - and management alone - in the "driver's seat," the SEC's proposed interpretive guidance should significantly reduce what several studies have identified as the largest proportion of Section 404 costs: management evaluation and documentation costs. Under this proposed interpretive guidance, management would be able to exercise a top-down, principles-based, proportionate approach that is risk-based, yet flexible enough to accommodate a tremendous range of companies - from

the smallest of companies to the largest. By avoiding a "one-size fits all" approach, the SEC's proposed interpretive guidance and related rule changes encourage and, in fact, bless management efforts to design and conduct evaluations that are tailored to each company's size, complexity, business lines, and circumstances. This new guidance from the SEC and the PCAOB promises to reduce much of the repetitive auditor work and stabilize and reduce the overall costs of Section 404 compliance.

Similarly, I believe that the PCAOB's proposal will, if adopted by the PCAOB and approved by the SEC, revamp the entire Section 404 attestation landscape by providing auditors with a clearly scalable auditing standard that focuses auditors on the highest-risk areas. Proposed AS5, together with a companion proposed auditing standard on considering and using the work of others, would eliminate many areas of duplicative, excessive, or unnecessary work. Among other improvements, it would remove the requirement for an auditor to evaluate management's evaluation process, permit auditors to utilize previous years' work to reduce testing, provide greater flexibility for auditors to rely on the work of others, and reduce the number of costly walkthroughs.

Investors and management have for some time recognized the huge benefits of Section 404 in producing more reliable financial information - enabling better decision-making for the creation of long term value. Accordingly, I am confident that investors will view Section 404 as the "platinum standard" and increasingly investors will ask why other jurisdictions have not adopted all of the requirements of Section 404, including auditor attestation of internal controls. With the successful implementation of the joint package of guidance and standards issued by the SEC and the PCAOB, the costs of compliance with 404 will finally be rational to its benefits.

I should also note that the SEC has taken great pains to be accommodating to foreign private issuers, as we delayed the auditor attestation requirement for accelerated (but not large accelerated) filers to July 15, 2007, even though similarly-sized U.S. issuers have been required to include auditor attestations in their annual reports for over two years now. Of course, the deadline for all non-accelerated filers - both domestic and foreign - has been pushed back to December 2007 and December 2008 for the management report and the auditor evaluation.

On the other hand, not all of the movement on internal controls has come from the SEC. Other jurisdictions have also been moving to the center from the other side. For example, governments around the world have established independent auditor oversight bodies like the PCAOB. Further, several countries, including the UK, Hong Kong, Australia, Japan, France, and Canada, also have adopted some form of management assessment requirement with respect to internal controls. Finally, some countries have even adopted a form of auditor evaluation requirement.

So, to bring the topic back to one of my themes here - it appears that, so far, SOX 404 and the issue of internal controls have not produced a regulatory race to the bottom. Rather, regulators around the world have not shied away from their duties and have recognized the importance of internal controls. That said, the story hasn't been fully written regarding SOX 404, and there are some who have attempted to blame it for the

alleged loss of competitiveness in the U.S. markets, in large part due to issuers playing regulatory arbitrage and seeking foreign markets with looser guidelines. However, I think this is a gross oversimplification, and in reality, SOX 404 - despite its early and high implementation costs - has led to better regulation around the world.

V. Foreign Private Issuer Deregistration.

Let me address another substantive area when the SEC has been open to constructive and intelligent criticism: foreign private issuer deregistration. Simply put, at long last, we're almost there. I've read a few of the comment letters with respect to reproposed rule, and I think we've received nearly universal acclaim for it. To quote from the letter of the European Association for Listed Companies (EALIC): "We strongly support the Commission's revised rule proposal, which we believe addresses the deficiencies in the December 2005 proposal in a principled way." By this, they're primarily referring to the fact that the SEC decided to abandon the *public float* test, and instead is now focusing on a *trading volume* test.

This rulemaking is another example of what can happen when regulators take seriously their duty to protect investors, but at the same time ensuring that we promote capital formation and efficient markets. The fact of the matter is that, under the reproposed rule, the primary quantitative test would allow foreign private issuers to deregister if U.S. trading volume is less than 5% of the issuer's trading volume in its home market. Given this very low number, it's hard to say that we're abandoning our protection of U.S. investors. On the other hand, the rule reflects the reality of global regulation.

Now, I should point out that numerous commenters have suggested that we modify the denominator used for the trading volume test to include worldwide trading volume, and my initial thought is that this suggestion has merit. Of course, I don't want to prejudge anything before I have a full picture of the comments that we received, but I think we'll be in a position to move on this rule in the near future and to consider seriously using worldwide trading volume, which seems to have raised no serious objections from commenters.

I should note that many European securities markets impose relatively few restrictions on the ability of foreign issuers to delist and to terminate reporting and compliance obligations in those markets. This fact is important because it does seem unfair for the U.S. to have enforced such stringent delisting restrictions, and our reproposal shows that we are willing to harmonize our standards with those of the rest of the world, in cases when it makes sense to do so. Moreover, given the positive changes that many of the European markets have made in recent years with respect to disclosure, corporate governance and accounting standards, we at the SEC are more confident than ever that permitting U.S. delisting will not leave a regulatory vacuum.

I also think that the new rule will have a very positive effect on the ability of the U.S. markets to compete globally. In the short term, I imagine that we'll see deregistration by foreign issuers that do not have significant investor interest or much business in the U.S. On the other hand, the fact that we've modernized our exit regime should also make it more palatable

for companies to seek capital in the U.S. in the first place, for it will give them confidence that if there is little interest in their securities they won't be stuck here. Moreover, with the proposed revisions with respect to its implementation, Sarbanes-Oxley Section 404 may also be less of a concern to foreign issuers.

VI. GAAP-IFRS.

Another topic that should be on everyone's radar screen is the movement to one set of global accounting standards, and in particular, the "roadmap" outlined by former SEC Chief Accountant Don Nicolaisen back in 2005. In short, as you know, our foreign private issuers must currently reconcile their financial statements to U.S. GAAP. The roadmap, however, outlines the path toward eliminating the need for non-U.S. companies to reconcile to U.S. GAAP the financial statements they prepare pursuant to IFRS issued by the International Accounting Standards Board (IASB). This would obviously be extremely beneficial to foreign private issuers, and to reiterate my theme, this is another topic where the SEC is trying to eliminate barriers and to promote convergence of standards in the international arena. However, I want to caution that IFRS-GAAP reconciliation - and the elimination of the reconciliation - is still a work-in-process, not just for the U.S. but for others as well. So, this is a good news, bad news situation.

The good news is that the SEC is absolutely committed to doing what we can to facilitate meeting the goals of roadmap. About a year ago and again just two days ago, our Chairman Chris Cox met with EU Internal Markets Commissioner Charlie McCreevy, and both affirmed their commitment to eliminating the need for reconciliation between IFRS and U.S. GAAP. Just two days ago, we hosted an IFRS roadmap roundtable, which was designed in large part to raise the profile of the roadmap in the U.S. So, the U.S. is serious about the roadmap and the timeline, and we're trying to make it work.

I must, however, focus on one curious aspect of the roadmap in practice, which is the lack of foreign private issuers filing audited financial statements with the SEC that either use or are compliant with IFRS in the manner in which it is issued by the IASB. We had expected to see approximately 300 or so companies file their 2005 financial statements prepared using IFRS. Instead, we received only about 40 filings - hardly a critical mass. This fact is perplexing, given that the early goal is - to quote the roadmap itself - "to see convergence in action." So, the question is: why did only 40 companies so file?

The answer is that there are likely a number of different reasons, and our Deputy Chief Accountant Julie Erhardt discussed the possibilities in a speech she gave at the AICPA conference last December.[5] I want to focus on just one of the reasons here, which is that, in many cases, financial statements prepared in accordance with home country adaptation of IFRS did not also contain a reference by both the company and its auditor that the financial statements also complied with IFRS in the form issued by the IASB. Indeed, the roadmap contemplated that we would see filings of financial statements prepared using IFRS as promulgated by the IASB. However, various jurisdictions have not accepted IFRS exactly as promulgated by the IASB, and have instead made various changes thereto. Consequently, as Julie noted, we have seen filings containing financial

statements based upon national jurisdictional adaptations of IFRS. In and of themselves, these financial statements certainly fit within the SEC's filing requirements, but without the reference to IFRS as promulgated by the IASB, they do not appear to be financial statements that fit under the one set of global accounting standards that we wrote about in the roadmap.

Now, we certainly understand why a jurisdiction may wish to adopt its own version of IFRS. However, one goal of the roadmap was to allow the elimination of the reconciliation requirement, and as a consequence, have two versions of robust standards developed by independent standard setters in the U.S. capital markets, not thirty different versions. The question then occurs: how do we reach the "critical mass" - to use a term from the roadmap - of filers using IFRS as promulgated by the IASB? What will happen this year - year two of the roadmap? While the answer is not clear at this time, I think that serious discussion by issuers with their auditors may be necessary. I am hopeful that auditors could prepare opinions stating that the audited financial statements were prepared according to IFRS as promulgated by the IASB, and not solely the "Jurisdiction X IFRS." In any event, we need to get to the bottom of this issue, and see more companies filing audited financial statements in the manner contemplated by the roadmap. My bottom line, though, is that the roadmap is going well overall and that we will achieve our objectives.

VII. The Future of Cross-Border Regulation.

Let me shift topics here slightly. Instead of mentioning what the SEC has done to ease the regulatory burden on foreign issuers, I'll now turn to what the SEC might do. Specifically, I'm referring to ideas that have been termed "mutual recognition" and a "cooperative approach." These ideas were recently proposed in an article by Ethiopis Tafara, director of the SEC's Office of International Affairs, and Robert Peterson, an attorney in that same office,[6] and also in a speech by Erik Sirri, the Director of our Division of Market Regulation.[7]

The General Approach. Generally speaking, under the mutual recognition approach, a foreign broker-dealer or exchange would apply for an exemption from SEC registration. The application would include certain information about the firm or exchange, as well as an agreement to submit to U.S. jurisdiction for the purposes of enforcement of U.S. anti-fraud laws. Further, the foreign entity would have to provide its U.S. customers with a prominent warning telling them that the firm and its products were not registered with the SEC. Following receipt of the application, the SEC would then begin a discussion with the foreign entity's home regulator and conduct a comparability assessment. The focus of the comparability assessment would be to determine whether the foreign jurisdiction's laws and regulations are similar enough to those in the U.S. to protect investors and the integrity of securities markets. The SEC would then negotiate and implement additional cross-border arrangements to make the bilateral oversight and enforcement programs work together, such as strengthened information-sharing agreements, regular regulatory discussions, and joint inspections. Finally, a key component of mutual recognition would be reciprocity - U.S. brokers and exchanges would have to be given similar access to investors in the foreign country.

Foreign Screens. Let me also discuss the cooperative approach, in

connection with a specific application - that of foreign exchange screens in the U.S. For example, under our current rules, it can be difficult for individual U.S. investors to purchase securities of foreign companies directly. This is not to say it cannot be done, for an investor could make such a purchase, for example, through a mutual fund, from a broker-dealer located in the foreign country, or through a U.S. broker-dealer that has an affiliation with a broker-dealer that is registered with the foreign exchange. But what an individual investor cannot do is make a direct purchase from a U.S. broker-dealer who has a trading screen linked directly to the foreign exchange, which would be the most efficient way of purchasing such a security. However, if all of the conditions are met, a cooperative approach could allow a U.S. broker-dealer to join a foreign securities exchange, and then sell foreign securities that are not registered in the U.S. to retail U.S. investors via trading screens located in the U.S. This cooperative approach could potentially preserve investor protection while simultaneously promoting market competition.

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These are interesting ideas, but many thorny issues must be resolved. For example, if a U.S. broker-dealer who has joined a foreign exchange is selling foreign securities that are not registered in the U.S., what does the SEC say to its domestic exchanges, like the NYSE and Nasdaq? They will surely wish to have the same privilege of selling the foreign unregistered securities. Also, if U.S. broker-dealers are allowed to sell foreign securities, then it would follow that U.S. exchange-listed securities would also be permitted to be sold through screens and exchanges outside the U.S. by foreign broker-dealers.

So, now, each national regulator has an interesting challenge. Since foreign securities registered in the home country would be accessible through screens, how would the regulator maintain its regulation and standards over the domestic issuers? If reporting standards are different in the foreign jurisdiction, the domestic issuer is going to say: why should we be subject to more demanding standards? For example, U.S. domestic issuers could argue that the application of quarterly reporting requirements, stringent executive compensation disclosure and even U.S. GAAP would be unfair to U.S. domestic issuers, given the exemptions now provided to foreign private issuers. So, the critical question becomes: can a regulator successfully impose more demanding standards on domestic issuers than it imposes on foreign issuers whose securities are freely sold through screens?

This is why many of us have urged a reasonable degree of convergence before embarking on any of the discussed approaches. Of course, the idea is that the U.S. would embrace these approaches only with jurisdictions that have a regulatory regime largely comparable to that of the U.S.

Still, because of these challenges, it may be appropriate to have an intermediate step in which only Qualified Institutional Buyers ("QIBs") would be permitted the privilege of purchasing through foreign screens and, only later, after full study, would the U.S. retail market be permitted to use foreign screens. That is one idea.

Let's also think for a minute about the foreign screen scenario with respect

to potential litigation against the foreign issuers whose securities would be sold through screens in the U.S. Today, I suppose it is theoretically possible that a private individual in the U.S. who bought foreign securities through a broker-dealer in the U.S. could bring a lawsuit in a U.S. federal court (although unlikely). The federal court could assert jurisdiction over the issuer and allow a lawsuit for recovery of damages to go forward, requiring a defense of the lawsuit in the U.S. However, under the current system, an investor must generally take a number of significant steps to seek and buy foreign unregistered shares, which are typically not sold directly in the U.S.

Under the foreign screens example, however, the shares would be brought to the investor, giving a court more reason to assert jurisdiction. A strong notice from the broker-dealer to the investor of the lack of U.S. regulation could help, and the foreign screen approach would probably provide that issuers who do not otherwise promote and distribute their shares in the U.S. would continue to be subject only to home country regulation and home country laws. However, this might not be enough, and perhaps a waiver of rights to bring suit in the U.S. might also become the practice. This may also argue for only QIB participation in screens. Because of their sophistication, QIBs would have a hard time arguing in court that they did not knowingly take the risks of a foreign country law system.

So you see there is much to consider and resolve. I believe that we can come to satisfactory answers to these questions. We will of course consult extensively with our foreign regulator friends. I also want to caution that we are at the very preliminary stages of transforming these concepts into an actual framework. Much practical work and thinking must be done. At this stage, I think the concepts are promising. I support and endorse the SEC's study of whether they are practical and whether they support and enhance the SEC's mission. We are not yet, however, in a position to accept an application by a foreign regulator or exchange to begin overall discussions. But a proposed SEC rule to allow foreign screens in the U.S. and reciprocally to allow U.S. stocks to be sold through screens in foreign countries may very well be developed this year.

Hopefully, these concepts can improve U.S. investor access to foreign securities, by reducing the transaction costs and reducing overlapping regulation. At the same time, it is possible that they could encourage other jurisdictions to adopt high regulatory standards like the U.S., thereby minimizing regulatory arbitrage and the race to the bottom. It is also important that the SEC not lose sight of its investor protection mission. Whether these ideas will ultimately be workable remains to be seen, but they deserve serious study and consultation with other regulators, industry and investors.

VIII. Conclusion.

I think I've used up all of my allotted time. Thank you again for the kind invitation to be here.

Endnotes

[1]Thomson Financial, Lab Thomson, *Making it in the USA: Foreign IPO*

Issuers Continue to Flock to US-Based Exchanges (Jan. 30, 2007).

[2]Commissioner Roel C. Campos, *Remarks Before the Consumer Federal of America Financial Services Conference*, Washington, DC (Dec. 1, 2006), available at http://www.sec.gov/news/speech/2006/spch120106rcc.htm.

[3]Goldman Sachs, Global Economics Weekly, *Is Wall Street Doomed?*, Issue No. 07/06 (Feb. 14, 2007).

[4]See Callum McCarthy, Financial Regulation: Myth and Reality, British American Business London Insight Series and Financial Services Forum (Feb. 13, 2007), available at http://www.fsa.gov.uk/pages/Library/Communication/Speeches/2007/0213_cm.shtml

[5]See Julie A. Erhardt Remarks before the 2006 AICPA National Conference on Current SEC and PCAOB Developments (Dec. 11, 2006), available at http://www.sec.gov/news/speech/2006/spch121106jae.htm.

[6]See Ethiopis Tafara & Robert J. Peterson, *A Blueprint for Cross-Border Access to U.S. Investors: A New International Framework*, 48 Harv. Int'l L.J. 31 (2007), available at http://www.harvardilj.org/online/90.

[7]See Erik R. Sirri, *Trading in Foreign Shares* (Mar. 1, 2007), available at http://sec.gov/news/speech/2007/spch030107ers.htm.

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