



U.S. Securities and Exchange Commission

SEC Office of International Affairs and Divisions of Market Regulation and Corporation Finance Release Fact Sheet

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Washington, D.C., June 16, 2006 — The Office of International Affairs and the Divisions of Market Regulation and Corporation Finance released the following fact sheet concerning potential cross-border exchange mergers.

U.S. Securities and Exchange Commission Office of International Affairs, Division of Market Regulation, Division of Corporation Finance

Fact Sheet on Potential Cross-Border Exchange Mergers

- Capital markets are globalizing, to the potential benefit of investors everywhere.
- While the SEC staff is not taking a position on any particular mergers, the SEC staff recognizes that mergers of stock exchanges located in different countries may make business sense to shareholders of these exchanges.
- In light of recent developments, SEC staff wants to ensure that all affected parties—particularly investors—clearly understand the regulatory issues created by such mergers.
- Many forms of integration cited with regard to cross-border exchange mergers would not result in mandatory registration of a non-U.S. exchange with the SEC.
- Those forms of integration also would not result in the mandatory registration of a non-U.S. exchange's listed companies with the SEC or the mandatory compliance with the provisions of the federal securities laws, including the Sarbanes-Oxley Act, that would derive from that registration.
- Joint ownership of a U.S. exchange and a non-US exchange would not result in automatic application of U.S. securities regulation to the listing or trading activities of the non-U.S. exchange.
- Whether a non-U.S. exchange, and thereby its listed companies, would be subject to U.S. registration depends upon a careful analysis of the

activities of the non-U.S. exchange in the United States.

- The non-U.S. exchange would only become subject to U.S. securities laws if that exchange is operating within the U.S., not merely because it is affiliated with a U.S. exchange.
- The SEC has been anticipating exchange globalization for some time and will continue to collaborate with its regulatory counterparts abroad to resolve potential regulatory issues in a manner consistent with U.S. law and in a way that protects investors, promotes capital formation, and ensures fair and efficient markets.
- The SEC stands ready to help investors, issuers, and exchanges around the world understand when and how U.S. regulation might apply to them.

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