

**MEMO# 20123**

June 21, 2006

## **SEC Fact Sheet on Potential Cross-Border Exchange Mergers**

©2006 Investment Company Institute. All rights reserved. Information may be abridged and therefore incomplete. Communications from the Institute do not constitute, and should not be considered a substitute for, legal advice. [20123] June 21, 2006 TO: EQUITY MARKETS ADVISORY COMMITTEE No. 12-06 SEC RULES MEMBERS No. 55-06 RE: SEC FACT SHEET ON POTENTIAL CROSS-BORDER EXCHANGE MERGERS The SEC's Office of International Affairs and the Divisions of Market Regulation and Corporation Finance have released a fact sheet concerning potential cross-border exchange mergers.<sup>1</sup> Among other things, the fact sheet states that many forms of integration proposed for cross-border exchange mergers would not result in mandatory registration of a non-U.S. exchange, or of a non-U.S. exchange's listed companies, with the SEC, or the mandatory compliance with provisions of the federal securities laws, including the Sarbanes-Oxley Act, that would derive from that registration. Whether a non-U.S. exchange, and thereby its listed companies, would be subject to U.S. registration depends upon an analysis of the activities of the non-U.S. exchange in the United States. According to the fact sheet, the non-U.S. exchange would only become subject to U.S. securities laws if the exchange is operating within the U.S., not merely because it is affiliated with a U.S. exchange. The fact sheet states that 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. Ari Burstein Associate Counsel 1 SEC Press Release No. 2006-96 (June 16, 2006). The fact sheet can be found on the SEC's website at <http://www.sec.gov/news/press/2006/2006-96.htm>.

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