

**C.V. Starr Lecture**  
**Whose Disclosure Laws Ought to Apply to Cross-Border Securities Transactions?**  
**November 17, 2004**

On November 17, 2004, international securities law expert Merritt Fox of Columbia Law School discussed what United States policy should be towards regulation surrounding the disclosure practices of publicly-traded issuers in a C.V. Starr lecture organized by the Law School's Center for International Law.

During the lecture, Fox explained that there were five approaches in this debate. The first approach, *issuer nationality*, argues that the United States should retain its existing mandatory disclosure regime and impose this regime on each issuer that has the United States as its economic center of gravity. Another approach called *transaction location* would have the United States retain its existing mandatory disclosure regime, but would impose this regime on all issuers where a significant number of transactions in their equity shares are effected in the United States.

Proponents of the third approach, *investor residency*, argue that the United States should retain its existing mandatory disclosure regime, but should impose this regime on all issuers where a significant number of investors transacting in its shares are U.S. residents. In a fourth approach called *international uniformity*, the United States would try to work with other countries to develop a globally uniform disclosure regime. The fifth approach, *issuer choice*, argues that the U.S. regime should no longer be mandatory. Instead, any issuer, U.S. or foreign, can avoid the U.S. regime if it chooses instead to subject itself to the regime of one of the fifty states or of any other country.

Fox noted that current U.S. practice consists of a mix of the first three approaches with a touch of the fourth. During the lecture, he urged that, with certain limited exceptions, the United States should adhere exclusively to the first approach where the United States would apply its regime to all U.S. issuers and no others. Fox argued that his position was supported by economic analysis, which shows that the United States is the country where the benefits of good regulation of American issuers is concentrated, wherever their shares are traded and whoever owns them. On the other hand, he said that this wasn't true of foreign issuers, even ones whose shares were publicly offered in the United States or listed on an American exchange.