

**AN EXPLORATORY STUDY OF ADOPTING
REQUIREMENTS FOR AUDIT COMMITTEES
FOR NON-U.S. COMMERCIAL BANK
REGISTRANTS: AN EMPIRICAL ANALYSIS
OR FOREIGN EQUITY INVESTMENT**

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ABSTRACT

This study examines whether the presence of audit committees for U.S. commercial bank registrants (SEC Form 10-K filers) significantly affects the likelihood of adoption by certain non-U.S. commercial bank registrants (SEC Form 20-F filers). Results of a logistic regression analysis of 31 U.S. commercial bank registrants with audit committees and 31 non-U.S. commercial bank registrants without audit committees suggest that demand for oversight protection in the sample non-U.S. commercial bank is more likely to increase as the total market capitalization (size) increases. Additionally, this paper investigates whether the presence of audit committees for non-U.S. commercial bank registrants (Form 20-F filers) increases their transparency with a concomitant effect on infusion of foreign equity investment. Results of a logistic regression analysis suggest that the presence of audit committees does not significantly affect the likelihood of an increase in the banks' American Depository Receipts.