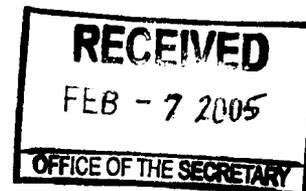




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January 31, 2005



VIA ELECTRONIC MAIL

Jonathan G. Katz
Secretary
U.S. Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609

Re: "Proposed Rule: Securities Offering Reform,"
SEC Rel. No. 33-8501, File No. S7-38-04

Reuters America LLC ("Reuters") is pleased to offer its views on the above-captioned rule proposal (the "Proposing Release") by the Securities and Exchange Commission (the "SEC" or "Commission"). Reuters is an indirect subsidiary of Reuters Group PLC. Reuters Group is both the world's largest news agency and the operator of various financial services business. Professionals in the equities, fixed income, foreign exchange, money, commodities and energy markets use Reuters news, data and other products. Our open technology, based on industry standards, enables our customers to integrate our information with content from other sources. We provide financial institutions with specially designed tools to help them reduce risk and distribute and manage the ever-increasing volumes of market data.

As one of the world's leading providers of news and information, Reuters is uniquely qualified to comment on certain issues raised in the Proposing Release. Reuters knows the importance of timely and reliable news, quote and price information to market participants. Investors need this information in order to make investment decisions. Broad dissemination of information improves the efficiency of markets and increases investor confidence, leading ultimately to greater liquidity. It is with this in mind that we respond below to the "Communications Proposals" section of the Proposing Release.

In general, Reuters supports modernization of the communications process regarding registered securities offerings. We agree with the Commission that changes in technology and factors such as the spread of communications and the globalization of the financial markets suggest that investors would benefit from greater access to information.

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The SEC has periodically modernized this communications process since 1933, as technology and other developments in the marketplace call for reappraisal of the rules governing how and when information is made available to investors. While the changes proposed may be incremental rather than transformational in nature, as the Commission itself has characterized them,¹ they would be beneficial for investors and should be considered and adopted promptly.

Well-Known Seasoned Issuers

Reuters supports the proposal by the SEC to establish a category of “well-known seasoned issuers” that would have greatest flexibility in registering public offerings and in communicating with the public. The Commission is correct that such issuers have a more regular dialogue with the marketplace; that their communications are subject to scrutiny by the financial press, analysts and investors; and that these audiences would welcome a more continuous stream of disclosure. If the Commission determines to use a market capitalization test to determine eligibility as a “well-known seasoned issuer,” as proposed, Reuters would suggest the Commission consider a figure lower than the \$700 million proposed. The Commission estimates that such issuers typically are followed by an average of 10 sell-side analysts and account for 30% of all listed issuers.² On this evidence, Reuters considers that a cut-off of \$600 million or \$500 million might bring into the definition of “well-known seasoned issuers” additional issuers that would be subject to the same regular and forceful scrutiny and wide following by the media and institutional investors that the SEC has identified as an important condition to greater flexibility of communication.

Communications Proposals

Reuters supports the Commission’s proposal to allow reporting issuers to continue disseminating regularly released factual business and forward-looking information and to allow non-reporting issuers to continue publishing regularly released factual business information. Reuters suggests that the Commission clarify that the categories of factual business and forward-looking information embrace adverse as well as positive developments, so that the provisions are not seen as a method of disclosure only for information the issuer believes in its immediate interest to make public. Reuters does not believe that a particular length of time need be specified for publication of such information in order for an issuer to make use of the provisions. Once such a flow of information is established, its continuation should be encouraged. Investors will benefit from a greater flow of information as a result.

Reuters further suggests that the Commission expand the proposed safe harbor for non-reporting issuers’ release of regularly released ordinary course factual business

¹ Proposing Release at 14.

² Id. at 23-25.

information to include dissemination of such information to the press. Given that the proposal allows such information to be disseminated to audiences such as customers and suppliers, there is a likelihood that such information will ultimately reach a wider audience. It might be advisable to allow direct receipt by the news media. This would promote the goal of making greater information available while not allowing any hidden conditioning by an issuer of the market for its securities.

Reuters supports the proposal to establish a “bright line” time period during which communications by issuers are excluded from the prohibition on offers prior to filing a registration statement. Given the realities of today’s marketplace, in which greater quantities of information are made available, market developments are digested more quickly, and securities offerings are concluded more quickly than in prior years, it may be advisable to establish a shorter time period than the proposed 30 days. The Commission might consider whether a period of 20 or 15 days would also protect investors by prohibiting impermissible communications intended to condition the market for an offering while further encouraging communication by issuers. It might also be suitable to allow non-reporting issuers to enjoy the benefits of this provision. A non-reporting issuer may have no greater ability than a reporting issuer to condition the market for its securities at a time sufficiently in advance of an offering.

Permissible Use of Free Writing Prospectuses

The Commission is to be commended for its proposal to allow written offers other than statutory prospectuses during the offering process. In general, Reuters supports the concept of the “free writing prospectus” and its proposed availability to well-known seasoned issuers at any time and to other issuers after the registration statement is filed. We further believe the SEC is correct in creating certain accommodations for publications by the media that constitute free writing prospectuses when the issuer is unaffiliated and has not paid for or provided other consideration for the publication. We think it appropriate that the filing obligation after publication rest with the issuer, as proposed, rather than with the media. We also consider it appropriate that the rule allow free writing prospectuses if the preliminary prospectus is filed and available with the SEC, without delivery of a statutory prospectus. This approach seems to strike the correct balance between making mandatory information available to investors while allowing a greater flow of additional information as well.

The Commission may need to consider certain additional refinements so that this provision is attractive to issuers and workable in practice. It may be necessary for the SEC to provide additional guidance regarding the review it will give to news publications or broadcasts filed as free writing prospectuses. Issuers, participants in the offering process, and their counsel may require direction as to the types of issues or statements that the SEC will consider problematic, in order to have a level of certainty sufficient to make use of free writing prospectuses. The requirement that the issuer or offering participant file an article with the SEC within one business day following publication or

broadcast may be too onerous – a greater flow of information to investors may be chilled if issuers and underwriters fear running afoul of the filing requirement. The provision allowing for cure of unintentional failures to file is helpful, but the SEC might consider whether a filing period of three business days may be more appropriate. The SEC might also consider a requirement tailored to a statement carried by several different media outlets – a requirement to file a representative statement, rather than all iterations, may be more practical. The Commission might consider clarifying that issuers must provide notice of television broadcasts, rather than actual copies of videotapes. Finally, the SEC may also need to provide guidance as to filing obligations when a published article or interview gives rise to additional news items, such as news wire service articles.

Electronic Road Shows

Reuters supports the Commission's proposal to treat electronic road shows as free writing prospectuses and thereby increase investors' access to them. In addition to stating that the road show audience need not be limited, the Commission should consider clarifying that the news media may attend these road shows as well. The Commission has already said that investors would be allowed to copy, print and download the road shows and that redistribution will no longer be restricted.³ To provide comfort to issuers and underwriters, the Commission should indicate that inclusion of news media does not affect the classification of an electronic road show as a free writing prospectus. This will encourage wide dissemination of information and a level informational playing field will in turn promote investor confidence in the U.S. markets.

* * * * *

Reuters looks forward to working with the Commission and other market participants to improve the securities offering process and in particular to stimulate a greater flow of accurate and timely information to investors and the entire marketplace. As described in our comments above, we believe the Commission's proposals contain the potential to encourage issuers to communicate more regularly with the market while ensuring that potential investors in registered offerings receive reliable and essential information.

Sincerely yours,



Phillip K. Lynch
Chief Executive Officer



Betty Wong
Managing Editor for the Americas

³ Proposing Release at footnote 183.

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Cc: Honorable William Donaldson
Honorable Cynthia Glassman
Honorable Harvey Goldschmid
Honorable Paul Atkins
Honorable Roel Campos
Alan Beller, Director of the Division of Corporation Finance

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