



CENTER FOR CAPITAL MARKETS
COMPETITIVENESS

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September 17, 2007

Ms. Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: SEC File Number S7-15-07; Smaller Reporting Company Regulatory Relief and Simplification, Proposed Amendments to Regulation S-B

Dear Ms. Morris:

The U.S. Chamber of Commerce is the world's largest business federation, representing more than 3 million businesses and organizations of every size, sector, and region. We commend the U.S. Securities and Exchange Commission (SEC) on this proposal to extend the eligibility of the SEC's scaled disclosure and reporting requirements under Regulation S-B to smaller public companies with a float less than \$75 million. More than 96 percent of the Chamber's members are small businesses with 100 or fewer employees, 70 percent of which have 10 or fewer employees. We have been a strong advocate for the small business sector, which drives much of the economic activity, innovation, and job creation in the U.S. and are pleased to submit comments on the current rule proposal.

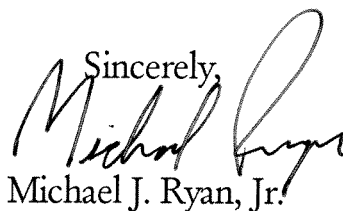
Despite the positive aspects of the proposal, the Chamber is concerned that integrating the Regulation S-B disclosure framework into the requirements in Regulation S-K would increase legal and accounting costs for smaller companies. The proposal is void of any firm cost estimate to support an assumption that the integrated framework is in the best interest of smaller companies. Instead, the SEC cites anecdotal evidence to support the premise that there is a general lack of acceptance of S-B filers in the marketplace and that securities lawyers are reluctant to recommend the Regulation S-B framework to clients due to their insufficient familiarity with the disclosure system.

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The Office of Advocacy (Advocacy) of the Small Business Administration (SBA) cited significant data in their September 11 comment letter illustrating the prevalence and growth of Regulation S-B usage in the small business community. These figures, found in a July 2007 study conducted by SME Capital Markets, indicate that there have been 6,599 SB-2 registrations undertaken since 1995 with a 17% increase occurring between 2005 and 2006. The SEC must consider both the crucial role of small business in the U.S. economy as well as the historical cost impact that small businesses face during any regulatory transition.

We urge the SEC to follow an alternative approach to implementing the integrated disclosure framework. We recommend that the SEC institute a two year regulatory pilot program that would allow the market to determine whether the integrated framework proposal is beneficial. This program would keep the current Regulation S-B framework in place, yet offer eligible companies the option to file using the new integrated forms. Providing companies with the ability to choose between the existing and integrated framework will allow the SEC to draw the quantitative conclusions that should serve as a prerequisite to full implementation of this rule. Following this program the SEC should conduct an analysis to determine whether the benefits of the integrated framework outweigh its transition and ongoing compliance costs. Such a program is superior to immediate implementation because it poses few downside effects and would avoid the negative cost ramifications that would follow wholesale adoption of the rule.

In conclusion, the Chamber supports this rule proposal to expand the definition of a smaller public company as well as the scope of those eligible to realize the benefits of this scaled regulation. However, the SEC will be able to avoid any unintended consequences created by this otherwise positive rule proposal by utilizing a two year pilot program to ascertain the actual cost impact of a new integrated disclosure system.

Sincerely,


Michael J. Ryan, Jr.
Senior Vice President and Executive Director
U.S. Chamber of Commerce Center for Capital Markets
Competitiveness

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cc: Christopher Cox, Chairman, U.S. Securities and Exchange Commission
Paul S. Atkins, Commissioner, U.S. Securities and Exchange Commission
Roel C. Campos, Commissioner, U.S. Securities and Exchange Commission
Kathleen L. Casey, Commissioner, U.S. Securities and Exchange Commission
Annette L. Nazareth, Commissioner, U.S. Securities and Exchange Commission