

SHEARMAN & STERLING^{LLP}

801 PENNSYLVANIA AVENUE, NW | WASHINGTON, DC | 20004-2634

WWW.SHEARMAN.COM | T +1.202.508.8000 | F +1.202.508.8100

aarms@shearman.com
202-508-8025

February 15, 2008

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

Re: File No. S7-27-07

Dear Ms. Morris:

This letter is submitted in response to Release Nos. 33-8860; 34-56803 (the "Concept Release") in which the Commission solicits comments on whether it should develop mechanisms to facilitate greater access to public companies' disclosures regarding their business activities in or with countries designated by the Secretary of State as State Sponsors of Terrorism.

We believe that because the Commission is an independent agency of the federal government it should not use its resources to provide enhanced access to disclosures regarding the business activities of public companies in or with countries designated by the Secretary of State as State Sponsors of Terrorism (referred to herein as "Covered Countries"). Providing such access would not further the Commission's overall mission to provide investors with material information regarding a public company's business activities, financial condition, operating results and management through objective neutral means. If these activities or other specific information about public companies are of interest to private investors and the markets, the private sector should work with service providers and others to develop and maintain research tools to screen for and access such information (or segments of such information), whether through public filings with the Commission or other publicly available information, websites, contacts with investor relations departments or otherwise.

ABU DHABI | BEIJING | BRUSSELS | DÜSSELDORF | FRANKFURT | HONG KONG | LONDON | MANNHEIM | MENLO PARK
MUNICH | NEW YORK | PARIS | ROME | SAN FRANCISCO | SÃO PAULO | SINGAPORE | TOKYO | TORONTO | WASHINGTON, DC

SHEARMAN & STERLING LLP IS A LIMITED LIABILITY PARTNERSHIP ORGANIZED IN THE UNITED STATES UNDER THE LAWS OF THE STATE OF DELAWARE, WHICH LAWS LIMIT THE PERSONAL LIABILITY OF PARTNERS.

We applaud the Commission's clear statement in the Concept Release that "[t]he materiality standard applicable to a company's activities in or with State Sponsors of Terrorism is the same materiality standard applicable to all other corporate activities." As the Commission recognizes, this standard, set forth by the Supreme Court in TSC Industries v. Northway, 426 U.S. 438 (1976), and reaffirmed in Basic v. Levinson, 485 U.S. 224, 238 (1988), provides that information is material if there is a substantial likelihood that a reasonable investor would consider the information important in making an investment decision or if the information would significantly alter the total mix of available information. At times it appears that the traditional materiality standard seemingly is reversed with respect to staff reviews of activities in or with Covered Countries. The analysis appears to begin with a presumption that any business activity in or with a Covered Country is material to a company and the burden then is on the company to convince the staff by clear evidence that the activity is not quantitatively and qualitatively material to its business and financial results. This burden of proof is made more difficult because of the weight seemingly given to certain investors cited in comment letters who have investment guidelines or restrictions that prohibit investments in companies doing some or any business in or with a Covered Country. While investment guidelines and restrictions are important to the investor who is subject to them, they should not be used as a proxy for determining what information a reasonable investor would view as material under the traditional materiality analysis. We request that the Commission and its staff apply the TSC materiality standard uniformly, including with respect to disclosures regarding business activities in or with Covered Countries.

We believe that the Commission's existing disclosure requirements, including express line item requirements relating to business, risk factors, litigation and management's discussion and analysis of financial condition and operating results, the general requirement relating to the disclosure of additional information to make the required disclosures not misleading, along with the liability provisions of the federal securities laws and interpretive disclosure guidance provided by the Commission and its staff, provide a comprehensive and flexible framework for providing investors with material information about a public company's business activities, including any business activities in or with a Covered Country that are material to a reasonable investor. We would strongly recommend against implementing specific disclosure requirements that tie to an investor's specific investment guidelines or restrictions.

Based on our experience with foreign private issuer clients, we believe that actions by the Commission and its staff that result in disproportionate focus on business activities that are either not material to an issuer's business operations or less material than other activities, events, trends or uncertainties add to the number of disincentives to listing in the United States. We believe that one of the core strengths of the U.S. capital markets is objective regulation that provides investors and the financial markets with information that is material under the TSC standard. Commission implementation of a search tool that focuses on business activities in or with a Covered Country does not further that strength.

Ms. Nancy M. Morris
Page 3

February 15, 2008

We appreciate this opportunity to comment upon the release and would be happy to discuss any questions with respect to this comment letter. Any such questions may be directed to Abbie Arms at 202-508-8025.

Very truly yours,

A handwritten signature in cursive script that reads "Abigail Arms". The signature is written in black ink and is positioned above the typed name.

Abigail Arms
Partner, Capital Markets