



Federation of German Industries - 11053 Berlin, Germany

Ms Nancy M. Morris  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
WASHINGTON, DC 20549-9303  
USA

**Dr. Ludolf v. Wartenberg**  
Director General and Member  
of the Presidential Board

**Date**  
10 April 2006

**Page**  
1

Re: File Number S7-03-06;  
Proposed Amendments to Requirements for  
Executive Compensation and Related Party Disclosure

Dear Ms Morris,

We are pleased to submit this comment letter to the Securities and Exchange Commission (the "Commission") in response to its solicitation of comments in Release Nos. 33-8655, 34-53185 (27 January 2006) regarding proposed amendments to the disclosure requirements for executive compensation and related party transactions.

The BDI is the umbrella organisation of German industry and industry-related service providers. It represents 35 industrial sector federations and speaks for more than 100,000 private enterprises employing around 8 million people. Quite a few of our members have shares listed for trading on various stock exchanges throughout the world, including stock exchanges in the United States. Our comments are directed to the application of those requirements to foreign private issuers. We believe the rules should continue to accommodate foreign private issuers in this area by respecting their home country disclosure requirements and practices.

In this regard, we call to your attention the increased transparency of compensation paid to members of the Supervisory Board and Board of Management of publicly held companies in Germany resulting from the adoption of the German Corporate Governance Codex in February 2002, as amended on 2 June 2005, and the Law on the Disclosure of Compensation of the Board of Management in July 2005. Detailed disclosure of compensation on an individual basis is required in Germany with respect to the Board of Management beginning with the fiscal year 2006 and recommended with respect to the Supervisory Board, including a breakdown between fixed components, variable components and long-term incentive components.

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We offer the following comments to questions set forth in the Release relating to foreign private issuers:

Question: Should we eliminate the provision which permits a foreign private issuer to comply with Item 402 by complying with the more limited disclosure requirements under Form 20-F with respect to management remuneration?

Comment: No. We believe that foreign private issuers should continue to provide the information required under Form 20-F, which incorporates the International Disclosure Standards endorsed by the International Organization of Securities Commissions (IOSCO). In adopting those standards, the Commission correctly recognized that "IOSCO's disclosure standards represent a strong international consensus on fundamental disclosure topics" and serve to reduce barriers to cross-border offerings and listings in the United States. See Release No. 34-41936 (28 September 1999). Such common disclosure standards allow foreign private issuers to avoid the costs and burdens associated with complying with differing requirements of regulatory authorities in various jurisdictions.

Question: Should we require the filing of employment agreements by foreign private issuers when individualized compensation information is disclosed? Should we instead require the filing of those portions of management employment agreements and plans that relate to the information that is disclosed on an individualized basis regardless of whether those portions are required to be made public in the issuer's home country or otherwise?

Comment: No. We believe the proposed instruction with respect to filing employment or compensatory plans appropriately defers to home country requirements and practices in Germany, where no such filing is required, and is consistent with the International Disclosure Standards endorsed by IOSCO. This approach provides foreign private issuers in Europe the opportunity to address potential privacy and cultural issues under their respective legal systems.

Question: Currently a foreign private issuer will be deemed to comply with Item 404 of Regulation S-K if it provides the information required by Item 7.B. of Form 20-F. The proposals would retain this approach, but would require that if more detailed information is required to be disclosed by the issuer's home jurisdiction or a market in which its securities are listed or traded, that same information must also be disclosed pursuant to Item 404. Is there any reason to discontinue this treatment of foreign private issuers?

Comment: We believe the proposed rule regarding disclosure of related party transactions is appropriate, and consistent with the International Disclosure Standards endorsed by IOSCO.

Yours sincerely,

A handwritten signature in black ink, appearing to read "W. H. Turner".