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September 20, 2006

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street N.E.
Washington D.C. 20590

Re: File No. S7-06-03—Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers and Newly Public Companies

Dear Ms. Morris:

We are submitting this letter in response to Release No. 33-8731; 34-54295, Internal Control Over Financial Reporting in Exchange Act Periodic Reports of Non-Accelerated Filers and Newly Public Companies (the "Release"). The Release concerns compliance dates for internal control reporting under Section 404 of the Sarbanes-Oxley Act. It requests comment on (i) the proposed extension of the compliance date for non-accelerated filers and (ii) the proposed transition period for compliance with internal control over financial reporting requirements by newly public companies.

We support the proposed transition period for newly public issuers. The Commission's rules under Section 404 of the Sarbanes-Oxley Act do not impose reporting in connection with a registration statement under the Securities Act of 1933. In the case of an initial public offering, this reflects a balancing of the benefits of Section 404 reporting against the burdens on the offering process for a first-time registrant. We believe the balance was

correctly struck. It is, however, threatened by the imposition of Section 404 reporting in the first annual report after a company's initial public offering, most obviously if the offering occurs late in the year. Deferring the application of Section 404 reporting until the second annual report is more consistent with the policy judgments the Commission has made to date.

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We thank you for the opportunity to submit this comment letter. Please do not hesitate to contact Nicolas Grabar or Leslie Silverman in New York (212-225-2000) if you would like to discuss this matter further.

Very truly yours,

CLEARY GOTTlieb STEEN & HAMILTON