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Nancy Morris  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington D.C. 20549

28 February 2006

**Re: File Number S7-12-05**

Dear Ms. Morris,

Hermes is one of the largest pension fund managers in the United Kingdom and is the principal manager of the BT Pension Scheme and the Royal Mail Pension Plan. We also respond on behalf of the British Coal Staff Superannuation Scheme. These are three of the five largest pension funds in the UK. Hermes has approximately \$105 billion under management, of which around \$11.5 billion is invested in North American companies.

Hermes believes that companies with informed and involved shareholders will outperform in the long-term as oversight by shareholders encourages management to pursue strategies that achieve superior long-term shareholder returns. Consequently, Hermes has for some time taken an active interest in the performance of boards and their observance of corporate governance best practice. Strategic business decisions made by management and boards are paramount to corporate success and with this in mind, we take this opportunity to respond to the SEC's proposal regarding a foreign issuer's ability to terminate registration and filing requirements under the Securities Exchange Act (the "Act").

Given that increased regulation in the United States has resulted in a significant increase in costs for issuers registered pursuant to the Act, we support the SEC's move to facilitate such issuers' effective de-listing in the US. We are pleased that the proposed rule provides an issuer with the ability to permanently terminate a duty to provide continuous disclosure. We are also pleased with the shift in the criteria for when an issuer may de-register from a strict numerical assessment to a more comprehensive and holistic approach.

We do, however, recommend one amendment to the proposed rule. We do not believe that Qualified Institutional Buyers ("QIBs") should be included for the

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purposes of any type of calculation under the proposed rule. These institutional investors do not require the same degree of protection as retail investors and as such securities held by QIBs should not impact on an issuer's ability to terminate its registration and disclosure requirements.

We are pleased that the SEC has been responsive to issuers' concerns in this instance and are appreciative of the opportunity to provide our input to the process.

Please feel free to contact me if you wish to discuss this matter further.

Yours sincerely,

A handwritten signature in black ink, appearing to read "Paul Munn". The signature is written in a cursive, flowing style.

Paul Munn  
Commercial Director, Governance & Engagement