

9 February 2007

Nancy M. Morris
Secretary
Securities and Exchange Commission
100 F Street N.E.
Washington DC 20549-9303

中電控股有限公司
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Dear Ms. Morris,

**Re: File Number S7-12-05
Termination of a Foreign Private Issuer's Registration of a Class of
Securities Under Section 12(g) and Duty to File Reports Under Section
13(a) or 15(d).**

CLP Holdings Limited ("**CLP Holdings**") submits this letter in response to Release No. 34-55005, in which the Securities and Exchange Commission (the "**Commission**") repropose amendments to the rules governing the circumstances in which a foreign private issuer may terminate the registration of a class of equity securities under Section 12(g) of the Securities Exchange Act of 1934 (the "**Exchange Act**") and corresponding duty to file reports required under Section 13(a) of the Exchange Act and in which a foreign private issuer may cease its reporting obligations regarding a class of debt or equity securities under Section 15(d) the Exchange Act.

We welcomed the Commission's Release No. 34-53020 that addressed this important subject in December 2005, and we are also grateful that the Commission has taken into account so much of the commentary received in respect of Release No. 34-53020 in repropose the rules in Release No. 34-53020. In general, we believe that by simplifying the regulatory approach to focus on the comparison between Average Daily Trading Volume of an issuer's securities in the US with in its primary trading market, the Commission has developed an easily applied, cost-effective test that will appropriately measure relative US interest for a given class of securities. However, we also believe that the Commission should further refine its proposals in certain limited respects to facilitate deregistration by a limited class of issuers which cannot be said to have availed themselves of any benefit of US listing or capital formation and for which there is only limited US market interest.

By way of background, CLP Holdings is a Hong Kong corporation and one of the largest investor-owned electric power companies in Asia. The primary trading market for its securities is the Stock Market of Hong Kong, and its market capitalization is approximately HK \$ 140 billion, or approximately US \$ 18 billion. Its shares are also traded over-the-counter in the US in the form of American Depositary Shares evidenced by American Depositing Receipts ("ADRs"). Although CLP Holdings' shares are registered as a class of equity securities under Section 12(g) of the Exchange Act, the shares have never been listed on a US exchange pursuant to Section 12(b) of the Exchange Act, nor have they ever been quoted in the US on an automated dealer quotation system. CLP Holdings has never conducted an offering of its equity securities in the US, either on a registered or on a private basis.¹

The Commission in Release No. 34-55005 has solicited comment on whether the US ADTV component of the proposed trading volume benchmark should include all US trading in the subject class of securities, whether listed or traded over-the-counter. In response to this important question, CLP Holdings believes that there are meaningful qualitative differences between listed and over-the-counter trading that argue in favor of treating the two forms of trading differently for purposes of the proposed rules. We believe that an issuer that is not listed on an US exchange nor quoted in an automated dealer quotation system should not be viewed as promoting trading in the US as an alternative to its primary trading market. We suggest therefore that the ADTV threshold be increased from 5% to 10% in the case of issuers whose securities have only been traded over-the-counter via an ADR program in the US during the entire 12-month period prior to deregistration. In this limited case, the issuer has taken no voluntary action to promote the benefit of an active trading market for its securities in the US in the 12 months preceding its attempt to deregister and cease reporting under the Exchange Act.²

Indeed, there is virtually nothing from a regulatory point of view that the issuer can do in this circumstance to reduce its ADTV in the US, apart from terminating its ADR program (assuming the program is sponsored).³ Rather, liquidity remains concentrated in the issuer's home market, and it derives no benefit from incidental over-the-counter trading taking place in the US. Thus issuers like CLP Holdings, which have fully discharged their reporting obligations with respect to securities issued in the US for capital raising purposes, face the prospect of the continued effort and expense of Exchange Act registration for no other reason than accumulated exposure to US over-the-counter trading that has developed over time without the issuer's having taken affirmative steps to promote such trading.

¹ The only capital ever raised by CLP Holdings or its subsidiaries in the US was the issuance in 1996 of US \$ 300 million 7 ¹/₂ % Senior Notes due 2006 by a subsidiary of CLP Holdings. These notes were offered and sold pursuant to a registration statement under the Securities Act of 1933 and were fully repaid at maturity in April 2006.

² Of course, all the other requirements of Rule 12h-6 as repropoed would apply to deregistration by such an issuer, which should address any concerns the Commission might have about capital raising efforts or the termination of sponsored ADR programs in the 12-period prior to filing the Form 15F.

³ The Commission has of course separately addressed the issue of discouraging termination of ADR programs (see note 2 above).



CLP Holdings recognizes that beyond a certain ADTV threshold, US investor interest in the issuer's securities is so great that the Commission has a legitimate regulatory interest in requiring continued Exchange Act reporting even from issuers who are traded solely in the over counter market via ADRs. However CLP Holdings respectfully submits that for the small number of issuers which find themselves in that position, a more appropriate regulatory balance between the costs of continued registration and the needs of investor protection would be struck if the ADTV threshold for such issuers were raised from 5% to 10%.

Such a change would be appropriate to the extent that, as CLP Holdings believes, trading volume in the US over-the-counter market is largely accounted for by institutional, not retail, investors.

These investors, although potentially small in number, often trade large volumes of a given class of securities and thus may play a significant role in boosting an issuer's US ADTV to exceed the 5% ceiling. On the other hand, they are well positioned to benefit from access to the issuer's home county market information that would of course be available via the internet pursuant to the Commission's proposed revisions to Rule 12g3-2b. Raising the ADTV threshold in this limited circumstance from 5% to 10% would ensure that in the event a significant market in the issuer's securities is maintained in the US over-the-counter market via ADRs, investors would have the continued benefit of US registration and reports, while recognizing that institutional investors who drive volume in the over-the-counter market should be well positioned to benefit from the information made available electronically and in English via other provisions of the rules as repropoed.

CLP Holdings appreciates the opportunity to comment on the proposals contained in Release No. 34-55005. We are available to discuss with the Commission or its Staff any of our questions or further clarification on our suggestions contained in this letter. Please direct all enquiries to Mrs. April Chan, the Company Secretary, at (852) 267 88 510 or through email at aprchan@clp.com.hk.

Respectfully submitted,



Peter P. W. Tse
Group Executive Director & Chief Financial Officer
CLP Holdings Limited

cc: Hon. Christopher Cox, Chairman
Hon. Kathleen L. Casey, Commissioner
Hon. Paul S. Atkins, Commissioner
Hon. Roel C. Campos, Commissioner
Hon. Annette L. Nazereth, Commissioner
Brian G. Cartwright, General Counsel
John W. White, Director, Division of Corporation Finance
Paul M. Dudek, Chief, Office of International Corporate Finance

