

## COMMITTEE ON CAPITAL MARKETS REGULATION

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February 9, 2007

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

Re: Comments on Proposed Rules Relating to Termination of a Foreign Private Issuer's Registration of a Class of Securities under Section 12(g) and Duty to File Reports under Section 15(d) of the Securities Exchange Act of 1934  
File No. S7-12-05

Dear Ms. Morris:

The Committee on Capital Markets Regulation (the "Committee") appreciates this opportunity to comment on proposals made by the Securities and Exchange Commission (the "Commission" or the "SEC") relating to the termination of a foreign private issuer's registration under Section 12(g), and duty to file reports under Section 15(d), of the Securities Exchange Act of 1934 (the "Exchange Act"). The proposed amendments are discussed in Release No. 34-55005; International Series Release No. 1300; File No. S7-12-05 (the "Release").

The Committee is an independent, bipartisan committee composed of 22 corporate and financial leaders from the investor community, business, finance, law, accounting, and academia. It issued its Interim Report on the U.S. public equity capital market on November 30, 2006. The Committee's purpose is to explore a range of issues related to maintaining and improving the competitiveness of the U.S. capital markets. In light of this purpose, the Committee supports the Commission's efforts to remove the disincentives to foreign private issuers accessing the U.S. public markets posed by the burdens and uncertainties associated with terminating reporting and registration under the Exchange Act.

The Committee is concerned, however, that the Commission's proposals do not adequately address the disincentives faced by foreign private issuers that may become new entrants to the U.S. public markets. Under the proposal contained in the Release, foreign private issuers that initially access public markets after the effective date of the

proposed changes receive the same treatment as issuers already in our marketplace. Just like existing issuers, these new entrants will be unable to terminate their Exchange Act registration and reporting obligations unless they fulfill conditions relating to (a) benchmarks for U.S. trading volume or U.S. resident record holders, (b) one year of prior Exchange Act reporting obligations and (c) one year of dormancy in U.S. registered offerings.

Although the burdens imposed by these conditions may be necessary to protect U.S. investors in the case of existing issuers seeking to exit our market, the Committee does not believe that they are necessary in the case of prospective new entrants. In contrast to the proposals contained in the Release, the Committee's Interim Report recommended that the SEC permit foreign companies newly entering the public markets to provide in their offering documents that they have the right to deregister as long as they provide adequate notice to U.S. investors and a reasonable transition period. The Committee believes that this less restrictive deregistration regime would adequately protect U.S. investors without imposing unnecessary burdens upon prospective new entrants.

It is vital that U.S. regulation exhibit sensitivity to the concerns of foreign companies newly entering the public markets. The U.S. market for global initial public offerings ("IPOs") has deteriorated dramatically. In the late 1990s, the U.S. exchange listed capital markets were attracting 48 percent of the value of all global IPOs. By 2006, its market share had fallen to 7.2 percent. If U.S. investors are to have access to a vibrant public U.S. IPO market, with the protections it affords, then U.S. regulators must work to reverse this trend.

The Committee agrees with the Commission's view, articulated in its proposal, that foreign companies will be more willing to come to the U.S. market if they have a reasonable option for terminating their U.S. regulatory obligations. It is especially crucial that this option be attractive to new entrants.

The Committee's Interim Report may be accessed through its website at <http://capmksreg.org/research.html>. Materials relating to deregistration can be found at pages 6-7 and 49-50 of the Interim Report. If the SEC staff has any questions concerning this submission, please do not hesitate to call Hal S. Scott at 617-495-4590.

Sincerely,



Hal S. Scott  
Director  
Committee on Capital Markets Regulation