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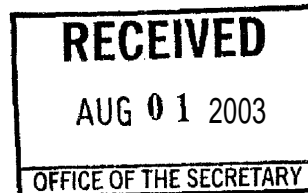
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July 31, 2003

Mr. Jonathan G. Katz,
Secretary,
Securities and Exchange Commission,
450 Fifth Street, N.W.,
Washington, D.C. 20549-0609.

Re: Proposed Rule Change by the National Association of
Securities Dealers, Inc. to Require Non-U.S. Issuers to
Disclose **Any** Exemptions They May Receive from
Nasdaq's Corporate Governance Listing Standards
(File No. SR-NASD-2002-138)

Dear Mr. Katz:

We are pleased to respond to Release No. 34-48124 (the "Release") in which the Securities and Exchange Commission (**the** "Commission") solicited comments on the proposal by the National Association of Securities Dealers, Inc., through its subsidiary The **Nasdaq** Stock Market, Inc. ("Nasdaq"), to implement changes to Nasdaq's listing standards relating to foreign issuers.

I. Non-U.S. Issuer Exemption and Proposed Disclosure Requirement

The proposed amendment to Nasdaq Rule 4350(a) (the "Rule") would require a Nasdaq-listed foreign issuer to disclose in its annual report filed with the Commission each Nasdaq corporate governance requirement from which it is exempted and describe the alternative practice, if any, of the issuer in lieu of these requirements. Nasdaq has not proposed, however, to amend the exemption process for non-U.S. issuers, as set forth in the Rule. For the reasons discussed below, we believe that the Rule should be amended to follow the approach taken by the New York Stock Exchange (the "NYSE") in its corporate governance proposal published for public comment by the Commission in April 2003. The NYSE proposal (i) automatically exempts foreign private issuers from all proposed corporate governance requirements (except the audit

committee requirements of Rule 10A-3 under the Securities Exchange Act of 1934 (“Rule 10A-3”) and (ii) requires foreign private issuers to disclose any significant ways in which their corporate governance requirements differ from those followed by domestic companies under the NYSE listing standards.

The NYSE, Nasdaq and the American Stock Exchange, acting in response to a Commission request, have each proposed a significant expansion of their corporate governance listing standards, which encompasses director independence, independent audit, compensation and nominating committees with specified duties, corporate codes of ethics, shareholder approval of equity-compensation plans and other matters. Given the breadth of these proposed corporate governance requirements, the situations in which they will conflict with or differ from the laws, rules, regulations or generally accepted business practices of a non-U.S. issuer’s home-country are likely to be so numerous that a substantial majority of Nasdaq-listed non-U.S. issuers would need to apply for exemptions. In light of the foregoing, a process whereby these non-U.S. issuers, as well as non-U.S. issuers seeking a Nasdaq listing, have to prepare and submit applications identifying the specific provisions of the new corporate governance requirements from which they need exemptions and Nasdaq has to review all of these applications seems like an unnecessary and burdensome undertaking from the point of view of both the non-U.S. issuers and Nasdaq. At the same time, we believe that the new disclosure requirement would adequately ensure that the investing public is made aware of, and takes into account, the fact that a non-U.S. issuer does not follow any significant Nasdaq corporate governance requirements due to different home-country requirements or business practice. Accordingly, we believe that the Rule should be amended to automatically exempt non-U.S. issuers from all proposed corporate governance requirements (except the Rule 10A-3 audit committee requirements).

With respect to the proposed disclosure requirement, the NYSE proposal also specifically states that what is required is a brief, general summary of the significant corporate governance differences, not a cumbersome analysis. We agree that a detailed, item-by-item analysis will be long and unnecessarily complicated and therefore recommend that the same clarification be included in the Nasdaq rule.

II. Effectiveness of the Proposed Disclosure Requirement

The Release provides that the Rule, as revised to include the corporate governance disclosure requirement, is proposed to take effect for new listings and filings made on or after January 1, 2004. We believe that this date should be synchronized with the effective dates for compliance by non-U.S. issuers under Rule 10A-3 and related rules promulgated by the Commission under the Sarbanes-Oxley Act of 2002. Specifically, non-U.S. issuers are not required to comply with the Rule 10A-3 audit committee

requirements until July 31, 2005 and are not required to disclose whether their audit committee financial **experts** are independent (pursuant to Item 16A of Form 20-F) until the first annual report covering the fiscal year ending on or after July 31, 2005. Accordingly, we believe that non-U.S. issuers should be required to provide the disclosure of significant corporate governance differences in their first annual report covering the fiscal year ending on or after July 31, 2005.

* * *

We appreciate the opportunity to comment to **the** Commission on the proposed amendments to the Rule, and would be pleased to discuss any questions the Commission may have with respect to this letter. **Any** questions about this letter may be directed to John T. Bostelman (212-558-3840) in our New York office or Walter J. Clayton III (01 1-4420-7959-8440) in our London office.

Very truly yours,



SULLIVAN & CROMWELL LLP