



ORGANIZATION FOR INTERNATIONAL INVESTMENT
INTERNATIONAL BUSINESS INVESTING IN AMERICA

TODD M. MALAN, PRESIDENT & CHIEF EXECUTIVE OFFICER

January 15, 2008

Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-1090

FILE NO. S7-27-07; SEC RELEASE NOS. 33-8860 AND 34-56803; CONCEPT
RELEASE ON MECHANISMS TO ACCESS DISCLOSURES RELATING TO
BUSINESS ACTIVITIES IN OR WITH COUNTRIES DESIGNATED AS STATE
SPONSORS OF TERRORISM

Ladies and Gentlemen:

This letter is submitted on behalf of the Organization for International Investment (“*OFII*”) and comments on a concept release issued by the Securities and Exchange Commission (the “*SEC*”) regarding potential mechanisms that may be deployed by the SEC to facilitate public access to disclosures relating to business activities in or with countries designated as State sponsors of terrorism (the “*Concept Release*”). The SEC has requested comments regarding the Concept Release in a notice set forth in Release Nos. 33-8860 and 34-56803, dated November 23, 2007 (the “*Notice*”). *OFII* has a number of significant concerns with the core concept described in the Concept Release.

About *OFII*

OFII is an association representing the interests of over 150 U.S. subsidiaries of companies based abroad. Most of our members’ parent companies are foreign private issuers under SEC rules. These parent companies file annual reports on Form 20-F, as well as other reports with, and make submissions to, the SEC. A list of the members of *OFII* is attached as Annex A to this letter.

***OFII*’s Comments on the Concept Release**

As more fully stated below, we believe the special web tool contemplated by the Concept Release would represent a significant departure from the SEC’s traditional role as a politically neutral, non merit-based regulatory authority dedicated to enforcing the securities laws in an impartial manner. Further, we believe such a web tool could harm

investors by creating the misleading impression that all companies whose filings are excerpted on the web tool do material business with countries that the State Department has designated as sponsors of terrorism. The proposed web tool would also be unfair and damaging to the reputation of the companies included on the list, particularly those that may have no involvement in any illegal or even questionable conduct.¹ For the reasons stated below, OFII strongly urges the SEC to refrain from implementing any mechanism of the type contemplated in the Concept Release. If, notwithstanding these or other concerns, the SEC decides to pursue the implementation of such a tool and/or a system of data tagging, any such tool or data tagging system should be proposed through the SEC's normal rule proposal process, so that it is subject to review and comment by the public.

A. A Web Tool That Focuses on a Single Category of Activities to Highlight a Small Group of Companies is Not Consistent with the SEC's Traditional Role of Political Neutrality

There are substantial public policy flaws with the core concept of a SEC-created web tool highlighting a small group of companies based on criteria selected by the SEC, and we have significant concerns about the precedent such a tool would set for the future. Historically, the SEC has been a neutral watchdog, enforcing the securities laws even-handedly and without political agenda. The SEC is to be commended for its refusal to be drawn into public policy issues that are not related to its core role of overseeing disclosures regarding financial and operational matters and more generally administering the federal securities laws. The mechanisms outlined in the Concept Release run against that grain and raise implicitly a question as to why the agency wouldn't be urged to do the same for a host of other areas of public interest. If the contemplated web tool is adopted, it is not difficult to imagine calls from across the political spectrum for any number of similar web tools highlighting companies based on any number of specific public policy or political issues. Furthermore, there is no basis for the SEC's decision to highlight this particular issue rather than any of the other myriad issues that one could argue might be equally important to investors, from a company's environmental policies to its labor practices to its charitable contributions.

Moreover, by highlighting a small group of companies based on criteria selected by the SEC, the web tool would effectively represent the application of editorial judgment by the SEC. The tool would be like a giant "highlighter pen" used by the SEC to shine a special spotlight on a small group of companies. This application of editorial judgment is inconsistent with the SEC's traditional role of letting investors form their own judgments based on disclosure prepared in accordance with the SEC's rules and regulations. The SEC's mission is not one of creating new content but rather one of making available to the public content created by others in compliance with federal law.

¹ The proposed web tool would also harm the competitiveness of U.S. capital markets by making a U.S. listing less attractive to foreign companies.

A web tool such as the one contemplated by the Concept Release would move the SEC beyond its traditional “watchdog” role into a role requiring the SEC to exercise editorial discretion. Such a tool would fundamentally require the SEC to make judgments about whether the information supplied by a particular company should or should not lead to its inclusion in the web tool. Putting a label on information -- and deciding what information should and should not lead to the application of that label -- essentially creates new content, even if the information displayed comes directly from a company’s own filings. Moreover, it is inappropriate for the SEC to develop a tool that, like a giant “highlighter pen,” would paint with broad imprecision any company subject to its stroke.

The use of selective excerpts of a company’s SEC filings also involves the application of editorial judgment, and the creation of new content, by the SEC. Any particular excerpt pulled from a filing made with the SEC will, by definition, lack the context of the entire filing in which it was included. Disclosures that a company may make regarding one or more of the five countries in question are built into, and are intended to be read as part of, the entire mix of information contained in the report in which such disclosures appear, as well as the company’s other reports and filings made with the SEC. By removing specific disclosures from that entire mix of information and the context it provides, the proposed web tool would alter the overall message being conveyed by the registrant and effectively create new content. It is, of course, contrary to the SEC’s fundamental role to engage in the creation of new content regarding particular registrants.

In addition, there is simply no need for the SEC to engage in this type of targeted information assessment. As the SEC itself acknowledges in the Concept Release, information about a company’s activities in any particular country, including the countries in question, is already available to investors by searching the SEC’s EDGAR database.² By way of example, the SEC’s advanced full-text search function quickly finds six entries when searching for the word “Indonesia” and limiting the search to “Freeport McMoran” for the period November 1, 2007 to December 3, 2007.³ This advanced full-text search function allows an investor quickly and efficiently to identify public disclosures filed with the SEC by a particular company that refer to a particular country or countries. Such an advanced function, one that is manipulated by the public user and not the SEC, is the appropriate way for the SEC to provide access to, without creating, content.

Further, the private and not-for-profit sectors are fully capable of sifting through the information contained in a company’s public filings, separating the wheat from the

² See Concept Release at 7, where the SEC stated that it has recently made searches for such information easier by adding an advanced full-text search function.

³ These six entries were all from a single filing, a quarterly report on Form 10-Q filed on November 7, 2007.

chaff, and repackaging that information for investors. In fact, there has been a trend in recent years in the marketplace toward the creation of indexes, indexed funds, and targeted investment vehicles to address a developing interest by some investors to divest from companies that do not pass muster under certain so-called "social" criteria, including having activities in countries on the State Department's list. One prominent example of this is the Sudan Divestment Task Force, which provides research about specific companies and mutual funds to investors who have an interest in divesting from Sudan. Several "social" index funds are available to investors, including an exchange traded fund sponsored by Claymore Securities, Inc. based on the KLD Large Cap Sudan Free Social(SM) Index.⁴ In addition, it was recently reported that the FTSE Group plans to introduce three stock indexes in 2008 comprised of companies that do not have ties to any state sponsors of terrorism.⁵ Thus, investors have other resources to which they can turn if they are especially concerned about this issue.

B. There is a Significant Risk that Investors Will be Harmed Rather than Protected By the Tool

No matter how well-designed, we believe there is a very significant risk that the proposed web tool will be misleading because it will create the impression that the companies whose filings are excerpted do material business with countries that the State Department has designated as sponsors of terrorism. While it may be possible to mitigate this risk somewhat through the use of disclaimers or other means, we believe there would remain a significant risk that a stockholder or potential investor could make an investment decision based solely on this mistaken impression, rather than on a more complete and careful consideration of other relevant information on the web tool or, more importantly, contained in a particular company's complete disclosure package.

To elaborate on this concern, we believe there is a substantial risk that the contemplated web tool could cause investors easily to be misled into making flawed investment decisions based on incomplete information. By highlighting companies based on criteria that involve words that may have the effect of stirring passions and inflaming emotions (i.e., the word "terrorism" and the phrase "State-sponsors of terrorism"), the contemplated web tool may create the unfounded presumption that all companies with disclosures included on the web tool have material dealings in states that support terrorism, and/or that their activities themselves support terrorism. The SEC's initial

⁴ According to the KLD Indexes website, the KLD Large Cap Sudan Free SocialSM Index is a "float-adjusted market capitalization weighted index..... designed to represent the large-cap segment of the U.S. equity market available to social investors with divestment mandates associated with publicly traded companies conducting business in Sudan."

⁵ Fitzgerald and Burger, "U.S. Legislators Push 'Terror-Free' Investment Plan," International Herald Tribune, Dec. 4, 2007. Other financial institutions that have been reported to be involved in offering targeted investment vehicles or funds with a "terror-free" focus are Northern Trust, Barclays Global Investors, and State Street Global Advisors.

experiment with a web tool of this nature illustrates the problems such a mechanism presents for investors. The web tool launched by the SEC this summer included, for example, a company that reported *former* business activities with Sudan, and one that was merely engaged in clinical trials in Sudan. While these facts are certainly available for investors to read if they choose to do so, we believe there is a very real risk that investors will see a company name on the SEC's web list and make an investment decision without "clicking through" to read the context, having made the assumption that the SEC would not have put the company on the list in the first place if there was no reason for concern. In this regard, the SEC, far from promoting investor protection, may actually be diminishing it.

Investors may be harmed even further by virtue of the fact that a web tool of this nature is likely to create a strong deterrent to voluntary disclosures. We believe many companies currently disclose more information about their activities than may be strictly required under the federal securities laws. Companies may include disclosures that may not be "material" but which are nevertheless of interest to investors or others. Faced with the prospect of being included on what essentially amounts to a blacklist, such companies may be much less forthcoming with information regarding their activities in or connections with the five countries in question. A tool that quashes a company's willingness to communicate freely and openly with its investors will only serve to harm investors in the long run. We believe it is in both the SEC's interest and, more importantly, the public's interest, to encourage such disclosures.

C. The Tool Will Mislead Investors With Incomplete and Outdated Information

We believe the proposed web tool will mislead investors as much by what it omits, as what it includes. For example, the tool would not include information about companies that do not make SEC filings, nor will it include information about SEC reporting companies that may have business in one or more of the named countries but do not make disclosure about those activities.⁶

A different dimension of the inherent weakness of the proposed web tool is that, even for those companies that do make public statements about their activities in the five countries in question, the tool would be limited solely to disclosures included in documents filed with the SEC. Companies communicate with the public and their investors in many ways, such as press releases, public statements by company officers, and statements on a company website. If these statements are not included in a document filed with the SEC, an investor relying on the proposed web tool would have incomplete information upon which to make an investment decision.

⁶ This will leave a latent suggestion that disclosure about business in these countries is required as a matter of law, which is not the case.

For foreign private issuers, in particular, this lack of complete information on the SEC's proposed web tool is a significant concern. Many companies that are likely to be included in the SEC's web tool are foreign private issuers. While these companies do make filings with the SEC, they are permitted by the SEC's rules and regulations to make such filings with much less frequency than other SEC registrants. As a result, a foreign private issuer may find itself in a situation where it has made public disclosures relating to activities in one of the five countries in question, but such disclosure may not be required to be included in a filing with the SEC (or may not be so required until a lengthy period of time has elapsed). In this scenario, an investor relying on the proposed web tool would have substantially incomplete information upon which to make an investment decision regarding the foreign private issuer.

Further, it is likely that the information provided by the tool will be out of date, to at least some extent. Where a company has included disclosure about its activities in a state sponsor of terrorism in its annual report, for example, the company may not be required to update such disclosure in another SEC filing for a period of several months or even an entire year, depending on the nature of the company and filings required to be made by it with the SEC. If such company terminates its activities in the country in question soon after its annual report is filed with the SEC, but the company does not have the occasion to update such disclosure in an SEC filing for some time, the web tool would be out of date and potentially misleading with respect to that company, especially to the extent an investor relies on the web tool to make an investment decision about the company. Regardless of how frequently the SEC's staff updates the tool, there can be no assurances that the companies have not released additional information after the dates of the excerpted filings. For an agency that is devoted to fostering complete and accurate information for investors, it is anomalous that the SEC would be willing to showcase links to material that is incomplete and stale.

D. The Tool Will Unfairly Harm Innocent Companies

When the SEC launched a similar web tool in the summer of 2007, one of the loudest and most frequent criticisms from many different quarters was that the tool in essence created a "blacklist." We believe this remains a very significant and real flaw in the proposal. No matter what the SEC may do to try to counteract this impression, we believe it is inevitable that some investors will perceive the tool as a list of companies that should be viewed with suspicion. Why else would the SEC have such a list, if it hadn't reached some conclusion that the particular companies listed needed to be called out from all other companies that make filings with the SEC?

In this sense, not only is the proposed tool misleading to investors, as discussed above, but it is also unfair and damaging to the reputation of companies, particularly those that may have no involvement in any illegal or even questionable conduct. Although it is impossible to

measure with precision the degree of reputational and financial harm that would be caused by the proposed web tool, we believe the harm is likely to be quite substantial, given the inflammatory nature of the issues involved. The SEC is charged with the protection of investors and the even-handed application of the securities laws; it should refrain from participating in an endeavor that would cause unnecessary harm to companies and investors alike.

E. The Web Tool's Reliance on the Application of Staff Judgment is Misplaced

Notwithstanding the use of the word "tool" to describe the contemplated web feature, the selection of excerpts to be included would likely depend significantly on the application of the SEC staff's judgment. The Concept Release (at pages 3-4) describes how the SEC's earlier version of this web feature was created. The SEC states that the earlier web tool was "the result of a staff review of company disclosure," and that such review made it possible to exclude disclosures that mentioned the five countries in question but which were unrelated to a company's activities in or with such countries. Presumably, this review process was time- and labor-intensive and necessitated a careful reading of each excerpt that mentioned the name of one of the countries.

The Concept Release acknowledges that the process of creating the SEC's original web tool required the SEC's staff to apply certain "filters" in selecting the excerpts that went into the tool's database. In other words, the staff "filtered" the disclosures by making judgments based on selection criteria determined by the staff. There is no indication in the Concept Release that the process for creating a new web tool would differ materially from the process followed previously. Thus, the construction of the tool would not be "automated" but would require the application of the staff's judgment about which excerpts should be included and which should not. Such a process is inherently flawed in that it carries a substantial risk of inconsistent application of the selection criteria. There can be no assurances that different individuals will not make different judgments about how to apply the staff's criteria. Indeed, this process carries no assurance that the selection criteria themselves will not change over time, resulting in arbitrary or non-transparent changes in the composition of the companies or disclosures in the tool.⁷ Moreover, it is simply inappropriate to ask the staff of the SEC to make judgments that implicate sensitive and complex national security and foreign policy issues, as those areas are outside the expertise of the SEC and its staff.

F. Any Special Web Tool or Data Tagging System Should be Subject to Public Comment Through the SEC's Normal Rule Proposal Process

If the SEC decides to pursue the implementation of a special web tool and/or a system of data tagging as described in the Concept Release, it is essential that the public and registrants be

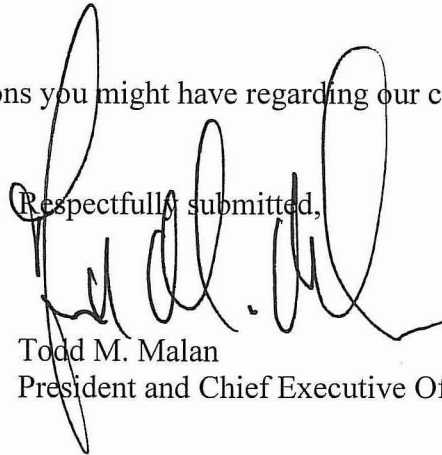
⁷ The reliance on staff judgment to populate the tool amplifies our concerns noted above that the tool will contain incomplete and out of date information. If it can only be updated through a process involving the staff's review of disclosure, certainly the tool will be out of date for at least some periods of time.

provided an opportunity to review and comment on the particular tool or data tagging system proposed to be enacted. There are a host of public policy, competitive, and technological issues likely to be implicated by such a tool or data tagging system. For that reason, any such tool or data tagging system should be proposed through the SEC's normal rule proposal process, so that it is subject to review and comment by the public.

Conclusion

As explained above, OFII believes the concept outlined in the Concept Release has a number of substantive policy flaws, as well as significant practical challenges. We also believe the proposed web tool would harm the competitiveness of U.S. capital markets by making a U.S. listing less attractive to foreign companies. We urge the SEC to avoid the politicization of its mission and refrain from going down the slippery slope of making judgments about substantive political and policy issues. The securities laws were intended to be neutrally applied and enforced, not to be used as a means to further other, non-securities-law political agendas.

We would be pleased to answer any questions you might have regarding our comments.

Respectfully submitted,


Todd M. Malan
President and Chief Executive Officer

cc: Securities and Exchange Commission
Hon. Christopher Cox, Chairman
Hon. Paul S. Atkins, Commissioner
Hon. Kathleen L. Casey, Commissioner
Hon. Annette L. Nazareth, Commissioner

Securities and Exchange Commission – Division of Corporation Finance
Mr. John W. White



ANNEX A

Members

ABB Inc.
ACE INA Holdings, Inc.
AEGON USA
AgustaWestland Inc.
Ahold USA, Inc.
Airbus North America Holdings
Air Liquide America L.P.
Akzo Nobel Inc.
Alcatel-Lucent
Alcon Laboratories, Inc.
Alfa Laval Inc.
Allianz of North America
AMEC Americas
APL Limited
AREVA, Inc.
Arkema, Inc.
Astellas Pharma US, Inc.
AstraZeneca Pharmaceuticals
Babcock & Brown
BAE Systems
Barclays Capital
Barrick Goldstrike Mines, Inc.
BASF Corporation
BATIC, Inc.
Bayer Corp.
BIC Corp.
bioMérieux, Inc.
BNP Paribas
Boehringer Ingelheim Corp.
BOSCH
BP
Bridgestone Americas Holding
Brother International Corp.
Brunswick Group
BT Americas Inc.
Bunge Ltd.
Cadbury Schweppes
Case New Holland
Ciba Specialty Chemicals Corp.
Covidien
Credit Suisse Securities (USA)
Daiichi Sankyo, Inc.
Daimler
Dassault Falcon Jet Corp.
DENSO International America
Deutsche Post World Net USA
Deutsche Telekom
Diageo, Inc.
EADS, Inc.
EDF North America
Electrolux Home Products, Inc.
EMI Group, Inc.
Enel North America
Ericsson
Evonik Degussa Corporation
Experian
Food Lion, LLC
France Telecom North America
Fuji Photo Film, Inc.
Garmin International, Inc.
GKN America Corp.
GlaxoSmithKline
Hitachi, Ltd.
Holcim (US) Inc.
Honda North America, Inc.
HSBC North America Holdings
Huhtamaki
ICI Americas, Inc.
Infineon Technologies
ING America Insurance Holdings
InterContinental Hotels Group
John Hancock Life Insurance Co.
Lafarge North America, Inc.
LaSalle Bank Corporation
Lehigh Cement
Lenovo
Linde North America, Inc.
Logitech Inc.
L'Oréal USA, Inc.
Louisiana Energy Service (LES)
Macquarie Holdings Inc.
Maersk Inc.
McCain Foods USA
Michelin North America, Inc.
Miller Brewing Company
Mitsubishi Electric & Electronics
National Grid
Nestlé USA, Inc.
The Nielsen Company (US), Inc.
Nokia, Inc.
Novartis Corporation
Novelis Inc.
Novo Nordisk Pharmaceuticals
NTT DoCoMo
NXP Semiconductors
Oldcastle, Inc.
Panasonic/Matsushita Corp.
Pearson Inc.
Pernod Ricard USA
Philips Electronics North America
Qimonda
Randstad North America
Reed Elsevier Inc.
Reuters America, Inc.
Rexam Inc.
Rio Tinto America
Roche Financial USA, Inc.
Rolls-Royce North America Inc.
Saint-Gobain Corporation
Sanofi-Aventis
SAP America
Schlumberger Technology Corp.
Schott North America
Securitas Security Services USA
Serono Inc.
SGL Carbon LLC
Shell Oil Company
Siemens Corporation
Smith & Nephew, Inc.
Sodexo, Inc.
Solvay America
Sony Corporation of America
Square D Company
Sterling Jewelers Inc.
SUEZ Energy North America, Inc.
Sumitomo Corp. of America
Sun Life Financial U.S.
Swiss Re America Holding Corp.
Syngenta Corporation
Takeda North America
Tate & Lyle North America, Inc.
Thales North America, Inc.
The Tata Group
The Thomson Corporation
ThyssenKrupp USA, Inc.
Tomkins Industries, Inc.
TOTAL Holdings USA, Inc.
Toyota Motor North America
TUV America
Tyco International (US), Inc.
Tyco Electronics
Unilever
Vodafone
Voith Paper Inc.
Volkswagen of America, Inc.
Volvo Group North America, Inc.
Wackenhut Corporation
Westfield LLC
Weston Foods, Inc.
White Mountains, Inc.
Wolters Kluwer U.S. Corporation
WPP Group USA, Inc.
XL Global Services
Zausner Foods Corporation
Zurich Insurance Group