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Ms N M Morris
Secretary
Securities & Exchange Commission
100 F Street NE
Washington, DC
20549-1090

13 September 2006

Dear Ms Morris

Re: File No S7-06-03

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. As well, we respond on behalf of the BBC. Hermes has approximately \$105 billion under management and a further \$17.5 billion under advice, 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.

Further to this, we respond to the Securities and Exchange Commission's ("SEC") proposal to extend compliance dates for non-accelerated filers and newly public companies.

We are generally supportive of the SEC's initiative on this front. As significant long-term shareholders, we have a vested interest in both issuers maintaining appropriate internal controls and disclosure thereof. We believe that the SEC, as regulator of these relationships, should aim to strike a reasonable balance between helping issuers moderate the costs associated with compliance and ensuring that investors are provided with full and accurate disclosure.

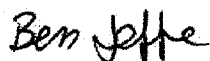
Given that there is still much uncertainty surrounding compliance with Sarbanes-Oxley ("SOX"), and with reference to the SEC's Concept Release Concerning Management's Reports on Internal Control over Financial Report which acknowledges that further guidance is required in that respect, we support the proposed extension of compliance dates for non-accelerated filers and newly public companies.

.../...

Moreover, we agree with the proposed timelines, and think it is reasonable to implement the requirements of Sections 404(a) and (b) in a two-step process. We believe that this will help smaller companies and newly public companies mitigate the costs associated with SOX compliance, which is important for shareholders. As such, we support the recommendation that management's report in the first year be considered furnished with the SEC rather than filed, in order to prevent any legal implications the following year when the auditor's attestation will be filed.

We are pleased that the SEC has been responsive to concerns articulated by market participants and are appreciative of the opportunity to provide our input to the process.

Yours sincerely

A handwritten signature in cursive script that reads "Bess Joffe".

Bess Joffe
Manager