Galileo Global Securities, LLC
Ten Rockefeller Plaza Suite 1001
New York, NY 10020

Phone:
Fax: +1. 212. 332 6033
Cell: +1. 917. 213 5035

gugeux@galileoadvisors.com

Georges Ugeux
Chairman & CEO

Nancy M. Morris Esq.
Secretary
Securities and Exchange Commission
100 F Street
Washington DC

Re: File Nr 4-539

Dear Sirs

It is a privilege to be able to provide some comments related to the issue of mutual recognition. There is no doubt that, in an ideal world, we should all recognize each other, and make everybody's life easier by accepting the recognition of another regulatory authority. For a number of years, whether at the NYSE, with the SEC and with the European Commission, I participated to discussions on this topic: the angelic view of mutual recognition while helpful as an inspiration does not provide the necessary structure that will satisfy all the parties involved.

It is almost impossible to imagine any form of mutual recognition that does not include an amount of trust and respect for the counterparty. That is a decision, and as much as we will try to objectivise that process, we should know, entering this debate, that we will not be able to fully satisfy ourselves that there are no risks and no cultural elements that will influence the application of mutual recognition.

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One Rockefeller Plaza | Suite 1722
New York, NY 10020

Since it is a very desirable objective to reduce the barriers between capital markets, we need to look primarily at the following issues.

1. Are there any relevant precedents?

The Canadian experience provides us with a good example of a system that works effectively, and despite some attempts here and there to question it, did not lead to serious problems and disruptions. Investors have generally not questioned that system and felt comfortable with the current MJDS. It allowed Canadian companies to register with the SEC and list on the US Exchanges in a very efficient way. While the reverse was true, there are very few US companies who took advantage of this possibility to list in Canada.

This is the first observation: we need to understand that mutual recognition will most likely favour the most liquid or efficient market, to the detriment of the local market. It is precisely one of its objectives. Allow companies domiciled in countries whose markets are less efficient to access the liquidity of more global or larger markets.

From a US viewpoint, this means that there is a very substantial attraction of the US market itself because of its size and structure and that the acceptance of mutual recognition is likely to lead to a substantial interest from non-US issuers to register in the United States.

That applies, however, if other barriers are not in place. A listing in the United States subjects a Canadian company to rules, regulations, possible class actions and other legal actions that did not apply if the company is not registered with the SEC and listed on a US Exchange.

The Canadian example therefore shows two limitations of the mutual recognition: the appeal of the most liquid market and the other consequences of a listing in a foreign market.

2. The European Union

The European Commission has, for a number of years, looked at one of the aspects of mutual recognition: the single prospectus, international accounting standards and recent jurisdictional allocations. It approved the establishment of accounting standards that could apply throughout the capital markets of the European Union, and supported the International Financial Reporting Standards (IFRS) which are now applicable throughout the Union.

The new directives allow those who use the European prospectus to file with such a prospectus throughout the European Union. It is unclear at this stage whether companies will in fact decide to use this process that seems more cumbersome than a domestic prospectus. The issue of languages throughout the Union is also a delicate issue.

While steps have been taken to harmonize the requirements throughout the Union and the establishment of the Committee of European Securities Regulators (CESR) has indeed increased the ability of regulators to coordinate their approaches. Interestingly CESR does not provide a "port of entry" for non EU issuers that would be valid throughout the European Union. My discussions with the Commission and CESR have not led to any serious attempt to address this issue that would be important for US companies wanting to access European markets.

3. The International Passport

That experience is a very important one since it shows that some tangible measures could be taken. The "International Passport" as defined under the SEC leadership by the International Organization of Securities Commissions (IOSCO) has established the conditions under which a prospectus could be accepted throughout the world.

To the best of my knowledge, the lack of recognition of Accounting Standards has made this passport impossible to apply since each part of the world was insisting on its own standards. In this respect, the United States have acted with good intentions, but never thought that this passport should apply to US companies in the United States. I am not aware of any case where the International Passport applied to a public offering in the United States.

4. A few suggestions

Having operated throughout the evolution of this debate, I would like to make the following recommendations, seen from the prospective of foreign private issuers:

a. This debate is welcome: any opportunity to address the way global capital markets can be harmonized is important for issuers whop aim to reach those global capital markets through their own national regulatory structure.

b. There is a risk that the concept of "mutual recognition" might raise concerns about the quality and enforceability of regulations in various countries. Those concerns can be alleviated by putting in place a process that gradually facilitates the issuers' access to global markets.

c. US capital markets have suffered from recent regulatory developments that apply to foreign private issuers and we now see some sizeable

companies deregistering and delisting from the United States. Most of them argue that the costs (not only financial but also managerial) of a US registration and listing is too high to justify their continued listings. Steps towards mutual recognition are helpful. They should also ap[ply to new issues of registered issuers.

d. The two most critical issues are the prospectus (incorporating the rules of the International Passport for issuers) and the accounting standards. Rather than looking at global recognition, we would recommend that progress be made in these two fields which are the most cumbersome and costly. The efforts of the SEC in this field are laudable and need to be encouraged.

e. A possible first step could be a bilateral negotiation with the European Union, that is currently also creating a framework between member states. This would not ignore the other parts of the world, but it would provide a process and a methodology that can be expanded to other countries. It also is clearly Europe is the area where the competitiveness of the US capital markets is questioned and where the new rules on deregistration have led to most delistings.

Once again, the initiative of the SEC is extremely timely and welcome and any initiative in that direction must be encouraged. I remain available for further consultations and look forward to the June 12 roundtable.

Yours truly,

Georges Ugeux