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March 22, 2005

Mr. Jonathan G. Katz, Secretary
U.S. Securities and Exchange Commission
450 Fifth Street, N.W.
Stop 6-9
Washington, D. C. 20549

Dear Mr. Katz:

We are pleased to submit this letter in response to the request of the U.S. Securities and Exchange Commission ("Commission") for comments regarding its Securities Offering Reform proposals published in Release Nos. 33-8501, 34-50624 and IC-26649 (November 3, 2004) (the "Release").

We strongly support the Commission's objectives to reform and modernize the securities offering process under the Securities Act of 1933, as amended (the "Securities Act") through proposals to eliminate communications barriers that artificially restrict the flow of information to investors and the financial markets, streamline further the procedural aspects of the registration process and make greater use of the integrated disclosure system. While we do not intend to comment on areas already covered by other commenters, we believe that there is one area that has not and should be addressed. Our comment is intended to provide the Commission and its staff with a suggestion to avoid an unnecessary artificial barrier to the ability of some companies to realize the benefits of the current and proposed offering process.

New Categories of Issuers

Seasoned issuer and well-known seasoned issuer

Any proposal that the Commission adopts should permit issuers to qualify as seasoned issuers and well-known seasoned issuers ("WKSIs"), on the basis of any class of publicly traded equity securities, whether that class consists of common equity or unrated, non-convertible preferred equity (without a fixed dividend rate). Issuer status based on any class of publicly traded equity securities would eliminate artificial barriers and provide for equal treatment of issuers under the securities offering process. Currently and under the proposals issuers whose only class of publicly traded and listed equity securities consists of unrated, non-voting preferred stock cannot satisfy the requirements for either a seasoned issuer or a WKSI irrespective of market following and public float size. This is because the public float test is determined with reference to outstanding common equity securities rather than what we view as a more appropriate test based on outstanding nonconvertible equity securities. We see no basis to distinguish those companies that have publicly traded nonvoting common equity from those that have publicly traded unrated, nonconvertible preferred stock. Unfortunately, this arbitrary distinction creates an artificial barrier for a group of companies that is unrelated to investor protection concerns and the goals of the reform proposals. For instance, companies organized in various jurisdictions, including Brazil and Mexico typically have capital structures under which the outstanding class of voting equity securities is closely held and not traded. At least with respect to companies organized in Brazil and Mexico, the class of publicly traded equity securities customarily is unratedit, non-convertible preferred stock for Brazilian companies and non-voting common stock for Mexican companies. The regulatory treatment that results from the difference in the publicly traded class of equity securities is very significant under both the current registration system and proposed reforms.

We see no investor protection and regulatory oversight reasons to have a securities offering process that allows foreign private issuers who have publicly traded non-voting common equity securities to realize the benefits of the current system (e.g., shelf registration and eligibility for short form registration statements) and proposed offering process for seasoned issuers and WKSIs while denying those same benefits to foreign private issuers who have outstanding unrated preferred equity securities that are traded in their home country and in the U.S. markets in the form of ADRs. The anomaly is even more apparent when companies that just barely meet the public float test can use shelf registration while companies with outstanding unrated, non-convertible preferred securities may have far greater public float and research analyst followings without being able to take advantage of the current shelf registration process. Such a distinction, in our view, is not necessary for the protection of investors and creates an inefficient offering process for companies that are wildly followed in the market. Accordingly, we strongly request that the Commission revise the proposals to look to the public float of outstanding non-convertible equity securities as well.

We appreciate the opportunity to comment of the reform proposals and would be please to discuss any questions that the Commission or its staff may have with respect to our comment. Please do not hesitate to contact Abbie Arms at 202-508-8025, Lisa Jacobs at 212-848-7678 or Richard S. Aldrich, Jr. at 011-55-11-3702-2201

Very truly yours,

Shearman & Sterling LLP