galileo
global advisors

Galileo Global Advisors, LLC
One Rockefeller Plaza | Suite 1722
New York, NY 10020

Phone: +1. 212. 332 6044
Fax: +1. 212. 332 6033
Cell: +1. 917. 213 5035

gugeux@galileoadvisors.com

Georges Ugeux
Chairman & CEO

March 20, 2006, New York

Mr. Jonathan G. Katz
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-9303

Ref: Termination of a Foreign Private Issuer's Registration of a Class of Securities (December 23, 2005); Release No. 34-53020; File No. S7-12-05

Dear Sir:

Please find below my comments to your proposed rules regarding *the termination of foreign private issuers' registration obligations under Section 12(g) and duty to file report under Section 15(d) of the Securities Exchange Act of 1934 (Release No. 34-53020).*

Before providing my comments, I would like to express my appreciation for the quality and thoughtfulness of the proposals put forward by the Department of Corporation Finance of the SEC, and in particular the work of Messrs. Alan Beller and Paul Dudek, in this matter.

My perspective may be unusual. It is the result of the experience I gathered as Group Executive Vice President, International and Research of the New York Stock Exchange, a position I held for seven years, and more recently as the Chairman and CEO of Galileo Global Advisors, a firm I set up in New York that, among other activities, advises foreign private issuers around the world.

It might come to you as a surprise that most foreign private issuers were not aware of the current restrictions on deregistration when they decided to list. It was not something that they were contemplating when they listed on a U.S. exchange. Today, however, the challenge is to restore a climate of confidence between foreign private issuers and the U.S. capital markets. That confidence has been genuinely shaken by the unexpected change in the fundamental principle under which governance was handled prior to July 2002: the compliance with the local rules and regulations of the issuer.

Once the surprise caused by the change had subsided and issuers realized the amplitude of the new requirements, many issuers came to the conclusion that the cost/benefit analysis they relied on when they decided to list was no longer valid. They then discovered that, while they could delist, the burden of their reporting obligations was practically inescapable.

Most current foreign private issuers have strategic reasons to remain listed and registered in the United States, but there is an important percentage of issuers who no longer find some of the benefits they were looking for and see the costs associated with their listing increase. The fundamental question is whether it is in the best interest of the U.S. capital markets and U.S. investors to restrict the right of foreign issuers to delist and deregister their shares provided the procedure gives U.S. shareholders the time to react to that decision. It is worth noting that I am not aware of any other stock exchange or regulator around the world who has imposed such a prohibition. They all provide for a due process aimed at protecting the investors.

However, I would like to make some specific comments on the proposed rules as they were presented on December 24, 2005 by the Commission.

1. The shift from a criteria based on the number of shareholders to a percentage of the outstanding shares is appropriate. Promoting the trading volume as a criteria ignores the fact that most foreign private issuers have chosen to issue ADRs representing their common shares. That structure has effectively fragmented the market. Only one-third of the non-U.S. shares held by U.S. shareholders are in ADRs and the other two-thirds are held in ordinary form. Taking trading statistics as the basis for the new regulation would therefore, as you clearly indicated, structurally underestimate the importance of the U.S. capital market. I would therefore recommend that references to the trading volume be withdrawn from the final rules.

2. The U.S. capital market's share of the trading in European shares in the United States vis-à-vis the domestic market has recently dropped. Half the listed European companies are only getting 2% or less than their volume in the Unites States. For the issuers who were mostly seeking additional liquidity a substantial question arises: why would they remain listed and registered, bearing increased costs, when they only enjoy such a low level of additional liquidity in the United States?

3. There have been some proposals in favour of the exclusion of QIBs from the calculation of the U.S. ownership threshold. The argument is sound: QIBs are by definition sophisticated investors and do not need the same level of protection. But ignoring the importance they attach to the information made available through the SEC registration contradicts repeated statements made institutional investors on the importance of the registration in their investment decision.

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4. There are few reasons to distinguish between the seasoned and the non-seasoned issuers. The presence in indices and the minimum market capitalization effectively penalize emerging markets where market capitalizations are structurally lower, but where the role of the U.S. market as a standard setter and the importance of the SEC registration are even more critical than for seasoned issuers. Those companies from emerging markets need the U.S. market to finance their growth. They will only deregister or delist for fundamental reasons. The cost of deregistration in their case is reputation. Chinese and Indian companies in particular need the flexibility to deregister but are less likely to use it than European companies.

5. Foreign private issuers care about the ability to deregister. The more restrictive the U.S. rules are, the more likely foreign companies are going to delist and deregister now if they are in a position to do so. This paradox stems from the fact that the circumstances under which the Sarbanes Oxley Act of 2002 was adopted have created an apprehension that even more restrictive regulations might soon be imposed upon foreign private issuers.

6. One of the most common concerns is the ability of the SEC to waive some provisions if they conflict with domestic regulations. Foreign companies are obviously obligated to respect their local rules and regulations. The Sarbanes Oxley Act of 2002 contains provisions that create conflicts with local regulations in various areas such as labor law, takeover codes, compensation systems and disclosure. The recent report of the European Union working party on whistleblowing is a perfect example of such issues. The fact that U.S. rules might be more stringent is not a problem provided that they do not directly contradict the domestic rules and regulations to which companies are subject. Local rules and regulations must be applied in priority. Nobody can expect a U.S. company listed in, say, London not to apply U.S. securities laws because they are in contradiction with British regulations. The reverse applies for the same reasons. The adequate response to this legitimate concern is to make it clear that SEC has the right to waive some provisions in case of regulatory conflict.

7. The proposed 5 or 10 percent shareholder thresholds are structurally low. Most global companies have foreign shareholders above 25%, approximately half of whom are U.S. shareholders. Without making a thorough statistical study like the one that served as the basis of the economic research undertaken by the SEC, I reviewed the list of registered foreign issuers. More than half of them have strategic reasons to remain listed and registered in the United States. Approximately half of the remainder have financial reasons to remain listed, mostly because of the limits of their home country market. The last 25% are looking at

delisting and deregistering. If the percentage of the public float taken into consideration is 25%, this would give many foreign issuers the assurance that they can afford to remain listed and deregistered. Even with this higher percentage, it is unlikely that more than 200 foreign private issuers will deregister. I would therefore propose that a single percentage of 25% be applied across the board to all foreign private issuers irrespective of the nature of their shareholders or the fact that they are seasoned issuers or trade a certain percentage of their shares on the U.S. exchange.

8. I support the methodology that has been suggested to evaluated shareownership. As we all know, shareholdings are sometimes difficult to track and those who made it a profession to develop those databases reached a level of sophistication and impartiality that should allow the SEC to trust their integrity and their thoroughness. It is in the advantage of the foreign private issuers that independent entities assess their shareholdings.

9. Last but not least, the approach taken by the SEC on the ability of foreign private issuers to comply with the provision of Rule 12g3-2(e) of the Securities Exchange Act of 1934 by publishing their annual reports and interim reports on their websites in English will provide a better level of dissemination than the previous filing requirements.

I would like to conclude by reiterating my appreciation for the remarkable work done by the SEC in this field. I believe that a simple and open rule will rebuild the confidence that once existed between the foreign issuer community and the U.S. capital markets. Hopefully, the revised rules will also encourage issuers who were reluctant to list and register their shares in the U.S. in the absence of a possible exit strategy to again consider the U.S. capital markets as a viable strategy.

Yours truly,

Georges Ugeux
Chairman & CEO

c: Commissioner Roel C. Campos
Paul Dudek, Chief, Office of International Corporate Finance
Ethiopis Tafara, Chief, Office of International Affairs