



the global voice of
the legal profession

February 28, 2006

Ms. Nancy M. Morris
Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549-9303

Re: Comments on Proposed Rules Relating to Termination of a Foreign Private Issuer's Registration of a Class of Securities Under Section 12(g) and Duty to File Reports Under Section 15(d) of the Securities Exchange Act of 1934

File No. S7-12-05

Dear Ms. Morris,

The International Bar Association is pleased to comment on the SEC's proposal to make it easier for foreign private issuers to exit the reporting and registration requirements of the US securities laws. The International Bar Association, the global voice of the legal profession, includes 20,000 individual lawyers and 195 bar associations worldwide. We are submitting our comments on behalf of the Securities Committee which has approximately 1200 members from 84 different countries and the Capital Markets Forum which brings together more than 900 business lawyers, market professionals and regulators from 91 countries.

As an initial matter, we would like to thank the SEC staff and the Commissioners for the time and effort they have taken over the last two years to meet with many representatives of foreign private issuers from both the private and public sector on the necessary modernization of the deregistration rules. We express our strong support for the SEC's proposed rule and our hope that the staff and the Commission will act as quickly as possible to finalize the rule so that those companies who wish to exit may do so well before the end of 2006.

We have reviewed and participated in the commenting process for the letters prepared by several European organizations representing listed companies and we strongly support the comments made in those letters. In particular, we would highlight the importance of excluding qualified institutional buyers from the calculation and of increasing the percentage of US shareholders in the public float test from 10% to a much larger number. Without such changes, we fear that the final rule will not provide a

meaningful opportunity for many companies to exit the US public capital markets.

The IBA would like to take the occasion of this comment letter to request the SEC to commit resources that would take a strategic longer-term look beyond deregistration. This could take the form of a high level international group that will seriously study the advantages and disadvantages of the SEC moving towards mutual recognition. The group could study how mutual recognition of host and home country securities regulations might work, whether it should be limited to certain types of companies or certain countries. It could also study various mutual recognition systems as well as the interaction of different types of enforcement mechanisms on mutual recognition. The reasons for setting up such a group of “wise men” are many and well known to the SEC: accounting convergence is just over the regulatory horizon, disclosure standards are tending strongly in the same direction, the IOSCO system of bilateral and multilateral protocols is leading to ever increasing mutual efforts in enforcement and, of course, all of this is happening within the context of increasing cross-border capital markets operations, and the globalization of international capital flows. Such a study group is naturally beyond the scope of the deregistration proposal and should be viewed as a completely separate project with a very different timetable.

In this context, the time is long overdue for a serious study by the SEC of whether and to what extent it might be appropriate, and under what conditions, for the regulator of the world’s largest and most liquid capital market to take account of the systems of securities regulation that exist in other countries or regions of the world. We acknowledge that the topic is not an easy one but that is all the more reason to engage in a serious analysis, especially for those who believe it is important that the US capital markets remain internationally competitive. We believe that this study group should be composed of a mix of private and public representatives, made up of experts who understand the international capital markets but who are beyond the reach of daily market and political concerns.

Sincerely yours,

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cc: The Honorable Christopher Cox, *Chairman*
The Honorable Paul S. Atkins, *Commissioner*
The Honorable Roel C. Campos, *Commissioner*
The Honorable Cynthia A. Glassman, *Commissioner*
The Honorable Annette L. Nazareth, *Commissioner*

Marty Dunn, *Director, Division of Corporate Finance (Acting)*
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