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January 2, 2007

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Secretary
Securities and Exchange Commission
100 F Street
Washington D.C., 20549-9303

Comment Letter re: Release 34-55005. International Series Release 1300 File Number S7-12-05

To Whom It May Concern:

The Commission should be commended for its openness in the way it has revisited these topics after difficulties emerged from earlier proposals and comments.

The main impact of the new proposed deregistration criteria is clear: it will make it easier for foreign private issuers – particularly those outside the American time zone – to deregister. On balance, we agree that this is a positive step. We have a few comments on some specific questions raised by the release. They are ordered by the headings in the release.

The 5% trading criterion

- We continue to believe that conceptually, looking at ownership rather than trading volume is the right approach since it better represents the importance of US investors, but as a practical matter, we also concede that looking at ownership creates a host of difficulties. An approach based on trading volume is vastly easier to administer and has one enormous benefit – simplicity.

- An analysis of foreign trading volumes reveals a heavy concentration of trading in the American time zone. Canada, the Caribbean and Central and South America have seen their liquidity boosted by the US markets in a significant way. The majority of the companies from this part of the world, therefore, will not qualify. The same applies to companies from emerging markets, where US trading volumes are, on average, stronger. The 5% criteria will, therefore, primarily benefit companies in Western Europe, Australia and Japan.

- One could argue about the 5% threshold, but we would support the proposal since it is simple and it allows most foreign companies who are likely to want to deregister, to do so.

- The twelve months reference is strong enough to avoid manipulations. However, it should be defined in terms of trading VALUE, not trading VOLUME (number of shares), since many companies have ADR multiples or fractions different from the home market.

- Taking the world market, rather than just the home market, as a reference would make sense, but in the interest of simplicity, we would not recommend it. It will likely only affect the calculation for a few major global companies, and these are not likely to be deregistration candidates anyway.

- Additional refinements would go against the objective of simplicity and could lead to further arguments that would be misplaced. Once a trading criterion is fixed, it is better to keep it simple. As far as specific criteria based on the size of trading or the company, here again, they would complicate the measures. Suffice to say that using a single percentage of trading will probably favor smaller companies, but this is not an undesirable effect since they are the most “endangered species” that are affected by the registration costs for limited volume.

- The most questionable proposal is the one year wait period after delisting securities. This will provide no additional information and reduce liquidity. Once

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the company is delisted, its US trading value will substantially drop anyway. It would therefore be abnormal to ask for this one year period, since most companies, once delisted, would be able to deregister after 12 months. It should be possible for a company to deregister and delist at the same time, assuming that both events follow a warning period during which US shareholders have an opportunity to sell, as it is currently provided for in the delisting rules.

- We do not see how the termination of an ADR facility should be of any relevance to the deregistration discussion. Companies may choose to start or terminate one, but all this does is change the security which is traded in the US. For simplicity, we recommend just looking at the volume test (in terms of value traded), regardless of whether the foreign security is traded as an ADR or in some other form.

- Asking companies to maintain a sponsored ADR facility for some time after they have deregistered and delisted, also seems misguided. Companies are capable of deciding whether it makes sense to maintain a sponsored ADR facility, after weighing the costs and benefits. They should be free to do so or not. We do not see how this would have a big impact on investors once a company has deregistered and delisted.

The Alternative 300 Holder Condition

The number of record holders that was the historic criterion does not seem to correspond to anything significant. I believe that the combination of the trading standard and the record holders is only going to complicate the matter. The reason is that the way record holders are counted varies from one country to another. In some countries, for instance, each employee who owns restricted stocks is deemed to be a record holder. The record holders also lead to manipulations that allow some companies to transfer a number of record holders under the umbrella of a nominee. Trusts can also play that role. This condition should therefore purely and simply be abandoned in favor of the new criterion.

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Prior Exchange Act Reporting Condition

While the notion of this condition seems to makes sense, we believe it has little practical impact. It is unlikely that a company will go through the cost and effort of a US IPO and listing, and then choose to deregister less than twelve months later.

The One Year Dormancy Condition

A similar comment applies to this period. As the SEC knows, most foreign private issuers have avoided registering new issues of shares since the rules in this matter are too cumbersome, and they can easily execute some private placements or public offerings outside of the US market in a significantly shorter period of time, thereby reducing their exposure to the market.

The US market has become, as a result of its procedures, uncompetitive for new issues by foreign private issuers, except in extreme circumstances such as the ADR issues by Indian companies. We would recommend that these issues be addressed as part of the measures to improve the US market's competitiveness. This condition will send the wrong message, while having no practical impact.

The primary trading market

This question is difficult to address, and the motivation of the Commission is very positive. However, rather than creating a minimum for the primary market, it makes more sense to define the primary market as the home market (i.e. the country of incorporation) and then ensure that the "secondary" market is also considered if it reaches some significant hurdle. For example, if it accounts for 20% or more of home market volume. This is a key issue for European companies who are likely to add the volume traded in London. It is also important to note that the "secondary market" might not be an Exchange, but a trading facility.

Successor Issuer

The proposal of the Commission addresses a critical issue: what happens to the reporting obligations of a company that is merged or acquired by a non-reporting company. It raises the issue of a possible obligation to register for the acquirer. Such a measure would create a bias against acquisitions of reporting companies, whether they are US companies or foreign private issuers. It would increase the perception that a company could be forced to register, something the SEC has clearly avoided.

Extension of rule 12g3-(2)b

That proposal is fair and does not create major issues when it is applied after deregistration. However, our comment would be to limit this obligation to a few years (3 - 5 years seem adequate) and not forever. Companies currently registered with the SEC are by and large publishing the required documentation on their websites. However, over time, companies might evolve in such a way that makes such obligation useless. This would allow such foreign private issuers to drop after the agreed period, any form of publication in English.

The case for Europe

The most important zone affected by the new proposal will be ***Western Europe where at least two thirds of the listed companies will qualify for deregistration***. It is also, with Japan, the largest concentration of companies who are actively involved in the United States.

In view of recent developments in the European directives and new governance standards, one might wonder whether a better solution would not be a ***gradual mutual recognition between the European Union and the United States.*** This would be in line with the efforts of convergence on international accounting standards. Such a measure would

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provide a much more positive impact on liquidity and markets, and facilitate the integration of capital markets when the markets are open.

This should also be seen in the context of possible acquisitions of European Stock Exchanges by U.S. Stock Exchanges. It would provide a significant boost to transatlantic liquidity, stimulate a wave of new listings from Europe to the United States, and also to facilitate access to U.S. companies by European investors.

While we understand that this is not on the agenda of the Commission we thought that the move that has just been taken indicates the importance of the development of trading between the two continents.

We would like to reiterate our appreciation for the quality of the work of the staff of the SEC and the strategic vision of the Commission in proposing those changes to its own proposals. While we do not intend to comment on the proposals related to Section 404 of the Sarbanes Oxley Act of 2002, we would like to take this opportunity to express our general agreement with the Commission's principles approach, empowering management for internal controls over financial reporting.

Respectfully yours,