pink sheets

Ms. Nancy Morris
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-9303

RE: File No. S7-12-05

Dear Ms. Morris,

Pink Sheet LLC ("Pink Sheets") appreciates this additional opportunity to comment on the recent proposal by the Securities and Exchange Commission (the "Commission") to amend the rules allowing a foreign private issuer to terminate the registration of a class of equity securities under Section 12(g) of the Securities Exchange Act of 1934 (the "Exchange Act") and to cease its reporting obligations regarding a class of equity or debt securities under Section 15(d) of the Exchange Act.[1] For the reasons described below, we believe that the "information-providing" exemption available under Exchange Act Rule 12g3-2(b) should be available to any foreign-private issuer that otherwise qualifies for it, whether or not the date for filing a registration statement has passed. Alternatively, the Commission should provide no-action relief for a brief period of time after the new rules go into effect to encourage voluntary reliance on the "information supplying" exemption.

Pink Sheets is the leading provider of pricing and financial information for the over-the-counter (OTC) securities markets and, among other things, operates an Internet-based, real-time quotation service for OTC equities and bonds for market makers and other broker-dealers registered under the Exchange Act.

As noted in our previous letter, Pink Sheets strongly supports the current proposal, but believes that it should be strengthened by amendments intended to improve the quality of information provided to U.S. investors. Consistent with the principles of disclosure that form the basis of federal securities laws, we believe it is important to make information about foreign private issuers available and easily accessible to U.S. investors to facilitate fully informed investment decisions. We strongly support the Commission's view that foreign private issuers that deregister under the Commission's proposal should continue to provide home country information to U.S. investors, but believe that these materials should be posted by an Internet site maintained by the primary U.S. venue where their securities are traded. We further believe that all of the materials provided to the Commission under Exchange Act Rule 12g3-2(b)

[1] *See Mr. R. Cromwell Coulson, Chief Executive Officer, Pink Sheets LLC* (Comment Letter), March 1, 2006, *available at* http://www.sec.gov/rules/proposed/s71205/rccoulson030106.pdf.

should be provided to U.S. investors at such an Internet site, as opposed to the paper filing method currently utilized, because these paper files are not readily available to the U.S. investing public.

In addition, we urge the Commission to amend Exchange Act Rule 12g3-2(b)(v) to expand the class of issuers for whom the "information-supplying" exemption of Rule 12g3-2(b) is available to avoid penalizing issuers for inadvertent failures to register. Exchange Act Rule 12g3-2(a) currently requires the Exchange Act registration of any class of securities issued by a foreign private issuer where held by 300 or more U.S. residents. Rule 12g3-2(b) provides an exemption for foreign private issuers that furnish home country information to the Commission; however, this exemption is only available to issuers that furnish the required information prior to the date on which a registration statement would be required to be filed. We believe the exemption should be available, whether or not the date for filing a registration statement is past.

As an alternative, the Commission should, at a minimum, offer no action relief for at least 90 days to issuers who file home country information under Rule 12g3-2(b) after the new deregistration rules go into effect.[2] We believe that many foreign issuers are currently in a state of regulatory limbo, having never engaged in a public offering in the United States, but suspecting they have more than 300 US resident holders. We believe that many of these issuers would voluntarily supply home country information to US investors under Rule 12g3-2(b)'s "information supplying" exemption if offered the opportunity to do so without being exposed to the extraordinary burdens of Exchange Act reporting. No-action relief would provide a window that would encourage issuers to examine their shareholder lists carefully and consider relying on Rule 12g3-2(b) to clean up a difficult compliance issue. Voluntary compliance by foreign issuers would conserve the Commission's enforcement resources. We encourage the Commission to allow foreign private issuers a window of opportunity to rely on Rule 12g3-2(b) to mitigate a difficult and intractable regulatory issue.[3]

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[2] In this connection, we support in part the amnesty proposal offered by Deutsche Bank in its February 27, 2006 letter. *See Tom Murphy, Vice Pres., Depositary Receipts, Deutsche Bank Trust Comp. Americas, London, U. K.,* (Comment Letter), Feb. 27, 2006, *available at* http://www.sec.gov/rules/proposed/s71205/tmurphy1130.pdf.

Deutsche Bank also proposes to modify the current numerical threshold requirement under 12g3-2(a) from 300 resident U.S. holders to the 5% of a company's worldwide float threshold the Commission has proposed for deregistration under 12h-6. We strongly disagree with this portion of Deutsche Bank's proposal. We believe it is important for foreign private issuers with more than 300 U.S. resident holders to utilize the 12g3-2(b) exemption to furnish home country information to U.S. investors. A foreign private issuer with more than 300 U.S. resident holders of a class of its securities has garnered sufficient U.S. investor interest to warrant some disclosure to U.S. investors.

[3] Under the Commission's proposal, an issuer that is not a well-known seasoned issuer can terminate its Exchange Act registration obligations by filing a Form 15F, if US residents hold less than 5% of the issuer's worldwide public float at a date 120 days prior to the filing. This presents

As a result of the increased globalization of financial markets, many U.S. investors are investing in foreign securities by direct access to foreign securities markets. A foreign private issuer that does not purposefully promote its securities in U.S. markets may not appreciate the level of U.S. interest in its securities, or be aware of the disclosure and registration requirements that accompany this U.S. interest. In many cases, a foreign issuer may not discover that more than 300 U.S. resident holders hold its securities until after the time has passed to file an Exchange Act registration statement or file a notice of its intent to rely on the exemption available under Exchange Act Rule12g3-2(b). Further, a foreign issuer may not be familiar with the systems necessary to determine the number of U.S. resident holders of its securities and therefore be surprised to learn that it has more than 300 U.S. resident holders.

Where a foreign private issuer has not purposely sought investors in U.S. markets, it would appear inappropriate to expose it to the burden of Exchange Act registration where the "information supplying" exemption offered under Rule 12g3-2(b) would otherwise be available. We believe that this proposed expansion of Rule 12g3-2(b) generally would be consistent with the Commission's policy for dealing with foreign private issuers that are delinquent in complying with their Exchange Act registration obligations.[4] Alternatively, a brief period of no-action relief would enable foreign issuers caught surprised by the recent internationalization of securities markets to rely on Rule 12g3-2(b) to achieve compliance with federal securities laws and provide necessary information to U.S. investors.

We appreciate this opportunity to provide further comments on this important Commission initiative. Please call if you have any questions.

Very truly yours,

/s/ R. CROMWELL COULSON

R. Cromwell Coulson
Chief Executive Officer

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the awkward regulatory result of requiring an issuer to register and file an initial Exchange Act Section 13(a) report (including the effort necessary to comply with Sarbanes-Oxley) only to allow the new registrant to terminate its registration obligations shortly thereafter. It is worth noting that a domestic issuer with more than 500 holders of record as of the last day of its fiscal year can immediately terminate its obligations to file reports under Exchange Act Section 13(a) if on any day within the ensuing 120 day period the issuer has less than 300 holders of record.

[4] We are not aware of any published enforcement action taken by the Commission against a foreign private issuer for failure to register in a timely manner when the issuer subsequently complied with Rule 12g3-2(b).