HEAD N.V.

26 January 2006

Jonathan G. Katz
Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-3628

SEC Release No. 34-53020; International Series Release No. 1295; File No. S7-12-05

Dear Mr. Katz,

We respectfully submit the following comments to the Commission regarding SEC Release No. 34-53020 (the "Release"), which proposes amendments to the rules allowing a foreign private issuer to terminate the registration of securities and to cease its reporting obligations under the Securities Exchange Act of 1934. In particular, we respond to one of the Commission's requests for comments under Section II.B.2.e. of the Release, *Alternative Threshold Record Holder Condition*: "Should we raise the record holder threshold to 500, 600, 750, 1,000 or some other number?"

As further explained below, we firmly believe that the record holder threshold should be raised because the current 300 record holder threshold:

(i) is outdated under today's market technology and practices and can be too easily exceeded;
(ii) cannot be justified on a cost-benefit basis in light of the substantial cost of compliance with current U.S. reporting obligations; and
(iii) may dissuade foreign private issuers from making registered public offerings in the United States and may thus harm U.S. investors.

We recommend that the threshold be set at 3,000 record holders to more appropriately balance the need for investor protection with current market practices and the cost of compliance.

1. The 300 record holder threshold is outdated and can be too easily exceeded.

As pointed out by the Commission in the Release, the 300 U.S. resident shareholder standard was adopted nearly 40 years ago. Advances in information technology, the globalization of the capital markets and current investment practices have substantially increased the amount of U.S. investor interest in the securities of foreign companies. As a result, the 300 record holder threshold can now be easily exceeded by a foreign issuer engaging in very little

selling activity in the United States. In Section I.C of the Release, the Commission acknowledges this concern of foreign private issuers.

We support the Commission's proposals to establish benchmarks based on the U.S. percentage of a foreign issuer's average daily trading volume or of its worldwide public float to permit deregistration when there is a very low level of U.S. investor interest. *However, we urge the Commission to recognize that developments in market practices and technology, as well as the increased cost of issuer compliance (as further set forth below), require that the 300 record holder threshold also be updated.*

2. In light of the increased cost of compliance, the 300 record holder threshold cannot be justified.

It is broadly acknowledged that the cost of compliance with U.S. regulations for reporting companies has substantially increased in recent years. In principle, the cost of compliance is justified on the basis of the protection provided to U.S. investors. However, we respectfully submit to the Commission that the cost of compliance with current U.S. regulations for reporting companies is not justified on the basis of a U.S. shareholder base of 300 record holders, even if such investors hold more than 5 percent of the company's worldwide public float. It is in fact not unrealistic to suppose that for relatively smaller companies, the current cost of compliance, which consumes substantial amounts of issuer cash and management resources, may on the whole be detrimental to the interests of the issuer's shareholders, including its U.S. shareholders.

It may not be possible to define the precise number of U.S. shareholders which would justify the imposition of reporting obligations on a foreign company with more than a 5 percent U.S. shareholder base. In addition, we would like to emphasize to the Commission that foreign issuers with securities listed in the United States are keenly aware of the protections which exist for investors under U.S. regulations and stock exchange rules, and thus of foreign issuers' responsibility to ensure the timely flow of information to U.S. markets, even without taking into account the further requirements applicable specifically to "reporting" companies. For these reasons, the financial and management burden to foreign companies of compliance with the U.S. reporting requirements is not justified by the possible additional benefits for a few hundred U.S. record holders, even if the U.S. holders represent more than 5 percent of the foreign issuer's worldwide public float.

We therefore recommend that the Commission raise the threshold to 3,000 U.S. record holders. A threshold at such level would more properly balance the cost of compliance with the benefits to be gained.

Rokin 55, 1012KK Amsterdam, Mailingaddress: Postbus 990, NL-1000AZ Amsterdam
Telefon: +31 20 625 1291 Fax: +31 20 625 0956
Established at Rotterdam, Commercial Register no.24286737

3. If the 300 record holder threshold is maintained, foreign companies may continue to avoid U.S. public offerings, thus denying opportunities to U.S. investors.

In the Release, the Commission recognizes that uncertainties associated with terminating registration and reporting under the Exchange Act may serve as a "disincentive" to foreign private issuers accessing the U.S. public capital markets. As a result of such disincentive, U.S. investors may not be able to benefit from the investment opportunities provided by the public offering and listing of foreign private issuers in the United States.

We believe that the 300 record holder threshold, if maintained, represents such a disincentive to foreign companies for the reasons set out above -- the 300 record holder threshold can be easily exceeded even without active selling efforts, and the costs for compliance with reporting company requirements have become substantial.

By increasing the record holder threshold to 3,000, the Commission would increase the confidence of foreign companies in their ability to exit the U.S. reporting system in the event of limited investor interest, while maintaining a level of protection for U.S. investors consistent with market needs.

The regulatory system would thus more effectively achieve the objectives of ensuring protection of U.S. investors while allowing them to benefit broadly from international investment opportunities.

Conclusion

We would like to repeat our support of the Commission's proposals, as set forth in the Release, to provide foreign companies with a meaningful option to terminate their Exchange Act reporting obligations when they find a diminished level of U.S. investor interest in their securities. However, we believe that the Commission's proposals should include increasing the 40-year old 300 record holder threshold to a higher level for companies that do not satisfy the other exit benchmarks.

We recognize that the proposed amendments attempt to balance the easing of exit conditions for foreign companies with the Commission's interest in protecting U.S. investors when they represent more than 5 percent of a foreign company's worldwide public float. However, even in the event a foreign company's U.S. shareholders represent more than 5 percent of its public float, the increased cost of compliance with U.S. requirements for reporting companies cannot be justified for just 300 record holders.

Increasing this threshold to 3,000 record holders would serve the interests both of foreign companies considering a public offering in the United States and of U.S. investors seeking international investment opportunities. Such an increase would bring the U.S. regulatory

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structure more into line with current market realities, thereby enhancing opportunities for U.S. investors without compromising investor protection.

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Please feel free to contact Ralf Bernhart or Gefion Hauer at ++43-1-701 79 222 or r.bernhart@head.com or g.hauer@head.com in the event you wish further information regarding any of the matters raised above.

Sincerely yours,

Ralf Bernhart
Chief Financial Officer, Head N.V.

Rokin 55, 1012KK Amsterdam, Mailingaddress: Postbus 990, NL-1000AZ Amsterdam
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