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By Electronic Mail

February 9, 2007

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

Re: **File No. S7-12-05**
Release No. 34-55005; International Series Release No. 1300
Termination of a Foreign Private Issuer's Registration of a Class of Securities under Section 12(g) and Duty to File Reports under Sections 13(a) or 15(d) of the Securities Exchange Act of 1934

Dear Ms. Morris:

This letter is submitted in response to the request by the Securities and Exchange Commission (the "Commission") for comments on its above-referenced December 22, 2006 release.

We appreciate this opportunity to comment on the reproposed amendments to the rules that govern a foreign private issuer's ability to terminate its Exchange Act registration and reporting obligations. In addition, we welcome and support the Commission's statement that it anticipates taking further action as expeditiously as possible after the end of the comment period. We have comments on four specific items:

1. The trading volume threshold should be raised from 5% to 10%;
2. Trading volume should be calculated using total global trading volume in the denominator;
3. The one year ineligibility period between delisting and deregistering should be eliminated; and
4. The alternative holder benchmark should be raised from 300 to 3,000.

The Commission's release recognizes the changed nature of the capital markets since the foreign issuer deregistration rules were first written. We offer our comments in the same spirit. As markets have become more sophisticated, capitalization has dramatically increased in size and number. This trend results in the issuance of a greater number of securities than before, as issuers try to keep their share prices at levels accessible to retail investors. In addition, securities are listed on more exchanges around the world in order to attract investor interest.

The Commission is to be commended for addressing the concerns of foreign private issuers that the rule amendments as initially proposed are still unnecessarily onerous. It is in the interest of U.S. investors and U.S. financial institutions to have foreign companies enter the U.S. capital markets. Removing barriers to deregistration for foreign private issuers will eliminate one disincentive for such companies to offer their securities in the U.S. markets. We support the purpose and overall framework of the Commission's most recent proposal to provide foreign private issuers a reasonable means to terminate their Exchange Act registration and reporting obligations if they find a diminished level of U.S. investor interest in their securities.

Qualitative Benchmarks: Non-Record Holder Benchmark

In its December 22, 2006 release, the Commission solicited comment on the proposed trading volume benchmark and on the proposed conditions restricting its use. We believe the proposed trading volume benchmark provides a rational, objectively-determinable process by which a foreign private issuer can exit the U.S market. We further believe that the proposed rules provide adequate U.S. investor protection when a foreign private issuer exits the U.S. market.

Trading volume data for U.S. and non-U.S. markets is a definable number that is simple to obtain relative to determining the data for a U.S. public float or record holder test. Using a trading volume threshold is an appropriate measure of the relative significance of U.S. investor interest compared to non-U.S. market interest. A trading volume benchmark provides a rational litmus test for gauging U.S. investor interest in the securities of a foreign private issuer.

The U.S. trading volume of a foreign private issuer, however, should be calculated as a percentage of its trading volume in all non-U.S. markets where its securities are listed or traded, rather than a percentage of the trading volume in its primary non-U.S. market. Although the reproposed rules amend the definition of "primary trading market" to include two foreign jurisdictions, this reproposed amendment does not adequately address the fact that foreign private issuers frequently list their securities on multiple markets to increase liquidity and meet the needs of investors in various markets. The location of the non-U.S. markets in which trading occurs is irrelevant to the calculation, and excluding all markets other than the primary trading market could yield different non-U.S. results relative to the same U.S. trading volume. The trading volume in all markets where the foreign company is listed and traded should constitute the denominator for purposes of calculating the trading volume test.

Although a trading volume standard is an appropriate measure of the relative significance of U.S. investor interest compared to non-U.S. investor interest, we believe the 5% threshold proposed by the Commission is too narrow, especially when compared to total global trading volume, and should be raised to 10%. In fact, the Commission's Office of Economic Analysis determined that the new threshold would apply to only 28 percent of 20-F filers. In our view, this does not achieve the market flexibility that the Commission is seeking.

Daily trading volume calculations include the trading patterns of two distinct types of investors: retail, who need and rely on the Commission's protection, and institutional, which are less dependent on the Commission's regulation and protection. The general assumption is that retail and institutional holdings are normally split 50-50. The proposed 5% trading volume standard is too low in light of the differing needs of these investors. For example, if there is no U.S. retail trading in a foreign company's securities, the reproposed rules still require the foreign private issuer to remain registered in the U.S., despite the fact that only 5% of its holders, all institutional investors, may not base their investment decisions on the foreign company's U.S. registration. Including the institutional volume with the retail volume in a 5% trading volume threshold overstates the investment interest by U.S. holders who need the Commission's protection. The difficulty of separating these two types of trading in daily trading volume calculations argues for a relaxation of the trading volume standard.

Further, if 90% of the trading in a foreign company's securities occurs on non-U.S. exchanges, it is apparent that U.S. investors are neither relying on nor expecting the benefits of the foreign private issuer's continued U.S. disclosure or presence. Trading on U.S. exchanges by U.S. investors in one share of a foreign company's securities for every nine securities traded overseas is a clear indication of diminished U.S. investor interest in that company's securities. In addition, a 10% trading volume threshold provides assurances there will be sufficient liquidity in non-U.S. markets to ensure that U.S. investors will continue to have meaningful opportunities to sell their securities. It also means that the securities of the foreign private issuer will be governed by regulations promulgated by ever-more sophisticated non-U.S. exchanges. The reliability and quality of the governance and disclosure regimes of non-U.S. exchanges is reflected in the high levels of U.S. investment in issuers traded only on non-U.S. markets. For these reasons, if U.S. trading volume is calculated as a percentage of worldwide trading volume, the 5% trading volume test should be increased to 10%.

One Year Ineligibility Period After Delisting

We do not believe the Commission should cause a foreign private issuer to be ineligible to deregister from the Exchange Act's registration and reporting obligations for one year after delisting its securities from a U.S. exchange if it delisted when its trading volume was above the required trading volume threshold.

The Commission stated in the reproposed amendments that "by requiring companies to remain registered and reporting under the Exchange Act for a period of time after delisting when, before delisting, the company had a relatively active U.S. market for its securities, U.S. investors will have access to information prepared in accordance with the Commissions' financial reporting and disclosure requirements for a period of time during which, most likely, the U.S. market will be diminishing." Imposing on foreign private issuers a one-year ineligibility period after delisting is not the only, or the best, way to address the Commission's concern that U.S. investors have access to high quality financial reporting and disclosure.

In today's global market, issuer information is readily available from a number of sources. Many non-U.S. markets require their issuers to publish easily accessible information prepared in accordance with financial reporting and disclosure requirements that are equal to, if not better than, the Commission's. U.S. investors currently have access to reliable, high quality financial and other information in annual reports, earnings announcements and other documents on a real time basis over the Internet for securities traded on many non-U.S. markets. Companies whose securities are traded on those markets and, therefore, subject to those standards, should be exempt from the one year ineligibility period.

For example, the EU has put in place a comprehensive framework of disclosure and reporting requirements for securities issuers that is equivalent to U.S. disclosure rules. The Commission has been closely involved in the development and implementation of this framework. The Commission and the Committee of European Securities Regulators (CESR) have made significant progress toward the mutual recognition of IFRS and U.S. GAAP. In addition, the Commission and CESR have significantly advanced their dialogue on the modernization of financial reporting and disclosure information technology and regulatory platforms for risk management. More recently, and on a more specific matter, the Commission and the College of Euronext Regulators announced a comprehensive agreement to facilitate cooperation in market oversight in connection with NYSE Euronext, Inc. The Commission can hardly contradict the excellence of the EU's disclosure and regulatory regime.

In its December 22, 2006 release, the Commission proposed amendments to Rule 12g3-2 that would apply the 12g3-2(b) exemption to a foreign private issuer immediately upon termination of its Exchange Act reporting requirements under Rule 12h-6. As a condition to this termination, the foreign company would have to publish the home country documents required by Rule 12g3-2(b) in English on its Internet website, or by another electronic information delivery system generally available to the public in the primary trading market. The foreign company would have to electronically publish English versions of its annual reports (including annual financial statements), interim reports (including interim financial statements), press releases and all other communications and documents required by its home country to be distributed to its security holders, and to maintain access to such materials for at least twelve months after electronic publication. This requirement provides U.S. investors, following termination of a foreign company's Exchange Act disclosure obligations, with ready access on an ongoing basis to the material information about the foreign private issuer needed by investors to make investment decisions, and thereby satisfies the Commission's interest in investor protection.

We believe a foreign private issuer that makes available readily accessible, high quality, reliable financial reporting and disclosure in its home country pursuant to Rule 12g3-2(b) should be permitted to immediately terminate its Exchange Act registration and reporting requirements after delisting from a U.S. exchange. We urge the Commission to eliminate the proposed one year ineligibility period after delisting. This change to the reproposed amendments would satisfy the Commission's interest in providing foreign private issuers with a reasonable process by which to exit the U.S. capital market, while simultaneously fulfilling the Commission's responsibility for protecting U.S. investors.

Qualitative Benchmarks: Alternative 300 Holder Condition

We believe it is appropriate for the Commission to adopt a standard based on the number of record holders as an alternative to the proposed trading volume standard. In the reproposed amendments to the rules, the Commission stated its concern that it currently is too difficult for a foreign private issuer with relatively little U.S. investor interest to terminate its Exchange Act registration and reporting obligations. Having both benchmarks will avoid disadvantaging foreign companies that could terminate their Exchange Act registration and reporting obligations under a record holder test but not under the proposed trading volume benchmark.

A foreign private issuer should not be required to wait one year after delisting to become eligible to withdraw from the U.S. market based on either the alternative holder condition or the trading volume threshold, for the reasons discussed above.

We support an increase in the number of security holders in the alternative holder benchmark to 3,000 from the current standard of 300. The 300 holder standard was adopted in 1967. Substantial market changes in the past four decades have resulted in a significant increase in the overall number of U.S. investors. In today's global economy, a foreign private issuer can easily exceed the 300 holder standard even though it has very little market activity in the U.S. Increasing the 300 holder standard to a 3,000 holder standard will more accurately reflect the reality of today's global capital market. We believe this increased benchmark should apply to issuers of both equity and debt securities, should be used to calculate both the number of "persons on a worldwide basis" and "holders resident in the U.S.," and should be available in connection with terminating both Exchange Act registration and reporting obligations.

Conclusion

We applaud the Commission's position that a foreign company should be able to withdraw from the U.S. market if no substantial trading develops in the U.S. following a U.S. public offering or listing. We believe that permitting a foreign private issuer to deregister when its U.S. trading volume is 10% or less of its worldwide trading volume or when it has fewer than 3,000 security holders, and to deregister immediately after delisting, enables the Commission to provide the foreign company with a rational process for terminating its Exchange Act registration and reporting obligations without compromising the Commission's mission of protecting U.S. investors.

If the SEC Staff has any questions concerning this submission, please feel free to contact Christian Schwarz at +49 611 6029 235.

Respectfully yours,

SGL Carbon AG

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