



[Via E-Mail: rule-comments@sec.gov](mailto:rule-comments@sec.gov)

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

April 10, 2006

**Re: File Number S7-03-06;
Proposed Amendments to Requirements for
Executive Compensation and Related Party Disclosure**

Dear Ms. Morris:

We are pleased to submit this comment letter to the Securities and Exchange Commission (the "Commission") in response to its solicitation of comments in Release No. 34-53185 (January 27, 2006) regarding proposed amendments to the disclosure requirements for executive compensation and related party transactions.

We are a group of in-house counsel from various German companies whose shares are listed for trading on the Frankfurt Stock Exchange and other German stock exchanges as well as various stock exchanges throughout the world, including stock exchanges in the United States. Our comments are directed to the application of those requirements of the proposal that specifically apply to foreign private issuers. We believe the rules should continue to accommodate foreign private issuers in this area by taking into account their home country disclosure requirements and practices which have undergone a significant evolution towards enhanced transparency of executive compensation.

In this regard, we should outline this evolution in German law to provide the background on which foreign private issuers from Germany would apply the proposed amendments:

Until the beginning of this year, German law required only disclosure in the annual report of the aggregate compensation of the members of the management board as a group and of the members of the supervisory board as a group. There was no

requirement to disclose the compensation of any individual or the components of any compensation package.

On February 26, 2002, a commission of experts appointed by the German Federal Ministry of Justice in September 2001 published its initial report known as the German Corporate Governance Codex (the "Codex") which summarizes key statutory provisions applicable to listed companies in Germany and makes proposals on corporate governance and transparency taking into account nationally and internationally recognized standards. One of the proposals was that the compensation of the members of the management board of a listed company should be disclosed and subdivided into fixed, performance-related and long-term incentive components. Though the proposals of the Codex are not binding, a number of German listed companies adopted this proposal and discloses the compensation of the members of their respective management boards individually and specify those three components. There was, however, criticism that the individuals concerned have privacy rights protected under the German Constitution which include their compensation and that therefore any interference with such rights must be based on an act of Parliament.

On August 3, 2005, the Act on Disclosure of Management Board Compensation became effective for fiscal years commencing on or after January 1, 2006, and now requires all German listed companies to disclose the compensation of their respective management boards on an individual basis including a breakdown into fixed, performance-related and long-term incentive components. Disclosure is also required in respect of benefits which are contingent upon termination of service. The Act also requires that the principal features of such benefits shall be disclosed in summary form if they significantly differ from arrangements with employees generally.

With respect to the Release, we offer the following comments to questions relating to foreign private issuers:

Question: Should we eliminate the provision which permits a foreign private issuer to comply with Item 402 by complying with the more limited disclosure requirements under Form 20-F with respect to management remuneration?

Comment: No. We believe that foreign private issuers should continue to provide the information required under Form 20-F, which incorporates the International Disclosure Standards endorsed by the International Organization of Securities Commissions (IOSCO). In adopting those standards, the Commission correctly recognized that "IOSCO's disclosure standards represent a strong international consensus on fundamental disclosure topics" and serve to reduce barriers to cross-border offerings and listings in the United States. See Release No. 34-41936 (Sept. 28, 1999). Such common disclosure standards allow foreign private issuers to avoid the costs and burdens associated with complying with differing requirements of regulatory authorities in various jurisdictions.

Question: Should we require the filing of employment agreements by foreign private issuers when individualized compensation information is disclosed? Should we instead require the filing of those portions of management employment agreements and plans that relate to the information that is disclosed on an individualized basis regardless of whether those portions are required to be made public in the issuer's home country or otherwise?

Comment: No. Such contracts are typically subject to the laws of the country of the foreign private issuer and are typically written in the language of such country, *i.e.*, German in the case of our companies. In our view, the disclosure requirements that have evolved under German law as described in the introduction to this letter address investors globally including those in the U.S. We therefore believe the proposed instruction with respect to filing employment or compensatory plans appropriately defers to home country requirements and practices in Germany, where no such filing is required, and is consistent with the International Disclosure Standards endorsed by IOSCO. This approach provides foreign private issuers in Europe the opportunity to address potential privacy and cultural issues under their respective legal systems.

Question: Currently a foreign private issuer will be deemed to comply with Item 404 of Regulation S-K if it provides the information required by Item 7.B. of Form 20-F. The proposals would retain this approach, but would require that if more detailed information is required to be disclosed by the issuer's home jurisdiction or a market in which its securities are listed or traded, that same information must also be disclosed pursuant to Item 404. Is there any reason to discontinue this treatment of foreign private issuers?

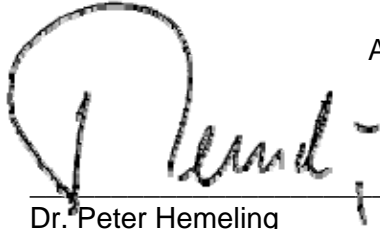
Comment: We believe the proposed rule regarding disclosure of related party transactions is appropriate, and consistent with the International Disclosure Standards endorsed by IOSCO.

If you have any questions about our comments, please call

Dr. Peter Hemeling of Allianz AG at +49-89-3800-2851,
Dr. Hans-Dirk Krekeler of Deutsche Bank AG at +49-69-910-33903, or
Dr. Paul Hobeck of Siemens AG at +49-89-636-33370,

at your convenience.

Very truly yours,



Dr. Peter Hemeling
Chief Legal Counsel

Allianz Aktiengesellschaft

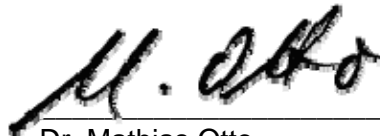


Dr. Hans-Konrad Röss
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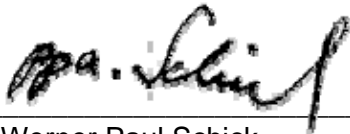


Dr. Hans-Dirk Krekeler
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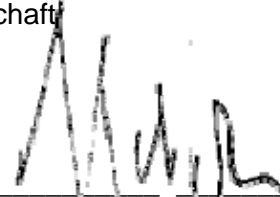


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Dr. Werner Paul Schick
Senior Counsel



Dr. Paul Hobeck
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