SHEARMAN & STERLING LLP
シャーマン　アンド　スターリング外国法事務弁護士事務所

FUKOKU SEIMEI BUILDING 5TH FLOOR | 2-2-2 UCHISAIWAICHO | CHIYODA-KU | TOKYO | 100-0011

WWW.SHEARMAN.COM | T +81.3.5251.1601 | F +81.3.5251.1602

April 25, 2008

BY EMAIL

Ms. Nancy M. Morris, Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-9303
U.S.A.
Re: File No. S7-04-08

Dear Ms. Morris:

We are pleased to submit this letter in response to the request of the U.S. Securities and Exchange Commission (the "Commission") for comments regarding the proposed changes relating to the exemption from registration under section 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") available to foreign private issuers. The proposals were published in Release No. 34-57350; International Series Release No. 1307, Exemption from Registration Under Section 12(g) of the Securities Exchange Act for Foreign Private Issuers (February 19, 2008) (the "Release").

The purpose of this letter is to discuss specific comments on the Release arising from our practice advising Japanese corporations regarding compliance with U.S. securities laws. Our firm will also be submitting a separate letter with more general comments on the Release.

Proposed Translation Requirements

The proposed amendments to Rule 12g3-2(b) would require all issuers claiming the exemption (as opposed to only issuers that automatically obtain the exemption following the filing of a Form 15F to terminate their Exchange Act reporting obligations) to publish the home-country information electronically including, at a minimum, full English translations of:

- an issuer's annual report, including or accompanied by annual financial statements;
- interim reports that include financial statements;
- press releases; and
- all other communications and documents distributed directly to security holders of each class of securities to which the Rule 12g3-2(b) exemption relates.

As other commentators have indicated, the proposed amendments to Rule 12g3-2(b) seem to be based on the assumption that translation of home-country documents into English is not burdensome. However, in our experience this is certainly not true with respect to foreign private issuers in certain foreign jurisdictions, such as Japan.

In connection with the proposed rules, we have met with more than a dozen Japanese issuers currently qualifying for the Rule 12g3-2(b) exemption regarding the proposed translation requirements. In our experience, the translation of Japanese documents into English often places a substantial burden on some Japanese companies, including the requirement for the documents to be translated, or translated documents to be reviewed, by legal or accounting professionals at significant cost. For these reasons, we believe that almost all Japanese issuers consider the proposed translation requirements a substantial difficulty that would render it commercially unreasonable to continue to fully comply as a business matter going forward. For example, very few Japanese corporations, regardless of size and scope of their business, publish English translations of their proxy statement on their Internet Web site or through an electronic information delivery system. We note that under Japanese laws and regulations and stock exchange rules, the proxy statement is not subject to public filing or disclosure. This is, according to the views of certain leading Japanese securities lawyers and Japanese corporations, because Japanese laws and regulations and stock exchange rules anticipate that the proxy statement would be of interest only to the existing shareholders. Information of substantial interest to the market at large -- such as the periodic reports including the financial statements -- are separately filed with the Japanese bureaus of the Ministry of Finance and the Japanese stock exchanges (and are translated into English and typically published through the Internet Web site).

We do not believe it is appropriate for the Commission to require Japanese companies that have not accessed the U.S. public markets to translate and publish on their Internet Web site documents that are not required to be made available on their Internet Web site under Japanese laws and regulations or stock exchange rules. We believe it would be more appropriate for the Commission to retain the existing translation approach to the translation requirements of Rule 12g3-2(b), which permits issuers to provide English summaries of non-financial information.

Based on our discussions with Japanese issuers, we are concerned that there may be at least two unforeseen consequences if the Commission adopts the translation requirements as proposed. First, many Japanese issuers that have made a good faith effort to comply with the existing requirements of Rule 12g3-2(b) will find themselves, as a practical matter, unable to comply with the new, more burdensome translation requirements and therefore in violation of one of the Commission's rules. Second, many Japanese companies that may have been contemplating obtaining the Rule 12g3-2(b) exemption will simply not do so. Both of these effects run counter to the Commission's assertion in the Release that the proposed rule amendments should foster the increased trading of a foreign company's securities in the U.S. over-the-counter market, and would not be in the interests of U.S. investors.

Elimination of the Written Application Requirement

As will be discussed in more detail in a separate letter, we do not support the proposed trading market eligibility criterion. However, if the Commission retains the trading market criterion we agree with some other commentators that an issuer that wishes to claim the Rule 12g3-2(b) exemption should also be required to make a positive statement of its reliance on the rule. This positive statement could be made either by written notification to the Commission, a statement

on the issuer's website, or a by a requirement that non-U.S. disclosure documents published on an issuer's website pursuant to the rule explicitly indicate that the documents have been published for purposes of Rule 12g3-2(b). Without such a positive statement by an issuer, depositary banks wishing to establish unsponsored ADR facilities may incorrectly conclude, based on information available on the issuer's website (and, if the trading volume benchmark is adopted, analysis of the trading volume of the issuer's securities), that conditions for use of Form F-6 are met. Investors in such unsponsored ADRs would be harmed if the facility were to be terminated because it was later established that the conditions for use of Form F-6 had not in fact been met. For similar reasons, we believe that issuers relying on the exemption that wish to terminate a sponsored ADR facility (and which would not otherwise be required to register under Section 12(g)) should be entitled to make a positive statement that they have ceased to rely on Rule 12g3-2(b) in order to prevent the establishment of unsponsored ADR facilities (we understand that a common practice among many issuers that currently wish to prevent the establishment of unsponsored ADR facilities is simply to cease to furnish information to the Commission in order to lose the exemption).

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We appreciate the opportunity to comment on the Release and would be pleased to discuss any questions the Commission or its staff may have in respect of our comments. Please do not hesitate to contact Masahisa Ikeda or Robert Ferguson at 011 81 3 5251 1601, or at mikeda@shearman.com or robert.ferguson@shearman.com.

Very truly yours,

SHEARMAN & STERLING LLP