

3/10/2008

**OFFICE OF ECONOMIC ANALYSIS
MEMORANDUM**

TO: ELLIOT STAFFIN, OFFICE OF INTERNATIONAL CORPORATE, DIVISION OF CORPORATE FINANCE
FROM: JENNIFER MARIETTA-WESTBERG, OFFICE OF ECONOMIC ANALYSIS
SUBJECT: 12G3-2(B) THRESHOLD ANALYSIS
DATE: MARCH 10, 2008

As part of the economic analysis relating to the proposed 12g3-2(b) exemption thresholds, I have generated data that permit characterization of the unregistered foreign issuers according to whether they fall above or below certain criteria. At your request, I explain below the method by which I generated the data and some related statistics.

First, 506 foreign issuers are quoted on Pink Sheets as of September 2007. Of these firms, the Division of Corporation Finance determined through a search of annual filings on Edgar that only 471 of the firms were non-reporting companies. Firm daily trading volume in every identifiable worldwide location was downloaded from Thomson Financial's Datastream for the year ending September 30, 2007. For 340 of the 471 firms, data was available from Datastream to calculate two average daily trading volume (ADTV) ratios: (U.S. ADTV / Worldwide ADTV) and (Foreign ADTV / Worldwide ADTV). U.S. ADTV is defined as the sum of all U.S. trading volume in the foreign issuer whether through a direct listing or an ADR. Foreign ADTV is defined as the trading of the issuer's subject class of securities in, on or through the facilities of a securities market or markets in a single foreign jurisdiction or in no more than two foreign jurisdictions.

The following table characterizes the eligibility of the issuers to meet the criteria set forth in the proposing release. Under those criteria, a foreign issuer would obtain an exemption from U.S. registration through Rule 12g3-2(b) if: 1. their U.S. ADTV is less than or equal to 20% of their Worldwide ADTV and, 2. their Foreign ADTV is at least 55% of their Worldwide ADTV. (The criteria considered here are not exhaustive; some of the issuers that are eligible under the criteria may also be eligible under other criteria not considered here).

Unregistered Foreign Issuers Eligible for Exemption under Proposed Thresholds

<u>Type of Issuer</u>	<u>#Eligible Issuers</u>	<u>Total #Issuers</u>	<u>Percent of Total</u>
Issuers with U.S. ADRs	263	276	95%
Issuers with direct foreign listings	32	64	50%
Total	295	340	87%