



Depository Management Corporation

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May 12, 2008

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

File No. S7-05-08

Dear Ms. Morris:

Depository Management Corporation (“DMC”) welcomes the opportunity to participate and provide commentary on the above-referenced Release as well as future Releases pertaining to matters that relate to American Depositary Receipts and Global Depositary Receipts. DMC commends the Securities and Exchange Commission (the “Commission”) for all of its efforts to improve the market for investors and foreign private issuers alike in a manner designed to provide for greater receptivity and enhanced usage of the United States capital markets by foreign private issuers and international minded investors. While we understand that the above referenced release is broad in nature, we would like to offer our input on one limited aspect of such Release: the proposal to amend Form 20-F to require the disclosures of fees and charges paid by ADR holders and of incentive payments made to issuers by their depository banks. We also propose that the Commission consider the further disclosure described below that we believe is in line with our comments set forth herein.

About Depository Management Corporation

DMC advises issuers, institutional investors and market participants on a wide range of corporate and financial issues and provides a thorough analysis and assists in the negotiation of all depository agreements and arrangements. The DMC team has extensive knowledge of ADRs and GDRs from every aspect of the industry, including the role of the depository bank and as advisor to issuers and institutional investors.

Working on behalf of depository banks, issuers and investors, DMC has a comprehensive view of how the Commission’s proposed fee and contribution disclosure amendments to Form 20-F, if implemented, would dramatically affect each category of market participant. We believe that the mandatory annual disclosure of the fees and charges paid

by ADR holders would provide for a more efficient and effective platform for both foreign private issuers and their investors when accessing the United States capital markets, and, as such, we unconditionally support this aspect of the Commission's proposal. While we also support the proposal to disclose information concerning incentive payments made to issuers by depositaries, we believe that this information should be limited to the annual total amount of such payments, as we anticipate that disclosing further details about these payments would have a widespread negative effect throughout the industry.

DMC Strongly Supports the Mandatory Disclosure of Fees Charged to ADR Holders

DMC fully supports the Commission's proposal to amend Form 20-F to mandate the annual disclosure of ADR-related fees charged to ADR holders by depositaries. DMC is a strong proponent of increasing financial disclosure relative to public corporations for the benefit of investors. While information about these fees is already made available through certain filings made with the Commission, DMC feels that mandating the annual disclosure of all fees charged to ADR holders is an important step towards attaining the Commission's goal of ensuring that investors receive all the information to which they are entitled concerning their investments in the U.S. capital markets. Given the financial impact that the imposition of these fees has upon the investments of ADR holders, the ideal level of transparency in this respect would be the complete and regular disclosure of all charges to which ADR holders are or may be subject.

In addition to our belief that annual depositary fee disclosure is an excellent way to increase financial transparency for investors, DMC also believes such disclosure is an important tool for better examining and understanding the link between depositary fees and depositary incentive payments, an issue that we are pleased to see raised by the Commission's Release.

DMC Strongly Supports the Mandatory Disclosure of Limited Information about Financial Incentive Payments by Depositary Banks to Foreign Private Issuers

As DMC shares the Commission's concern about the correlation between fees charged by depositaries to investors and incentive payments made by depositaries to issuers, we conditionally agree with the Commission's proposal to require the disclosure of these incentive payments on Form 20-F. Originally intended merely as a means of enabling foreign private issuers to bear the costs of entering the U.S. market by offsetting certain expenses such as stock exchange listing fees, underwriting fees and legal fees, financial incentive payments by depositary banks seem to have become a driving force that brings many issuers into the U.S. markets. While DMC views this revolutionary development in the depositary receipt industry as largely positive, we have a growing concern that the ADR holder is increasingly bearing the enormity of these payments as competition among depositary banks for profitable programs intensifies. We respect the right of each

depository to provide any financial incentive it deems necessary based on its business strategy and best efforts to attract new DR business, but we firmly believe that the depositories themselves must bear the financial burden or risk they incur by extending these incentives without attempting to offset any portion of these costs by imposing or raising the fees charged to ADR holders. We feel that disclosing the amounts of these payments would be an effective way of helping to limit the risk that depository banks will attempt to defray the costs of generous incentive payments by increasing charges to investors, and, as a result, we strongly support the Commission's proposal that such amounts be disclosed annually.

DMC's support for this aspect of the Commission's proposal, however, is limited to the disclosure of the amounts of incentive payments made to issuers by depositories. Any divulgence of further details about these payments would not only be unnecessary and irrelevant to investors, but would also undermine competition among depositories, lead to the stagnation of depository services offerings and result in a generic set of engagement terms that are not tailored to reflect the unique circumstances of each issuer. DMC is concerned that such disclosure may even contribute to the curtailing of industry growth as issuers, seeing their options for incentive packages so limited, opt for more advantageous ways of entering the U.S. market or for other markets entirely.

Conclusion

Overall, DMC enthusiastically supports the Commission's proposed fee and contribution disclosure amendments to Form 20-F. We believe that information concerning depository fees and charges paid by ADR holders should be completely transparent, and that the annual disclosure in a uniform manner of such information by all Form 20-F reporting foreign private issuers is an excellent way to ensure that this information is readily and easily accessible to ADR holders. Together with an additional disclosure requirement concerning the amounts of incentive payments made to issuers, this disclosure would facilitate the examination of the effect large depository incentive payments may have upon depository fees and investor costs. While DMC views the enormity of these incentive payments as an encouraging sign of the vitality of the DR industry, we are concerned about the possible ramifications for investors and we support the Commission in its efforts to protect investors from the financial burdens placed upon investors when depositories undertake to make these payments. Given the impact these payments made by or on behalf of depositories to or on behalf of issuers may ultimately have on the level of fees charged to investors, the amount of such payments should be disclosed, and we support amending Form 20-F to require such disclosure. However, we strongly believe that the information released about these payments should be limited to their aggregate annual totals only, as, together with disclosure of the fees charged to investors, this degree of disclosure would provide ADR holders with adequate information concerning their investments without endangering the competitiveness among depositories that is so essential to the industry.

Suggestion for Further Disclosure of Depositary Fees and Incentive Payments

DMC believes that the heightened level of disclosure proposed for Form 20-F issuers also be extended to other non-Form 20-F reporting issuers with depositary receipt programs. All holders of ADRs would benefit from having regular, uniform access to the amounts they are charged by depositaries on the ADRs in which they invest as well as the aggregate annual amounts of payments made to these issuers by depositaries. As issuers that file Form 20-F represent only a small fraction of the total number of ADR issuers, we believe the Commission's goal of promoting fairness for investors in ADR programs would best be served by extending the proposed disclosure increases beyond this small group. We encourage the Commission to consider enhancing disclosure requirements accordingly for the benefit of all ADR holders, not only those who invest in issuers subject to Form 20-F reporting requirements by requiring issuers and depositary banks that have level 1 ADR programs to likewise disclose such fee, payment and contribution information on their websites and, in the case of the depositary bank, on a dedicated page of the depositary's website.

Very truly yours,

John Germinario

cc. Mr. Paul S. Atkins, Commissioner
Mr. Paul Dudek, Chief,
Office of International Corporate Finance