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August 12, 2004

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Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, D.C. 20549-0609

Attention: Jonathan G. Katz, Secretary

**Re: Ownership Reports and Trading by Officers, Directors and Principal
Security Holders
Release Nos. 34-49895; 35-27861; IC-26471
File No. 57-27-04**

Ladies and Gentlemen:

This letter is submitted on behalf of several of our clients in response to the Commission's request for comments to Release Nos. 34-49895; 35-27861; IC-26471 dated June 21, 2004 (the "Release"). The Release sets forth, among other things, proposals intended to clarify the exemptive scope of Rules 16b-3 and 16b-7 under the Securities Exchange Act of 1934, consistent with previous Commission releases and interpretations.

We agree with other commentators that it is extremely important to resolve the uncertainty caused by the ruling in *Levy v. Sterling Holding Company, LLC*, 314 F.3d 106 (3d Cir. 2002), *cert. denied, Sterling Holding Co. v. Levy*, 124 S.Ct. 389 (U.S., Oct. 14, 2003), which has made it hard for insiders to rely on prior SEC interpretations of these two rules in order to plan legitimate transactions. We urge the Commission to act promptly on these proposed amendments. In response to the Commission's request for comment on the proposed amendments to Rule 16b-7, we offer the following comments.

Rule 16b-7

We wholeheartedly support the Commission's efforts to clarify the exemptive scope of Rule 16b-7 in light of the *Levy* decision. The addition of the term

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“reclassification” to the text of the Rule, as well as the inclusion of new paragraph (c), will specifically address the misinterpretation of the Rule by the Court in *Levy* and hopefully prevent future misinterpretations of this important exemptive Rule. However, to eliminate further uncertainty regarding the application of Rule 16b-7 to transactions that do not effect any major changes in the business or assets of a corporation, we suggest that the Rule be further amended to include not only mergers, reclassifications and consolidations, but also all other substantially similar corporate reorganization transactions no matter how characterized under local corporate law. So, for example, share exchanges, amalgamations, schemes of arrangements and domestication transactions that would otherwise satisfy the requirements of the Rule should be specifically identified as exempt transactions either in the Rule itself or in a Note thereto. Like mergers, reclassifications and consolidations, these transactions do not involve significant changes in the corporation’s business or assets. In addition, these transactions provide stockholders with continued ownership of the corporation, albeit in a different form, and treat all members of the effected class equally. Finally, these transactions do not provide for any potential for speculative abuse that Section 16(b) of the Securities Exchange Act of 1934 was designed to address. We believe that the inclusion of these types of transactions would be consistent with prior staff interpretations of the Rule and would avoid future misinterpretation of the Rule by the courts.

* * *

Again, we wish to thank you for undertaking this rulemaking project. We appreciate the opportunity to provide the foregoing comments to the Commission.

Respectfully submitted,

/s/ George P. Barsness

George P. Barsness

/s/ Joseph G. Connolly, Jr.

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