



November 7, 2007

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

Subject: File No. S7-14-07

Dear Ms. Morris,

Pink Sheets LLC ("Pink Sheets") appreciates this opportunity to comment on the recent proposal by the Securities and Exchange Commission (the "Commission") to exempt compensatory employee stock options from the registration requirements of Section 12(g) of the Securities Exchange Act of 1934 (the "Exchange Act"). Pink Sheets is the leading provider of pricing and financial information for the over-the-counter ("OTC") securities markets and, among other things, operates an Internet-based, real-time quotation service for OTC equities and bonds for market makers and other broker-dealers registered under the Exchange Act.

Pink Sheets strongly supports the Commission's proposal. However, we believe that the time limits for submitting annual reports and quarterly reports to option holders should be, respectively, 120 and 60 days after the end of the relevant fiscal period, instead of the proposed 90 and 45 days. It should be noted that the additional time we request would return to the standard used by the Commission when granting no-action relief to issuers of compensatory employee stock options prior to October 31, 2006.¹

Under current rules, issuers with a class of equity securities registered under Section 12 of the Exchange Act are required to file annual reports with audited financial statements within 60 days for large accelerated filers, 75 days for accelerated filers and 90 days for all other filers. Quarterly reports with unaudited financial statements must be filed within 40 days for large accelerated filers and accelerated filers and 45 days for all others.

For some time, the issuer community has experienced a shortage of auditing

¹ See Securities and Exchange Commission Release No. 34-56010, at 9, n. 9. Prior to the No-Action Letter to VG Holding Corp. (Oct. 31, 2006), the Commission allowed 120 days to deliver the annual report and 60 days to deliver the quarterly report to holders of compensatory employee stock options. See, e.g., No-Action Letter to AMIS Holdings, Inc. (July 30, 2006).



resources, particularly during the first three months of the year, in part because the overwhelming majority of issuers have calendar fiscal years. As a result, auditing firms concentrate their energies in assisting reporting issuers meet the deadlines prescribed under the Exchange Act. Audits for non-reporting issuers tend to be delayed until April.

Due to the scarcity of auditing resources, Pink Sheets believes it is unrealistic to require non-reporting issuers to provide annual and quarterly reports to options holders under the same deadlines applicable to reporting companies. These deadlines would likely force the non-reporting issuer to pay higher audit fees to compete for auditing resources with reporting issuers, and timely auditing resources may not be available at any price. When auditing resources are not available, issuers otherwise eligible for the exemption may be forced to register compensatory employee stock options because they cannot meet the proposed time limits. Non-reporting issuers may be forced to use accounting firms not registered with the Public Company Accounting Oversight Board and therefore lack experience with the disclosure standards of federal securities laws, to complete their audits. At a minimum, the proposed deadlines will cause unnecessary hardship and expense for non-reporting issuers. Moreover, we believe that the proposed deadlines will frustrate the Commission's intent in adopting the rule because many issuers that would otherwise qualify for the proposed relief will become subject to the Exchange Act reporting regime for no other reason than the inability of their auditors to provide timely auditing resources due to the needs of reporting issuers.

Extending the proposed time limits will greatly reduce the risk that issuers eligible for the relief proposed by the Commission will fail to qualify. We urge the Commission to modify the proposed time limits required for providing financial information to compensatory employee stock option holders to 120 days for audited financial information and 60 days for interim quarterly financial information.

We appreciate this opportunity to provide comments on this important proposal. Please call if you have any questions.

Very truly yours,

/s/ R. CROMWELL COULSON

R. Cromwell Coulson
Chief Executive Officer