



U.S. Securities and Exchange Commission

SEC Votes to Repropose Rules Allowing Foreign Private Issuer Deregistration Under the Exchange Act

**FOR IMMEDIATE RELEASE
2006-207**

Washington, D.C., Dec. 13, 2006 - Today the Commission voted to repropose amendments to the rules that govern when a foreign private issuer may terminate the registration of a class of equity securities under Section 12(g) of the Securities Exchange Act of 1934 and the corresponding duty to file reports required under Section 13(a) of the Exchange Act, and when it may cease its reporting obligations regarding a class of equity or debt securities under Section 15(d) of the Exchange Act. Under the current rules, a foreign private issuer may exit the Exchange Act registration and reporting regime if the class of the issuer's securities has less than 300 record holders who are U.S. residents. Because of the increased globalization of the U.S. securities markets that has occurred since the adoption of these rules, a foreign private issuer may find it difficult to terminate its Exchange Act registration and reporting obligations despite the fact that there is relatively little interest in the issuer's securities among United States investors. Moreover, currently a foreign private issuer can only suspend, and cannot terminate, a duty to report arising under Section 15(d) of the Exchange Act.

Reproposed Exchange Act Rule 12h-6 would permit the termination of Exchange Act reporting regarding a class of equity securities under either Section 12(g) or Section 15(d) of the Exchange Act by a foreign private issuer that meets a quantitative benchmark designed to measure relative U.S. market interest for that class of securities, which does not depend on a head count of the issuer's U.S. security holders. The repropose benchmark would require the comparison of the average daily trading volume of an issuer's securities in the United States with that in its primary trading market. Because the Commission did not fully address this approach when it originally proposed Rule 12h-6 last December, and because of other proposed changes to Rule 12h-6 not fully discussed in the original rule proposal, it has repropose Rule 12h-6 and the accompanying rule amendments.

"Foreign private issuers are a very important part of our capital markets. By providing foreign registrants with an appropriate means to terminate their Exchange Act reporting obligations based solely on their securities' relatively small U.S. trading volume, today's proposal is intended to provide more clarity and certainty to foreign issuers as well as to U.S. investors in those companies," said John White, Director of the Division of Corporation Finance

at the SEC. "The revised proposal should make the deregistration process less complicated and burdensome for foreign private issuers without sacrificing investors' interests. We look forward to receiving comments from the broad range of parties with views on foreign deregistration as the Commission continues to recognize and respond to the challenges and needs of our markets' increasing globalization while never losing sight of our primary mission of investor protection."

Highlights of the Rule Reproposal

Trading Volume Standard

Reproposed Rule 12h-6 would:

- permit an issuer, regardless of size, to terminate its Exchange Act registration and reporting obligations regarding a class of equity securities, assuming it meets all the other conditions of Rule 12h-6, if the U.S. average daily trading volume of the subject class of securities has been no greater than 5 percent of the average daily trading volume of that class of securities in the issuer's primary trading market during a recent 12 month period;
- require an issuer that delists in the U.S. prior to deregistering under Rule 12h-6 to meet the trading volume standard at the date of delisting or else wait 12 months before it can proceed with deregistration in reliance on the trading volume standard; and
- require an issuer that terminates an American Depositary Receipts facility to wait 12 months before seeking deregistration under Rule 12h-6 in reliance on the trading volume standard.

Other Conditions for Equity Securities Registrants

Reproposed Rule 12h-6 would also require an equity securities registrant to:

- have been an Exchange Act reporting company for at least one year, to have filed or submitted all Exchange Act reports required for this period, and to have filed at least one Exchange Act annual report;
- have not sold its securities in a registered offering in the United States, except for specified offerings, during the preceding 12 months, but would allow exempted securities offerings; and
- have maintained a listing for at least a year in a foreign jurisdiction that, either singly or together with one other foreign jurisdiction, constitutes the primary trading market for the issuer's subject class of securities.

Expanded Scope of Rule 12h-6

Reproposed Rule 12h-6 would expand the scope of the originally proposed rule in two respects:

- a foreign private issuer that terminated or suspended its Exchange Act reporting obligations under the current exit rules before the effective date of Rule 12h-6 would be able to achieve the benefits of termination under Rule 12h-6 as long as it met specified conditions; and
- following a merger, acquisition or other similar transaction, a foreign private issuer that succeeded to the Exchange Act reporting obligations of another company could take into account the Exchange Act reporting history of its predecessor when determining whether it met the conditions for deregistration under Rule 12h-6.

Reproposed Rule 12g3-2(b) Amendments

The reproposed rule amendments would permit a foreign private issuer to claim the Rule 12g3-2(b) exemption:

- immediately upon its termination of Exchange Act reporting under Rule 12h-6, rather than having to wait 18 months as is currently required; and
- upon the condition that it publish in English its home country materials required by Rule 12g3-2(b) on its Internet website or through an electronic information delivery system that is generally available to the public in its primary trading market.

The reproposed rule amendments would further permit:

- a non-reporting company that has received or will receive the Rule 12g3-2(b) exemption, upon application to the Commission and not pursuant to Rule 12h-6, to publish in English its required home country documents on its Internet website or through an electronic information delivery system in its primary trading market, rather than submitting them in paper to the Commission, as is currently required.

Comments on the rule reproposal must be received by the Commission within 30 days of its publication in the Federal Register.

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The full text of the detailed release concerning these items will be posted to the SEC Web site as soon as possible.

<http://www.sec.gov/news/press/2006/2006-206.htm>

