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Verne, B. Michael

From: [REDACTED]
Sent: Tuesday, June 02, 2009 3:41 PM
To: Verne, B. Michael
Subject: FW: State agency exempt from filing

Mike,

We have a client that is contemplating the purchase of voting securities of a US issuer. The client is a state-owned entity and its equity interest is held by a State-Owned Commission ("SOC"). I am trying to determine if SOC is a state agency meaning the client is the filing person or if SOC is the filing person. I have been informed that SOC is a government authority and include some information regarding the entity below. Any thoughts are appreciated.

According to *the State Council* approved at the First Session of the 10th National Congress of Country X, the State-owned Commission of the State Council (SOC) has been set up. On the principle of separating government administration from enterprise management and separating ownership from management power, SOC performs the responsibility as the investor on behalf of the state; supervises and manages the state-owned assets of enterprises according to law; guides and pushes forward the reform and restructuring of SOEs. SOC appoints and removes top executives of the enterprises under the supervision of the Central Government, evaluates their performances, and grants them rewards or inflicts punishments. SOC also directs and supervises the management work of local state-owned assets.

Main Functions and Responsibilities of SOC

1. Authorized by the State Council, in accordance with "Company Law of Country X" and other administrative regulations, the State-owned Commission of the State Council (SOC) performs the responsibility as the investor, guides and pushes forward the reform and restructuring of state-owned enterprises; supervises the preservation and increment of the value of state-owned assets for enterprises under its supervision, and enhances the management of state-owned assets; advances the establishment of modern enterprise system in SOEs, and perfects corporate governance; and propels the strategic adjustment of the structure and layout of the state economy.
2. Dispatches supervisory panels to some large enterprises on behalf of the state; takes charge of daily management of the supervisory panels.
3. Appoints and removes top executives of enterprises, and evaluates their performances through legal procedures, either grants rewards or inflicts punishments based on their performances; establishes corporate executives selection system in accordance with the requirements of socialist market economy system and modern enterprise system, and perfects incentives and restraints system for corporate management.
4. Supervises and administers the preservation and increment of the value of state-owned assets under the supervision of SOC through statistics and auditing; establishes and perfects the index system of the preservation and increment of the value of state-owned assets, and works out assessment criteria; safeguards the rights and interests of the investor of state-owned assets.
5. Drafts laws, administrative regulations of the management of the state-owned assets and draws up related rules; directs and supervises the management work of local state-owned assets according to law.
6. Undertakes other tasks assigned by the State Council.

SOC IS A STATE AGENCY.

BM

6/3/09