

Cynthia M. Fornelli, Executive Director

August 27, 2007

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Ms. Nancy M. Morris  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Dear Ms. Morris:

**RE: File Number S7-10-07 Revisions to the Eligibility Requirements for Primary Securities Offerings on Forms S-3 and F-3**

The Center for Audit Quality (CAQ) was created by the public company auditing profession and the American Institute of Certified Public Accountants to help foster confidence in the audit process and aid investors and the capital markets by advancing constructive suggestions for change rooted in the profession's core values of integrity, objectivity, honesty and trust. The CAQ consists of approximately 800 member firms that audit or are interested in auditing public companies. We welcome the opportunity to share our views on the Securities and Exchange Commission (SEC or the Commission), File Number S7-10-07, Release Number 33-8812, Revisions to the Eligibility Requirements for Primary Securities Offerings on Forms S-3 and F-3 (the SEC Proposal).

Under the SEC Proposal, companies with a worldwide public float of less than \$75 million would be eligible to use Forms S-3 and F-3 (as long as other specified conditions are met). These registrants would be eligible to use Form S-3/F-3 for purposes of offering securities on a delayed basis under Rule 415.

As the Commission noted in the SEC Proposal, under Rule 430B, "the filing of the prospectus will not be a new effective date for auditors who provided consent in an existing registration statement for their report on previously issued financial statements..." The Commission requested comment as to whether this 'potential "gap" in liability' would be appropriate if the proposed amendments are adopted.

The Commission adopted the existing model for determining the effective date (for Section 11 liability purposes) in connection with the Securities Offering Reform rulemaking package. We do not see any compelling reason

to change that model as a result of the proposed expansion of the population of registrants that may avail themselves of the shelf registration process.

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We appreciate the opportunity to comment on the SEC Proposal and would welcome the opportunity to meet with you to clarify any of our comments.

Sincerely,



Cynthia M. Fornelli  
Executive Director  
Center for Audit Quality

cc: SEC  
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