



CENTER FOR CAPITAL MARKETS  
COMPETITIVENESS

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May 22, 2014

Mr. Kevin O'Neill  
Deputy Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Ms. Lynn Powalski  
Deputy Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

**Re: Proposed Rule on Pay Ratio Disclosure, 17 CFR Parts 229 and 249; Release Nos. 33-9452; 34-70443; File No. S7-07-13; RIN 3235-AL47**

Dear Mr. O'Neill and Ms. Powalski:

The U.S. Chamber of Commerce (“Chamber”) is the world’s largest business federation, representing more than 3 million businesses and organizations of every size, sector, and region. The Chamber created the Center for Capital Markets Competitiveness (“CCMC”) to promote a modern and effective regulatory structure for capital markets to fully function in a 21<sup>st</sup> century economy. The CCMC is a supporter of strong corporate governance policies that are a fundamental cornerstone for business practices and capital formation. The CCMC welcomes this opportunity to comment on the Securities and Exchange Commission’s (“SEC”) proposed rulemaking (“Pay Ratio proposal”) implementing Section 953 (b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank Act”).

The CCMC previously submitted a comment letter on the Pay Ratio proposal to the SEC on December 2, 2013 (“CCMC Letter I”). In filing CCMC Letter I, we stated that the CCMC was unable to provide an economic analysis of the costs of the Pay Ratio proposal. Attached you will find an economic analysis of the Pay Ratio proposal that the CCMC requests be made a part of the record for the Pay Ratio Proposal and further request that the SEC consider this analysis in developing a final cost benefit analysis for the Pay Ratio proposal.

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In summary the attached economic analysis shows that the SEC likely underestimated costs by more than 870 percent and underestimated compliance time by 560 percent, with annual costs to the private sector of over \$700 million versus the \$72.7 million estimated by the SEC. The CCMC believes that these discrepancies are significant and that the SEC should explore means to narrowly tailor the proposed Pay Ratio proposal to impose the least burdensome costs on the economy.

The CCMC continues to believe that various mechanisms, such as roundtables and pilot programs, can be used to better inform the SEC of the problems and challenges that the Pay Ratio proposal poses to competition and capital formation, while not enhancing investor protection. Additionally, with estimated costs of over \$700 million, the Pay Ratio proposal is an economically significant rulemaking and the CCMC requests that the SEC submit the Pay Ratio proposal to the Office of Information and Regulatory Affairs ("OIRA") for an enhanced regulatory review process.

We stand ready to discuss this analysis and concerns with the SEC in greater detail as well.

Sincerely,

A handwritten signature in black ink, appearing to be 'TK' followed by a long horizontal flourish.

Tom Quaadman