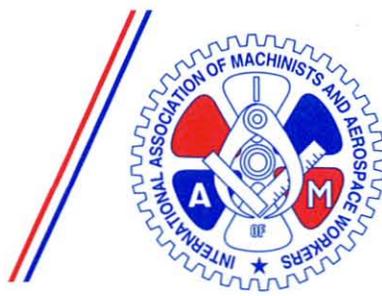


**International
Association of
Machinists and
Aerospace Workers**



9000 Machinists Place
Upper Marlboro, Maryland 20772-2687

Area Code 301
967-4500



OFFICE OF THE GENERAL SECRETARY-TREASURER

GL 2 – Strategic Resources

August 17, 2009

Re: File Number S7-10-09

SUBMITTED IN TRIPLICATE

Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-9303

Dear Secretary Murphy:

As the General Secretary-Treasurer of the 700,000-member International Association of Machinists and Aerospace Workers (IAM), AFL-CIO and Trustee of the I.A.M. National Pension Fund, the eighth largest multi-employer fund in the United States with assets of more than six billion dollars, I welcome this opportunity to offer supporting comments on the Securities and Exchange Commission's ("SEC") proposed rule on Facilitating Shareholder Director Nominations ("proposed rule").

I strongly support the SEC's proposed rule to improve the ability of shareowners to hold boards accountable through the exercise of their right to nominate and elect directors. The recent financial market downturn has sparked the need to re-examine the need for sound corporate governance.

Many academicians and policy makers attribute inadequate corporate governance as one of the main causes of the current financial turmoil. Critics also cite excessive executive compensations and risk management practices as indications of the failure and weakness of corporate governance. Overall, it appears that corporate boards often fail to provide the checks and balances that companies need in order to cultivate sound business practices. At the very least, the financial market crisis has revealed severe shortcomings in corporate governance, specifically inadequate corporate board oversight.

The proposed rule change is long overdue. It has been nearly seventy years since the SEC first considered whether shareowners should be able to include director candidates in management's proxy materials. As indicated by the SEC, the recent changes in corporate governance practices and the federal securities laws are important, however these regulatory measures have not sufficiently addressed the problem of shareholders' limited ability to exercise

their right to nominate directors and have the nominations disclosed to and considered by the shareholders. I believe that the current structure is outdated. Financial markets have changed significantly over these years so regulations should reflect these changes. The proposed rule is a step in the right direction.

If adopted, the proposed rule change would be one of the most significant investor reforms in decades and could boost investor's confidence. Currently, the voting process tends to be skewed towards the board's recommended candidates. For example, if a proxy fight ensues over the selection of board directors, management can use the company's internal resources to fund campaigns for board recommended candidates and can counter shareholders' efforts to nominate their own candidates through various tactics including litigation. This type of action by companies tends to discourage investors from undertaking valuable steps to hold management and boards accountable and enhance long-term shareholder value.

Recommendations

Tiered Approach

I support the basic form of the proposed Rule 14a-11 and believe the SEC's tiered approach for defining holders of a "significant, long-term interest" is reasonable. The significantly higher threshold of 5% ownership for the smallest companies, from 1% for the largest companies, ensures that only those long-term shareholders who are concerned about the governance of portfolio companies will have a seat at the table.

Holding Period

Additionally, I support the notion that the SEC extends the holding period requirement to two years as of the date of the shareholder notice on Schedule 14N. I oppose a one-year holding period because it could result in hedge funds and other opportunistic shareholders manipulating the proposed Rule 14a-11 and forcing companies to take short-term measures to boost their stock price at the expense of long-term shareholder value.

Single Standard

I also support adoption of a single standard that would apply across the board to all affected companies, and we would oppose efforts to carve out an exception to accommodate state laws that may not require the same level of disclosure and voting opportunity as the SEC has proposed here.

Securities Lending

I also believe that the SEC should clearly define "continuous ownership" and consider that the holdings of institutional shareholders may fluctuate during any specified period. Institutional investors who hold for the long-term may periodically lend their shares to others, while retaining the right to recall those shares to vote them in specific situations. Those lent shares remain under control of the lending institution, which remains the beneficial owner. Therefore, the right to nominate directors should be based on the number of shares beneficially owned, not shares that are held on loan.

I recommend that the SEC's final rule state that shares lent out may be treated as continuously owned by the lending shareholder, as long as the shareholder has the right to recall them in order to vote, and discloses an intention to vote the shares in the proposed Schedule 14N.

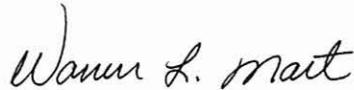
I also urge the SEC to clarify the proposed Rule 14a-11 so that the ownership determination is based on the minimum number of shares owned during the holding period, including the lent shares, as a percentage of the company's outstanding shares listed in the company's latest proxy statement.

First In

Lastly, I also recommend that the eligibility of the shareholder or group of shareholders eligible to nominate directors under Rule 14a-11 be based on the group with the largest holding, rather than the first-in approach outlined by the SEC in the proposal. A largest holdings type of approach is consistent with the SEC's goal of empowering shareholders with the greatest stake in the company's long-term financial growth.

If the candidate of a shareholder or shareholder group fails to meet the eligibility criteria, the nominating shareholder or shareholder group should be allowed to name another nominee.

Very truly yours,



Warren L. Mart
GENERAL SECRETARY-TREASURER
AND TRUSTEE

WLM:ch

cc: Alan Skolnick, Fund Director, IAM National Pension Fund