

Mercy Investment Program

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Ms. Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Release Number: 34-60218, File No. S7-12-09

Dear Secretary Murphy:

On behalf of Mercy Investment Program, a pooled investment program of the Institute of Sisters of Mercy of the Americas, I am submitting comments on the proposed rule issued July 1, 2009, Release Number 34-60218, File No. S7-12-09 entitled "Shareholder Approval of Executive Compensation of TARP Recipients."

Mercy Investment Program supports the measures proposed and intended to result in improved corporate governance. Such regulations, if implemented, are likely to build investor confidence, particularly with respect to the financial services industry, as we live through this extremely difficult year for investors.

Mercy Investment Program supports the proposal requiring Troubled Asset Relief Program recipients to provide shareholders with an annual advisory vote on executive pay in their proxy solicitations. We hope the practice is instituted as corporate policy. MIP joins investor colleagues who suggest that the SEC extend the Advisory Vote requirement to all publicly traded companies. The economic downturn brought on by marketing of unregulated financial products and/or unenforced regulation certainly has focused attention on Boards of Directors. As an active investor, MIP attends annual shareholder meetings and votes its proxies. It was disturbing to see Directors, who often are top executives in Fortune 500 companies, unknowingly or without accurate information, approve pay packages at companies whose practices drove down the world economy—and the value of our investments.

We support full, clearly written disclosure of executive compensation in proxy statements as well as SEC approval of a change to the New York Stock Exchange rule that prohibits brokers from voting proxies in corporate elections without instructions from their customers.

The Sisters of Mercy of the Americas created a pooled investment program for their U.S. regional communities in the late 1970s. From inception, Mercy Investment Program played its role as active investor: establishing investment and proxy voting guidelines, filing shareholder resolutions, dialoguing with management, attending annual shareholder meetings and voting

proxies. Because the Sisters of Mercy work in ministries across the U.S. and Latin America, advocacy encompasses a variety of social, environmental and governance issues. In recent years, corporate governance has been one of our priorities.

We've come to believe, among other best practices, that public companies should provide a separate shareholder vote in proxy solicitations. The past year demonstrates ample opportunities for shareholder input regarding the incentive systems at public companies. Further, we are in broad agreement with the clarifications regarding annual meeting solicitation, advisory nature of the vote and that smaller companies do not need to provide a compensation and analysis section.

In response to the Commission's request for specific input, we join colleagues who believe the best way to provide such a vote is a management sponsored resolution, similar to that used to ratify auditors. That said, the specific resolution language doesn't have to be dictated by the SEC.

The Proxy Disclosure and Solicitation Enhancements proposed are of interest to MIP as well. We believe companies should be required to:

- Define the relationship of its overall compensation policy to risk
- Disclose the qualifications of its directors, executive officers and nominees
- Describe the company's leadership structure, and
- Disclose potential conflicts of interest of compensation consultants.

These are all needed improvements to disclosure rules.

We support expanded attention to board diversity as companies disclose board qualifications, as well as endorse SEC attention to the role of compensation consultants.

Finally, we appreciate the Commission's support of the NYSE proposal to eliminate broker discretionary voting for all elections of directors, whether contested or not. We agree that adding "election of directors" to the list of enumerated items for which a member generally may not give a proxy to vote without instructions from the beneficial owner, is a long overdue change.

Organizations such as Mercy Investment Program commend SEC efforts to enhance investor enfranchisement. Many changes discussed in the July 1, 2009 hearing are long-awaited. We look forward to strengthening of regulations including rules that govern our transactions and the disclosures that strengthen investors' ability to make possible the best investment decisions.

Yours truly,

Handwritten signature of Valerie Heinonen in cursive script, with the initials "o.s.u." written below it.

Valerie Heinonen, o.s.u.
Consultant, Corporate Social Responsibility

Cc: Commissioner Mary Schapiro, Commissioner Kathleen L. Casey, Commissioner Elisse B. Walter, Commissioner Luis A. Aguilar, Commissioner Troy A. Paredes