



April 29, 2011

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

Colorado Public Employees' Retirement Association
Mailing Address: PO Box 5800, Denver, CO 80217-5800
Office Locations: 1301 Pennsylvania Street, Denver
1120 W. 122nd Avenue, Westminster
303-832-9550 • 1-800-759-PERA (7372)
www.copera.org

**RE: Listing Standards for Compensation Committees
File Number S7-13-11**

Dear Ms. Murphy:

The Colorado Public Employees Retirement Association ("COPERA") appreciates the opportunity to provide the Securities Exchange Commission (the "Commission") with our views on the recently released proposed rules regarding listing standards for compensation committees.

Established in 1931, the Colorado Public Employees' Retirement Association ("COPERA") provides retirement and other benefits to more than 473,000 current and former employees of more than 400 government and public employers in the State of Colorado. As of December 31, 2010, COPERA is the 21st largest public pension plan in the United States managing approximately \$40.6 billion in assets on behalf of its members.

The financial crisis has brought to the forefront issues of concern that investors have long sounded as key issues for ensuring strong corporate governance practices by issuers. In particular, investors have long held that independent directors are vital for the financial health of companies and are a necessary element of key corporate committees. To this end, COPERA developed the definition of independent director which was adopted by the Council of Institutional Investors (CII) as part of CII's Corporate Governance Policies. Further, this independent director definition has been incorporated into COPERA's Proxy Voting Policy for use when considering director nominees when voting proxies.

While the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Dodd-Frank) is bringing reform to the market place, much work still needs to be done to ensure sound governance practices within the business community. Requiring exchanges to establish listing standards that require each member of a listed issuer's compensation committee to be a member of the board of directors and to be independent is an important step that helps establish and strengthen sound governance practices.

COPERA supports the proposed fully independent compensation committee requirements as COPERA believes they will promote sound governance practices such as:

- Conflict free – Requiring a fully independent compensation committee adds a level of assurance that directors are acting on behalf of shareholders and not acting to advance their own personal gains.

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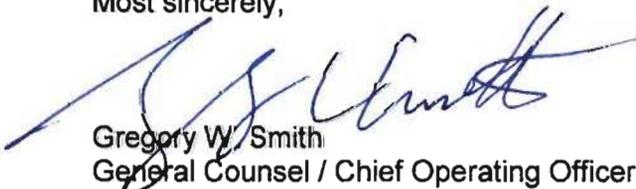
- Accountability – Disclosure requirements provide a greater level of transparency which will help committees focus on key aspects and elements in the decision making process of selecting advisors who will be responsible for providing unbiased advice that promotes shareholder value.

COPERA understands that while the issue at hand may seem somewhat basic and allows for simple solutions, COPERA also understands that the issue has many components that lead to a myriad of complexities that will require great effort and detail in establishing fair and responsible rules. While there are many issues to consider, COPERA would like to specifically address two issues COPERA considers of great importance and urges the Commission to consider the following when adopting rules:

- Independent Director Definition – Fully incorporate the CII Independent Director Definition. As stated, COPERA is committed to the adherence to the tenants set forth in the CII Independent Director Definitions they help establish the framework for establishing a board and its committees that will act in a manner that protects the long-term health of a company and provides long-term investment security for shareholders. A copy of the CII Independent Director Definition is enclosed for reference.
- Conflict Disclosure Requirements – The use of any outside compensation consultant, or any other expert entity such as legal advisors, providing advice to the compensation committee should be disclosed no less than annually. While some might argue that requiring regulated exchanges to require listed issuers to disclose the independence factors considered by issuers for the selection of compensation consultants and other advisors is unreasonable, this requirement should not prove to be overly burdensome. The Commission has already promulgated rules requiring that much of the sought after information is disclosed in the CD&A portion of an issuer's proxy statement. As such, the compilation and dissemination of the required information should not be overly burdensome.

COPERA thanks the Commission for the opportunity to comment on the proposed rule change. COPERA does not take lightly the fiduciary role we have to our 473,000 plan participants and beneficiaries. Requiring compensation committees to be composed of independent directors, establishing a strong definition of independent director, and requiring greater transparency through enhanced disclosure will help better ensure that shareholders' interests are better protected.

Most sincerely,



Gregory W. Smith
General Counsel / Chief Operating Officer



Council of Institutional Investors
The Voice of Corporate Governance

Corporate Governance Policies¹

7. Independent Director Definition

7.1 Introduction

7.2 Basic Definition of an Independent Director

7.3 Guidelines for Assessing Director Independence

7.1 Introduction: A narrowly drawn definition of an independent director (coupled with a policy specifying that at least two-thirds of board members and all members of the audit, compensation and nominating committees should meet this standard) is in the corporation's and shareowners' financial interest because:

- Independence is critical to a properly functioning board;
- Certain clearly definable relationships pose a threat to a director's unqualified independence;
- The effect of a conflict of interest on an individual director is likely to be almost impossible to detect, either by shareowners or other board members; and
- While an across-the-board application of *any* definition to a large number of people will inevitably miscategorize a few of them, this risk is sufficiently small and is far outweighed by the significant benefits.

Independent directors do not invariably share a single set of qualities that are not shared by non-independent directors. Consequently no clear rule can unerringly describe and distinguish independent directors. However, the independence of the director depends on all relationships the director has, including relationships between directors, that may compromise the director's objectivity and loyalty to shareowners. Directors have an obligation to consider all relevant facts and circumstances to determine whether a director should be considered independent.

¹ To review the full text of the Council of Institutional Investors' Corporate Governance Policies, please visit <http://www.cii.org/policies>.

7.2 Basic Definition of an Independent Director: An independent director is someone whose only nontrivial professional, familial or financial connection to the corporation, its chairman, CEO or any other executive officer is his or her directorship. Stated most simply, an independent director is a person whose directorship constitutes his or her only connection to the corporation.

7.3 Guidelines for Assessing Director Independence: The notes that follow are supplied to give added clarity and guidance in interpreting the specified relationships. A director will not be considered independent if he or she:

7.3a Is, or in the past five years has been, or whose relative is, or in the past five years has been, employed by the corporation or employed by or a director of an affiliate;

NOTES: An "affiliate" relationship is established if one entity either alone or pursuant to an arrangement with one or more other persons, owns or has the power to vote more than 20 percent of the equity interest in another, unless some other person, either alone or pursuant to an arrangement with one or more other persons, owns or has the power to vote a greater percentage of the equity interest. For these purposes, joint venture partners and general partners meet the definition of an affiliate, and officers and employees of joint venture enterprises and general partners are considered affiliated. A subsidiary is an affiliate if it is at least 20 percent owned by the corporation.

Affiliates include predecessor companies. A "predecessor" is an entity that within the last five years was party to a "merger of equals" with the corporation or represented more than 50 percent of the corporation's sales or assets when such predecessor became part of the corporation.

"Relatives" include spouses, parents, children, step-children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, aunts, uncles, nieces, nephews and first cousins, and anyone sharing the director's home.

7.3b Is, or in the past five years has been, or whose relative is, or in the past five years has been, an employee, director or greater-than-20-percent owner of a firm that is one of the corporation's or its affiliate's paid advisers or consultants or that receives revenue of at least \$50,000 for being a paid adviser or consultant to an executive officer of the corporation;

NOTES: Advisers or consultants include, but are not limited to, law firms, auditors, accountants, insurance companies and commercial/investment banks. For purposes of this definition, an individual serving "of counsel" to a firm will be considered an employee of that firm.

The term "executive officer" includes the chief executive, operating, financial, legal and accounting officers of a company. This includes the president, treasurer, secretary, controller and any vice-president who is in charge of a principal business unit, division or function (such as sales, administration or finance) or performs a major policymaking function for the corporation.

7.3c Is, or in the past five years has been, or whose relative is, or in the past five years has been, employed by or has had a five percent or greater ownership interest in a third-party that provides payments to or receives payments from the corporation and either:
(i) such payments account for one percent of the third-party's or one percent of the

corporation's consolidated gross revenues in any single fiscal year; or (ii) if the third-party is a debtor or creditor of the corporation and the amount owed exceeds one percent of the corporation's or third party's assets. Ownership means beneficial or record ownership, not custodial ownership;

7.3d Has, or in the past five years has had, or whose relative has paid or received more than \$50,000 in the past five years under, a personal contract with the corporation, an executive officer or any affiliate of the corporation;

NOTES: Council members believe that even small personal contracts, no matter how formulated, can threaten a director's complete independence. This includes any arrangement under which the director borrows or lends money to the corporation at rates better (for the director) than those available to normal customers—even if no other services from the director are specified in connection with this relationship;

7.3e Is, or in the past five years has been, or whose relative is, or in the past five years has been, an employee or director of a foundation, university or other non-profit organization that receives significant grants or endowments from the corporation, one of its affiliates or its executive officers or has been a *direct* beneficiary of *any* donations to such an organization;

NOTES: A "significant grant or endowment" is the lesser of \$100,000 or one percent of total annual donations received by the organization.

7.3f Is, or in the past five years has been, or whose relative is, or in the past five years has been, part of an interlocking directorate in which the CEO or other employee of the corporation serves on the board of a third-party entity (for-profit or not-for-profit) employing the director or such relative;

7.3g Has a relative who is, or in the past five years has been, an employee, a director or a five percent or greater owner of a third-party entity that is a significant competitor of the corporation; or

7.3h Is a party to a voting trust, agreement or proxy giving his/her decision making power as a director to management except to the extent there is a fully disclosed and narrow voting arrangement such as those which are customary between venture capitalists and management regarding the venture capitalists' board seats.

The foregoing describes relationships between directors and the corporation. The Council also believes that it is important to discuss relationships between directors on the same board which may threaten either director's independence. A director's objectivity as to the best interests of the shareowners is of utmost importance and connections between directors outside the corporation may threaten such objectivity and promote inappropriate voting blocks. As a result, directors must evaluate all of their relationships with each other to determine whether the director is deemed independent. The board of directors shall investigate and evaluate such relationships using the care, skill, prudence and diligence that a prudent person acting in a like capacity would use.