

CHAMBER OF COMMERCE  
OF THE  
UNITED STATES OF AMERICA

DAVID CHAVERN  
VICE PRESIDENT AND  
CHIEF OF STAFF

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November 13, 2006

The Honorable Christopher Cox  
Chairman  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: NYSE Proposal to Eliminate Broker Voting (Rule 452)

Dear Chairman Cox:

The U.S. Chamber of Commerce is the largest business federation in the world, representing the interests of some three million companies of every size and industry. As you may know, the New York Stock Exchange (NYSE) recently filed a proposal with the Commission to modify Rule 452 making the election of directors a "non-routine" matter which would effectively eliminate discretionary broker voting for the election of directors as of 2008. While the Chamber strongly supports the goal of improving communications between companies and shareholders and creating more efficiencies for issuers, investors, and all proxy process participants, we are concerned that such a change would have unintended consequences.

The immediate effect would be to greatly reduce the number of votes cast in director elections, making it difficult for companies to even obtain quorum unless their meetings include other routine proposals. This would significantly increase uncertainty for companies and force them to incur much higher proxy solicitation costs. More fundamentally, it would shift voting power toward special interests groups who wish to use minority stock positions to pursue non-investment objectives.

We don't believe that any of these outcomes are in the best interests of individual investors who are looking, first and foremost, for a return on their investment. Absent evidence that investors are fundamentally dissatisfied with brokers casting these votes as "routine" matters, we would strongly urge the SEC to reject the NYSE's proposed change to Rule 452. While this proposal would certainly

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support the objectives of activists and commentators, we hope that the Commission would not emphasize the interests of those who wish to advance a particular short-term agenda over those who are seeking to maximize the long-term return on their investments. We would strongly encourage the Commission to look into alternatives to eliminating the broker vote.

We appreciate the opportunity to comment on the NYSE's proposal to change Rule 452 and would be happy to discuss with your staff.

Sincerely,

A handwritten signature in black ink, appearing to read "David C. Chavern". The signature is written in a cursive style with a large, looping initial "D".

David C. Chavern

Senior Vice President and Chief Legal Officer

cc: Paul S. Atkins, Commissioner, U.S. Securities and Exchange Commission  
Roel C. Campos, Commissioner, U.S. Securities and Exchange Commission  
Kathleen L. Casey, Commissioner, U.S. Securities and Exchange Commission  
Annette L. Nazareth, Commissioner, U.S. Securities and Exchange Commission