

STATE RETIREMENT AND PENSION SYSTEM OF MARYLAND
STATE RETIREMENT AGENCY

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THOMAS K. LEE
EXECUTIVE DIRECTOR
SECRETARY TO THE BOARD



December 16, 2003

Jonathan G. Katz
Secretary
Securities and Exchange Commission
450 Fifth Street, NW
Washington, DC 20549-0609

RE: File No. S7-19-03

Dear Mr. Katz:

The State Retirement and Pension System of Maryland (the "Retirement System") administers retirement plans for more than 90,000 retirees and beneficiaries as well as the future benefits for more than 190,000 active participating members. These groups include state government employees, teachers, law enforcement personnel, legislators, judges and local government employees and fire fighters whose employers have elected to participate in the Retirement System.

The Board of Trustees of the Retirement System applauds the SEC for issuing the proposals contained in the Commission's October 14, 2003 release (the "Proposed Rules"). It is our belief that the Proposed Rules are a positive step. It is our hope that the Proposed Rules will help foster greater, more productive communication between shareholders and the boards charged with representing shareholders' interests.

We also submit the following comments regarding the Proposed Rules for the Commission's consideration.

Comment 1 – State law nullification concerns (Proposed Rule 14a-11(a)(1))

At least one other commentator has expressed the concern that, if finalized in its present form, Proposed Rule 14a-11(a)(1) might lead certain states to pass laws that would prohibit security holders from nominating candidates for election as a

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director. Such action could have the result of exempting companies from compliance with the Proposed Rules. See comment letter dated November 22, 2003 submitted by the Independent Corporate Directors Association at p. 11. While the validity of any such state action might well be open to challenge, we would urge the Commission to carefully weigh whether the current text of this provision of the Proposed Rules would inadvertently set off a new “race to the bottom” – an outcome that would be profoundly at odds with the Commission’s goals in this rule making effort.

Comment 2 – Clarification of independence requirement. We endorse, and would ask the Commission to carefully review, the points raised by the California State Teachers’ Retirement System (CalSTRS) regarding the impact which the proposed independence requirements could have on relational investment strategies. See comment letter dated December 4, 2003 submitted by CalSTRS at 4 (penultimate bullet under Response 3).

On behalf of our participants and Board of Trustees, we thank the Commission and its staff for its hard work and appreciate the opportunity to present our views regarding the Proposed Rules.

Sincerely,

A handwritten signature in black ink, appearing to read "Thomas K. Lee". The signature is fluid and cursive, with a large initial "T" and "L".

Thomas K. Lee
Secretary to the Board