

Dear Co-Chairs Richard (Mac) Hisey and Hye-Won Choi:

Thank you for soliciting comments in advance of the first meeting of the newly appointed SEC Investor Advisory Committee. I see that comments were due 7/19/09 but since the work of the Committee certainly won't be completed at this first meeting, I therefore hope that members will eventually review all comments... even those that are late. Please consider the following list of priorities:

- Support increased intelligent proxy voting by individual investors by encouraging development of information infrastructures that will help individuals vote by providing them with better information on the specific issues. The best efforts I've seen in this area are those by ProxyDemocracy.org, TransparentDemocracy.org, and Moxyvote.com.
- Develop educational programs that would be posted on the SEC Internet site and would be widely distributed through brokers, investor associations, and retirement plan vehicles (such as 401(k) plans), that explain the importance of proxy voting, how it relates to corporate governance, and how proxy voting provides an opportunity to influence both the earning power and social/environmental values of companies.
- Require better disclosure of proxy votes and policies by *all* institutional investors in a uniform format for posting to the Internet. Encourage disclosure of votes, including the reasons for each specific vote, prior to annual meetings. Retail shareowners and beneficial owners should be able to see how institutional investors are voting and why. In voting their own proxies, they should be able to copy from a combination of trusted "brands." In monitoring institutional investors who vote on their behalf, they should be provided ample opportunity to influence those votes.
- Review the integrity of the proxy voting process to ensure it truly reflects the wishes of the electorate. Get rid of "blank vote" mechanisms (see rulemaking petition File 4-583), share lending that may extend to votes, etc. Consider a self-regulated "proxy exchange" that would hold all proxies and would ensure proxies are cleared and counted properly, without interference by corporations. Corporations and shareowners should have the same access to proxy votes and counts.
- Encourage funds to pass through votes to beneficial owners. This is especially critical at Employee Stock Ownership Plans (ESOPs) to ensure they are not used as management entrenchment devices. Given that mutual funds are increasingly voting abstentions, they may embrace this option if it is specifically sanctioned by the SEC. Alternatively, examine how funds are structured to obtain input from beneficial owners in corporate governance issues.
- End the ability of stockbrokers and brokerage firms to require mandatory arbitration.

I'm delighted with recent SEC actions, especially creation of this much needed Committee. Thanks for the opportunity to comment.

Sincerely,

James McRitchie, Publisher
Corporate Governance