

November 13, 2013

Elizabeth M. Murphy, Secretary  
U.S. Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549-1090

Re: Comment Letter on Pay Ratio Disclosure (File No. S7-07-13)

Dear Ms. Murphy:

I am writing this letter in response to a request for comment on question 7, on whether the statute allows the exclusion of non-U.S. employees from the calculation of the median, in the Commission's proposed rules relating to CEO pay ratio disclosure.

Excluding non-U.S. employees from the employees included in the identification of the median would not be inconsistent under a statute that is silent as to the definition of "all employees". The Commission has taken a broad stance in interpreting "all employees", but compliance burdens and the goal of providing a useful disclosure should require a reevaluation of how "all employees" can be more reasonably defined. Just as the Commission has limited the types of issuers subject to the new CEO pay ratio disclosure requirement by excluding small companies and foreign private issuers, the Commission should similarly use its rulemaking authority to limit the scope of "all employees" to those employed by the U.S. parent company and all of its U.S. based subsidiaries.

This definition effectively limits the workforce for comparison to those employees who are required to file tax returns with the IRS and would highlight income difference at the national level. It would allow companies to work with data that is currently available and keep compliance burdens manageable. Multinationals would be able to avoid international privacy compliance concerns, the translation of foreign benefits to a U.S. equivalent and the forced integration (and storage) of global employee data. This definition will also reduce the potential for the implementation of business structures designed to minimize ratios through outsourcing to third parties and would not stifle growth in lower wage regions.

The CEO pay ratio disclosure stems from the growing national public concern surrounding gross inequities in pay between the average U.S. worker and the executives at the same company. The addition of foreign employees into a U.S. based metric that is intended to proxy the disparity of a U.S. based CEO's salary is unworkable and misleading. This single number will likely be of interest to more than just investors, but will likely generate incorrect conclusions and interpretations as the ratio will vary significantly depending on how a company structures its business internationally. If a more comprehensive disclosure of a company's global workforce is desired, the Commission could consider requiring multinationals registrants to provide an additional narrative on the operations of their global workforce.

Sincerely,

Angela Wang