November 27, 2013

Elizabeth M. Murphy  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: Pay Ratio Disclosure, File No. S7-07-13

Dear Ms. Murphy:

On behalf of the Boards of Trustees of the New York City Pension Funds (the “NYC Funds”), I write to express strong support for the Securities and Exchange Commission’s proposed rule to implement Sec. 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act. The draft rule, as written, provides investors with useful disclosure on the CEO-to-worker pay ratio while limiting compliance costs by providing issuers with considerable flexibility in how they identify the median worker.

As Comptroller of the City of New York, I am a trustee of four of City’s five Pension Funds and the investment adviser to all five Funds. Collectively, the NYC Funds have $140 billion in assets, including $58 billion invested in approximately 3,500 publicly-traded U.S. companies. The NYC Funds have a long history of advocating for environmental, social and governance reforms and disclosures that we believe are in our best interests as long-term shareholders.

Consistent with these efforts, the trustees amended the NYC Funds’ proxy voting policies and procedures in 2006 to include a provision explicitly supporting portfolio company disclosure of pay ratio data similar to that required by the proposed rule. According to the Funds’ amended policy,
Wide disparities in corporate pay scales can adversely affect a firm’s value. As internal pay differentials grow, employees and lower level managers increasingly perceive their compensation as unfair in comparison to more highly paid top management. This perception could adversely affect employee morale, quality of work, productivity, with potentially negative impact on firm value and shareholder interests.

The need for such disclosure is even more important today given the SEC’s implementation of Section 951 of the Dodd Frank Act, which provides shareholders with an advisory vote on executive compensation ("say-on-pay"). Disclosure of the CEO-to-median-worker pay ratio will improve our ability to exercise our say-on-pay voting responsibilities by providing a valuable metric to better understand a company’s compensation practices and inform our proxy voting decisions.

In short, and contrary to the National Investor Relations Institute’s October 17, 2013 comment letter, we believe the draft rule would provide material benefit to investors and will not “result in disclosures by issuers that are likely to be misleading or inconsistent or both with a high probability that the disclosures would confuse most investors and not contribute to their understanding of corporate pay practices.” It is unfortunate that the trade association that represents investor relations professionals believes investors to be unsophisticated and easily confused.

To the extent that a particular company is concerned that its pay ratio may be misinterpreted, the rule properly permits, but does not require, the company to provide supplemental quantitative and qualitative disclosures. For example, a company could disclose separate ratios covering its U.S. and non-U.S. employees, but such disclosure should be in addition to, and not in lieu of, the pay ratio covering all employees.

Thank you for your consideration.

Sincerely,

John C. Liu