

2 December 2013

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

By email: rule-comments@sec.gov

Dear Ms Murphy,

Response to Pay Ratio Disclosure File No S7-07-13

We are writing on behalf of the Australian Council of Superannuation Investors (ACSI), which represents 38 pension funds that collectively manage over \$400bn USD in investments on behalf of 8 million working Australians. A significant proportion of these investments are made in the US equity market. Corporate governance standards in US companies are therefore of material interest to Australian pension funds.

This letter is written in support of the SEC's work in implementing Section 953(b) of the Dodd-Frank Act regarding pay ratio disclosure. ACSI recognises the SEC's work in rulemaking and implementation of the Dodd-Frank Act which has improved a number of governance standards, and risk management processes, in the US market.

ACSI is supportive of the SEC's approach to Section 953(b) which avoids proscription and allows issuers flexibility on calculating median pay levels for employees. So long as there is transparency around the methodologies used, this approach should act to lower compliance costs for issuers and facilitate the provision of more meaningful data to the market.

ACSI's policy on any issue related to executive compensation is grounded exclusively in:

- The desire to see compensation used as a tool to close gaps in the alignment between investor principals and their agents; and
- To incentivise the creation of value for securityholders over the long-term.

While the disclosures that result from Section 953(b) alone will not demonstrate this alignment, they may offer an insight into how executive compensation is set relative to the cost base of the relevant business. It is common for Australian boards to undertake this type of assessment when adjusting executive pay levels. This assessment is made not only with reference to staff compensation, but a range of factors including relevant market peers, inflation, internal cost targets and the experience of securityholders.

Please do not hesitate to contact us if you would like to discuss our comments in more detail.

Yours Sincerely,



Edward John
Executive Manager,
Governance & Engagement



Gordon Hagart
Chief Executive Officer