

Via Email

Aug. 11, 2009

Elizabeth M. Murphy
Secretary
United States Securities and Exchange Commission
100 F St., NE
Washington, DC 20549-1090

Re: Facilitating Director Nominations (File No. S7-10-09)

Dear Ms. Murphy:

On behalf of the Tri-State Coalition for Responsible Investment, an organization of 40 religious, institutional investors, write to express our support for the Securities and Exchange Commission's (SEC) proposed rule, *Facilitating Shareholder Director Nominations*. The current financial crisis underscores both the complacency within some boards to protect long-term shareholders' interests and the need to strengthen accountability of boards and management.

For many years I have been disturbed at the refusal of board members to seriously consider climate risk. This is currently most evident in the US auto industry.

We believe granting long-term shareholders the right to nominate directors, thereby ending the *de facto* monopoly the board and management has in picking director slates, is an important component of achieving the goals of effective oversight of U.S. publicly traded companies' boards and of broad financial reform. Therefore, we concur with the SEC that the reforms outlined in the SEC's proposed Rule 14a-11 and revisions to Rule 14a-8(i)(8), following decades of debate over proxy access, are long overdue and should be adopted swiftly. We support the application of Rule 14a-11 as proposed and welcome the opportunity to comment on points still under consideration.

We agree with the SEC's position that the proposed rule should:

- Permit shareholders to aggregate their holdings to meet the minimum share ownership thresholds.
- Grant only long-term shareowners, those holding stock for at least one year, access to nominate directors.
- Employ safeguards to ensure that access is not used as a takeover mechanism by short-term profit seekers.
- Outline strong independence standards for director nominees.

- Require full and accurate disclosure by nominating groups, including pertinent information about nominated directors.
- Allow nominating shareholders to make statements of opposition against the election of other board members on the company's slate in the proxy statement.
- Authorize shareholders to file resolutions related to the issue of board elections.
- Become effective immediately without a lengthy implementation period, associated triggering mechanism or exemption or delay for smaller issuers.

We also would like to take this opportunity to comment in greater detail on three features of the proposed rule that are of particular interest to us:

- **Priority access:** We favor an approach whereby the largest beneficial owner or group of owners gain proxy access, as opposed to awarding access to the first shareholder or group of shareholders filing. We are concerned that a first come, first serve approach might force shareholders to rush to file and result in a less thoughtful process than is otherwise possible. In the end, we also believe that the investor or group with the greatest stake in the director election and the company's long-term financial performance should prevail in these situations.
- **Failed nominations and resubmitting candidates:** We believe that there should not be any waiting period for resubmitting candidates failing to win election to a board.
- **Shareholder proposals:** We oppose permitting companies subject to Rule 14a-11 to exclude shareholder proposals that they otherwise would be required to include. We believe the shareholder proposal rule 14a-8 is an important conduit for opening dialogue between management and shareholders on key ESG policy issues that have significant consequences for long-term shareholder value as well as society.

We feel there is a strong case for proxy access based on the issues of equity, good governance, transparency and accountability. Proxy access is a matter of fair corporate suffrage, necessary and appropriate for the protection of investors and the greater public good. Therefore, we strongly favor the SEC's approach to proxy access and appreciate the opportunity to express our views on this matter.

Sincerely,

Patricia A Daly, OP
 Executive Director
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