Dear Ms. Murphy

Shareholder Proposal Relating to Rights of Shareholders to Nominate Directors
(File No 57-10-09)

I am writing on behalf of Governance for Owners (GO), an independent partnership between major financial institutions, shareowners and executives dedicated to adding long-term value for clients by exercising owners’ rights. Based in London, we offer investment management services and stewardship services to institutional global investors on a worldwide scale. Our two main products are the GO European Focus Fund, which invests in European public companies where value can be added through making use of ownership rights and the GO Stewardship Services offers intelligent voting and engagement on quoted companies in Europe, the US, Japan, and South East Asia.

We strongly support the concept of permitting investors to offer nominees for placement on the company’s proxy statement. Indeed, we believe shareholders have a fundamental right to nominate directors. Our experience in global markets highlights the fact that shareholders of US companies do not have as much access to the nomination process as do shareholders in other markets. We recognize that US company shareholders already have the right to make nominations; however, longstanding proxy rules have posed an impediment to the exercise of this right. The proposed rule amendments would make it easier and less expensive for US company shareholders to nominate directors, and we look forward to their prompt adoption.

We are mindful that recent developments in proxy rules and state law have given shareholders a greater voice in the nomination and election process. We believe the full impact of these developments will be significant and, combined with effective proxy access, will ensure shareholder input, director accountability and long-term corporate performance.

In previous letters to the Commission, we have strongly supported the adoption of majority vote requirements for director elections. We have also supported the concept of permitting shareholders to nominate directors at those companies that do not have majority vote requirements. We are pleased to note that over 70% of S&P 500 companies have adopted such requirements. We believe majority vote requirements are a powerful tool to increase shareholder influence, improve director accountability and enhance the quality of engagement between shareholder and management. It is our hope and expectation that majority vote requirements will ultimately serve to minimize the need for confrontational actions such as nomination of dissident directors.
We are encouraged also by the Commission’s recent approval of the amendment to NYSE Rule 452 which prevents brokers from voting uninstructed ballots on director election. We believe this will strengthen the impact of majority voting and help to ensure that shareholders have a direct and meaningful influence in the director election process.

In light of these very promising developments – increasing adoption of majority vote requirements and a ban on broker voting for director elections – we offer the following comments on the proposed amendments to facilitate the rights of shareholders to nominate directors.

Including Nominees in the Company’s Proxy Materials
We support the concept of proxy access and the proposed new Rule 14a-11 which would allow shareholders, under certain circumstances, to include a nominee or nominees for director in company proxy materials. The Commission has made several previous attempts to provide for “proxy access.” This particular proposal appears to be less complex than the others, and we urge you to keep it as simple as possible.

We understand the SEC’s desire to impose an ownership threshold for shareholders to submit a nomination, and believe it should represent an appropriate hurdle sufficient to prevent frivolous submissions. However, we believe that the ownership threshold should be the only restriction applied to a shareholder proposing the nomination of a director. Additional restrictions would be onerous and would undermine the intent of the rule amendment. Our concerns about potential abuse of proxy access are mitigated by our recognition that nominees who are not acceptable to the main body of shareholders will not attract the majority vote required to be elected to the board and those successfully elected, even if perceived to have affiliations with a certain category of shareholders, will have a legal fiduciary responsibility to the company and thus to act in the interests of all shareholders.

The proposed ownership threshold appears to be reasonable, and we expect the Commission will have an opportunity to review it after several years experience. Our experience in Europe suggests that there is no optimal ownership hurdle. Across the various markets the ownership requirement to propose resolutions has varied from, for example, 1 share in Scandinavian markets through to 20% of issued share capital in Belgium. With the implementation of the Shareholder Rights Directive the common maximum hurdle will be 5%, although Member States will be able to set lower ownership hurdles. We are aware of only a handful of cases where a dissident shareholder nominee has been appointed to the board. In our experience, the relative ease of nominating directors encourages boards to engage with shareholders where board composition or performance is an issue. That said, in some European markets, most notably Sweden and Italy, shareholders have an active role in the nomination of directors. In the former, this is through nomination committees comprised of major investors; in the latter, through the mechanism of the shareholder nominated slate of directors from which at least one member of the board must be drawn. In both cases it seems to us that shareholders take due care in making their nominations, aware of their own fiduciary responsibilities.
Allowing Shareholders Proposals

We strongly support the proposed amendment to Rule 14a-8(i)(8) which would narrow the "election exclusion" and allow more shareholder proposals regarding elections to be included in proxy materials. We believe this amendment, combined with new Rule 14a-11, would facilitate shareholder rights to nominate directors and would promote a nomination and election process that is fair and appropriate to the circumstances of a particular company. We urge the Commission to adopt both amendments promptly so as to be effective for the 2010 proxy season.

It is important that the proposed amendment allow only those proposals that would enhance the rights provided to shareholders in new Rule 14a-11. Rule 14a-11 should establish a minimum standard to facilitate shareholders’ ability to nominate and elect directors. Rule 14a-8(i)(8) should enable shareholders at particular companies to adopt standards that include lower thresholds and easier access to the proxy.

The proposed amendment would allow shareholders to determine the nomination process that best meets their needs. Companies have varying ownership bases and board composition and are at varying stages of their life cycle. It follows that the most effective means for shareholder input will vary. We also maintain that shareholders are most likely to seek recourse in the nomination process when they are dissatisfied with their company’s performance and believe that the problem lies with the board. Such circumstances will also be unique, and thus may require a unique response.

Shareholder proposals regarding elections could reasonably take many forms, and the proxy rule should not be overly restrictive. Eligibility requirements should be consistent with those for other shareholder proposals.

We believe adoption of the two proposed rule amendments would facilitate the exercise of shareholders’ ultimate right to nominate and elect directors who represent and promote their interests. These amendments will empower shareholders in the nomination process and provide for meaningful shareholder input, enhance director accountability, and promote the long-term performance of the company. They are practical, meaningful and can be implemented immediately. We offer our strong support.

We would be eager to participate in any roundtable discussions you may schedule, and look forward to hearing from you. I can be reached by phone at +44(0)20 7614 4750 or by e-mail at p.butler@g4owners.com. Linda Scott, who is our partner based in New York is also available to participate and can be reached by phone at 212-942-4150 or by e-mail at l.scott@g4owners.com.

Yours Sincerely,

Peter Butler
Founder Partner and Chief Executive Officer