

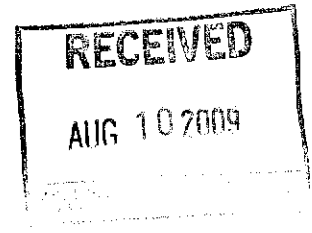
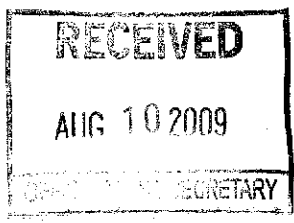


STATE OF INDIANA
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COMMITTEES:
Small Business and Economic Development
Ways and Means

August 3, 2009



Ms. Elizabeth M. Murphy
Secretary
Securities & Exchange Commission
100 F Street, NE
Washington, DC 20549

Re: File Number S7-10-09

Dear Ms. Murphy:

I write to you today to voice my concern over the SEC's proposed changes to current shareholder proxy rules. As a member of the Small Business and Economic Development Commission of the Indiana House of Representatives, I feel that the proposed rules present a variety of problems for companies and amount to an unnecessary encroachment on state corporate governance laws.

These proposed rule changes would effectively give shareholders the power to nominate board members and would require companies to notify shareholders of this newly granted right. Under this system, board members would no longer be nominated based upon their experience and expertise in the business community, but instead would be selected based on political or ideological positions. There would be no requirements in place to ensure that board nominees would be qualified to hold these important company positions. Instead, a narrowly-focused interest group would nominate directors to the board, resulting in politicized elections that would simply turn into proxy contests.

Additionally, these changes would disrupt the balance that has been struck between federal and state oversight of corporate governance. The federal government has historically left such issues to the purview of state legislators. This rule would effectively impose a one-size-fits-all approach to corporate governance upon state governments.

The Sarbanes-Oxley Act has addressed many of the problems that previously existed within the corporate structure. Corporate boards are now much more accountable to their shareholders. I feel that these proposed proxy rule changes would be extremely disruptive to our corporate citizens at a time when the economy can ill-afford more volatility.

Thank you for your attention to this issue.

Sincerely,

Tom Dermody
Indiana House of Representatives, District 20