

August 17, 2009

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

Re: Proposed Rule facilitating Shareholder Director Nominations (File No. S7-10-09)

Dear Ms. Murphy:

As an institutional investor with more than \$775 billion in assets under management, Capital Research and Management Company (“CRMC”)¹ appreciates the opportunity to provide our views on the U.S. Securities and Exchange Commission’s (“Commission”) proposal to facilitate the ability of shareholders to nominate directors. As long-term investors actively engaged in voting proxies in the interest of our funds’ shareholders, we support a process which allows for meaningful director elections, particularly in cases where corporate boards historically have been unresponsive to investor concerns. However, we also support the position taken by the Investment Company Institute, which recommends excluding investment companies from the current proposal due to their unique board structures and characteristics.

We believe that long-term shareholders with a significant ownership position have a reasonable interest in having a means to voice opinions and concerns regarding a company’s corporate governance. An appropriately prescribed process for shareholders to submit director nominees and related bylaw amendments could be effective tools for helping to create long-term value.

Our comments focus on two key features of the current proposals: ownership thresholds and bylaw amendments. As we indicated in our comment letter to a similar proposal in 2007, we would like to see the ownership threshold implemented at a higher minimum level than contemplated in the current proposal.

¹ CRMC serves as the investment adviser to the 30 American Funds, as well as American Funds Insurance Series, the underlying investment vehicle for certain variable insurance contracts; American Funds Target Date Retirement Series, which is available through tax-deferred retirement plans and IRAs; and Endowments, which is composed of two portfolios and is available to certain nonprofit organizations.

Ownership Thresholds

We generally agree with the tiered ownership requirement outlined in the current proposal. However, we feel that the 1%, 3% and 5% ownership levels do not adequately align the interests of shareholder proponents with those of long-term investors. We would like a threshold sufficiently high to avoid nuisance proposals from shareholders seeking to pursue a narrow, self-interested agenda, and to promote proposals from those interested in pursuing the broad aim of shareholder value. Low ownership requirements increase the odds of nuisance, and higher ownership requirements increase the odds of alignment with all shareholders. Alternately, we recommend that the Commission consider 5%, 8% and 10% ownership thresholds, depending on a company's market capitalization. These levels should provide sufficient protections against the objectives of a single shareholder, which may be inconsistent with a company's long-term operating goals.

Bylaw Amendments

We believe that amendments to Rule 14a-8 should be consistent with those proposed by the Commission with respect to Rule 14a-11. As such, they should not make it easy for proponents, who may have objectives that are inconsistent with a company's other shareholders, to submit bylaw proposals concerning the election of board members. As proposed, we feel that the threshold of \$2,000 in market value, or 1%, of a company's securities, is too low. In order to align the interests of shareholder proponents with those of long-term shareholders, we suggest that the Commission require that shareholders must own at least 5% to be allowed to submit bylaw amendments regarding director nomination procedures. Additionally, we would like to encourage the Commission to consider a more significant holding period than the current one year proposal. The duration of a bylaw amendment is a concern, since it would impact the governance and director election process going forward. Unlike director elections that must be held on a regular basis, bylaw amendments occur infrequently. The opportunity for companies to reverse problems that may arise from ill-conceived amendments would not be readily available, and a longer holding period would more likely guarantee bylaw changes that promote long-term shareholder value.

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We appreciate the opportunity to comment on this important regulatory initiative. Please feel free to contact us if you have any questions regarding our comments.

Sincerely,

A handwritten signature in cursive script that reads "Anne T. Chapman".

Anne T. Chapman
Vice President – Fund Business Management Group

A handwritten signature in cursive script that reads "Chad L. Norton".

Chad L. Norton
Vice President – Fund Business Management Group