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August 17, 2010

The Honorable Mary L. Schapiro, Chairman
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Re: Proposed Proxy Disclosure Rules (Release Nos. 33-9046; 34-60089)

Dear Chairman Schapiro,

CalPERS joined a number of U.S. public pension funds on the attached letter urging the Commission to adopt an ownership threshold no higher than 3% and holding period requirement of not more than two years. We are writing today to convey that the undersigned funds representing many of the largest international funds also support the following viewpoints on the Commission's proposed rules entitled, "Facilitating Shareholder Director Nominations":

1. A shareholder's, or group of shareholders, right to make nominations to the board of directors is one of the most important rights given to the owners of a company. Federal proxy rules promulgated by the Commission should give effect to this right through required disclosures in proxy materials.
2. For companies with net assets over \$75 million, the Commission should adopt an ownership threshold no higher than 3%. A higher level would thwart an underlying goal of institutional investors – effectuating the ability of shareholders to hold boards accountable through the exercise of their fundamental right to nominate and elect members to company boards of directors.
3. The proposed one year holding requirement is adequate to effectively limit use of Rule 14a-11 to long-term shareholders. Should the Commission believe it necessary to extend the holding period beyond one year then such extension should not exceed two years.

Sincerely,

*APG All Pensions Group
Aviva Investors
Co-operative Asset Management
Hermes Asset Management
RAILPEN Investments*

*Australian Council of Superannuation Investors
California Public Employees' Retirement System
F&C Asset Management
PGGM Investments
Universities Superannuation Scheme*

cc: Commissioner Luis A. Aguilar
Commissioner Kathleen L. Casey
Commissioner Troy A. Paredes
Commissioner Elisse B. Walter

August 12, 2010

The Honorable Mary L. Schapiro, Chairman
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Dear Madam Chair,

Re: Proposed Proxy Disclosure Rules (Release Nos. 33-9046; 34-60089)

The undersigned funds (Funds) are writing to express our views on the Commission's proposed rules entitled, "Facilitating Shareholder Director Nominations." We are concerned about recent press reports indicating the Commission is considering a more arduous requirement, namely a three percent ownership threshold with a three year holding period. We urge the Commission to adopt an ownership threshold no higher than 3% and a holding period requirement of not more than two years.

A shareholder's, or group of shareholders', right to make nominations to the board of directors is one of the most important rights given to the owners of a company. "The right of a shareholder to vote for directors who are to manage the corporate affairs is a 'valuable and vested property right' representing one of the most important rights incident to stock ownership ..."¹ This right – as authorized under state law – is crucial to ensuring fair director elections and director accountability to the owners of the company. Each of the undersigned funds believes that the federal proxy rules promulgated by the Commission should give effect to this right through required disclosures in proxy materials.

Specifically, we are writing to express our common view on the following matters.

Ownership Thresholds

For companies with a market capitalization over \$75 million, the Commission should adopt an ownership threshold no higher than 3%. A higher level would thwart an underlying goal of institutional investors – effectuating the ability of shareholders to hold boards accountable through the exercise of their fundamental right to nominate and elect members to company boards of directors. Investor protection will not be served if significant, long-term owners, like our funds, are effectively precluded from making use of the rule, however pressing the need to address corporate failure.

¹ *Smith v. Orange & Rockland Utilities, Inc.*, 617 N.Y.S.2d 278, 279-280 (1994)

Honorable Mary L. Schapiro

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To give just one example, the twenty largest public pension funds on the share register of Goldman Sachs hold in combination just 2.88 percent of the common stock of the company. Directors will continue to lose sight of their roles and their accountability to shareholders will remain sorely lacking if the right to make board nominations is rendered ineffective due to ownership thresholds being set too high.

Holding Periods

The proposed one year holding requirement is adequate to effectively limit use of Rule 14a-11 to long-term shareholders. Should the Commission believe it necessary to extend the holding period beyond one year then such extension should not exceed two years. Extending the holding period will inherently result in complexities associated with calculating consistent ownership thresholds, significantly reduce the number of eligible securities and generally disenfranchise shareholders from the very purpose of the rule.

For example, CalPERS conducted research based on its domestic index portfolio, a portfolio that held some 2,322 securities at the June 2010 month end. Of these securities, 2,035 were held one year earlier and 1,570 were held three years earlier. These numbers demonstrate that even for a large, stable index portfolio there can be significant changes in the securities membership roster by extending the holding period requirement from one to three years.

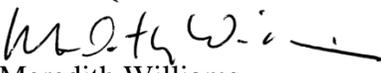
Furthermore, the complexity with calculating consistent ownership thresholds over a longer holding period is unnecessarily problematic and costly. A two year holding period strikes a reasonable balance between access to the proxy by long-term shareholders and guards against abuse of this rule by short-term players.

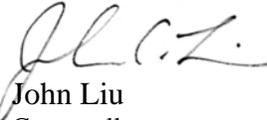
We applaud the Commission for its attention to this matter and look forward to your final rule.

Thank you for your consideration. Please do not hesitate to contact us if you have any questions.

Sincerely,

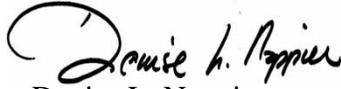

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cc: Commissioner Luis A. Aguilar
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