



August 11, 2009

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

RE: Facilitating Director Nominations (File Number S7-10-09)

Dear Ms. Murphy:

The State of Wisconsin Investment Board (SWIB) is responsible for investing over \$63 billion in assets for over 557,000 retirement system participants. Returns on investment cover approximately two-thirds of the benefit payments made to our participants. As a large institutional investor, with significant financial interest in the U.S. marketplace, we believe strongly that board directors, collectively and individually, are fiduciaries and ought to be accountable to all shareholders. For this to occur, shareholders need the tools to affect the composition of the board.

The recent economic crisis has further highlighted the need for enhanced accountability of boards for their stewardship responsibilities. Because of the often costly and complicated process that shareholders must follow to propose an alternate candidate, investors are discouraged from undertaking necessary steps to hold management and boards accountable and enhancing long-term shareholder value.

SWIB agrees with the Commission's proposed rule. The need for improved shareholder rights to aid in improving U.S. financial markets and restoring investor confidence was stressed in a recently published report from the Investors' Working Group, an independent taskforce sponsored by the CFA Institute Centre for Financial Market Integrity and the Council of Institutional Investors:

*"The financial crisis represents a massive breakdown in oversight at many levels, including at corporate boards. Investors need better tools to hold directors accountable so they will be motivated to challenge executives who pursue excessively risky strategies. Measures to make it easier for shareowners to nominate and elect directors are a good place to start."*¹

Specifically, SWIB supports:

- A broad application of the proposed rule to all companies. Further, SWIB opposes any delay in implementation or triggering events that might complicate whether the shareholder nomination provisions apply.

- Enactment of the proposed amendment to Rule 14a-8(i)(8) to allow shareholders to propose matters that relate to the director election process, in addition to, and not as a substitute for, a mandatory uniform federal rule (14a-11).
- Further clarification of how the Commission will compute the eligibility threshold, based on the percentage of securities owned, in order to address common fluctuations in ownership resulting from rebalancing, share lending, and other routine investment activities. SWIB supports counting shares on loan as holdings for purposes of eligibility to ensure that investors with long-term economic interests maintain their appropriate level of voting power.
- Limits on the ability of a shareowner or group to unseat an entire board or facilitate a change in control. However, SWIB believes any maximum percentage limiting the number of nominations should ensure that shareowners can nominate at least two candidates in all cases.
- Beneficial ownership size as the basis for which nominees are included in the company proxy materials. SWIB opposes the first-in approach which bases nomination on the first shareowner to file.

Part of the rationale for allowing shareholders to nominate directors can be supported by practices already present in the global marketplace. For example, in many European countries, shareholders can nominate and remove directors. In practice, this happens rarely because Boards that wish to maintain good relations make real efforts to engage on issues that otherwise lead to shareholder dissent. The U.S. financial markets would benefit from improved company and shareholder engagement.

SWIB welcomes this SEC initiative and believes its adoption would be one of the most significant investor reforms in decades. SWIB encourages the SEC to develop rules that are simple yet balance the ease of access with a minimization of opportunity for unproductive nominations. SWIB applauds the SEC for its leadership in this effort.

Sincerely,



Keith Bozarth
Executive Director
State of Wisconsin Investment Board

¹ A Report by the Investors' Working Group, U.S. Financial Regulatory Reform, The Investors' Perspective 23 (July 2009).