



October 20, 2010

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

RE: Concept Release on the U.S. Proxy System (File Number S7-14-10)

Dear Ms. Murphy:

The State of Wisconsin Investment Board (SWIB) is responsible for investing over \$78 billion in assets for more than 557,000 retirement system participants. As a large institutional investor, with significant financial interest in the U.S. marketplace, we view our right to vote proxies as a fiduciary obligation and as an asset of the trust funds. SWIB is thoughtful about the development of its own custom proxy voting guidelines. Our Board of Trustees reviews and approves voting guidelines and internal staff analyzes proxies and votes according to the guidelines. However, without the ability to know that our vote was actually cast correctly and for the appropriate number of shares, our governance efforts as well as our shareholder rights are greatly diminished.

In response to your request for comments regarding the concept release, SWIB would like to emphasize three areas of concern:

Accuracy, Transparency and Efficiency of the Proxy Voting System

The current system to vote proxies is complex and presents particular challenges for the confirmation of votes. SWIB has analyzed the accuracy, transparency and efficiency of the proxy voting system in great depth. Currently, SWIB is able to reconcile its votes through the system until the votes reach the tabulator. Once the tabulator receives the ballot there is no affirmation or reconciliation of the ballot. Additional transparency required of the tabulator would correct this deficiency.

The concept discusses situations where too many or too few votes are submitted to the tabulator by brokers or nominees due to stock loans and trade fails. SWIB supports reconciliation to ensure the allocation of vote adjustments is performed accurately. This might be addressed with the requirement that the tabulator disclose vote tallies and reconcile them back to the entity which submitted them. This would further allow for the entity, typically a custodian bank or broker, to affirm that the correct votes were cast for the proper number of shares.

Many investors such as SWIB take advantage of securities lending to enhance portfolio returns. Since the right to vote transfers to the borrower when lending, SWIB must recall securities in order to vote them. The concept properly calls attention to the challenges institutions face

regarding whether to recall the securities for voting or continue earning lending income on the shares on loan. Having companies disclose record dates and proxy statements as far in advance of the record date as possible would be helpful in making this decision.

Communications with Shareholders and Shareholder Participation in Voting

SWIB is designated as an Objecting Beneficial Owner (OBO). SWIB chose this designation because it prevents other investors and the general public from viewing SWIB's daily holdings and limits the potential for other investors to front run SWIB's trading strategies or reverse engineer its tactics which could result in an adverse impact on the trust funds. For this reason, SWIB is not in favor of changing its private status.

Federal regulations already require certain shareholders such as SWIB to file ownership positions with the SEC on a quarterly basis. This provides transparency for companies at these points in time.

SWIB understands the interest companies have in more directly communicating with their shareowners, especially retail investors. However, it is imperative that any changes to the current structure include provisions that protect investors' trading strategies.

Relationship between Voting Power and Economics

As companies adopt majority voting and other shareholder rights are strengthened through the implementation of the Dodd-Frank legislation, the alignment of voting power with economic interest is becoming more important. Because the number and complexity of techniques to obtain voting rights without economic interest (empty voting) has increased with the use of securities lending, swaps, credit derivatives, and options, SWIB applauds the SEC for looking more closely at these situations and identifying ways to limit the potential for a negative impact on investment markets.

Empty voting situations may not always be contrary to the interests of shareholders or for the purpose of influencing voting. For example, SWIB may trigger an empty voting situation if it sells its shares after record date but before the annual meeting, or when it participates in hedging strategies for the sole purpose of reducing risk. However, SWIB supports limiting the use of empty voting for the purpose of influencing or controlling the outcome of a vote. At a minimum, enhanced transparency would allow investors and companies to be more aware of empty voting strategies and therefore better able to respond.

SWIB commends the Commission for their leadership in analyzing the mechanics of the proxy voting system and appreciates the opportunity to comment. SWIB looks forward to subsequent rule-making that will create a stronger, more efficient system for shareowners and public companies.

Sincerely,



Keith Bozarth
Executive Director
State of Wisconsin Investment Board