

Egan-Jones Ratings Company

February 9, 2011

Elizabeth M. Murphy, Secretary
U.S. 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:

Thank you for the opportunity to comment on the above referenced concept release

Egan-Jones is a Nationally Recognized Statistical Rating Organization and is also a proxy advisory firm. We provide analyses and recommendations to our institution-only client base regarding matters presented for shareholder vote. Egan-Jones also serves as voting agent for a certain subset of those clients, voting as such clients direct. Egan-Jones is paid by institutional investors only and does not provide corporate governance consulting services to issuers.

I write in response to your concept release requesting comments on the U.S. Proxy System, specifically, Part V (A) of that release. On page 118, the release requests comments on the manner in which proxy advisory firms might address the possibility of making voting recommendations based upon materially inaccurate or incomplete data or providing analysis which is materially inaccurate or incomplete. The release refers to the desire of some issuers to review drafts of proxy advisory firm reports. Because of our belief in the importance of independence in our proxy services, we strongly believe that we should not contact issuers in advance of publishing a proxy research report as we believe it would risk compromising our independence. We currently have a mechanism in place so that if we are informed or become aware of an error, we publish a corrected report.

On page 119, the release refers to concerns voiced by unspecified commentators "...that proxy advisory firms may base their recommendation on one-size-fits-all governance approach." At Egan-Jones our voting guidelines are just that – guidelines. We use judgment in considering the applicability of those guidelines to the cases of individual issuers. However, an institutional investor understandably may ordinarily want consistency in the way it votes on certain matters across numerous issuers. We disagree strongly with the perjorative description "one-size-fits-all" applied by such commentators. Such appellation does not do justice to our intellectual and individual process.

We appreciate your time in reviewing the foregoing and ask that during the review and rulemaking process which you are seeking to undertake you also include industry-accepted small firm considerations with respect to the implementation, requirements, costs and compliance changes inherent in new rulemaking.

Very truly yours,

Kent S. Hughes
Managing Director