



CENTER FOR CAPITAL MARKETS
COMPETITIVENESS

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March 21, 2013

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

RE: Concept Release on the U.S. Proxy System, File Number S7-14-10, RIN 3235-AK43

Dear Ms. Murphy:

The U.S. Chamber of Commerce (“Chamber”) is the world’s largest business federation, representing more than 3 million businesses and organizations of every size, sector, and region. The Chamber created the Center for Capital Markets Competitiveness (“CCMC”) to promote a modern and effective regulatory structure for capital markets to fully function in a 21st century economy. It is an important priority of the CCMC to advance an effective and transparent corporate governance system that encourages shareholder communication and participation.

As part of our longstanding efforts to bring greater transparency and accountability to the corporate governance system, the CCMC has developed the attached [*Best Practices and Core Principles for the Development, Dispensation and Receipt of Proxy Advice*](#), which we hereby place in the public comment file. At their core, these principles seek to address the lack of transparency and accountability of proxy advisory firms, which have failed to keep pace with positive advancements that have been made by other stakeholders in the corporate governance system.

These best practices and core principles seek to improve corporate governance by ensuring that proxy advisory firms:

- **Are free of conflicts of interest that could influence vote recommendations;**

- **Ensure that reports are factually correct and establish a fair and reasonable process for correcting errors;**
- **Produce vote recommendations and policy standards that are supported by data driven procedures and methodologies that tie recommendations to shareholder value;**
- **Allow for a robust dialogue between proxy advisory firms and stakeholders when developing policy standards and vote recommendations;**
- **Provide vote recommendations to reflect the individual condition, status and structure for each company and not employ one-size-fits all voting advice; and**
- **Provide for communication with public companies to prevent factual errors and better understand the facts surrounding the financial condition and governance of a company.**

While we believe the corporate governance system is seriously flawed as a result of the issues discussed above, we do not believe more regulation is the answer. Instead, the CCMC believes that government should encourage public companies, investors, and proxy advisory firms to engage in a dialogue to create a system that brings transparency and accountability to proxy advisory firms. This dialogue should build on other positive trends in the proxy system including greater communication between companies and shareholders, and enhanced due diligence by asset managers in executing shareholder votes.

We hope that the SEC will support our efforts to ensure transparency, accountability, and fairness in proxy advisory firms' role in corporate elections and consideration of shareholder proposals and encourage all stakeholders to participate in this endeavor. We look forward to working with you on this important issue.

Sincerely,

A handwritten signature in black ink, appearing to read 'TK' followed by a long horizontal flourish.

Tom Quaadman