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Economic Roundtable  
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#### Via Electronic Filing

October 13, 2010

Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, DC 20549-1090

Re: Concept Release on the U.S. Proxy System  
File Number S7-14-10  
Release Nos. 34-62495; IA-3052; IC-29340

Dear Ms. Murphy:

The InterOrganization Network (ION) respectfully submits this letter in response to the SEC's request for comments on the substance of its July 20 Concept Release on the U.S. Proxy System. ION is pleased to have the opportunity to comment on such an important matter.

ION was founded in 2004 for the purpose of increasing the number of women directors on United States public company boards. Because shareowner voting is one of the primary means by which our goal can be achieved, we strongly support the enhancement of the proxy voting process. In particular, we support efforts that help to ensure the proxy system operates with accuracy, reliability, transparency, accountability and integrity and that enhance participation of beneficial owners in the voting process.

Working in collaboration with our fourteen regional member organizations representing some 10,000 business and professional women,<sup>1</sup> ION seeks to increase the number of women corporate directors in three ways. First, we publish research annually benchmarking and tracking the number of women corporate directors and executive officers.<sup>2</sup> Second, we inform and educate women interested in serving as directors about board service and facilitate searches for highly qualified women board candidates. And third, we promote the benefits of corporate board diversity urging companies and their boards lacking a critical mass of women to nominate qualified women as directors and shareowners to vote for them.

<sup>1</sup> Current members are: Board of Directors Network (**Atlanta**), The Board Connection (**Dallas**), The **Boston** Club, CABLE (**Nashville**), The Central Exchange (**Kansas City**), The **Chicago** Network, Financial Women's Association of **New York**, Watermark (**San Francisco**), The Forum of Executive Women (**Philadelphia**), Inforum Center for Leadership (**Detroit**), **Milwaukee** Women inc, Minnesota Executive Women's Roundtable (Minnesota), Network 2000 (**Baltimore**) and Women Executive Leadership (**Florida**). Further information about our member organizations is provided at [www.IONwomen.org](http://www.IONwomen.org) and in *Appendix A*.

<sup>2</sup> The March 2010 ION report is available at [http://www.ionwomen.org/pdf/news/ION\\_2010.pdf](http://www.ionwomen.org/pdf/news/ION_2010.pdf).

Given the vital importance of shareowner voting and communications to our goals, we have carefully reviewed and considered your release and offer the following specific comments organized by the captions in the Concept Release.

### **III. Accuracy, Transparency, and Efficiency of the Voting Process.**

According to the most recent public data, between 70 and 80 percent of shares are owned in “street name,” meaning they are registered in the legal name of third party broker, bank and other custodial intermediaries, rather than in the name of the beneficial owner.<sup>3</sup> While the “street name” system facilitates clearance and settlement, your release discusses many difficulties experienced by both companies and shareowners in using this framework under which the holder of record is not the same as the economic owner. These difficulties also have been identified as problematic in studies published by prominent special interest groups representing both investors and companies.<sup>4</sup> Notably, because only the holder of record may vote under state law, companies cannot send proxy ballots and materials directly to beneficial owners and beneficial owners typically must rely on the intermediary they designate to vote for them. Not only does the framework impede direct communications between companies and shareowners, but it also makes it difficult to know whether votes are counted properly and accurately.

In light of recent regulatory and legislative reforms, together with changes voluntarily adopted by public companies, vesting shareowners with greater authority and responsibility in the governance of U.S. public companies, the SEC should proceed with rulemaking that reforms the proxy voting system. These reforms should provide for greater transparency with respect to how intermediaries record and reconcile votes and how to confirm that votes have been timely received and accurately recorded and tabulated. Also, because mutual funds are used by a significant number of investors and the SEC has stated that fund investors also have a fundamental right to know how their fund companies vote proxies relating to portfolio securities, these proxy reforms should include changes in how mutual funds currently report on proxy voting to fund shareowners. In addition to reporting information on *how* they vote, mutual funds also should report on the extent to which they choose to *not* vote because they have engaged in securities lending.

### **IV. Shareowner Education and Communications.**

Recent changes in proxy voting, including the move to majority voting of directors by many companies and the elimination of broker discretionary voting in uncontested director elections, make it vitally important for retail investors to vote in the election of directors and all other matters important to good corporate governance. Yet, although they own approximately 30% of all U.S. equities directly and as much as 75% of all U.S. equities indirectly through mutual funds, pension funds and other pooled vehicles, voting by retail investors remains very low. To ensure more robust and thoughtful voting by retail investors directly and as beneficial owners, the SEC should take all reasonable steps to ensure that they have better voting information and tools to communicate with other shareowners and with companies about voting issues.

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<sup>3</sup> See Order Granting Approval to Proposed Rule Change Relating to a One-Year Pilot Program for Transmission of Proxy and Other Shareholder Communication, SEC Release No. 34-38406 (Mar. 14, 1997), at n.5.

<sup>4</sup> See Study of the OBO/NOBO System, Alan L. Beller and Janet L. Fisher, with Rebecca Taub, Cleary Gottlieb Steen & Hamilton LLP for the Council of Institutional Investors (February 2010), at <http://www.cii.org/UserFiles/file/CII%20White%20Paper%20-%20The%20OBO-NOBO%20Distinction%20in%20Beneficial%20Ownership%20February%202010.pdf>; see also Discussion Draft on Public Company Proxy Voting Shareholder Communications Coalition (August 4, 2009), at <http://www.shareholdercoalition.com/CoalitionDiscussionDraftAug2009.pdf>

Companies and brokers and other record holder intermediaries should be encouraged to include investor education and voting information on their web sites and to provide links to the SEC's website and other websites that offer resources for making more informed voting decisions. Since proxy advisory firms used by many institutional investors are typically not available to retail investors, the SEC also should encourage the development and use of internet platforms and other technology as an alternative means for investors to access corporate governance expertise, proxy research and information about voting recommendations and voting execution. The SEC also should encourage the use of social media and other electronic forums as a means for shareowners to communicate with one another and with companies about voting issues.

The SEC can enhance the level and quality of shareowner participation in the proxy voting process by taking steps to improve the usefulness of information included in the proxy statement itself and related materials. For example, in the case of the election of directors, the tagging of data about director qualifications, diversity and other criteria used in the director nomination process, will enable shareowners to analyze and compare information across companies and across years informing their decision making in ways not previously available. Data tagging also will provide companies an efficient means for comparing their nominating policies and procedures and the qualifications and diversity of their directors with those of other companies.

### **Conclusion**

ION appreciates the opportunity to offer its views on the important matter of proxy voting and urges the SEC to move forward with proposing new rules designed to improve the accuracy, transparency and efficiency of the voting process, address the weaknesses of the current system identified in its release and better equip investors with the tools they need to make informed voting decisions, including decisions in the important matter of electing directors.

Sincerely,



Charlotte Laurent-Ottomane  
President  
InterOrganization Network  
1231 Highland Avenue  
Fort Washington, PA 19034

cc: The Honorable Mary L. Schapiro, Chairman  
The Honorable Kathleen L. Casey, Commissioner  
The Honorable Elisse B. Walter, Commissioner  
The Honorable Luis A. Aguilar, Commissioner  
The Honorable Troy A. Paredes, Commissioner

Attachments:

*Appendix A (List of ION Members)*

*Attachment A*

## ION Member Organizations



[The Board Connection](http://theboardconnection.org)

[info@theboardconnection.org](mailto:info@theboardconnection.org)

717 N. Harwood Street · Dallas, TX 75201

214-840-2451

The Board Connection (TBC), founded in 2009 in Dallas, Texas, is a nonprofit organization whose purpose is to increase the number of women serving on corporate boards and in the executive suite through programs designed to connect, influence and develop women capable of serving as board members. TBC's membership consists of professional women who have the desire and ability to be serious candidates for corporate board positions.



[Board of Directors Network](http://boarddirectorsnetwork.org)

[info@boarddirectorsnetwork.org](mailto:info@boarddirectorsnetwork.org)

PO Box 550627 · Atlanta, GA 30355

770-489-6689

The Board of Directors Network, founded in 1993 in Atlanta, Georgia, is a research and advisory organization with the mission "to increase the number of women in executive leadership and on corporate boards of directors." BDN is comprised of women and men representing boards of directors, corporations, government agencies, academia, the legal and financial professions, not-for-profit organizations, and the media.



[The Boston Club](#)

[info@thebostonclub.com](mailto:info@thebostonclub.com)

PO Box 1126 · Marblehead, MA 01945

781-639-8002

The Boston Club, founded in 1976, is an organization of more than 500 senior executive and professional women that promotes the advancement of women in business and the professions. It provides personal and professional development programs, conducts research on issues affecting women in business, and works to increase the participation of women on corporate and nonprofit boards.



[CABLE](#)

PO Box 23148 · Nashville, TN 37202

615-269-7489

CABLE is Tennessee's largest and most established network of diverse professionals committed to connecting women and opportunity. With over 500 members and a 30-year history, CABLE meets members where they are and provides them with resources to grow their businesses, build their careers, achieve highest levels of leadership, serve their communities and develop their unique talents and strengths.



[The Central Exchange](http://ellen@centralexchange.org)  
[ellen@centralexchange.org](mailto:ellen@centralexchange.org)

1020 Central Street · Kansas City, Missouri 64105  
816-471-7560

The Central Exchange was formed in 1980 to promote the personal and professional development of women with emphasis on leadership training. It has more than 1,000 members from throughout the Kansas City metropolitan area. The Central Exchange presents personal and professional development programs almost daily at two locations in the area, as well as an annual one-day women's leadership conference and an intensive, one-year development program for emerging women leaders.



[The Chicago Network](http://kbensen@thechicagonetwork.org)  
[kbensen@thechicagonetwork.org](mailto:kbensen@thechicagonetwork.org)

211 East Ontario, Suite 1700 · Chicago, Illinois 60611  
312-787-1979

The Chicago Network, now in its 31st year, is an organization of metropolitan Chicago's most distinguished professional women leaders, committed to the success and advancement of women. The Chicago Network's more than 400 members have leading roles in academia, the arts, corporations, entrepreneurial enterprises, government, law, health, science and medicine, not-for-profit, politics and professional service firms.



[Financial Women's Association of New York](#)

[Fwaoffice@fwa.org](mailto:Fwaoffice@fwa.org)

217 Park Avenue South, Suite 1713 · New York, New York 10003  
212-533-2141

Founded in 1956, the Financial Women's Association (FWA) is a leading executive organization of over 1,000 women and men committed to shaping leaders in business and finance with a special emphasis on the role and development of women in business and in boardrooms. The FWA serves its members through educational programs and networking opportunities, and serves the community through its nationally acclaimed scholarship, mentoring and training programs.



[Watermark](#)

[info@wearewatermark.org](mailto:info@wearewatermark.org)

2475 Hanover Street · Palo Alto, CA 94304  
415-706-0395

Watermark convenes and connects accomplished women leaders in a manner that leads to purposeful, meaningful and enduring relationships and amplifies their collective professional and community impact. Serving more than 400 members throughout the Greater San Francisco Bay Area, Watermark hosts a calendar of inspiring member events, cultivates thought leadership, equips members through pioneering Board Readiness and Inclusion Coalition programs, and offers a personalized Watermark experience through its Concierge Service.



[The Forum of Executive Women](#)

[info@forumofexecutivewomen.com](mailto:info@forumofexecutivewomen.com)

1231 Highland Avenue · Fort Washington, PA 19034

215-628-9944

The Forum of Executive Women, founded in 1977, is a membership organization of more than 350 women of influence in the Greater Philadelphia region, whose members hold top positions in every major segment of the community. As the region's premier women's organization, we actively work to promote our mission to leverage the power of executive women in the Greater Philadelphia region to expand the impact and influence of women leaders.



[Inforum Center for Leadership](#)

[tbarclay@inforummichigan.org](mailto:tbarclay@inforummichigan.org)

Orchestra Place, 3663 Woodward Ave., Suite 4-1610 · Detroit, MI 48201-2403

313-578-3230

Inforum Center for Leadership accelerates careers through unique leadership development programs that allow women to challenge themselves, take risks, and reach the next level. The Center also conducts and publishes research on women's leadership influence in Michigan, and facilitates the placement of women on corporate boards. Inforum (formerly the Women's Economic Club) is one of the largest and most prestigious statewide business forums in the nation, with over 2,000 members from a broad cross-section of Michigan's business community.





[Milwaukee Women inc.](http://www.milwaukee-women.org)  
[info@milwaukee-women.org](mailto:info@milwaukee-women.org)

301 W. Wisconsin Ave. · Milwaukee, WI 53203  
414-903-0117

Milwaukee Women inc, (MWi) founded in 2002, is the collaborative effort of Milwaukee area executive and professional women seeking to accelerate the advancement of women in key leadership roles and in doing so change the face and quality of leadership. Steering committee participants include representatives from Milwaukee's leading women's professional organizations, as well as corporate, nonprofit and academic leaders. MWi strives to accomplish its mission through:

- Research: benchmarking where we are and where we need to go
- Education: educating companies, the media and the community about the importance of women in leadership
- Resources: providing resources for both companies looking to place women on their boards and resources for women interested in serving

[Minnesota Women's Economic Roundtable](http://www.mn-women.org)

430 Oak Grove, Suite 101 · Minneapolis, MN 55403

Minnesota Women's Economic Roundtable is a forum for high-profile women leaders to gain knowledge of cutting-edge economic issues, discuss the implications of the economy on professional and personal lives, and contribute to the formation of economic policies. Membership in MWER is by invitation only and is limited to 110 active women leaders with varying career experiences and diverse personal characteristics, such as age, race and ethnicity. Membership includes women from large and small businesses, government, corporate and the non-profit sector.



[Network 2000](#)

[www.network2000md.org](http://www.network2000md.org)

P.O. Box22765 · Baltimore, MD 21203

410-783-8225

In 1993, a group of Maryland business leaders created Network 2000. Their mission was to assure leadership opportunities for qualified women, increase the number of women serving as directors on corporate Boards of Directors and educate the public on the benefits of having women in decision making positions. Today, its membership of 80 women and men continues to support the founders' mission through mentoring programs, research, community grants and education.



[Women Executive Leadership](#)

[info@womenexecutiveleadership.com](mailto:info@womenexecutiveleadership.com)

1267 Walnut Terrace, SW · Boca Raton, FL 33486

561-395-4581

Women Executive Leadership (WEL) advocates, educates and connects accomplished women. WEL is a not-for-profit organization whose primary purpose is to increase the number of women on corporate boards by recognizing and connecting accomplished women and further expanding their influence within their respective business