



SOCIAL INVESTMENT ORGANIZATION

The Canadian Association for Socially Responsible Investment

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September 17, 2007

Nancy Morris
Secretary, U.S. Securities and Exchange Commission
100 F Street NE
Washington DC 20549-1090
USA

Comment on File Numbers S7-16-07, S7-17-07

Dear Secretary Morris:

I am writing on behalf of the Social Investment Organization, the association for socially responsible investment in Canada. Our members include asset managers, fund companies, financial institutions, financial advisors and investment consultants with investments in Canada, the United States and around the world. Our members serve more than half a million investors and depositors in Canada.

I am writing to express our grave concern with the SEC proposals contained in File Numbers S7-16-07 and SF-17-07, which propose amendments to SEC rules concerning shareholder proposals and electronic shareholder communications.

Our members believe that investors have a serious responsibility to be engaged and informed. Therefore, we strongly oppose the SEC's proposals to eliminate the shareholder resolution process and to make it more difficult to sponsor resolutions. We believe that SEC approval of these proposals would not only diminish the rights of US and international investors in US companies, but that they would also set a dangerous precedent for securities regulators in other countries, thereby jeopardizing shareholder rights globally.

1. THE OPT-OUT OPTION

The SEC asks for comments on the right of a company to "opt-out" of the shareholder resolution process either by seeking a vote of the shareholders to give them that authority OR, if empowered under State law, to have the Board vote to opt-out of receiving advisory resolutions. We strongly oppose either option. Such an opt-out option would provide unresponsive companies with poor investor communications an opportunity to eliminate an important vehicle of investor accountability. Advisory resolutions act as an important means of holding unresponsive companies accountable.

2. THE ELECTRONIC PETITION MODEL OR "CHAT ROOM"

The release also asks "Should the Commission adopt a provision to enable companies to follow an electronic petition model for non-binding shareholder proposals in lieu of 14a-8?" This question builds on the SEC Roundtable discussion of "electronic chat rooms."

We strongly oppose this proposed change. Shareholder proposals, as presently structured, permit investors an opportunity to raise matters of concern with corporate management, assuring that the Board focus on the issue in question. Replacing this valuable process with an untested internet form of communication would seriously diminish investor rights to hold management and Boards accountable on particular issues.

3. RESUBMISSION THRESHOLDS

In its release, the Commission also asks for comments on the resubmission thresholds for shareholder resolutions, which presently stand at 3%, 6% and 10% vote levels for resubmitting resolutions. The SEC asks if a new threshold should be raised to a 10%, 15% and 20% level. Raising the resubmission threshold makes it harder for investors to present proposals for a vote, thus further insulating company management from a reasonable tool of accountability. It must be understood that the shareholder resolution structure is a valuable process that acts as an early warning to management and Boards on issues of concern. Raising resubmission thresholds would make it much more difficult for investors to continue to raise material issues of concern to corporate shareholders, management and Boards. We strongly oppose the proposal.

Finally we wish to comment on the two "access" proposals submitted by the Commission for comment. The first would disallow shareholder resolutions allowing investors to nominate Director candidates for a vote by shareholders. The second sets up a detailed and onerous process for nominations but requires investors with 5% of the combined shares to propose the nomination. This share level makes the actual ability to utilize this right virtually impossible resulting in a "non access proposal." We support the right of investors to nominate board members using the proxy process and urge the SEC to have a reasonable level of shares required for the nomination process.

In conclusion, we want to indicate to you that we strongly support the submissions on this issue by the Social Investment Forum and its members on this matter. We believe these are critical issues of shareholder rights by investors in the United States, and around the world.

Sincerely,

A handwritten signature in blue ink, appearing to read "E. Ellmen".

Eugene Ellmen
Executive Director