



*Serving Socially and Environmentally
Conscious Investors Nationwide*

September 24, 2007

Nancy Morris
Secretary, U.S. Securities and Exchange Commission
Comment on File Number S7-16-07

Dear Ms. Morris:

We are taking this opportunity to submit this formal comment on the proposed amendments to the Rules under the Securities and Exchange Act of 1934. This release addresses shareholder proposals, electronic shareholder communications, and access to the proxy for the nomination of directors.

With over \$670 million in assets under management, First Affirmative specializes in serving socially conscious individual and institutional investors. We work with financial advisors and clients throughout the country who share concerns about corporate governance and who want their voices heard. Many seek out our investment services because we are able to place client assets in mutual funds or with third party money managers involved in the shareholder resolution process, a process many consider a critically important component of owning shares of U.S. companies.

SHAREHOLDER PROPOSALS

Non-binding and advisory resolutions are a critical format through which shareholders can voice their concerns directly to corporate board members. Removing this right and replacing it with an online discussion forum represents an unacceptable watering down of the shareholder advocacy process.

In the last few decades, shareholder resolutions have had a clear and profound impact on decision making in corporate board rooms. The right of shareholders to cast proxy votes on these items is another critical communication link between shareholders and board members. This is demonstrated by the fact that between one quarter and one third of resolutions are withdrawn each year because constructive dialogue with the company has resulted in progress acceptable to those who behind the original filing.

The SEC has issued three specific proposals which we believe would infringe on shareholder rights by crippling the resolution process:

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.

Either option would have unacceptable consequences. Companies with the poorest record of investor communications would be most likely to opt-out and further isolate themselves from investor scrutiny. Allowing companies to opt-out would also result in an uneven playing field with some companies allowing resolutions and others prohibiting them.

2. The Electronic Petition Model

The release also builds on the SEC Roundtable discussion of electronic chat rooms by asking, “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?”

Our response is a definitive “No.” The current resolution process has already proved successful in assuring that the Board focus on the issue in question, as it must determine its response to the proposal. In addition, each and every investor receives the proxy and has the opportunity to study the issue. To substitute a chat room or electronic petitions for the valuable fiduciary duty allowed by the current proxy process is irresponsible.

Chat rooms and electronic forums could be additional tools of communication, combined with the existing right to file a resolution through the proxy process. But we cannot support a substitution of electronic forums for shareholder resolutions.

3. Resubmission Thresholds

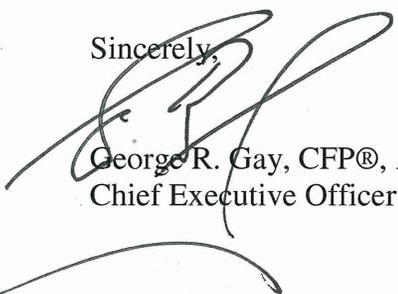
In its release, the Commission also asks for comments on the resubmission thresholds for shareholder resolutions. We strongly oppose proposed changes to raise resubmission thresholds. Raising the resubmitting threshold makes it more difficult for investors to present proposals for a vote, thus further insulating company management from a reasonable tool of accountability. Over the last 40 years, many issues that now receive significant shareholder support started with proposals that received very modest levels of support.

NOMINATION OF DIRECTORS

We also 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. Both of the proposals you are considering would, in effect, ensure that directors will only be nominated by the Board rather than by the shareowners they are obligated to represent. We strongly oppose the prohibition on nominations of directors in the first proposal, and oppose the 5% threshold in the second proposal—5% is simply too high.

We urge the SEC to uphold the right of investors to sponsor resolutions for action at stockholder meetings. The proposals listed in File Number S7-16-07 are contrary to those interests.

Sincerely,



George R. Gay, CFP®, AIF®
Chief Executive Officer