

CENTER FOR CAPITAL MARKETS COMPETITIVENESS

OF THE

UNITED STATES CHAMBER OF COMMERCE

DAVID T. HIRSCHMANN
PRESIDENT AND CHIEF EXECUTIVE OFFICER

1615 H STREET, NW
WASHINGTON, DC 20062-2000
202/463-5609 • 202/955-1152 FAX
david.hirschmann@uschamber.com

November 20, 2009

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

**Re: File No. S7-22-09; Proposed Amendments to the Rules Requiring
Internet Availability of Proxy Materials**

Dear Ms. Murphy,

The U.S. Chamber of Commerce is the world's largest business federation representing over three million companies of every size, sector, and region. The Chamber's Center for Capital Market Competitiveness ("CCMC") works to ensure that our nation's capital markets are the most fair, efficient, and innovative in the world. The CCMC supports the commitment of the U.S. Securities and Exchange Commission ("SEC") to improving the effectiveness of the notice and access model for furnishing proxy materials to shareholders and appreciates the opportunity to comment on the proposed changes.

While we have supported the use of technology to modernize the process for delivering information to shareholders and decrease costs for companies, retail shareholder participation has declined in recent years under the notice and access model. As we have expressed in our recent comments related to shareholder voting, this trend is expected to accelerate due to the recent changes to New York Stock Exchange ("NYSE") Rule 452 eliminating the broker vote for uncontested director elections. We continue to be concerned that a number of changes are being implemented or contemplated to ease the participation of shareholders, but that efforts to increase retail shareholder participation are not being given a similar sense of priority and urgency.

The CCMC supports the proposed amendments to improve the notice and access model, but believes that greater steps need to be immediately taken to educate retail investors and provide them with the tools and resources that will encourage their participation in the corporate voting process. To achieve these goals, we reiterate our support for the SEC to coordinate with the private sector and provide the necessary guidance to implement a client directed voting (“CDV”) model.

I. Proposed changes to the notice and access model

Affording issuers greater latitude in drafting explanatory language on the Notice of Internet Availability of Proxy Materials (“Notice”) will help resolve shareholder confusion about the voting process created by the boilerplate language that is currently used. Allowing issuers to include explanatory materials along with the Notice will help shareholders understand the purpose of the Notice and the important role that shareholders play in corporate voting.

We also encourage the SEC to allow issuers to include a proxy card with the Notice mailing. The current multi-step voting process required under the notice and access model has led to instances of investor confusion. Including a proxy card with the Notice provides shareholders with the one-step voting process they expect as evidenced by attempts to vote with a hand-marked Notice card.

We believe that greater use of web-based communications and proper implementation of the notice and access model will also help raise voting rates. As more issuers use the notice and access model, shareholders will gain experience and familiarity with the voting process ultimately promoting increased voting. To further incentivize issuers to use the notice and access model we suggest reducing the advance notice period from the current 40 day requirement to the 30 day requirement originally proposed in 2005. Allowing issuers more preparation time will encourage them to adopt the notice and access model ultimately strengthening this voting system.

We are opposed to a rule that would suspend issuers who have experienced decreased voter participation from using the notice and access model in the future. It seems incongruous to take such a step when efforts to increase retail shareholder participation have not gotten off the ground. The current notice and access model

provides important benefits both in cost cutting measures and reducing the environmental impact of printing and shipping materials. Issuers have a strong incentive to maximize voting participation and make the system work, especially with the recent changes to Rule 452.

II. Enfranchising retail shareholders by implementing a CDV model

Although the proposed amendments are welcomed adjustments, incremental changes alone are not sufficient to resolve the decline in retail shareholder participation. The combined effects of the notice and access model and the recent changes to Rule 452 have created a vacuum that can only be filled through a robust effort to educate investors on their role in the proxy system and implement enhanced communications tools to enfranchise retail investors in the corporate voting process. By taking a piecemeal approach, serious unintended consequences may occur that can damage proxy voting systems leading to an impairment of communications between shareholders, directors, and management during difficult economic times.

To this end, the CCMC has strongly supported implementation of a CDV model in which investors would be permitted to provide brokers and custodians with standing instructions on matters to be voted on at companies in which they own stock. While the Chamber supports many proposals to boost retail shareholder participation, a CDV model can be implemented quickly. We have been pleased to hear Chairman Schapiro and others comment publicly on CDV as one potential solution to striking a greater balance between retail and institutional representation. However, we remain concerned that the elimination of the broker vote for uncontested director elections was not accompanied by a complementary effort to ensure that the voice of retail shareholders does not diminish further.

While we look forward to engaging in these related efforts, we believe that the implementation of a CDV model can and must follow a separate and accelerated path toward implementation. As we turn the corner into 2010 and a new proxy season, there will be nothing to offset the decrease in retail representation created by the removal of the broker vote for uncontested director elections. We understand that CDV is not a silver bullet solution to address retail shareholder participation. Other examinations currently underway can yield additional ideas for improvement.

Elizabeth M. Murphy
November 20, 2009
Page 4

However, delaying the implementation of this sensible step, even as the SEC has taken repeated steps that have depressed retail shareholder participation, does not make sense.

Retail shareholders should have the same tools and resources as institutional shareholders to participate in the corporate voting process. This is important now more than ever due to the increase in activist shareholders that do not always share the interests of retail shareholders in building long term value in the companies they invest in.

The CCMC is committed to working with the Chamber's diverse membership to expand investor education and help the SEC implement a CDV model. We would be happy to discuss these issues further with you or the appropriate SEC staff.

Sincerely,

A handwritten signature in black ink, reading "David T. Hirschmann". The signature is fluid and cursive, with the first name "David" being more prominent and the last name "Hirschmann" written in a continuous script.

David T. Hirschmann
President and Chief Executive Officer
Center for Capital Markets Competitiveness

cc: The Honorable Mary L. Schapiro, Chairman, U.S. Securities and Exchange
Commission
The Honorable Kathleen L. Casey, Commissioner, U.S. Securities and
Exchange Commission
The Honorable Elisse B. Walter, Commissioner, U.S. Securities and Exchange
Commission
The Honorable Luis A. Aguilar, Commissioner, U.S. Securities and Exchange
Commission
The Honorable Troy A. Paredes, Commissioner, U.S. Securities and Exchange
Commission