

# COUNCIL OF INSTITUTIONAL INVESTORS

Suite 512 • 1730 Rhode Island Avenue, N.W. • Washington, D.C. 20036 • (202) 822-0800 • Fax (202) 822-0801 •

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May 1, 2006  
Nancy M. Morris  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: SR–NASD–2005–080

Dear Ms. Morris:

The Council of Institutional Investors, an association of more than 140 corporate, public and union pension plans responsible for more than \$3 trillion in pension assets, believes that corporate governance structures and practices should protect and enhance accountability to shareowners. As such, the Council supports expanding proxy statement disclosures of fairness opinions to include information about potential conflicts of interest and the quality controls in place for finalizing fairness opinions.

The Council shares the NASD's concerns that investors may not be fully aware of the subjective nature of fairness opinions or the potential conflicts surrounding them. We commend the NASD for its efforts to ensure that the disclosures and procedures concerning the issuance of fairness opinions adequately "inform public shareholders about potential conflicts of interest that exist between the firm rendering the fairness opinion and the issuer." We also agree with the NASD that additional supervisory procedures are needed to give investors the ability to determine the appropriateness of corporate valuations.

The Council believes that the potential for conflicts of interest between firms and issuers of fairness opinions is so significant that disclosure is warranted for any firm—not just NASD registered firms. Consequently, we urge the NYSE and other exchanges to adopt comparable amendments to their rules concerning the issuance of fairness opinions.

The Council supports the NASD's proposal, and asks the SEC to encourage and work with other exchanges to ensure similar rules regarding the issuance of fairness opinions are adopted by all.

Sincerely,



Ann Yerger  
Executive Director

cc: Richard Ketchum, Chief Regulatory Officer, NYSE Regulation, Inc.  
cc: Mary L. Schapiro, Vice Chairman and President, Regulatory Policy & Oversight, NASD