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Ms. Nancy M. Morris, Secretary
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549-0609

**Re: Request for Additional Comment: Investment Company Governance:
File No. S7-03-04**

Dear Ms. Morris:

This letter responds to the Commission's request for additional comment on rule amendments under the Investment Company Act of 1940 that would require some funds to have a board with at least 75 percent independent directors and to have an independent director as chairman.

I currently serve as an independent director of the Mainstay VP Series Fund, Inc. (managed by New York Life Investment Management LLC). I chair its audit committee and the board has designated me as an audit committee financial expert. My academic research concerns the financial literacy of audit committee members.¹

- I support the Commission's proposal to require a larger-than-mere majority of independent directors, but I think the Commission has chosen the wrong number for the cutoff.
- I believe that the choice of whether the chairman is independent, or non-independent—from management—should remain with the independent members of the board.

Board Composition

The SEC's proposal would require that the independent directors of a fund that relies on certain exemptive rules constitute at least 75 percent of the board or, if the fund has only three directors, all but one of the directors must be independent. I believe that the Commission has the right idea—to strengthen the independent directors' control of the board, but the wrong number, which should be, if you are going to use numbers ending in either 0 or 5, 70 percent.

¹ Here is link to Coates, Marais & Weil on Audit Committee Financial Literacy.
http://papers.ssrn.com/sol3/papers.cfm?abstract_id=680281

Consider the arithmetic of number of independent directors required as a function of board size and minimum percentage. Refer to the table below and note that, for board sizes of four through nine, the only difference between the Commission’s proposed 75 percent requirement and my proposed 70 percent requirement occurs for boards of size seven.

	Board Size	75 Percent Req'd		70 Percent Req'd	
		Pure Arithmetic	Number of Independents Required	Pure Arithmetic	Number of Independents Required
	4	3.0	3	2.8	3
	5	3.8	4	3.5	4
	6	4.5	5	4.2	5
Only Difference in Practice	7	5.3	6	4.9	5
	8	6.0	6	5.6	6
	9	6.8	7	6.3	7
	10	7.5	8	7.0	8

The Commission would require boards with seven members to have six independents, while I think that on six-person board, five independents can keep management from running amok or, even, dominating. To put it the other way around, suppose management wants to have two board members. The 75 percent rule implies the board must be of size eight or larger, while a 70 percent rule would allow a board of seven to have two non-independents. My experience teaches me that five of us independents can keep two of them under control; we don’t need six of us.

Independent Chair

Why does the Commission need to require us independents to do something we already have the option to do for ourselves? We independents have had, since the Commission in 2001 required that independents be a majority of the board, the voting power to elect the chairman. If we think a management chairman makes more sense, why does the Commission want to second guess?

I can think of only one reason: the Commission thinks we independents cannot think clearly about, then act in, the best interests of the shareholders. If the Commission thinks that, then it ought to get us off the board.

Don’t require me to do something I can do for myself.

Sincerely,

Roman L. Weil

cc: The Honorable Christopher Cox
 The Honorable Paul S. Atkins
 The Honorable Roel C. Campos
 The Honorable Annette L. Nazareth
 The Honorable Kathleen L. Casey

Andrew J. Donohue, Director
 Robert E. Plaze, Associate Director
 Division of Investment Management
 U.S. Securities and Exchange
 Commission