

PENNSYLVANIA SECURITIES COMMISSION
1400 SPRING GARDEN STREET
SUITE 1100
PHILADELPHIA, PA 19130

VIA-E-MAIL: rule-comments@sec.gov

Nancy M. Morris, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-9303

RE: Proposed Rules Relating to Executive Compensation and Related Party Disclosure - Release Nos. 33-8655 and 34-53185; File No. S7-03-06

Dear Ms. Morris:

I am responding to Release Nos. 33-8655 and 34-53185 in which the Commission solicits comments regarding proposed amendments to the disclosure requirements for executive and director compensation, related party transactions, corporate governance matters and security ownership of officers and directors.

ITEM 407(e)
CORPORATE GOVERNANCE DISCLOSURES
INDEPENDENCE OF COMPENSATION CONSULTANTS

In general, I support the new disclosure requirements for compensation committees. My comments are directed at the independence, or lack of independence, in compensation consultants. A helpful illustration of the problem is the front page *New York Times* article of April 10, 2006.

Compensation consultants should be truly independent of the Corporation and Executives they advise. No other consulting work for the company should be allowed. Any other business ties have the real potential to create conflicts of interest and/or an interlocking justification for any increases in executive compensation. Disclosure of the members of the Compensation Committee who are and are not independent is sufficient. However, the compensation consultants must always be independent. Therefore, the Disclosure and Rule Requirement, contained in proposed Item 407(e) of Regulations S-K and S-B, should be that all compensation consultants for the Compensation Committee of the Board of Directors should be independent.

We appreciate the opportunity to comment to the Commission on the Proposed Rules, and would be pleased to discuss any questions the Commission may have with respect to this letter. Any questions about this letter may be directed to Robert M. Lam, (717-783-4293) or Richard A. Kraemer, (215-560-7002).

Very truly yours,

Robert M. Lam, Acting Chairman
Pennsylvania Securities Commission
Chairman Shareholder Rights Project Group
North American Securities Administrators Association