

ProxyMatters.com
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March 31, 2004

Jonathan G. Katz, Secretary
U.S. Securities and Exchange Commission
450 Fifth Street, NW,
Washington, DC 20549-0609

Email: rule-comments@sec.gov

Re: File No. S7-19-03, Security Holder Director Nominations

Dear Mr. Katz:

Since our inception in January 2004, we have posed the following question to our users:
Are you in favor of the SEC's proposed rules for shareholder nominated directors being included in companies' proxy statements?

Thirty (30) commentaries have been written by registered users on our website pertaining to the proposed rule on security holder director nominations. On behalf of our users, we are enclosing their commentaries below.

“FOR” – twenty-two (22) comments

Shareholders pay for it, so let them write in it!

The playing field is so tilted toward management... why should they have unlimited access to shareholder funds, but no challenger or shareholder has access to these funds?? If shareholders are paying for the proxy materials, they should be able to write things in it. If management wants to pay for the proxy materials and mailing campaign out of their personal checkbooks, then I'm okay with preventing shareholder access.

By: my2centsworth
User Rating: 3.3 out of 5 stars

Monday, February 02, 2004

More power to shareholders, the better

The more power shareholders can assume in the election of the Board of Directors -- our representatives to management -- the better off we will be. Management has always wanted you as a shareholder to vote for their suggestions, but not all of their suggestions are good ones. There needs to be safeguards to ensure that the suggestions are good, and other possible choices in the event they are not. This reform is one step in the right direction toward ensuring better suggestions. If this reform has any flaws, it is that it doesn't go far enough.

By: Anonymous
User Rating: 4.0 out of 5 stars

Wednesday, January 28, 2004

It's time

It's time that shareholders received their due. The playing field has been tilted toward management for so long. This SEC reform tries to correct the imbalance of power.

By: Anonymous
User Rating: 2.9 out of 5 stars

Thursday, January 29, 2004

This is good for shareholders

This will make management more responsive to all shareholder proposals, requests, and demands. We own the companies, so our voice should be heard.

By: Anonymous
User Rating: 3.0 out of 5 stars

Friday, January 23, 2004

Look to California for Real Reform

Yes, I favor the proposal as a foot in the door. However, a much stronger measure has been introduced in California.

AB 2752 would require publicly traded corporations doing business in California to have election procedures meeting specified requirements, such as:

Shareholder eligibility: Corporate election procedures would allow shareholders or groups with more than 2% of the company's stock held for 2 years to nominate directors. This compares with the SEC's proposed requirement of a 5% threshold and without the "triggering" event to stall action.

Soliciting support: Companies would be required to make information available to shareholders no less than once per year regarding all individuals or groups interested in soliciting support to nominate candidates for the board. The notifications required by the corporation will better enable shareholder coalitions to form.

Deadlines and candidate information: Proxy statements shall include 250 word statements provided by director candidates. The proposed SEC rules require far fewer words and contemplates use of shareholder internet sites to convey information.

Candidate limits: Not less than 40% of the total number of directors on the board must be eligible for nomination by shareholders. The SEC proposal limits most companies to 1 or 2 shareholder nominated directors.

Read more at <http://corp.gov.net/news/news.html#News> under the heading "California May Trump SEC's Move Toward Democracy"

By: James McRitchie
User Rating: 5.0 out of 5 stars

Tuesday, February 24, 2004

Not all that glitters is gold...

The proposed rules are intended to create a mechanism for nominees of long-term shareholders, with significant holdings, to be included in proxy materials where evidence suggests that the company has been unresponsive to security holders concerns as they relate to the proxy process. The proposed rules would enable security holders to solicit to form nominating groups to solicit support of their nominees without issuing proxies.

I think this is a good first step, so I support it. However, I recognize that it is exceedingly difficult to determine

"where evidence suggests that the company has been unresponsive to security holders concerns" and which shareholders should be entitled to the privileges.

I also disagree with the independence standards set by the rule, as proposed. Why should a shareholder not nominate a person it likes? Does a minority shareholder have a fiduciary duty to other minority shareholders? If not, why the need for the independence standards.

By: heydock3678
User Rating: 5.0 out of 5 stars

Tuesday, February 24, 2004

No barbarians this time

In the 1980's era of 'greenmail' and the barbarians storming through the gate via hostile takeovers, this reform would have been used improperly. However, investors, markets and corporations have evolved tremendously within the last 20 years, and I don't see this as much of a threat. This reform is the proper step toward improving corporate governance and assisting shareowners remove poor performing boards.

By: trustme
User Rating: 3.6 out of 5 stars

Friday, February 06, 2004

SEC is a dinosaur

It has taken the SEC years to move on this front - that organization is a dinosaur from another era - much better suited to govern security markets in Timbuktu than the thriving US capitalist machine that constantly reinvents itself every few years. If we wait for the SEC to act again, we could all be extinct by that point.

By: Anonymous
User Rating: 4.0 out of 5 stars

Monday, February 16, 2004

Best effort from the SEC

The SEC will never allow more than what is offered in this proposal. Yes, ideally it would be great for shareholders to have unlimited powers in some instances, but that won't happen. In many circles, this proposal is extreme, so investors should embrace it before the chance slips away.

By: femme-bot
User Rating: 3.4 out of 5 stars

Friday, February 20, 2004

Yes!

Definitely yes! How long can we afford to give management the upper hand in selecting our representatives to monitor them?? I would love to select my own boss, but unfortunately for me (and management), you work harder when supervised by someone other than your friends.

By: Anonymous
User Rating: 3.0 out of 5 stars

Friday, January 23, 2004

For reform -- not necessarily this one

Proxy rule reform is needed, and I'm for this simply because if this doesn't go through, we will never see reform. My argument with this package of proposed rules is the triggering events. Why do we need triggers? We own the companies. We should NOT need triggers to have our own candidates placed on the proxy materials that we as shareholders pay for.

By: Anonymous
User Rating: 3.5 out of 5 stars

Monday, January 26, 2004

Allow other candidates on the proxy

If managements' candidates are so strong, why would they be worried about allowing other candidates to be placed on the proxy ballot?

By: Anonymous
User Rating: 3.0 out of 5 stars

Tuesday, February 03, 2004

Take these rights back

Who would be against more rights for shareholders? Shareholders are shareowners who need rights to exercise their control of the companies that they own. Management has usurped these rights for themselves. Shareowners need to take these rights back for themselves.

By: Anonymous
User Rating: 3.6 out of 5 stars

Friday, February 06, 2004

Logic

Of course shareholders should nominate any person they feel has the business savy to protect their investment. Its only logical.

By: Kirby Alexander
User Rating: 3.0 out of 5 stars

Wednesday, February 11, 2004

A question of rights

What right gives management the sole choice in determining nominees on the proxy??

By: Anonymous
User Rating: 3.1 out of 5 stars

Monday, March 08, 2004

Just access!

What are we talking about here?... access. Just access. What's wrong with access?

By: Anonymous
User Rating: 3.3 out of 5 stars

Monday, March 15, 2004

Limited access good

This proposal allows reasonable limited access. Why shouldn't there be limited access to long-term shareholders with large positions?

By: Anonymous
User Rating: 3.7 out of 5 stars

Saturday, February 07, 2004

SEC will not be perfect

Nothing that the SEC is going to propose is ever going to be perfect. This is a step in the right direction and shareholders should be happy with that.

By: Anonymous

Sunday, February 08, 2004

User Rating: 3.0 out of 5 stars

This makes sense

This makes sense with some limits so that the proxy statement doesn't get too large and expensive to produce.

By: Anonymous
User Rating: 2.0 out of 5 stars

Wednesday, January 21, 2004

Screening

This is a healthy process in keeping the board focused. Would recommend that shareholder candidates go through similar screening process that the board's nominating committee would run candidates through.

By: Anonymous
User Rating: 2.0 out of 5 stars

Monday, February 23, 2004

Yes to shareholders

More power to shareholders! Never has it been a bad thing.

By: standiford
User Rating: 2.8 out of 5 stars

Wednesday, March 17, 2004

sections

yes shore i agree with that statements

By: daytek
User Rating: 2.0 out of 5 stars

Tuesday, March 09, 2004

“AGAINST” – eight (8) comments

These reforms will not serve shareholders

Not only are these reforms weak and will not amount to substantial change in corporate governance, but they will probably encourage companies from pursuing more appropriate measures -- now they can hide behind the limited possibilities afforded investors within this proposal.

By: Anonymous
User Rating: 3.6 out of 5 stars

Thursday, January 29, 2004

Letter to the SEC, by Evelyn Y. Davis

Gentlemen and Ladies:

THIS OUTRAGEOUS PROPOSAL CANNOT GO THROUGH. One cannot disenfranchise 95% of the shareholders to benefit 5% of large institutional shareholders who wish to have their SPECIAL interests represented on Boards. It is INCREDULOUS and ABSURD that the SEC is now using a DOUBLE STANDARD. Those hypocrites are SAYING how much they are FOR small shareholders while ACTING otherwise!!! Small shareholders can and WILL be hurt financially and otherwise IF this were to go through. With my forty years of corporate governance experience, and I have been there LONG before those Johnny Come Latelies have shown up in the last few years, I have no choice but to have to AGREE with the

corporations that this WOULD cause disruption to the whole corporate setup. This would only result in SOME (if not many) companies going Private; it would devalue stock prices; it could result in mergers (with SPECIAL interest Directors being able to pass on information to those who nominated them); also it would result in SOME Directors leaving Boards and companies being unable to get qualified Directors.

In a vicious biased article in the Wall Street Journal of July 10, 2003 by Deborah Salomon it stated, "Something measured has to be done to make it possible for significant shareholders who are not simply intrusive and disruptive to be involved in the process," one SEC official said." THIS PERSON, AND HE IS STILL WITH THE SEC, has insulted over 90 million small shareholders.

This DISCRIMINATION and PREJUDICE should not be tolerated. We believe it was the SAME official in the Division of Corporate Finance who made statements in a Teleconference which was sponsored by organizations affiliated with LARGE shareholders, making derogatory remarks about small shareholders who do NOT use word processors, etc. (some do not use word processors for security and intelligence reasons). MOST 90 MILLION of US small shareholders are VOTERS!!!! Just because someone is a SMALL shareholder and VOCAL, therefore he or she is intrusive, and because someone is a rep from a Large Institutional Holder, they are great - come on now - they (the Institutions) are becoming a THREAT instead of a NUISANCE. And why should they get a threshold of just 35% of shares withholding votes for a Director when this is not extended to ALL resolutions and proponents!!! We small shareholders need SUPER MAJORITIES.

The other DANGER is that THIS could be used as a PRECEDENT and that this (whether it is 1, 2, 5 or whatever % rule) COULD be extended to all resolutions, and I have seen THEM trying this many times in the past forty years. What they (the Institutions) are trying to do is nothing more than a PROXY FIGHT for FREE to get THEIR Special interests on the Boards. Also, statistically, MOST Institutional Shareholders are shortterm holders. ONCE they get a Director on a Board they are NOT going to stop (you give someone a finger and they want the whole hand). They can sell their stock soon after a meeting and move on to another company and so forth. As the FIRST LADY of CORPORATE GOVERNANCE (see New York Post, October 3, 2003) I have seen it ALL. These SPECIAL interest Directors do NOT represent the other 95% of small LONG TERM holders; most of those large institutions are in and out traders.

I am asking to be a witness, speaker, panelist, round table speaker or whatever on any hearings, meetings, forums, etc.

Has the SEC ever considered and looked at the possibility of CROSSNOMINATIONS??? Institutions A, B and C could get together and get the required 5% or whatever and nominate as a Director SOMEONE from Institution D with NO financial ties to A, B or C. Then Institutions D, E and F could join forces and nominate as a Director someone from Institution A with whom they have no financial relations, etc. YOU should get the IDEA. SOON they would have several Directors on the Boards of large corporations; yet they could sell their stocks and go on and on and go through the same procedure with other corporations. TO THE DETRIMENT of SMALL LONG TERM SHAREHOLDERS.

Sure I am ANNOYED when companies do not adopt my proposals, when sometimes I get 60, 70 or even 80% plus on shares voting. BUT four (4) companies this year adopted my proposals VOLUNTARILY. If ANY shareholder, large or small, gets OVER 60% of the shares voting for two consecutive years, and IF the Companies STILL do NOT adopt the proposal, THEN such a proposal should become BINDING, BUT without having a Special Interest Director on the Board.

P.S. I know what discrimination is; I AM A HOLOCAUST SURVIVOR.

The hypocrisy and DOUBLE STANDARD has to STOP. NO TWO CLASSES OF SHAREHOLDERS. What a joke when one hears SEC officials and others say how much they are FOR the rights of SMALL LONG TERM STOCKHOLDERS!!!! If this OUTRAGEOUS proposal goes through, it would be a far BIGGER scandal than the mutual funds scandal with far GREATER implications.

Some of us long term small shareholders have held stocks for 10, 20, 30 or more years.

By: Evelyn Y. Davis
User Rating: 5.0 out of 5 stars

Monday, March 01, 2004

If it ain't broke.....

The new SEC proposals usurp the states' long-standing, traditional role in setting standards for corporate managers and directors. I could understand the need for change if something was broken. But nothing is wrong with the current system. In fact, state involvement permits experimentation with different ways of doing things. Therefore innovative solutions can emerge in the "natural laboratory" of jurisdictional competition. One federally mandated director nomination procedure is not the way to go.

By: Anonymous
User Rating: 4.3 out of 5 stars

Wednesday, January 21, 2004

A Corporate Circus

The SEC's proposed rules will benefit no one but the special interest groups who no matter what they may claim, have little or no interest in common with the regular investor - be he institutional or individual. Likely beneficiaries of the proposed rules will include labor unions - whose activism began as a ploy to embarrass corporations with whom they had labor issues, but who have had a flag dropped in their laps with which they now drape themselves - and fringe groups like animal rights activists, over the top religious fundamentalists and save-the-garden-slug environmentalists. The misguided wholesale withholding of votes from directors by institutional investors, at the behest of quasi-legitimate "proxy advisory services" trying to look like they are actually doing something, will open the door to every Tom Dick and Harriet with an "Issue" that needs a little free press. There is a fundamental and fatal disconnect in the proposed rules between the withhold-vote access threshold and the backer of an "outside" candidate.

It is difficult enough to find qualified directors willing to oversee the management of our corporations. Stricter accountability and the attendant increase in liability are whittling away at the candidate pool as it is. I know that throwing a bunch of crackpot amateurs into the fray will do neither me nor my portfolio any good. With the growing flood of manufacturing capability to foreign shores, it looks like I might be subsisting on Whiskas anyway, but there is no need to hasten the inevitable with a misguided, politically motivated and panicky stab at "reform" for its own sake.

By: Anonymous
User Rating: 4.5 out of 5 stars

Monday, February 02, 2004

Two steps too long

In many instances, shareholders must act in a short time frame to change the face of the board. Waiting for the two-step process to occur will often result in allowing further damage to be done. Any large shareholder with a long-term position in the company should have the right to nominate a candidate to the board. After all, this candidate will not automatically be named to the board -- the candidate still must be elected by a majority of shareowners.

By: Anonymous
User Rating: 2.8 out of 5 stars

Saturday, February 07, 2004

Weak attempt

Weak attempt by the SEC. Imagine how this would play out... you have to wait more than a full year before being able to place someone on the board? That's shareholder democracy?

By: Anonymous
User Rating: 3.0 out of 5 stars

Tuesday, February 03, 2004

More of a Barrier Needed

There needs to be some barrier greater than 1% so that every shareholder(s) does not have a right to simply put forth director nominations.

By: joemcproxy
User Rating: 3.6 out of 5 stars

Thursday, January 29, 2004

Against
(no message)

By: Richmondinvestor
User Rating: 2.0 out of 5 stars

Friday, March 12, 2004

We appreciate the opportunity to contribute and enter the commentaries of our users into public record.

Regards,
Brian Heil
Founder & CEO
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New York, NY 10024