December 8, 2003

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

Dear Mr. Katz,

I am writing in my capacity as a former banker and current State Senator, with concern over the Securities and Exchange Commission’s (SEC’s) recently proposed rules that would permit shareholders to nominate directors in company proxy statements, File S7-19-03.

The proposal has been dubbed “Director elections,” and is a move that will certainly cause more instability and politicizing within the corporate governance structure. I sympathize with shareholders given the scandals that have plagued corporate America over the past few years. I also realize that giving this power to shareholders will provide an avenue for special interest groups to push their own agendas in lieu of what is best for the corporation and all of its investors as a whole.

The SEC is aiming to ensure that shareholders best interests are addressed first and foremost. Corporate governance has increased over the past two years. Independent committees have increasingly nominated directors, and these directors along with their boards have been meeting more frequently, in addition to increasing their communications with shareholders. Proposed New York Stock Exchange listing standards will require the majority of the board, in addition to the audit, nominating and compensation committees to be composed of independent actors. These standards provide for more sound, impartial oversight and decreased conflict of interest.

The most effective corporate governance lies with an independent board of directors able to employ their business judgment regarding corporate matters. Allowing shareholders to nominate directors will only lead to a less healthy financial forecast. The SEC should target only companies that are not responsive to its shareholders. Promoting “director elections” is setting a dangerous precedent for corporate governance. “Director
elections” are laying the framework for severe, unintended consequences: the stifling of business innovation, decreased productivity and the inhibition of economic growth.

I encourage the SEC to reconsider this proposal. I do not want to see special interest groups infiltrate corporate governance. Important corporate governance decisions belong in the hands of independent, well-educated directors and boards who will exercise good judgment not subjective determinations influenced by a select group of shareholders.

Thank you for your time and consideration. I invite you to contact me with any questions.

Sincerely,

Steve Stivers
State Senator, Ohio
16th District