



Business Roundtable

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November 23, 2004

Mr. Jonathan G. Katz
Secretary
U.S. Securities and Exchange Commission
450 Fifth Street N.W.
Washington, D.C. 20549-0609

Henry A. McKinnell, Jr.
Pfizer
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Executive Director

Johanna I. Schneider
Executive Director
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Re: *File No. SR-NYSE-2004-41; Release No. 34-50625*
Self-Regulatory Organizations; Order Granting Approval of Proposed Rule Change by the New York Stock Exchange, Inc. and Notice of Filing and Order Granting Accelerated Approval to Amendment Nos. 2 and 3 Thereto to Amend Section 303A of the NYSE Listed Company Manual Relating to Corporate Governance

Dear Mr. Katz:

This letter is submitted on behalf of Business Roundtable, an association of chief executive officers of leading corporations with a combined workforce of more than 10 million employees in the United States and \$4 trillion in revenues. We appreciate the opportunity to provide our views on Amendment No. 2 to the New York Stock Exchange (NYSE) corporate governance proposals that were filed with the Commission on August 3, 2004 and approved by the Commission on November 3, 2004. In Amendment No. 2, the NYSE withdrew its proposal to apply the narrower definition of family member used in its audit committee independence standards to the bright-line director independence standard on affiliations with a listed company's auditor. Although the Commission granted accelerated approval to Amendment No. 2, it also requested comment on the amendment.

In our letter of September 29, 2004 to the Commission commenting on the NYSE's corporate governance proposals, Business Roundtable supported the proposed amendments to the bright-line director independence standard on affiliations with a listed company's auditor because the amendments focused on those relationships that have the potential to impact a director's independence. For this reason, Business Roundtable continues to support the NYSE's original proposal to use the definition of family member in Rule 10A-3 under the Securities Exchange Act of 1934, which includes a director's spouse and children sharing the director's home. We continue to believe that applying this definition, rather than the far-reaching definition of "immediate family member," is an important and necessary step to achieving an independence standard that is appropriately tailored to those relationships that are most likely to affect a director's independence.

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Even with the recent amendments, the standard on affiliations with a listed company's auditor remains broad and reaches a wide range of individuals, including individuals who never worked on the listed company's audit. For example, under both the previous and the amended standards, a listed company director would no longer be considered independent if the director's brother marries an individual employed at the listed company's outside auditor (except in narrow circumstances where the individual works in the audit firm's tax planning practice), even if the individual never had any involvement in the company's audit. This result is problematic.

As we noted in our earlier comment letter, the consequences of a relationship with a listed company's auditor are severe because the relationship can result in the loss of a director's independence, and therefore, the director's ability to serve on the three key board committees. In addition, the pool of accounting firms with the necessary expertise and resources to audit the financial statements of large, multinational companies is limited, which means that listed companies have limited options when selecting an auditor. For these reasons, Business Roundtable believes that applying the definition of family member in Rule 10A-3 would result in a more balanced standard that would still reach those family member relationships that are the most likely to impact a director's independence.

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Thank you for considering our comments. Please do not hesitate to contact Thomas Lehner at Business Roundtable at (202) 872-1260 if we can provide you with further information.

Sincerely,



Steve Odland
Chairman, President & CEO
AutoZone, Inc.
Chairman, Corporate Governance Task Force
Business Roundtable

cc: Hon. William H. Donaldson, Chairman, U.S. Securities and Exchange Commission
Hon. Paul S. Atkins, Commissioner
Hon. Roel C. Campos, Commissioner
Hon. Cynthia A. Glassman, Commissioner
Hon. Harvey J. Goldschmid, Commissioner
Richard G. Ketchum, Chief Regulatory Officer, New York Stock Exchange