



CENTER FOR CAPITAL MARKETS  
COMPETITIVENESS

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June 19, 2007

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

Re: Roundtables on Shareholder Rights and the Federal Proxy Rules  
File No. 4-537

Dear Ms. Morris:

The U.S. Chamber of Commerce is the largest business federation in the world, representing the interests of some three million companies of every size and industry. We commend the Commission for holding roundtables on shareholder rights under state law and the federal proxy rules and want to thank them for inviting us to testify on this important issue.

In 2003 when the Commission proposed new rule 14a-11 the Chamber filed extensive comments objecting to that proposal by the letter dated December 19, 2003 ([www.sec.gov/rules/proposed/s71903/tgeorge121903.htm](http://www.sec.gov/rules/proposed/s71903/tgeorge121903.htm)). We believed that required inclusion would constitute inappropriate interference with state law and exceed the authority of the Commission under Section 14 of the Exchange Act.

Before the Commission decides whether to proceed with any rulemaking effort, we would like to make the following points:

- While shareholder access might have a nice “democratic” sound to it, inclusion of shareholder proposals only injects special interest politics into the proxy process, furthering the interests of small groups of shareholders who wish to promote immediate parochial interests.
- Instead of advancing the interests of **all** shareholders, increased shareholder access distracts company management from the very important responsibility of running the business and wastes corporate assets in the process.

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- The Commission should resist any temptation to enable, tempt or encourage pension funds to set aside their fiduciary responsibilities to all pension holders to advance a social-investment agenda.
- The Commission should avoid changing the composition of corporate boards. Increased shareholder access would be costly, disrupting management and boards in their duties to enhance long-term shareholder value.
- Recent changes have already dramatically changed the corporate governance of public companies:
  - Requirements under Sarbanes-Oxley, including composition of audit committees
  - SEC-approved requirements by the exchanges to impose enhanced independence requirements
  - The recent adoption by many public companies of majority voting

Once again, the Chamber strongly objects to any amendments to Rule 14 that would have effects that are substantially similar to the previous Rule 14a-11 proposal. It would be disruptive, expensive and contrary to the interest of most shareholders.

We appreciate the opportunity to comment on the proxy process and welcome any questions you may have.

Sincerely,



Michael J. Ryan, Jr.  
Executive Director and Senior Vice President

Cc: Chairman Christopher Cox  
Commissioner Paul S. Atkins  
Commissioner Roel C. Campos  
Commissioner Kathleen L. Casey  
Commissioner Annette L. Nazareth