Investment Management Corporation

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April 10, 2006

Ms. Nancy M. Morris *by email: rule-comments@sec.gov*
Secretary
US Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-9303.

Re: Comments on Executive Compensation Disclosure Proposal
File Number S7-03-06

Dear Ms. Morris:

I am writing in my fiduciary capacity as the Chief Executive Officer and Chief Investment Officer for the $75 billion investment portfolio managed by British Columbia Investment Management Corporation (bcIMC) largely on behalf of pension funds with more than 370,000 beneficiaries. One of bcIMC's strategies for earning the portfolio returns our clients require is to invest in profitable companies and markets outside of Canada with good governance codes, investor protections and transparency. As at December 31, 2005, bcIMC held more than CAD$9 billion in U.S. public equity, so we are interesting in sharing our foreign investor perspective on the SEC's proposed executive compensation disclosure requirements.

At the outset, I would like to say that bcIMC applauds the intent of the SEC's proposed disclosure rules – to enable investors to better understand and be fully informed of compensation arrangements. It has been over a decade since the Commission introduced any disclosure reforms and the executive compensation environment has evolved during that time, making it clear that some improvements are needed.

I. Where We Agree

In general, bcIMC is pleased by the SEC staff efforts to promote greater pay transparency, and accountability of directors to ensure that shareholder assets are used wisely. We specifically support the following proposed disclosure rules:

- New requirement for narrative, qualitative information regarding the rationale and context in which pay is awarded and earned, in the form of a Compensation Discussion and Analysis (CD&A) section patterned after the Management's Discussion & Analysis (MD&A) disclosure;

- Revised Summary Compensation Table to include all current year pay components (such as base salary, bonus, equity, retirement benefits and perquisites) totalled into one figure;

- New tally sheets, or Supplemental Tables, that disclose numerical information on items such as prior year equity awards (which are potential sources of future compensation), and director compensation; and

- Enhanced executive pension disclosure, particularly the reporting of current and expected future annual benefits derived from each retirement plan in which an officer participates.

II. Where We Disagree

We respectfully urge the SEC to consider the following enhancements to the proposed compensation disclosure rules:

- We agree that the “Compensation Discussion and Analysis” statement should be signed-off/certified that all company compensation (executive and director) has been collected, itemized and justified. However, rather than CEO certification, which has the potential to turn the CD&A into *management’s* discussion of compensation, we recommend requiring CD&A sign-off by members of the Compensation Committee. This approach would mirror the current requirement for Audit Committee members to sign-off on the annual financials. This process of “ownership” will strengthen the Compensation Committee’s accountability to shareholders.

- We note that in the United Kingdom, shareholders have the right to cast a non-binding advisory vote on a company's "directors remuneration report". bcIMC believes that the advisory vote allows shareholders to have a voice in executive compensation practices of a company and we recommend the SEC give serious thought to a shareholder approval vote on the CD&A, following the new UK practice. The advisory vote would be a confidence vote on the work of the Compensation Committee, and such a process would companies with useful information concerning shareholders' view on compensation practices and executive pay packages.

- Small companies should not be exempt from preparing the CD&A. The intent of the CD&A is to disclose key principles underlying compensation policies and decisions. These principles are material to investors regardless of the company size.

- The SEC should make clear that performance hurdles that the named executive officers must clear to receive bonus compensation awards (cash, equity or other awards), if included in the company’s executive compensation plan, must be

disclosed and explained. This includes all qualitative and quantitative performance criteria. Without discussing a company's compensation targets, shareholders cannot assess whether a pay-for-performance regime is in place.

- The company's policy on "clawbacks" (recission of previously awarded compensation if based on inaccurate financial results) should be explicitly required by the proposals.

- The SEC proposes to increase the minimum threshold for reporting related-person transactions from $60,000 to $120,000. We argue that any related-person transaction could potentially be problematic, and therefore it is important for shareholders to know of all such potential conflicts. No minimum disclosure threshold should be set for related-person transactions.

- Executive severance and change in control payments have become increasingly large and lucrative components of company compensation programs. Therefore, we recommend enhanced quantitative disclosure on any and all potential post-employment and change in control events and resulting payments. Narrative accompanying the numerical information could set out the event assumptions used in making the related calculations.

- As mentioned earlier, we support the SEC plan to enhance executive pension disclosure, particularly the reporting of current and expected future annual benefits derived from each retirement plan in which an officer participates. However, we believe that this view should be supplemented with the aggregate present value of the pension paid for the life of the executive to provide the complete picture of the potential pension cost to shareholders.

- The SEC has proposed rules on compensation disclosure that would require compensation consultants to be identified. But the rules would not require companies to disclose details of other services provided to the corporation by the consulting firm or its affiliates. We would like a holistic view of all work that a consultant's company performs for the compensation client, believing this is important in order to identify the potential for conflicts in consulting arrangements. The potential for conflict is similar to that among auditing firms that were performing lucrative consulting services related to information technology and tax issues for the same companies whose financial results they were certifying. Auditors' giving companies IT or tax advice while acting as their independent auditors was clearly crossing the line into bad corporate governance in the cases of Enron and Hollinger.

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We hope these comments and words of support for the SEC's effort to provide for complete and clear disclosure of all types of executive compensation are meaningful to

you. The work the Commission has done on these rules will serve shareholders well, and for our part, we intend to continue to engage issuers on matters of corporate governance, including objective, reasonable and transparent executive compensation policies.

Should you have any questions with respect to our views, please feel free to contact me.

Sincerely,

Doug Pearce
Chief Executive Officer and Chief Investment Officer