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U.S. House of Representatives  
Committee on Financial Services  
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Washington, DC 20515

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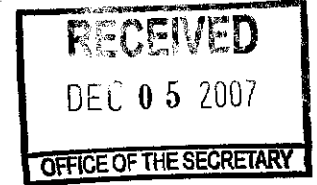
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October 12, 2007

The Honorable Christopher Cox  
Chairman  
U. S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549



Dear Chairman Cox:

After examining the testimony presented at the Financial Services Committee hearing on the proxy rules, it is clear to us that neither proposal presents a satisfactory resolution to the many complex issues surrounding proxy access. We therefore urge the Commission not to take action on either proposal before the next proxy season, but instead to use the opportunity to learn more from the limited access for proposals on director election rules currently available as a result of the *AIG v. AFSCME* decision.

Based on the experiences of the last proxy season, it is clear that the ability of shareholders to propose changes in director election procedures did not lead to a torrent of such proposals. Moreover, the limited number of proposals that were made appears to have resulted in valuable discussions of the appropriate means for accommodating shareholder input to the director nomination process, in some cases leading to voluntary adoption of new procedures by the companies involved.

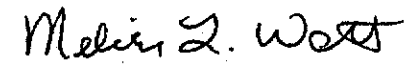
As a general matter, we are in favor of facilitating greater proxy access for shareholders, but we appreciate concerns that director nominations on a company's proxy not be used to achieve a change of control of a company. We do not believe, however, that this concern should be used as an excuse for companies that fear shareholder participation to avoid any proposals and the resulting discussions of appropriate mechanisms for access to the proxy by longer-term shareholders on key corporate governance issues. Neither should such concerns be used to justify restriction or elimination of the ability of shareholders to include non-binding proposals on a company's proxy. In either case, where consensus cannot be reached, we believe that other shareholders will have no difficulty rejecting proposals that represent narrow interests, rather than the best interests of all shareholders.

The enhanced governance and corporate citizenship encouraged by shareholder activism can be good for all shareholders. We ultimately would like to see improvements in the proxy process. At the present time, however, the broad opposition to both proposals, coupled with the

lack of consensus at the Commission and the reduced number of commissioners, argues in favor of maintaining the status quo for the coming season.

Sincerely,


  
BARNEY FRANK  
Chairman


  
MELVIN L. WATT  
Member of Congress

  
CAROLYN MCCARTHY  
Member of Congress


  
BRAD MILLER  
Member of Congress

  
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