



June 29, 2010

The Honorable Nancy Pelosi  
Speaker of the House of Representatives  
H-232 The Capitol Building  
Washington, DC 20515-6501

The Honorable Harry Reid  
Senate Majority Leader  
S-221 The Capitol Building  
Washington, DC 20510-7020

The Honorable John A. Boehner  
House Minority Leader  
H-204 The Capitol Building  
Washington, DC 20515-6537

The Honorable Mitch McConnell  
Senate Minority Leader  
S-230 The Capitol Building  
Washington, DC 20510-7010

Dear Madam Speaker, Majority Leader Reid, Representative Boehner and Senator McConnell:

The Council of Institutional Investors (“Council”) appreciates your leadership on financial regulatory reform. As Congress nears final approval of landmark reform legislation, the Council urges you to support swift enactment of the *Dodd-Frank Wall Street Reform and Consumer Protection Act* (H.R. 4173) recently reported by the conference committee. A nonprofit association of public, union and corporate pension funds with combined assets that exceed \$3 trillion, the Council represents major, long-term investors with a duty to protect the retirement savings of millions of American workers. Significantly affected by the financial crisis, our member funds have a deep interest in meaningful financial regulatory reform.

The Council strongly supports Congress’ comprehensive efforts to address the costly gaps in oversight revealed by the financial crisis. Accordingly, we firmly believe that strengthening corporate governance is an essential component of regulatory reform. The financial crisis represents a massive failure of board oversight. Clearly some corporate directors disregarded the interests of their shareowners by failing to adequately understand and monitor risk, and by awarding compensation packages producing outsized rewards for reckless behavior. Few meaningful remedies, however, are currently available to investors dissatisfied with management and board performance.

The corporate governance and executive compensation reforms included in the Dodd-Frank Act would help address this fundamental lack of accountability and market discipline. In particular, language affirming the Securities and Exchange Commission’s (“SEC”) authority to issue a proxy access rule would ensure responsible investors have an essential tool they need as owners to hold directors accountable. As proposed by the SEC, a measured right for significant long-term shareowners to place their board nominees on the company’s proxy card would break the incumbent monopoly on the corporate ballot, invigorating board elections and making directors more responsive, thoughtful, and vigilant.

Corporate boards are the first line of defense against the risks and excesses that led to the global financial crisis. While more vigorous government regulation is surely needed, regulation alone cannot address all of the abuses that led to the crisis. By empowering long-term investors to hold corporate directors accountable, corporate governance reform would help combat short-termism and address the failures of board oversight that contributed to the financial crisis, reducing the risk that such a crisis ever happens again.

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Thank you for considering the views of the Council of Institutional Investors. If you have any questions, please do not hesitate to contact me at (202) 261-7081 or [jeff@cii.org](mailto:jeff@cii.org), or Council analyst Jonathan Urick at [jonathan@cii.org](mailto:jonathan@cii.org) or (202) 261-7096.

Sincerely,

A handwritten signature in black ink that reads "Jeff Mahoney". The signature is written in a cursive, flowing style.

Jeff Mahoney  
General Counsel  
Council of Institutional Investors

CC: Members of the United States Senate  
Members of the United States House of Representatives