



October 8, 2009

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: NYSE Proposed Rule Change to Amend Certain Corporate Governance Requirements (File Number SR-NYSE-2009-89)

Dear Ms. Murphy:

I am writing on behalf of the Council of Institutional Investors, an association of public, corporate and union pension funds with combined assets of over \$3 trillion. As a leading voice for long-term, patient capital, the Council believes that timely, relevant, and easily accessible disclosures to investors are integral to strong corporate governance and healthy financial markets. We accordingly welcome the opportunity to comment on the New York Stock Exchange (“NYSE”) Proposed Rule Change to Amend Certain Corporate Governance Requirements (“Proposal”).

The ability of investors to readily access important disclosures is of paramount importance to the transparency of US capital markets. The Council is thus concerned that the NYSE proposal allows listed companies to exclude significant corporate governance disclosures from either the proxy statement or annual report in favor of website publication. While we surely do not oppose simultaneous website disclosure, the Council strongly believes that certain noteworthy information should be directly accessible to investors with minimal investigation required. Such disclosures belong in either the proxy statement or annual report, two of the most important disclosure documents issued by public companies each year.

Investors regard director independence, board leadership and shareowner communication as significant aspects of corporate governance. The NYSE proposal allows listed companies to relegate important disclosures in these areas to their websites, however. Provided only with a reference in the proxy statement or annual report to where such information may be found online, investors would have to investigate further to access certain fundamental disclosures. While for any individual listed company this may not seem like a significant additional burden for shareowners, when aggregated over the hundreds of companies in the typical institutional investor portfolio, the added investigative burden may become quite large.

During this time of still-weakened investor confidence, the NYSE should seek to *reduce* the investigative burden for shareowners and make important disclosures more readily accessible to investors. Additional website disclosures may help achieve this goal, but allowing companies to remove key information from the proxy statement or annual report certainly will not.

Though some may argue that the disclosures covered by the NYSE proposal are not worthy of required inclusion in either the proxy or annual report, Council policy demonstrates that investors regard this information as necessary to assessing the strength of a company's corporate governance. Accordingly, the following disclosures warrant required inclusion in key submissions to investors:

Director Independence. Director independence is one of the most fundamental aspects of strong corporate governance. Conflicted directors simply do not exercise vigorous oversight. Council policy makes absolutely clear that companies "should disclose information necessary for shareowners to determine whether directors qualify as independent." The NYSE proposal would allow companies to exclude information from the proxy or annual report regarding certain contributions made by companies to tax exempt organizations in which a director serves as an executive officer. Our policy specifically calls for such information to be included in director independence disclosures, stating: "all of the company's financial or business relationships with and payments to directors and their families and all significant payments to companies, non-profits, foundations and other organizations where company directors serve as employees, officers or directors."

Board Leadership. Providing an appropriate balance of power between the CEO and the board, an independent board chair or lead independent director is another crucial feature of sound corporate governance. Council policy acknowledges that one of the key roles of the independent chair or lead independent director is "chairing meetings of non-management directors and of independent directors." The NYSE proposal would permit listed companies to exclude from the proxy statement or annual report the identity of the director chosen to preside at executive sessions of non-management or independent directors. Such exclusion is inconsistent with our policy on board interaction with shareowners which calls upon companies to disclose the name and contact information of at least one independent director, "but preferably for the independent board chair and/or the independent lead director," as well as the chairs of key board committees.

Shareowner Communication. As a sign of a company's focus on shareowner value, board openness to dialogue is a hallmark of well governed companies. Council policy states:

Directors should respond to communications from shareowners and should seek shareowner views on important governance, management and performance matters. To accomplish this goal all companies should establish board-shareowner communications policies. Such policies should disclose the ground rules by which directors will meet with shareowners. The policies should also include detailed contact information for at least one independent director (but preferably for the independent board chair and/or the independent lead director and the independent chairs of the audit, compensation and nominating committees).

Making shareowner communication with boards more cumbersome, however, the NYSE proposal allows companies to exclude from the proxy statement or annual report the contact information for the presiding director or the non-management or independent directors as a group.

As described above, the NYSE proposal appears to fail the disclosure standards of Council policy in the three key areas of director independence, board leadership, and shareowner communication. The Council thus opposes the relevant provisions of the proposed rule.

Thank you for the opportunity to comment. If you have any questions, please do not hesitate to contact me at (202) 261-7096 or jonathan@cii.org.

Sincerely,

A handwritten signature in black ink that reads "Jonathan D. Urick". The signature is written in a cursive style with a large initial 'J'.

Jonathan D. Urick
Analyst