

COUNCIL OF INSTITUTIONAL INVESTORS

June 5, 2007

John A. Thain
Chief Executive Officer
NYSE Euronext
20 Broad Street
New York, NY 10005

Dear John:

I am writing to thank the NYSE for its leadership on the broker voting issue. As you know, the Council of Institutional Investors has long advocated changes to Rule 452, and we believe eliminating the ability of brokers to vote uninstructed client shares for the election of directors is an important first step. We believe this change will significantly enhance the integrity of the proxy voting system.


The Council recognizes that the NYSE initiative was opposed by a variety of market participants, and we applaud the NYSE for proposing a very limited carve-out for investment companies. We believe the other alternatives reportedly under consideration—such as proportional voting—could further complicate the already over-complicated proxy voting process and result in abuses.

Quorum concerns will persist for some publicly traded companies, especially small companies and companies with large retail ownership. However, quorum concerns can be readily addressed by including the ratification of auditors on the proxy ballot—a step that companies can take on their own and one that the Council believes is a best practice for all public entities.

Council members look forward to commenting on the proposal, which we hope the Securities and Exchange Commission will post soon. The Council will support the proposal and suggest a sunset or mandatory review date for the investment company exemption. Given the corporate governance concerns surrounding mutual funds, we believe the proposed change should also apply to investment companies at some point in the not-too-distant future.

Thank you again.

Warm regards,



Ann Yerger
Executive Director

cc: Catherine R. Kinney, NYSE Euronext
President and Co-Chief Operating Officer
Stephen Walsh, Director of Operations, NYSE Euronext
Christopher Cox, Chair, Securities and Exchange Commission
Paul S. Atkins, Commissioner, Securities and Exchange Commission
Roel C. Campos, Commissioner, Securities and Exchange Commission
Kathleen L. Casey, Commissioner, Securities and Exchange Commission
Annette L. Nazareth, Commissioner, Securities and Exchange Commission