



Via Hand Delivery

June 26, 2013

The Honorable Tim Johnson
Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington, DC 20510

The Honorable Mike Crapo
Committee on Banking, Housing, and Urban Affairs
534 Dirksen Senate Office Building
Washington DC 20510

Re: Nomination Hearing for Ms. Kara M. Stein and Dr. Michael S. Piwowar to be Members of the United States (“U.S.”) Securities and Exchange Commission (“SEC” or “Commission”)

Dear Mr. Chairman and Ranking Member Crapo:

On behalf of the Council of Institutional Investors (“CII”), I am writing to respectfully suggest several key issues for the Committee on Banking, Housing, and Urban Affairs (“Committee”) to consider exploring at tomorrow’s nomination hearing for Ms. Kara M. Stein and Dr. Michael S. Piwowar to be Members of the Commission.

CII is a nonprofit, nonpartisan association of pension funds and other employee benefit funds, foundations and endowments with combined assets of over \$3 trillion.¹ Our mission is to educate our members, policymakers and the public about corporate governance, shareowner rights and related investment issues, and to advocate on their behalf.

The integrity of the U.S. capital markets is critical to CII because our members have a significant commitment to those markets. The average CII fund invests more than 50 percent of its portfolio in U.S. stock and fixed income securities.² And CII members invest for the long-term, with funds indexing, on average, more than 60 percent of their domestic portfolios.³

¹ For more information about the Council of Institutional Investors (“CII”), including its members, please visit the CII’s website at <http://www.cii.org/members>.

² CII, Asset Allocation Survey 2011, at 4 (2012) (on file with CII) (“Domestic stocks and bonds continued to account for a majority of the average fund’s portfolio, at 55 percent.”).

³ *Id.* at 9.

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Since the SEC is the sole independent federal agency explicitly charged with protecting investors, maintaining confidence and integrity in the securities markets, and overseeing more than 30,000 entities participating in those markets, CII members are keenly interested in ensuring that the most qualified and committed individuals are selected to serve as Members of the Commission. Those individuals must have the ability to effectively represent the Commission before the Committee and work in a collegial and professional manner with their fellow commissioners, the SEC staff, and investors and other market participants.

Perhaps most importantly, Commission members must possess an unshakable commitment to protecting investors and preserving the independence of the SEC. In that regard, Commission Members must be willing to stand firm and aggressively support and pursue the SEC's mission in the face of tremendous pressure from powerful special interest groups, who far too frequently are willing to place their own short term self-interests before the long-term interests of investors and the U.S. capital markets.

The challenges facing the SEC are daunting. The markets, securities products, and related technologies continue to grow more sophisticated, complex, and global, and their growth far outpaces increases in SEC funding. Ensuring that the U.S. capital markets remain the fairest, most competitive, most transparent, and most efficient in the world leads to an ever tougher balancing act.

Investors need and demand thoughtful, forceful, and articulate advocates to lead the Commission forward and address today's and tomorrow's challenges. Those challenges include tough, but fair enforcement of the securities laws, effective implementation of corporate governance reforms, and the preservation and enhancement of shareowner rights.

The attachment to this letter briefly summarizes three key SEC issues of current interest to CII members, with related suggested questions for Ms. Stein and Dr. Piwowar. We respectfully request that you consider raising those issues with the nominees at tomorrow's hearing.

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Please feel free to contact me with any comments or questions.

Sincerely,

A handwritten signature in cursive script that reads "Jeff Mahoney". The signature is written in black ink and is positioned to the left of the typed name.

Jeff Mahoney
General Counsel

Attachment