



Via Email

November 6, 2013

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

Re: *File Number S7-07-13: Proposed rule to implement Section 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act*¹

Dear Ms. Murphy:

I am writing on behalf of the Council of Institutional Investors (CII) to respectfully request consideration of the following comments in connection with the U.S. Securities and Exchange Commission's (Commission) proposed rule to implement Sec. 953(b) of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Proposal).² As you are aware, CII is a non-profit association of pension funds, other employee benefit funds, endowments and foundations with combined assets in excess of three trillion dollars. CII members are long-term shareowners generally responsible for safeguarding the retirement savings of millions of American workers.³

CII's membership-approved policies have long stated that "[i]t is the job of the board of directors and the compensation committee specifically to ensure that executive compensation programs are effective, reasonable and rational with respect to critical factors such as company performance, industry considerations, risk considerations and compensation *paid to other employees*."⁴ Furthermore, CII's policies recommend that compensation committees consider "the relationship of executive pay to the pay of other employees" as a factor when developing, approving and monitoring their executive pay philosophy.⁵ Our policies, however, do not advocate for the disclosure of a CEO-to-worker pay ratio and, as a result, CII has not taken a position on Sec. 953(b).⁶

¹ Pay Ratio Disclosure, Securities Act Release No. 9452, Exchange Act Release No. 70,443, 78 Fed. Reg. 60,560 (proposed Oct. 1, 2013), available at <http://www.gpo.gov/fdsys/pkg/FR-2013-10-01/pdf/2013-23073.pdf>.

² *Id.*

³ For more information about the Council of Institutional Investors (CII) and our members, please visit CII's website at http://www.cii.org/about_us.

⁴ CII, Policies on Corporate Governance § 5.1 Introduction (updated Sept. 27, 2013) (emphasis added), available at http://www.cii.org/files/ciicorporategovernancepolicies/09_27_13%20CII%20Corp%20Gov%20Policies%20Full%20and%20Current%20%20FINAL.pdf.

⁵ *Id.* at § 5.5b Executive Pay Philosophy.

⁶ See, e.g., Letter from Jeff Mahoney, General Counsel, CII, to the Honorable John Boehner, Speaker, U.S. House of Representatives *et al.* 3 n.8 (Mar. 7, 2012), available at http://www.cii.org/files/issues_and_advocacy/correspondence/2012/03_07_12_cii_letter_to_house_financial_services_committee_on_capital_formation_bill.pdf.

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In an effort to assist the Commission obtain useful input from investors about the Proposal, CII staff discussed the Proposal in detail with three CII general members from our three main constituencies -- public, corporate and union employee benefit plans. Each of the three members has been actively following, and participating in, conversations surrounding the implementation of Sec. 953(b) since its initial adoption.

The results of the discussion revealed broad consensus among the three members in support of the approach taken in the Proposal. The members generally agreed that the Commission has done an admirable job in proposing to implement Section 953(b) in a flexible manner that attempts to strike an appropriate balance between providing potentially useful information to investors and limiting company compliance costs.

The attachment to this letter summarizes the results of the CII staff discussion with the three members focusing on certain key issues for which the Commission explicitly requested investor input. If you have any questions regarding the contents of this letter or the related attachment, please contact me directly at (202) 261-7081 or jeff@cii.org, or my colleague Matthew Frakes at (202) 261-7086 or matthew@cii.org.

Sincerely,

A handwritten signature in cursive script that reads "Jeff Mahoney".

Jeff Mahoney
General Counsel

Attachment