



ICGN

International Corporate Governance Network

Ms Valerie Jarrett
Senior Advisor and Assistant to the President
for Intergovernmental Affairs and Public Engagement
The White House
1600 Pennsylvania Avenue NW
Washington, DC 20500

By e-mail: Jarrettpublic@who.eop.gov

18 June 2010

Dear Ms. Jarrett

Re: Legislation regarding proxy access

Further to our letter to the White House yesterday on the subject of majority voting, I am writing on behalf of our membership of global investors, a community representing assets of US\$9.5trillion, to strongly encourage the Obama Administration not to implement a 5% ownership threshold and a two-year holding period for investors to nominate board directors on corporate proxies. We believe this would be extremely detrimental to the attractiveness of the US market from overseas investors and would represent a backward step for US corporate governance. We believe this ownership threshold is too high, in particular for larger companies, and the holding period is too long in order to provide effective access to management's proxy. We strongly encourage language that has a lower ownership threshold, such as 3% for all companies, and in particular with market caps greater than \$10 billion. Further, it is imperative that this threshold be able to be met by multiple owners, not merely one owner.

International experience of shareholder access to the proxy suggests that such rights are used responsibly and constructively. Given that international investors now own close to one fifth of the share capital of US listed companies, their experience may well provide some comfort to those concerned about how greater access would work. We believe it is fundamental to the success of the US market that regulators and others trust that shareholders' intentions are good and in support of the companies in which they invest significant amounts of capital, often on behalf of others for whom they in turn are fiduciaries. Regulation developed on this basis is likely to do more to enable the proper exercise of ownership rights by responsible long-term shareholders.

The ICGN position regarding the election of directors is highlighted in clause 2.9.1 of the ICGN Global Corporate Governance Principles as follows: *Directors should be conscious of their accountability to shareholders, and many jurisdictions have mechanisms to ensure that this is in place on an ongoing basis. There are some markets however where such accountability is less apparent and in these each director should stand for election on an annual basis. Elsewhere directors should stand for election at least once every three years, though they should face evaluation*

more frequently. Shareholders should have a separate vote on the election of each director, with each candidate approved by a simple majority of shares voted, and sufficient time and information to make a considered voting decision. Information on the appointment procedure should also be disclosed at least annually. Shareholders should be able to nominate directors to the board both by proposing prospective candidates to the appropriate board committee and by directly nominating candidates on the company's proxy.

The ICGN is a global membership organisation of around 500 institutional and private investors, corporations and advisors from 47 countries. The mission of the ICGN is to contribute meaningfully to the continuous improvement of corporate governance best practices through the exchange of ideas and information across borders. Information about the ICGN, its members, and its activities is available on our website: www.icgn.org.

I have attached the ICGN Global Corporate Governance Principles and also our previous correspondence with the SEC on the matter of shareholder access to the proxy for background information. I would be happy to discuss any of these issues with you and please do not hesitate to contact me or Carl Rosén, ICGN Executive Director, by email at carl.rosen@icgn.org or by telephone at +44 (0)207 612 7098.

Kind regards,



Christianna Wood
Chairman, International Corporate Governance Network

**Cc. President Obama
Congressman Barney Frank
Senator Christopher Dodd
ICGN Board of Governors**