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April 29, 2011

Via E-Mail: rule-comments@sec.gov

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

RE: S7-13-11 Listing Standards for Compensation Committees

Dear Ms. Murphy and Commissioners:

Thank you for the opportunity to provide our comments. The California Public Employees' Retirement System (CalPERS) is the largest public pension fund in the United States with approximately $236 billion in global assets providing retirement benefits to more than 1.6 million public workers, retirees, their families, and beneficiaries. As a significant long-term investor in the U.S. capital markets, CalPERS is reliant upon effective and comprehensive regulation designed to protect investors.

CalPERS supports Title IX Section 952 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank Act) which is intended to require strong independence standards for committees charged with overseeing executive compensation policy and robust disclosure related to compensation practices.

Effective executive compensation programs are one of the most powerful tools available to the company to attract, retain, and motivate key employees to optimize operating performance, profitability and sustainable long-term total stock return. Well-designed compensation programs are adequately disclosed and align management with the long-term economic interests of shareowners.

In response to the SEC's proposed rules, we offer the following comments:

- CalPERS supports proposed rule 10C-1(b) which would direct the exchanges to adopt listing standards that would be applicable to any committee of the board that oversees executive compensation, whether or not the committee performs multiple functions and/or is formally designated as a "compensation committee."

- Committees that oversee executive compensation policies or practices should consist entirely of independent directors.

- CalPERS would caution against permitting an exchange to establish its own independence criteria, provided the exchange considers the relevant factors specified in Section 10C relating to affiliate relationships and sources of

compensation. Applying a consistent definition of "independent director" for all exchanges to follow is preferable for the purpose of providing a consistent listing standard for all publicly traded companies.

- The definition of independence should include any relationship that may impair a director's objectivity whether in appearance or in fact. Transparent robust disclosures on tenure, employment, compensation, family and other affiliations, including interlocking relationships with parent or subsidiaries must be consistently defined. Boards must embrace and disclose independence. This requires a lack of conflict between a director's personal, financial or professional interests which should be aligned with the best interests of shareowners.

- The committee responsible for overseeing compensation polices or practices should have the authority, in its sole discretion, to retain or obtain the advice of independent compensation consultants, independent legal counsel and other advisers (collectively, "compensation advisers") to allow the board to effectively perform its duties on behalf of shareowners.

- Individual compensation advisers and their firms should be independent of the issuer, its executives and directors and should report solely to the committee that oversees compensation.

- There should be the same opportunity to cure violations of the independence requirements for committees that oversee compensation as those adopted for audit committee members. This would occur in the rare situation where a member ceases to be independent for reasons outside the director's reasonable control. (e.g. a director that is a partner in a law firm that provides no services to the listed issuer, but the listed issuer acquires another company that is one of the law firm's clients. Without an opportunity to cure such a defect, the board member would cease to be independent.)

- The commission should not exempt:

  a. Any exchange or association from Section 10C.

  b. Foreign private issuers or smaller reporting companies from any of the requirements of Section 10C.

- Each issuer should disclose in its proxy whether the compensation committee retained or obtained the advice of a compensation consultant, the name of the consulting firm, whether the work of the compensation consultant has raised any conflict of interest and if so, the nature of the conflict and how the conflict is being addressed.

We applaud the SEC's efforts to issue timely rule proposals to implement the requirements of Dodd-Frank. If you would like to discuss any of these points, please do not hesitate to contact me at (916) 795-9672 or my colleague Bill McGrew at (916) 795-2431.

Sincerely,

ANNE SIMPSON
Senior Portfolio Manager
Global Equity

cc: Joseph Dear, Chief Investment Officer -CalPERS
Eric Baggesen, Senior Investment Officer -CalPERS