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February 13, 2012

The Honorable Mary L. Schapiro, Chairman
U.S. Securities and Exchange Commission
100 F Street, N.E.
Washington, DC 20549

Dear Chairman Schapiro:

The undersigned public pension funds, plan sponsors, and other institutional investors, which in aggregate represent over $1.6 trillion in assets under management, applaud the commitment of the Commission to improving the efficiency and effectiveness of the public markets. Acting as fiduciaries for the trust funds under management, our goal is to achieve the highest possible long-term, sustainable, risk-adjusted returns. To discharge that responsibility, we are inherently long-term investors in the capital markets, providing patient capital with a decades-long investment time horizon.

We write to encourage the Commission to continue work on a pro-active agenda advancing your mission to protect investors, maintain fair, orderly, and efficient markets, and to facilitate capital formation.

As long-term investors in the United States and global capital markets, we rely upon the Commission to regulate the public markets in a manner that will protect investors and enhance the effective operation of these markets. We have long recognized that for the Commission to achieve its stated objectives, it must well-staffed and independently funded.

Despite enactment of The Dodd–Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank), there is a growing movement to undercut the goals of market reform. If this movement is successful, there is the very real risk that investor confidence will erode. The Commission plays a vital role in bolstering investor confidence in the public markets by adding transparency for investors, enforcing director independence, and enhancing governance. The undersigned stand ready to assist the Commission combat efforts to weaken or roll-back the important investor protection provisions of Dodd-Frank.

We recommend the Commission reinforce its strong investor protection focus by addressing the attached priorities over the next twelve months.

The Commission's leadership and support of strong investor protections designed to instill trust, integrity, and confidence in the capital markets is vital. The importance of the work of the Commission on behalf of all investors cannot be overstated.

Thank you for the opportunity to express our views. We stand ready to assist the Commission on any and all of these efforts. If you have any questions, please do not hesitate to contact Anne Simpson, Senior Portfolio Manager – Investment Office, at (916) 795-9672.

Sincerely,

ANNE STAUSBOLL
Chief Executive Officer
CalPERS

AustralianSuper Pty Ltd
All Pensions Group (APG)
BT Pension Scheme Management Ltd
California Public Employees' Retirement System
California State Teachers' Retirement System
Connecticut Retirement Plans and Trust Funds
Co-operative Asset Management
Florida State Board of Administration
F&C Management Ltd.
Office of New York City Comptroller
Ohio Public Employees' Retirement System
PGGM Vermogensbeheer B.V. (PGGM)
RPMI Railpen
Universities Superannuation Scheme (USS)

An Investor's Framework for the Future
Financial Market Reform Priorities for the SEC

The shockwaves from the collapse of financial markets continue to reverberate. Markets are still volatile, economic growth is fragile and regulators are under severe pressure. As long-term investors representing more than $1.6 trillion in assets, we strongly support the work of the U.S. Securities and Exchange (SEC) to implement reform in the wake of the financial crisis. However, there is unfinished business that is critical to protecting and strengthening shareowner rights and investor confidence in the financial markets.

The Challenge

Without comprehensive and effective financial market reform, we run the risk that systemic risk goes unchecked, and pension fund assets are again made vulnerable. Another financial downturn would erode those assets and undermine the retirement security of the millions of beneficiaries we represent. We also recognize that the Commission's work can't be achieved without the resources it needs to be effective. The SEC needs to be given the tools to do the job: full and independent funding.

The SEC's Vital Role

As long-term investors in U.S. and global financial markets, institutional investors rely on the U.S. Securities and Exchange Commission to regulate the public markets to protect investors and enhance the markets' operations. The Commission plays a vital role in bolstering investor confidence in the public markets by ensuring tranparency for investors, shareowner rights, enforcing director independence, and enhancing governance.

The Priorities

We urge the Commission to establish a proactive agenda to advance the mission of protecting investors, maintaining fair, orderly, and efficient markets, and to facilitate capital formation. We recommend the Commission reinforce its strong investor protection focus by addressing the following near-term financial market reform priorities.

Investor Advisory Committee

Revive the Investor Advisory Committee and appoint the Investor Advocate. The Investor Advisory Committee will provide an important role on matters of concern to investors in the securities markets; provide the Commission with investors' perspectives on regulatory issues; and serve as a source of information and recommendations to the Commission regarding its regulatory programs from the point of view of investors.

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Universal Proxy Access

Renew rulemaking for universal proxy access by addressing the issues raised in the DC Circuit Court decision. Proxy access is a fundamental shareowner right to nominate director candidates who can be considered on a level playing field with board or management candidates.

Executive Compensation

Adopt final rules on the remaining executive compensation provisions under Dodd-Frank. The inaugural year of "say-on-pay" demonstrated the importance of the link between pay and performance through the increased dialogue taking place between corporations and shareowners. The adoption of these final rules will better define the parameters of this discussion and further expand the dialogue opened in 2011.

International Financial Reporting Standards

Continue work on International Financial Reporting Standards. High quality accounting standards are a market fundamental and critical to investor protection in global markets.

Credit Rating Agencies

Provide for an accountable and transparent ratings system with full disclosure on data and models used to develop securities ratings. Develop an independent mechanism to track the accuracy and effectiveness of the ratings process and complete the study of financing alternatives for credit rating agencies.

Sustainability and Board Diversity Disclosure

Clarify and ensure compliance with the Commission's interpretive guidance on climate risk disclosures. Include climate change disclosure and the process for including diversity considerations into the corporate board nomination process in the newly created Investor Advisory Committee's overall mandate to provide advice and recommendations. Ensure that relevant environmental, social, governance (otherwise known as sustainability issues) and diversity reporting is integrated into financial reporting frameworks.

We stand ready to support the Commission to achieve its mission to protect investors, maintain fair, orderly, and efficient markets, and to facilitate sustainable capital markets.

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