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February 7, 2018

Mr. William H. Hinman
Director
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street NE.,
Washington, DC 20549

Re: Forced Arbitration provisions in public company governing documents

Dear Mr. Hinman,

I write on behalf of the California Public Employees' Retirement System (CalPERS), the largest public pension fund in the United States with approximately \$360 billion in global assets in more than 11,000 public companies.

I am writing to express concern about a recent article suggesting that the Securities and Exchange Commission (SEC) is weighing a substantial policy shift that would adversely impact the rights of investors by allowing companies to add forced arbitration clauses to their bylaws and articles of incorporation.¹

The SEC has long recognized that the right to bring legal actions in court is one of the pillars of our securities law enforcement regime, and a key investor protection. Given CalPERS' size and broad investment portfolio, frequently our only recourse is litigation to protect our 1.8 million members.

As reflected in our Governance & Sustainability Principles,² CalPERS strongly opposes any use of forced shareholder arbitration provisions. Permitting the use of forced shareholder arbitrations, as appears to be under consideration, would deny investors the ability to fully and appropriately protect themselves.

¹ Benjamin Bain, "SEC Weighs a Big Gift to Companies: Blocking Investor Lawsuits," BloombergPolitics, Jan. 26, 2018, at 2, <https://www.bloomberg.com/news/articles/2018-01-26/trump-s-sec-mulls-big-gift-to-companies-blocking-investor-suits> .

² CalPERS Governance & Sustainability Principles, <https://www.calpers.ca.gov/docs/board-agendas/201603/invest/item05a-02.pdf>, dated April 17, 2017 .

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Rather than reducing investor rights, I respectfully request that the SEC instead undertake efforts to inform and empower investors. I urge the SEC to engage in a robust consultation involving all stakeholders, prior to taking such a dramatic action.

Thank you for considering my comments. If you have any questions or wish to engage further on this issue please contact James Andrus at (916) 795-9058 or James.Andrus@CalPERS.ca.gov.

Sincerely

MARCIE FROST
CHIEF EXECUTIVE OFFICER