



California Public Employees' Retirement System  
Investment Office  
P.O. Box 2749  
Sacramento, CA 95812-2749  
TTY: (877) 249-7442  
(916) 795-3400 phone • (916) 795-3365 fax  
[www.calpers.ca.gov](http://www.calpers.ca.gov)

April 23, 2018

Mr. Brent J. Fields  
Secretary  
Securities and Exchange Commission  
100 F. Street, NE  
Washington, DC 20549-1090

**Subject: File Number SR-IEX-2018-06 - Self-Regulatory Organizations; Investors Exchange LLC; Notice of Filing of Proposed Rule Change to establish a New Optional Listing Category on the Exchange, "LTSE Listings on IEX"**

Dear Mr. Fields,

On behalf of the California Public Employees' Retirement System (CalPERS), thank you for the opportunity to provide our response to the Solicitation of Comments by the Securities and Exchange Commission (SEC) concerning the Investors Exchange LLC's (IEX or the Exchange) Proposed Rule Change to Establish a New Optional Listing Category on the Exchange (the Proposal).

CalPERS is the largest defined benefit plan public pension fund in the United States with approximately \$356.63 billion in global assets. CalPERS invests these assets on behalf of more than 1.9 million employees, retirees and beneficiaries. As a significant institutional investor with a long-term investment horizon, we rely upon the integrity, stability and efficiency of the capital markets.

CalPERS believes that strong corporate governance serves as a foundation for strengthening investor protections and achieving long-term, sustainable investment returns. The CalPERS investment office is guided by ten Investment Beliefs<sup>1</sup> intended to provide a basis for the strategic management of our investment portfolio. As highlighted by CalPERS' Investment Belief 4, governance is the primary tool to align interests between CalPERS and the companies in which we invest. In our view, strong

---

<sup>1</sup> See, <https://www.calpers.ca.gov/docs/forms-publications/calpers-beliefs.pdf>, dated May 2015

governance, along with effective management of environmental and human capital factors, increases the likelihood that companies will perform well over the long-term and manage risk effectively.

In addition, Investment Belief 2 states, “A long-term investment horizon is a responsibility and an advantage.” Thus, given our size and long-term liabilities, we have a keen interest in meaningful, high-quality market standards that enhance our ability to meet our long-term obligations and strengthen the integrity and efficiency of the capital markets. This longstanding view drives our desire to support policies and investment strategies that promote long-term sustainable value. We, therefore, support the Proposal to establish a new optional listing category on the Exchange designed to attract successful, visionary enterprises with strong values and a commitment to long-term success.

Listing standards explicitly designed to promote long-term value creation serve an important purpose in compelling sound corporate governance practices by publicly listed companies. Key features of the Long-Term Stock Exchange (LTSE’s) framework include: a long-term voting system and new company disclosures focused on long-term growth strategy, human capital, executive compensation, auditing and accounting, environmental impact, and diversity all of which are vital to investment decision-making. These features are meant to give long-term shareowners a greater role in a company’s corporate governance and to provide shareowners with relevant information for evaluating a company’s long-term success.

In our view, more long-term thinking is needed in the markets. To that end, we believe the long-term focus that will be promoted through LTSE listing on IEX will help ensure that company governance standards and policies are better aligned with shareowner interests. Specifically, the long-term focus will serve the interests of long-standing shareowners by providing a mechanism by which key governance issues are more transparent and subject to regular disclosure. We believe that the Proposal will help to capture various governance dimensions relevant to a long-term investor such as CalPERS.

We thank the SEC for considering our comments. If you would like to discuss any of these points or should you have any questions, please do not hesitate to contact Don Pontes at (916) 795-2110 or [Don.Pontes@Calpers.ca.gov](mailto:Don.Pontes@Calpers.ca.gov).

Sincerely,

MARCIE FROST  
Chief Executive Officer  
CalPERS