

2 October 2007

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

**Re: Shareholder Proposals Relating to the Election of Directors—File No. S7-17-07**

Dear Ms. Morris:

The CFA Institute Centre for Financial Market Integrity (CFA Institute Centre)<sup>1</sup> appreciates the opportunity to comment on an SEC interpretative and proposing release addressing the application of the election exclusion under Rule 14a-8. Specifically, this release confirms the Commission's position that Rule 14a-8 can be relied upon to exclude shareholder proposals that could result in an election contest.

As we noted in our response to the companion release on shareholder access, *Shareholder Proposals—File No. S7-16-07*, we support the ability of shareholders to have reasonable access to the proxy statement for director nominations. We do not support a modification to Rule 14a-8 as proposed in the above-referenced file allowing exclusion of access proposals.

The CFA Institute Centre develops, promulgates, and maintains the highest ethical standards for the investment community, including the CFA Institute *Code of Ethics* and *Standards of Professional Conduct*. The CFA Institute Centre represents the views of investment professionals to standard setters, regulatory authorities, and legislative bodies worldwide to promote investor protection and efficient global capital markets.

**Comments**

We appreciate the Commission's desire to clarify its 14a-8 interpretation process. This is particularly so in light of the recent Second Circuit holding that shareholder proposals for by-law changes to allow shareholder nominations for director are not excludable under the "contested elections" rationale. We agree these proposals should not be excludable and that the Commission should not seek to reinterpret 14a-8 through this release. We do not believe this represents the appropriate approach.

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<sup>1</sup> The CFA Institute Centre for Financial Market Integrity is part of CFA Institute. With headquarters in Charlottesville, VA, and regional offices in New York, Hong Kong, and London, CFA Institute is a global, not-for-profit professional association of more than 95,300 investment analysts, portfolio managers, investment advisors, and other investment professionals in 133 countries of whom more than 79,800 are holders of the Chartered Financial Analyst® (CFA®) designation. The CFA Institute membership also includes 135 member societies in 56 countries and territories.

Instead, we favor, with modification, the approach presented in the Commission’s release, *Shareholder Proposals—File No. S7-16-07*, as the appropriate response to shareholder needs for a greater voice in corporate director elections. While we have substantial concerns with the detailed requirements contained in that proposal, as voiced in our comment letter filed concurrently herewith, we are firm in our support for more shareholder input in the director selection process. This includes reasonable measures for shareholders to actually nominate director candidates to appear on the company proxy.

**Conclusion**

We urge the Commission to reject the approach proposed in this release and instead to focus on our suggested revisions to its proposals in File No. S7-16-07.

We appreciate the opportunity to comment on this proposal and would be happy to meet with SEC staff to further discuss its implications. If you have questions, need additional information, or would like to schedule a meeting, please contact Kurt Schacht at 212.756.7728 or by e-mail at [kurt.schacht@cfainstitute.org](mailto:kurt.schacht@cfainstitute.org), or Linda Rittenhouse at 434.951.5333 or by e-mail at [linda.rittenhouse@cfainstitute.org](mailto:linda.rittenhouse@cfainstitute.org).

Sincerely,

/s/ Kurt N. Schacht

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