CENTER FOR CAPITAL MARKETS COMPETITIVENESS

OF THE

UNITED STATES CHAMBER OF COMMERCE

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September 8, 2009

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

Re: Shareholder Approval of Executive Compensation of TARP Recipients
Release No. 34-60218
File Number S7-12-09

Dear Ms. Murphy:

The U.S. Chamber of Commerce is the world's largest business federation, representing more than three million businesses and organizations of every size, sector and region. The Chamber created the Center for Capital Markets Competitiveness ("CCMC") to promote a modern and effective regulatory structure for capital markets to fully function in a 21st century economy. To achieve this objective, it is an important priority of the CCMC to advance an effective and transparent corporate governance structure. Accordingly, the CCMC is pleased to comment on the amendments to the proxy rules under the Securities and Exchange Act of 1934 (the "Exchange Act") proposed by the U.S. Securities and Exchange Commission ("SEC") on July 1, 2009 in the release entitled "Shareholder Approval of Executive Compensation of TARP Recipients" (the "Proposal). The CCMC believes that the Proposal can be improved to provide for a substantive dialogue between shareholders and directors.

The Emergency Economic Stabilization Act ("EESA") was enacted on October 3, 2008 and established the Troubled Asset Relief Program ("TARP") in order to stabilize the financial markets and prevent a systemic collapse. Distressed companies were given financial assistance under TARP and recipients were required to abide by corporate governance requirements set forth under the EESA. The American Recovery and Reinvestment Act of 2009 ("ARRA") amended the corporate governance provisions of the EESA. The ARRA amendments required TARP recipients to "permit a separate shareholder vote to approve the compensation of executives, as disclosed pursuant to the compensation disclosure rules of the Commission…." The Proposal outlines regulations to implement the ARRA amendments.

The Chamber supported the passage of the EESA and the creation of the TARP program and believes that TARP recipients should be held accountable for the expenditure of taxpayer dollars. The CCMC also supports strong and transparent corporate governance policies as they are important cornerstones for a prosperous and productive economy. Nevertheless, the CCMC is concerned that the Proposals represent a one size fits all approach that will indiscriminately impose requirements on companies regardless of size or existing governance structures. Such a broad based application can harm the overall objectives of corporate governance, impact the stability of TARP recipients thereby undermining the purpose of the program and adversely affect the dialogue between shareholders and directors.

The Proposal encompasses a recent reform popularly known as Say on Pay, which would give shareholders an advisory vote on executive compensation. The purpose of Say on Pay is to promote a continued dialogue between management, directors and shareholders. However, Say on Pay could be a distraction when compensation is not a concern, where adequate shareholder dialogue already occurs, or if shareholders use it as an opportunity to advance other issues. Accordingly, the CCMC believes that the Proposal could be improved as follows:

- **Triennial Vote -** Say on Pay resolutions should be periodic to minimize the distraction and lack of substantive communications associated with annual shareholder votes. Corporate compensation plans generally have a life-span of three years and the Say on Pay votes should fit that model. A triennial vote would give shareholders a more informed voice in the executive compensation policies of a company, rather than holding an annual popularity contest.

- **Opts Out -** The costs and burden of Say on Pay are regressive, particularly impacting small and mid-size businesses. In order to avoid the damage that an indiscriminate imposition of Say on Pay would have, the CCMC believes that an opt-out provision is warranted. Accordingly, if two-thirds of shareholders vote for an opt-out of Say on Pay votes, small and mid-size companies would be able to mitigate the distractions and lack of substantive communications associated with an annual vote.

The CCMC believes that these changes will help to shape TARP corporate governance requirements to fit the governing structure of a company and achieve the goal of stabilizing the financial sector. These improvements will move away from a one size fits all approach, improve meaningful communications between shareholders and directors, and alleviate the distractions on those companies that can least afford their imposition.

By adopting these improvements to the proposal, the SEC will achieve the intent of the ARRA and EESA in providing accountability, while taking into account the realistic conditions needed to provide the financial and economic stability that is the ultimate goal of TARP.

Sincerely,

David T. Hirschmann
President and Chief Executive Officer
Center for Capital Markets Competitiveness
U.S. Chamber of Commerce