

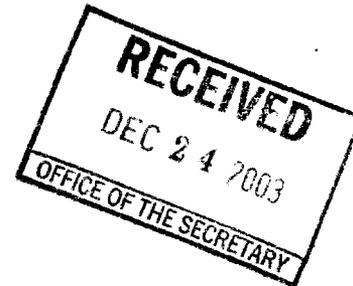
FONNA D. STONE
STATE REPRESENTATIVE
Thirty-Second District

HOUSE OF REPRESENTATIVES
STATE OF DELAWARE
LEGISLATIVE HALL
DOVER, DELAWARE 19901

411
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December 15, 2003

Jonathan G. Katz, Secretary
Securities and Exchange Commission
450 Fifth Street NW
Washington, DC 20549-0609



Re: File 57-19-03

Dear Secretary Katz:

I write you today to voice my opposition to a shareholder access rule proposed by the SEC that will add yet another layer of uncertainty to the operations of United States public corporations. These rules neglect both the potential damage they might cause and the serious degree to which they could take corporations off track during recovery. Besides, they are bad corporate governance.

Positive Impacts of the Sarbanes-Oxley Act and related SEC rulemaking, for which the SEC should be commended, and the approved corporate governance listing standards of the NYSE and NASDAQ are cementing corporate America's dedication to improving corporate governance. While it is recognized that more work lies ahead, we should evaluate how these changes impact corporations' responsiveness to shareholders, before mandating more new rules which will distract boards, raise corporate expenses and deter innovation.

Secondly, the breadth of this proposed rule casts too wide a net – sweeping in not only corporate wrongdoers and companies unresponsive to their shareholders, but also companies that have consistently demonstrated responsiveness to their shareholders and a commitment to sound governance. In fact, many – if not all – U.S. public companies would be subject to the proposed rules, should they be enacted.

Thirdly, and perhaps most importantly, the proposed rule may have the unintended consequence of creating a loophole whereby special interest groups can commandeer the director election process to the detriment of all shareholders. The involvement of these special interests will bring the worst of our partisan electoral system to the corporate boardroom, lead to acrimonious proxy fights, and produce badly divided boards that will have difficulty functioning as a team.

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Securities and Exchange Commission

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Among all their responsibilities, corporate boards are primarily responsible for the "big picture", especially in terms of oversight and return to shareholders. It will be difficult for a board composed of an uneasy collection of special interest directors to keep its focus, rather than the limited agenda of the specific group or minority interest that elected them. Therefore, I submit my opposition to this proposed shareholder access rule and hope you will give more time to existing laws and rules and then determine their impact. Only then should consideration of changes be undertaken.

Thanking you for your time and consideration of this opinion, herewith are my best wishes for your holiday.

Sincerely,



Donna D. Stone
32nd District State Representative
Chair, House Economic Development,
Banking and Insurance Committee

DDS:ltr