



*Transformative Investing  
for Socially Conscious Investors*

August 13, 2009

Elizabeth M. Murphy  
Secretary  
United States Securities and Exchange Commission  
100 F Street NE  
Washington, DC 20549-1090

**Re: Facilitating Director Nominations (File No. S7-10-09)**

Dear Ms. Murphy:

As CEO of First Affirmative Financial Network, a registered investment advisor with over \$550 million in assets under management, I am writing in support of the SEC's proposed rule, *Facilitating Shareholder Director Nominations*. The current financial crisis underscores the need to protect long-term shareholders' interests and to strengthen accountability of boards and management.

Granting long-term shareholders the right to nominate directors, thereby ending the *de facto* monopoly the board and management have in picking director slates, is an important component of achieving effective oversight of U.S. publicly traded companies' boards and of broad financial reform. Therefore, First Affirmative concurs with the SEC that the reforms outlined in the SEC's proposed Rule 14a-11 and revisions to Rule 14a-8(i)(8), following decades of debate over proxy access, are long overdue and should be adopted swiftly. We support the application of Rule 14a-11 as proposed and welcome the opportunity to comment on points still under consideration.

We agree with the SEC's position that the proposed rule should:

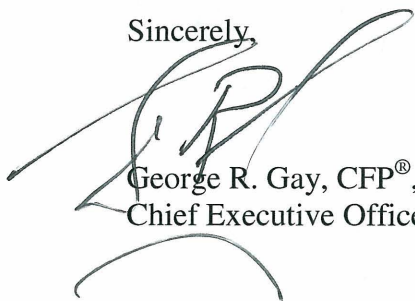
- Permit shareholders to aggregate their holdings to meet the minimum share ownership thresholds;
- Grant only long-term shareowners, those holding stock for at least one year, access to nominate directors;
- Employ safeguards to ensure that access is not used as a takeover mechanism by short-term profit seekers;
- Outline strong independence standards for director nominees;
- Require full and accurate disclosure by nominating groups, including pertinent information about nominated directors;
- Allow nominating shareholders to make statements of opposition against the election of other board members on the company's slate in the proxy statement;
- Authorize shareholders to file resolutions related to the issue of board elections; and
- Become effective immediately without a lengthy implementation period, associated triggering mechanism, or exemption or delay for smaller issuers.

We would like to take this opportunity to comment in greater detail on three features of the proposed rule that are of particular interest to us:

- **Priority access:** We favor an approach whereby the largest beneficial owner or group of owners gain proxy access, as opposed to awarding access to the first shareholder or group of shareholders filing. We are concerned that a first come, first serve approach might force shareholders to rush to file and result in a less thoughtful process than is otherwise possible. In the end, we also believe that the investor or group with the greatest stake in the director election and the company's long-term financial performance should prevail in these situations.
- **Failed nominations and resubmitting candidates:** We believe that there should not be any waiting period for resubmitting candidates failing to win election to a board.
- **Shareholder proposals:** We oppose permitting companies subject to Rule 14a-11 to exclude shareholder proposals that they otherwise would be required to include. The shareholder proposal rule 14a-8 is an important conduit for opening dialogue between management and shareholders on key ESG policy issues that have significant consequences for long-term shareholder value as well as society.

There is a strong case for proxy access based on issues of good governance, transparency, and accountability. Proxy access is a matter of fair corporate suffrage, necessary and appropriate for the protection of investors and the greater public good. Therefore, First Affirmative strongly favors the SEC's approach to proxy access and appreciates the opportunity to express our views on this matter.

Sincerely,



George R. Gay, CFP<sup>®</sup>, AIF<sup>®</sup>  
Chief Executive Officer

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