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August 14, 2009

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

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OFFICE OF THE SECRETARY

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

Dear Ms. Murphy,

I am writing to express the Washington State Investment Board's (WSIB) enthusiastic support for the Securities and Exchange Commission's proposed rule on *Facilitating Shareholder Director Nomination*. The WSIB is a long-term investor managing investments for 14 separate retirement funds for public employees, teachers, school employees, law enforcement officers, firefighters and judges. We also manage investments for 19 other funds that support or benefit industrial insurance, colleges and universities, developmental disabilities, and wildlife protection. Total assets under management as of June 30, 2009 were close to $65 billion.

Allowing shareowners to be able to include director candidates in management's proxy materials is an important and long overdue recognition of a fundamental shareowner right. Its adoption would be one of the most significant and important investor reforms put in place by any regulatory agency in decades. The SEC is to be commended for its leadership role on this critical issue.

There has been considerable debate this past year about the regulatory reforms necessary to restore our capital markets and protect investors from another devastating financial meltdown. A number of good, responsible changes have been proposed. This proposed rule goes straight to the heart of one of the underlying causes of the financial crisis. Too many corporate directors were either unaware or chose to ignore the warning signs of the impending crash. It is unlikely they would have been so negligent had this rule been in place and boards were forced to be more accountable to shareowners and directors more conscientious about their oversight responsibilities.

I would like to briefly address some of the specifics of the SEC's proposed rule. The WSIB supports:

- The SEC's proposed shareowner eligibility criteria. While we have previously endorsed a requirement of three percent stock ownership for two years, the Commission's ownership criteria is similar and, no doubt, workable. However, for this proposal to be meaningful, it is critical that shareowners be allowed to aggregate their holdings.

- The proposed nominee eligibility criteria. This is consistent with our view that shareowner nominees should qualify as independent under relevant stock exchange listing standards.

- The nomination limits. We do not believe a shareowner or group should be allowed to unseat an entire board or facilitate a change in control.

The WSIB opposes the "first-in" approach for determining which nominees should be included in the company proxy materials. This concept encourages a race to be first to file, which we do not believe would serve the best interest of pension funds and their beneficiaries. A more logical approach would be to determine what investor or group has the greatest stake in the director election and ultimately the long-term performance of the company. The WSIB would encourage the SEC to revise its proposal to give the shareowner or shareowner group with the largest beneficial ownership the right to nominate the maximum number of directors allowed under the rule.

The WSIB would very much like to see the SEC move as expeditiously as possible on the issuance and implementation of a final rule. Even though current economic signs are heartening, it will still take some time to undo the damage that has been done to our markets and restore investor confidence. Prompt and timely adoption of this rule would be a significant step forward in accomplishing both those goals.

I appreciate the opportunity to express the WSIB's views on this issue and again want to thank the SEC for its leadership as a shareowner advocate.

Sincerely,

Theresa Whitmarsh
Acting Executive Director