National Retail Federation®
The Voice of Retail Worldwide

August 20, 2010

The Honorable Luis A. Aguilar
Commissioner
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

Dear Commissioner Aguilar:

On behalf of the National Retail Federation (NRF) and our many members, we are writing to ask that the Commission reconsider pending proposals regarding proxy access. As the world's largest retail trade association and the voice of retail worldwide, NRF's global membership includes retailers of all sizes, formats and channels of distribution as well as chain restaurants and industry partners from the U.S. and more than 45 countries abroad. In the U.S., NRF represents the breadth and diversity of an industry with more than 1.6 million American companies that employ nearly 25 million workers and generated 2009 sales of $2.3 trillion. It is because our industry employs one in every five workers in America that we are so concerned by potential disruptions to the very businesses that provide those jobs.

NRF's members support shareholder democracy. Shareholders are the owners, and businesses should be run in a manner that serves their long term collective interest.

It is equally true that proxy contests, like all elections, are time consuming and disruptive. However, unlike political challenges, proxy contests involve not only policy disputes, but actual disengagement of management from the operations that keep the profit making entity afloat. Accordingly, one should be very certain that access, and the resulting contests, is supported by those who have a substantial stake and interest in the economic well being of the company. The proposed 3 percent aggregated test fails to meet that threshold.

For one, it allows a contest to be launched by too few people. We note that the Business Roundtable found that even at the fifty largest companies, just ten shareholders control, on average, nearly thirty percent of outstanding shares. Just one or two such shareholders could initiate substantial economic disruption for the other 97 percent.

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Even the threat of repeated contests could cause management to reorient its focus toward satisfying the disruptive shareholder's immediate goal, regardless of the prospects of success. For this reason, we believe that the standards should be set such that only those with a demonstrated long term interest in the company's well being, as evidenced by at least a two year holding period, and an ownership threshold that would likely involve some institutional investor interest, such as 5 percent, is a far more appropriate balance.

It is possible to reconcile shareholder rights and long term investment value. We encourage you to adopt standards that will do the same.

Sincerely,

Matthew Shay
President and CEO