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AS SECRETARY  
COLEMAN STIPANOVICH  
EXECUTIVE DIRECTOR

June 13, 2007

Christopher Cox, Chairman  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

RECEIVED  
ES 120902  
2007 JUN 21 AM 11:14  
CHAIRMAN'S  
CORRESPONDENCE UNIT

Re: Recommendations of the NYSE Proxy Working Group on Rule 452

Dear Chairman Cox:

I am writing on behalf of the State Board of Administration (SBA) of Florida to express our support for the recently amended proposal by the New York Stock Exchange (NYSE) to reform portions of NYSE Rule 452. The SBA believes the proposed amendment to Rule 452 represents an important step toward ensuring better corporate governance for listed companies. The SBA manages the Florida Retirement System (FRS) on behalf of approximately 970,000 beneficiaries and retirees, with assets totaling approximately \$140 billion.

The SBA believes Rule 452 has a significant impact on voting outcomes and presently undermines the integrity of director elections.<sup>1</sup> We fully support the NYSE's proposal to reclassify the election of directors as a "non-routine" matter, which would no longer permit brokers to cast votes for uninstructed shares. We believe the ability to vote for directors is an essential right, and it is important that the votes of shareholders not be diluted or skewed by brokers who have authority to vote uninstructed shares, but lack the necessary economic and ownership incentive. Brokers may even have conflicts with the interests of shareholders due to financial service relationships with company management. Broker voting in elections brings about significant problems with little if any benefit. The concern over meeting quorum requirements is not a valid reason to allow brokers to vote uninstructed shares. There is simply no need for brokers to cast votes for shares they do not own.

An example of the harmful impact of broker voting occurred at the recent annual meeting of CVS/Caremark Corp., at which one director received 57 percent of the votes cast. It

<sup>1</sup> A June 7, 2006, article in the *Financial Times* estimated 70 to 80 percent of all shares in public companies are held by shareowners through brokers. Automatic Data Processing provided data to the NYSE Proxy Working Group indicating that during 2004, 32 companies would have received greater than 50 percent withhold voting levels for individual directors if the broker discretionary votes had not been permitted under Rule 452.

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Page 2

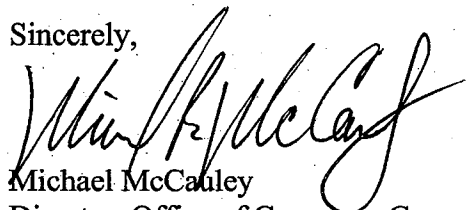
has been reported that without broker votes, this director would have garnered only 43 percent of the votes cast, implying that broker votes of uninstructed shares swung 14 percent and secured his reelection under CVS/Caremark's majority-vote standard for director elections. Although currently permitted, we believe the inclusion of broker votes is inappropriate and, in cases such as this, thwarts the will of the actual owners who vote at the meeting.

The NYSE has recommended that certain exemptions be made in this proposal. We do acknowledge the cost considerations for exempting registered investment companies from the proposed amendments. However, we strongly endorse a future review of whether or not cost barriers have continued. Although such a release may be warranted, mutual fund governance remains a key issue for the SBA, as we have advocated for independent board chairpersons as well as supermajority levels of independence for members of boards of trustees. We believe the present exemption of such investment companies from the proposed amendments to Rule 452 poses no problem, but this should be re-evaluated at some point.

We appreciate the NYSE's efforts in crafting recommendations on these complex matters. We hope the SEC will act quickly to allow the NYSE to implement these recommendations and further the NYSE's leadership on governance and shareholders' rights. We look forward to the opportunity to provide positive feedback when the SEC seeks public comment on this issue.

Thank you for your consideration of this significant issue impacting our pension investments. If you have any questions, please contact Tracy Stewart, Senior Corporate Governance Analyst, at (850) 413-1257 or me.

Sincerely,



Michael McCauley  
Director, Office of Corporate Governance

cc: Commissioner Paul S. Atkins  
Commissioner Roel C. Campos  
Commissioner Kathleen L. Casey  
Commissioner Annette L. Nazareth  
John A. Thain, CEO, NYSE Euronext  
Catherine R. Kinney, President and Co-COO, NYSE Euronext