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March 13, 2006

Mr. Jonathan Katz
Secretary
Securities and Exchange Commission
100 F Street, N.E.
Washington, D.C. 20549

**RE: Proposed NYSE and NASD Rule Changes Relating to the Prohibition of Abuses in the Allocation and Distribution of Shares in Initial Public Offerings – Release No. 34-50896; File Nos. SR-NYSE-2004-12; SR-NASD-2003-140**

Dear Mr. Katz:

The California Public Employees' Retirement System (CalPERS) is the largest U.S. public pension fund with over $200 billion in total assets. CalPERS is a long-term shareowner and believes strongly in market regulation and enforcement designed to protect investors and ensure integrity in the marketplace.

CalPERS is pleased to provide comment on the proposed New York Stock Exchange (NYSE) and National Association of Securities Dealers (NASD) rule changes designed to prohibit certain abuses in the allocation and distribution of shares in initial public offerings (IPOs). We applaud the SEC in taking a leadership role in supporting governing mechanisms that prevent egregious abuses related to the dissemination of IPOs. The establishment of the NYSE/NASD IPO Advisory Committee ("Committee") in August 2002 demonstrates the Commission's leadership: The Committee addressed the following:

- The IPO process must promote transparency in pricing and avoid aftermarket distortions.
- Abusive allocation practices must be eliminated.
- Regulators must improve the flow of, and access to, information regarding IPOs.
- Regulators must encourage underwriters to maintain the highest possible standards, establish issuer education programs regarding the IPO process, and promote investor education and the advantages and risks of IPO investing.

In April 2003, another encouraging example of the SEC's dedicated involvement and leadership on this issue was exemplified by the five-year agreement ("Agreement") between the Commission, NYSE, NASD, New York Attorney General Eliot Spitzer, and 10 leading investment banks to impose restrictions on abusive allocation practices of IPOs. Restrictions in this agreement include:

- A flat ban on the allocation of securities in a "hot" IPO to the account of a company executive officer or director.
- A prohibition on investment banking personnel from having input into the firm's allocation of IPO securities to individuals.

We would encourage both the NYSE and NASD to ensure that the proposed reforms clearly capture, and not weaken, those restrictions that are currently in effect under their five-year Agreement with the SEC, New York Attorney General Eliot Spitzer, and 10 leading investment banks. By encapsulating the criteria of the Agreement in its entirety, the SEC, NYSE, and NASD would demonstrate their continued leadership ensuring market regulation and enforcement designed to protect investors and ensure credibility in the marketplace.

The importance of capital market integrity is paramount for investors and we firmly endorse the proposed initiatives of the NYSE and NASD to provide the investing public with a greater degree of confidence in the IPO process. We are encouraged to see such practices addressed through permanent regulatory rule making.

We appreciate the opportunity to respond on the proposed rule changes that have been filed with the Securities and Exchange Commission. Please contact me at (916) 795-0209 if there are questions.

Sincerely,

Christianna Wood
Senior Investment Officer – CalPERS Global Equity

cc: CalPERS Board of Administration
CalPERS Executive Office