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Mr. Jonathan G. Katz
Secretary
United States Securities and Exchange Commission
450 Fifth Street, N.W.
Washington, DC 20549-0609

Re: **File No. SR-NYSE-2002-33**

Dear Mr. **Katz:**

We appreciate the opportunity to provide you with our views on the New **York** Stock Exchange's (the "NYSE") Proposed Rule Change Relating *to* Corporate Governance (the "April 2003 Proposal"). The comments we submit today are limited to the provisions of the proposal regarding director independence standards.

We strongly support the NYSE's corporate governance reform efforts, including its efforts to amend Section 303A of its listing standards to strengthen director independence. In fact, Aetna already has adopted many of the practices proposed by the NYSE in August of 2002. **As** noted in the NYSE's proposed rule commentary, to be effective a board of directors must exercise independent judgment in carrying out its responsibilities. We agree with the NYSE that requiring that boards be composed of a majority of independent directors should increase the quality of board oversight and lessen the possibility of damaging conflicts of interest. We do, however, believe that certain aspects of the revised proposed rules are more restrictive than may be necessary to achieve the goals of the listing standard, and may have the unintended consequence of characterizing directors who are actually independent as not being so. In addition, we believe that certain changes to the **April** 2003 Proposal are necessary to clarify its application.

Business Dealings Between the Listed Company and the Director's Company

The Prescribed Materiality Threshold

We believe that the per se ban on independence of a director that is an executive officer or employee of another company that does more than 2% or $1 million, whichever is greater, of business with a listed company is too narrow in a couple of respects. First, we believe that the 2% threshold is too low, particularly in light of the 5-year lookback provision. In our opinion, it is not clear that ordinary course business transactions between two companies that exceed this threshold by one, two or three percentage points, for example, will always or even oftentimes actually impair the director's independent judgment. Very often these type of transactions are not material enough to even be discussed or voted on at the board of directors level of either company, yet under the proposed listing standard they would be considered material enough to render the director per se not independent for 5 years. This determination would render the director unable to serve on some of the board's most important committees (audit, nominating and compensation) during **a** time when companies are finding it harder than ever to recruit qualified directors to boards. We believe that independence determinations are fact specific, and that one size does not fit all, and our strong preference would be to return to the Exchange's initial proposal on this subject whereby the board was given the ability and responsibility to determine, in its business judgment, whether a business dealing of this type is material and would affect a director's independence.

Alternatively, if a materiality threshold for business dealings is prescribed, we believe it should be drafted as a presumption, with the Board having the ability to negate the presumption based on the particular facts of the business dealing. We note that this is the approach followed under proposed Section 303A(2)(b)(i), where a board can negate a presumption that a director who receives direct compensation in excess of $100,000 per year from a listed company is not independent. We believe that if a board can be allowed to negate a presumption of independence with regard to a direct financial compensatory arrangement between a director and the listed company, it should also have the ability to negate a presumption of independence with regard to an indirect financial arrangement, such as business dealings between the listed company and another company.

Finally, if a bright line test is to be adopted, with no opportunity for a board to overcome the materiality presumption, we believe that a 5% or 10% revenue test would be a more appropriate level for the threshold. These thresholds are commonly used under the securities laws for determining materiality generally.

The Individuals to Whom this Rule Applies

We also note that as proposed, Section 303A(2)(b)(iv) would preclude a director from being considered independent where the director is not **an** executive officer, but a mere employee of another company that does business with the listed company above the threshold level. We believe that if a director is a non-executive officer employee of such a company, this independence test should not apply at all, since it is unlikely that the director (who by definition is not in a policy making function at his employer company) would be in a position to influence transactions between that company and the listed company. Particularly in combination with the threshold level of 2%, we believe that this provision is overly restrictive. We also believe that not having this rule apply to mere employees would be more consistent with the stated focus of proposed Section 303A(2)(a), where determinations of independence are said to based on status as a partner, shareholder or ***officer*** of another organization.

Also, as proposed Section 303A(2)(b)(iv) would preclude independence where an immediate family member (very broadly defined) is an executive officer of another company that does business with the listed company in *excess* of the 2% threshold level. Given the low threshold level in the proposed rule, and the breadth of the definition of immediate family member, we believe that this rule is overly broad and will unnecessarily categorize directors as not being independent in circumstances where the director is several steps removed from the actual business transaction involving the listed company, and the actual effect of the business transaction on the director's independence is fairly tenuous. In addition, we believe that the breadth of the immediate family member definition in this context will make it very difficult for companies to monitor compliance with the rule, and will result in after-the-fact inadvertent violations which will disqualify directors from being considered independent and jeopardize **a** company's NYSE listing.

Relationship with the Listed Company's Auditor

As also set forth in the **April** 2003 Proposal, if a director has an immediate family member who is employed in any professional capacity by a present or former external auditor, within the last five years, the director is not considered independent. We also believe this provision is unduly restrictive, since it would preclude independence even where the immediate family member (again, very broadly defined) is in a junior, salaried position at an audit firm, possibly located in another city, and is not even providing any services to the listed company. Given the small number of accounting firms that provide audit service to large publicly traded companies (the Big 4), and the large number of their employees (along with the turnover in the accounting profession at large firms), this requirement is in our opinion overly restrictive. In this regard, we believe that it would be more appropriate for the rule to apply only if the immediate family member is a partner at the firm and performs services for the listed company. We again also believe this approach would be more consistent with the stated focus of proposed Section 303A(2)(a), where determinations of independence focus on status as ***apartner,*** shareholder or officer of another organization. In addition, we believe that the breadth of the proposed rule in this context will again make it very difficult for companies to monitor compliance, and will result in after-the-€act inadvertent violations with serious consequences for the director and the listed company.

Various Clarifications

In addition to these substantive changes, we believe that certain clarifications should to be made to the independence standards to allow listed companies to reasonably determine whether or not they are in compliance with the standards. For example, **we** believe that the term "direct compensation" as used in Section 303A(2)(b)(i) needs to be clarified to exclude gains from investments in securities and dividends. We also assume that in Section 303A(2)(b)(iii) the term "listed company's present executives" is intended to mean "listed company's present executive officers" and believe the rule should be clarified in this regard.

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We appreciate your consideration of our views on the April 2003 Proposal. We would be pleased to discuss our comments further with you or members of your staff. If you have any questions regarding this letter, please feel free to contact me.

Very truly yours,

WJCasazza

William J. Casazza