



February 17, 2010

The Honorable Christopher J. Dodd  
Chairman  
Committee on Banking, Housing  
and Urban Development  
U.S. Senate  
Washington, D.C. 20510

The Honorable Richard C. Shelby  
Ranking Member  
Committee on Banking, Housing  
and Urban Development  
U.S. Senate  
Washington, D.C. 20510

*Re: "Restoring American Financial Stability Act of 2009" Committee Print*

Dear Chairman Dodd, Ranking Member Shelby and Members of the Committee:

I am writing on behalf of the Social Investment Forum (SIF), the U.S. national nonprofit membership association for professionals, firms and organizations dedicated to advancing the practice and growth of socially responsible investing (SRI), to urge your support and leadership on financial reform. Our 400 members are dedicated to advancing responsible corporate governance; increasing corporate accountability; addressing corporate environmental and social shortcomings; and supporting community investing institutions that strengthen low-income communities through access to capital. As you can imagine, our members are deeply concerned about financial reform and its long-term implications for investors and financial markets. Therefore, SIF encourages you to back legislation that contains key corporate governance reforms, self funding for the Securities and Exchange Commission (SEC), and consumer financial protection.

**Accountability through good governance:** Of all of the changes Congress can enact, instilling good governance among U.S. companies should be a top priority. After all, corporate governance reforms do not cost the American taxpayer a dime, and they help the SEC and other regulators do their jobs more effectively by providing greater oversight of corporations and accountability in the boardroom.

While there are many reforms in this area that deserve your attention, three in particular are urgently needed. First, we strongly urge you to support giving the SEC clear authority to go forward with proxy access, which will enable shareholders to nominate directors at U.S. companies for the first time without engaging in a costly proxy contest. We believe granting long-term shareholders the right to nominate directors, thereby ending the *de facto* monopoly the board and management has in picking director slates, is an important component of achieving the goals of effective oversight of U.S. publicly traded companies' boards and true financial reform.

Second, a majority voting standard also is crucial in ensuring boards have effective leadership representing shareholders' interests. As a result of shareholder campaigns and pressure, nearly half of all S&P 500 companies already have such a standard, and it is long overdue for the remainder to follow. Directors who do not earn the support of the majority of shareholders they represent should no longer be able to represent shareholder interests in the boardroom.

And finally we strongly support enacting the annual advisory vote on executive compensation, also known as "Say on Pay," as an important check and balance on executive pay packages. Many Americans have been outraged as of late about excessive executive pay packages and overwhelmingly believe that greater accountability is needed in this area. The House has voted for this reform twice. In addition, 50 companies have agreed to implement "Say on Pay" provisions along with all TARP companies, and investor voting support for "Say on Pay" shareholder resolutions averages 46 percent—a huge demonstration of investor sentiment on this issue. Therefore, we hope we can count on your support in ensuring "Say on Pay" is enacted.

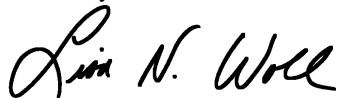
**Effective enforcement through SEC self-funding:** The enforcement tasks before the SEC have become ever more daunting, and the agency has not been adequately funded in more than a decade. As a result, it is no wonder that the SEC was found to have made many missteps in enforcement in recent years. The SEC already generates enough revenues to cover its costs through filing fees, but it is only allowed to spend roughly half of these funds to protect investors. If the SEC is to become an effective regulator, it requires sufficient, stable long-term funding that will enable it to hire experts needed to police ever more sophisticated and complicated financial markets and to respond swiftly and effectively to market events through increased staffing and technology developments. Virtually, every other U.S. financial regulator is self-funded, including the Federal Reserve and the Federal Deposit Insurance Corp., and the SEC should be no different. This is another urgently needed step Congress can take immediately to help America avoid another financial crisis.

**Consumer protection through a consolidated, effective regulator:** The recent financial crisis has proven beyond a doubt that the United States needs an effective regulator to protect consumers from predatory lending and to ensure that all Americans have adequate access to capital to start small businesses and buy homes. While we acknowledge that personal responsibility played a role in American homebuyers taking on mortgages and consumer debt they could not in the end afford, it is unnecessarily difficult for American families to make sound financial decisions, because the paperwork associated with credit cards, mortgages, checking accounts and other consumer financial products is filled with reams of overly complicated fine print and technical language.

Consumers of financial products need a dedicated watchdog in Washington to eliminate these and other poor lending practices. Righting these weaknesses will help lessen the harmful effects of the boom and bust cycles that have plagued U.S. markets in recent years. As investors, we have a direct interest in seeing to the eradication of predatory and other poor lending practices since they detract from long-term shareholder value. Moreover, the existing system to protect consumers is bureaucratic, unaccountable and ineffective, spanning 17 different statutes and seven distinct agencies. A consolidated regulator of consumer financial products would promote greater efficiency and reduce unnecessary paperwork and wasteful spending.

Furthermore, in addition to limiting predatory practices that too often target low-income and minority communities, it is important that Congress ensure that these communities continue to have access to capital. Therefore, the new entity should help ensure equal access to capital through bolstering existing laws such as the Community Reinvestment Act.

Sincerely,

A handwritten signature in black ink that reads "Lisa N. Woll". The signature is written in a cursive, flowing style.

Lisa Woll  
CEO  
Social Investment Forum

cc: Members, Senate Banking Committee