

January 24, 2000

Mr. Jonathan G. Katz, Secretary
Securities and Exchange Commission
450 5th Street, N.W.
Washington, D.C. 20549-0609

Re: File No. S7-23-99

Dear Mr. Katz:

On behalf of the Financial Executive Institute (FEI) Committee on Investment of Employee Benefit Assets (CIEBA), I am writing to provide you our comments on the proposed rules regarding the Role of Independent Directors of Investment Companies.

CIEBA was formed fifteen years ago to provide a nationally recognized forum and voice in Washington exclusively for ERISA-governed corporate pension plan sponsors on current fiduciary and investment issues. It is an organization representing over 145 of the largest corporate pension funds in the U.S. Its membership consists of corporate financial officers who administer and manage, as fiduciaries, the investment of over \$1 trillion in retirement plan assets on behalf of over 15 million plan participants and beneficiaries. CIEBA's members oversee \$471 billion in Defined Contribution plans on behalf of 5.3 million participants.

Given that a large percentage of our members offer mutual funds as part of their Defined Contribution plans, we are very interested to see that mutual funds are run for the benefit of their shareholders which are the beneficiaries of our plans. Towards that end, we support the Commission's proposed rules to enhance the independence and effectiveness of fund directors. We believe it is good governance to have the majority of a fund's board comprised of independent directors. We would also be supportive of your proposal to require a 2/3 majority of independent directors. We believe the more independent a board is, the less likely it will be to have conflicts and, therefore, in a better position to serve the needs of the fund's shareholders.

We also support those recommendations that help to assure that the directors remain independent by selecting future board members and that they receive independent advice from the fund's legal counsel. We are also

supportive of improved disclosure regarding directors, as this information will help us as plan fiduciaries to assess the true independence of directors who will act on behalf of our beneficiaries.

Overall, we laud the Commission for proposing rules that will further enhance the corporate governance of mutual funds by strengthening the independence of mutual fund boards. We believe these actions will further service the interests of our plans and beneficiaries.

Sincerely,

W. Allen Reed
Chairman