



National Association of State Auditors, Comptrollers and Treasurers

National Conference of State Legislatures
National Association of State Auditors, Comptrollers and Treasurers
National Association of State Retirement Administrators
National Council on Teacher Retirement

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May 10, 2004

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On behalf of the national organizations listed above—representing state institutional investors, state governments, public retirement systems, and millions of public employees, retirees, and beneficiaries—we applaud Congress and the Securities Exchange Commission for recognizing the strong need to establish an Office of Global Security Risk within the SEC. The Office of Global Security Risk will assist investors by requiring publicly traded companies to disclose business they conduct in states designated by the State Department as sponsoring terrorism. We are hopeful that we can schedule a meeting with the SEC to further discuss the work of this important new office and its impact on institutional investors.

Full disclosure will assist institutional investors who represent a significant segment of the investor universe. Institutional investors have been subjected to negative news reports based upon the false premise that institutional investors are unknowingly “supporting” terrorist activities. These reports are often not only unwarranted, but unfair as institutional investors have no way to determine which companies or their subsidiaries are, in fact, doing business in countries considered by the federal government to be supporting terrorism. The federal government is uniquely situated to determine which activities by companies should be addressed. We are interested in working with the SEC to assure that any required disclosures provide useful and appropriate information to ascertain whether companies are engaging in business which might support terrorism. Requiring disclosures merely that a company or its subsidiary does business in a country designated by the state department is not informative and may, indeed, be hurtful to the reputation of companies which are conducting permitted activities within these countries.

EXECUTIVE DIRECTOR

R. KINNEY POYNTER
Lexington, Kentucky

The Honorable William H. Donaldson
May 10, 2004
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We applaud the SEC's current efforts and respectfully request a meeting to further discuss our concerns. Should you have any questions or require any additional information please feel free to contact our Washington representatives.

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