



ICGN

International Corporate Governance Network

Mr. Edward Knight
Executive Vice President & General Counsel
NASDAQ OMX
805 King Farm Boulevard
Rockville, MD 20850

Dated: 11th July 2013

By email ONLY: edward.knight@nasdaqomx.com

Dear Mr Knight

RE: Majority voting for director elections

We are writing in support of the submission from the US Council of Institutional Investors proposing that NASDAQ OMX act to introduce as a listing requirement a majority voting standard for uncontested director elections. We believe it is a basic shareholder protection to be able to elect and remove directors on the basis of a simple majority vote.

The International Corporate Governance Network (ICGN) is a global membership organisation of over 600 institutional and private investors, corporations and advisors from 50 countries. Our investor members are responsible for global assets of US\$18 trillion. Our mission is to raise corporate governance standards worldwide and we do this through three core areas of activity:

- Influencing policy by providing a reliable source of practical knowledge and experiences on corporate governance issues, thereby contributing to a sound regulatory framework and a mutual understanding of interests between market participants;
- Connecting peers and facilitating cross-border communication among a broad constituency of market participants at international conferences and events, virtual networking and through other media; and
- Informing dialogue around sound corporate governance practices and principles through the publication of materials, exchange of knowledge and advancement of education world-wide.

Information about the ICGN, its members, and its activities is available on our website: www.icgn.org.

The ICGN believes that a company's board of directors should be accountable to its shareholders. In our membership-approved Global Corporate Governance Principles, we set out our expectations for director elections, one being that each director is approved by a simple majority (i.e. 50% plus one) of the shares voted. It seems

nonsensical to us that a director failing to garner the support of at least half the shareholders participating in the shareholder meeting can claim to be serving on the board in the interests of the shareholders. Evidence from the US market suggests that the boards of leading companies take a similar view. We note that nearly 80% of S&P500 companies have adopted a majority voting standard.

Unfortunately, we also note that there is considerable progress to be made amongst the small to mid-cap companies. Sound governance practices are just as important in this segment of the market and it seems a requirement within the listing rules would make a significant difference.

We therefore ask that NASDAQ OMX consider proposing rules for approval by the Securities and Exchange Commission that would require an issuer seeking to list its equity securities to adopt a majority voting standard in uncontested elections of directors. There should be a requirement within the proposed rules that any incumbent director not achieving a majority of the votes cast resign promptly and with finality. Only in extreme circumstances, for example if the entire board was not elected, should a director not receiving a simple majority be able to be reappointed, and then only for a defined and brief period during which a replacement board is appointed.

We believe that these requirements would significantly enhance the accountability of listed companies and the reputation of the US market.

Should you have any queries or wish to discuss the contents of this letter in more detail, please do not hesitate in contacting Ms Kerrie Waring, ICGN's Acting Head of Secretariat, by phone on: +44 (0) 207 612 7079, or by email at Kerrie.waring@icgn.org.

Yours sincerely,



Michelle Edkins
Chairman of the ICGN Board of Governors



Alexander Juschus
Co-Chairman of the ICGN Shareholder
Rights Committee



Bram Hendriks
Co-Chairman of the ICGN
Shareholder Rights Committee

Cc: ICGN Board Members
ICGN Shareholder Rights Committee