

July 02, 2013

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

Dear Mr. Knight:

We are writing to you in support of the Council of Institutional Investors' (CII) [letter](#) urging NASDAQ to propose a rule for adoption by the U.S. Securities and Exchange Commission requiring listed companies to use the majority voting standard in uncontested elections of directors.

By way of background, Hermes Equity Ownership Services Limited - part of Hermes Fund Managers Limited - is wholly owned by the largest corporate pension fund in the UK, the BT Pension Scheme (BTPS). Through EOS we assist BTPS and more than 30 other internationally-spread pension funds and other long-term investors meet their fiduciary duties, by engaging with portfolio companies on their behalf and voting their shares at shareholder meetings. As of December 2012, we oversee over \$195 billion in equity and corporate bond assets.

It is our belief that electing directors is a fundamental shareholder right and one that exists in nearly all major markets around the world. We prefer to have the opportunity to vote either for or against directors and exclusively for the results of this vote to determine who serves on the board. Director resignation policies are more cumbersome and less democratic as who is ultimately appointed to the board after an election is determined by the directors, potentially disenfranchising the democratic will of shareholders.

We are pleased that a significant and growing number of US companies have adopted some form of majority voting, but nevertheless recognise that there is still a significant number of companies that are yet to adopt this standard. Requiring true majority voting in uncontested director elections under NASDAQ listing standards would be a welcome market-wide improvement and we therefore encourage NASDAQ to support this initiative.



Tim Goodman

Head of North American Engagement
Direct tel: + 44 (0)20 7680 2276
Email: T.Goodman@hermes.co.uk

