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Via Email: rule-comments@sec.gov
Via U.S. Postal Service

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

Re: Release No. 34-68013 File No. SR-NASDAQ-2012-109

Dear Secretary Murphy:

On behalf of the International Brotherhood of Teamsters, I welcome the opportunity to comment on the proposed rule changes submitted by the NASDAQ Stock Market LLC ("Nasdaq") as required by Securities and Exchange Commission's Rule 10C-1 under the Securities Exchange Act of 1934. Rule 10C-1 requires the national securities exchanges to adopt listing standards for the independence of compensation committees and compensation consultants.

Teamsters-affiliated pension and benefit funds hold roughly $100 billon in equity assets representing the retirement security of roughly 1.4 million active and 600,000 retired members of the International Brotherhood of Teamsters ("Teamsters").

Too many corporate directors today continue to have significant personal, financial or business ties to the senior executives that they are responsible for compensating. Such conflicts of interest, we believe, undermine a meaningful "arms-length" negotiation process between compensation committees and senior executives. We believe these conflicts of interest have contributed to the escalating pay levels of executives as well as to executive compensation packages that reward poor performance and excessive risk taking.

We urge the Commission to strengthen the bright-line director independence criteria of the proposed Nasdaq listing standards. Although boards are supposed to evaluate all potential conflicts of interest, they too often rely exclusively on bright-line independence standards. That is why we believe that these bright-line standards must encompass any business, financial, and personal relationships between directors and senior executives that create the appearance of a conflict of interest.

The Council of Institutional Investors provides this basic definition of an independent director: "An independent director is someone whose only nontrivial professional, familial or financial connection to the corporation, its chairman, CEO or any other executive officer is his or her directorship. Stated most simply, an independent director is a person whose directorship constitutes his or her only connection to the corporation."

The Teamsters support the development of a single standard for director independence that should apply to compensation, audit, and nominating committees. We are pleased to see that the Nasdaq proposal extends the prohibition of accepting any consulting, advisory or compensatory fee from a company or its subsidiaries that applies to audit committee directors under the Sarbanes-Oxley Act which added Section 10(A)m to the Exchange Act to independent directors on compensation committees.

We are disappointed, however, that the Nasdaq proposal does not extend to compensation committees the ban on being an "affiliated" person of a company or its subsidiaries that applies to audit committee members under Rule 10A-3(b)1 of the Exchange Act. Such affiliated persons -- such as a large shareholder seeking a change in control of the company -- may have interests or investment time horizons that differ from shareholders generally.

We also note that the Nasdaq proposal falls short of the requirement under SEC Rule 10C-1 to consider other "relevant factors," in determining the independence of compensation committee members. In particular, Rule 10C-1 requires the exchanges to consider a director's source of compensation, including director fees. Some directors receive high levels of director fees relative to other sources of income. We believe that this financial incentive to seek re-nomination to the board may compromise their independence.

The relevant factors for determining who is an independent director should also include related party transactions that are required to be disclosed under Item 404(a) of Regulation S-K. For example, we believe that the compensation of a director's immediate family member in excess of $120,000 per year — not just as an executive officer, as currently required under Nasdaq Listing Rule 5605(a)(2)(B) — should disqualify the director from service on the compensation committee.

The proposed Nasdaq listing standards should clarify that a single "relevant factor" may result in the loss of independence. The standards should also be strengthened to require that boards of directors evaluate the "personal or business relationships between members of the compensation committee and the listed issuer's executive officers" as called for by SEC Rule 10C-1. We urge the Commission to require the disclosure of nature of such relationships in company proxy statements.

We are pleased that the proposed Nasdaq listing standards require that boards have a standing compensation committee consisting of at least two directors. We believe that the existence of a formal compensation committee helps promote accountability for executive pay decisions. This new requirement also brings the Nasdaq listing standards into conformity with the New York Stock Exchange. We also support the provision that requires compensation committees to adopt a charter.

The SEC indicated that no single factor would determine director's independence in Rule 10C-1. Though this correctly supports that all factors be considered in determining a director's independence, it misleadingly suggests that a single factor cannot result in the loss of independence which undermines the intent of the Rule.

In closing, we strongly support the Proposed Rule, which we believe will improve corporate board oversight and restore investor confidence in the capital markets.

If we can be of further assistance please do not hesitate to contact me, Carin Zelenko, Director, International Brotherhood of Teamsters, Capital Strategies Department, at (202) 624-8100 or czelenko@teamster.org.

Thank you for the opportunity to present our views on this important matter.

Sincerely,

Carin Zelenko, Director
IBT Capital Strategies Department

CZ/mj