



June 28, 2016

Brent J. Fields  
Secretary  
U.S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549

Re: Proposed Rule Change by The Nasdaq Stock Market LLC to Require Listed Companies to Publicly Disclose Compensation or Other Payments by Third Parties to Board of Directors' Members or Nominees (File No. SR-NASDAQ-2016-013)

Dear Mr. Fields:

The Society for Corporate Governance, formerly, the Society of Corporate Secretaries and Governance Professionals (the "Society") appreciates this opportunity to provide comments on the NASDAQ Stock Market LLC's ("Nasdaq") proposed rule to require listed companies to publicly disclose third-party compensation for directors and director nominees (the "Proposed Rule").

Founded in 1946, the Society is a professional membership association of 3,300 corporate secretaries, in-house counsel, and other governance professionals who serve approximately 1,600 entities, including 1,000 public companies of almost every size and industry. Society members are responsible for supporting the work of corporate boards of directors and their committees and the executive management teams of their companies regarding corporate governance and disclosure. Our members generally are responsible for their companies' compliance with the securities laws and regulations, corporate law, and stock exchange listing requirements.

The Society believes that all directors should be compensated for their board service by the listed company in the same way. The practice by some shareholder activists to compensate nominees or directors in connection with their candidacy or service on a listed company (e.g., payment of an additional amount or bonus arrangements based on an increase in the share price) could incentivize such director(s) to make decisions that would generate a short-term share price spike, but could be detrimental to or inconsistent with longer term growth. These payments also could influence a director's independence in that such director would be "serving" the activist fund in addition to the other shareholders, and it could give rise to conflicts of interest affecting the director's ability to carry out his or her fiduciary duties to **all** shareholders. The Society believes third-party payments to directors specifically for their board service is a bad governance practice.

We commend Nasdaq for its efforts to deal with third-party payments made to directors and director nominees for board service by requiring disclosure. While the Society generally believes there is too much required disclosure, we also believe that communicating material information to investors in a complete, transparent and effective way is a key imperative for public companies. *Effective* disclosure provides investors with information on the topics

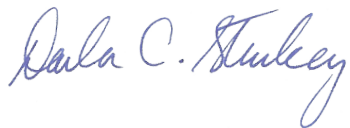
material to investors' understanding of a company and their investment decision-making process. The Society supports the efforts to improve transparency and the availability of material information to investors. We believe investors need to know if there are compensation arrangements for any director in which an entity other than the listed company is paying for that particular director's service.

For this reason, we support Nasdaq's proposed rule to require disclosure of third-party payments to directors that are made in connection with their service as a director.

We also note that the Society has taken the opportunity to provide specific comments and sought requests for clarification to the Nasdaq staff on the proposed rule on June 10, 2016. We are satisfied that listed companies will have the benefit of a "safe harbor" if they have undertaken reasonable, good faith efforts to identify covered compensation arrangements from each director/nominee, whether or not directors/nominees disclose the information. We also understand that the proposed rule would not require disclosure that is duplicative of disclosure already required by the Commission.

We would be happy to provide you with further information if you would find it useful.

Respectfully submitted,

A handwritten signature in blue ink that reads "Darla C. Stuckey". The signature is written in a cursive style with a large, looped "S" at the end.

Darla C. Stuckey  
President and CEO

Cc: Mary Jo White, Chair  
Kara M. Stein, Commissioner  
Michael S. Piwowar, Commissioner  
Keith F. Higgins, Director, Division of Corporation Finance  
David Shillman, Associate Director, Division of Trading and Markets  
David Strandberg, Associate Vice President, Nasdaq, Inc.