

NASDAQ OMX GROUP, INC.  
Form DEF 14A  
March 27, 2014  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the Securities**

**Exchange Act of 1934 (Amendment No. )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**The NASDAQ OMX Group, Inc.**

**(Name of Registrant as Specified In its Charter)**

**N/A**

**(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

- (2) Aggregate number of securities to which transaction applies:
  
- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
  
- (4) Proposed maximum aggregate value of transaction:
  
- (5) Total fee paid:

.. Fee paid previously with preliminary materials.

.. Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

## **Table of Contents**

March 27, 2014

### **Dear Fellow NASDAQ OMX Stockholder:**

We are pleased to enclose this year's proxy statement and to invite you to attend our 2014 annual meeting of stockholders. For your convenience, you may attend the annual meeting in person in Stockholm or New York or via a live webcast on our website at <http://ir.nasdaqomx.com/events.cfm>. While we look forward to sharing information about NASDAQ OMX with you at the annual meeting, below is a brief summary of some of the company's recent significant achievements.

### **Business and Financial Highlights**

The company's 2013 financial results were impressive as we ended the year with several record numbers in the fourth quarter, including net revenues, non-GAAP net income and non-GAAP earnings per share (EPS).<sup>(1)</sup> While our transaction business grew, we continued to diversify our business. Non-transaction based revenues now constitute over 70% of net revenues, and the company saw organic revenue growth in 2013 in the majority of our businesses, including Market Data Products, Index Licensing and Services, Market Technology and Corporate Solutions. In addition, we are pleased that the company is able to deliver record results even after making very significant investments in our future. Recent new initiatives include NLX, a London-based market offering a range of both short-term and long-term interest rate derivative products, NASDAQ Private Market, a marketplace for private growth companies, and significant infrastructure investments that will be critical in realizing the full potential of our Corporate Solutions business.

We also are proud of the company's numerous business accomplishments during 2013. Index Licensing and Services launched the second phase of the NASDAQ Global Index Family, which includes approximately 21,000 indexes, and the company is now one of few providers to have licensed products covering every major asset class. Market Technology announced several very significant new partnerships during the year, including Boerse Stuttgart and Borsa Istanbul, contributing to a record new order intake, and ended the year with a record backlog. Finally, in 2013 we welcomed 126 initial public offerings on The NASDAQ Stock Market and 273 new listings across our global markets, a five-year high.

2013 was also a transformative year for NASDAQ OMX as the company closed the strategic acquisitions of Thomson Reuters' Investor Relations, Public Relations and Multimedia Solutions businesses and eSpeed, an electronic platform for trading U.S. Treasuries. Both acquisitions were accretive to EPS in 2013, and added to the organic earnings growth the company experienced. More importantly the progress continues on delivering the synergy potential of both transactions, and we are excited about the company's broadening of its product suite, customer base and cross-selling opportunities as a result of these acquisitions.

### **Focus on Capital**

As a function of NASDAQ OMX's strong competitive position, focus on results and moderate capital requirements, our businesses generate substantial cash flow. We recognize the importance to stockholders of appropriate allocation of this capital to the best return opportunities, and the board dedicates substantial time and energy to reviewing the alternatives for capital deployment, including reinvestment internally, potential acquisitions and capital return alternatives. The board reviews potential returns on proposed opportunities and monitors actual returns on invested capital by project. The board also strives to determine the best capital structure to support our business and strategies and to optimize stockholder returns. In 2013, the company increased its investment in internal initiatives and made two significant acquisitions that represented attractive return on capital opportunities relative to the cost of capital. We remain committed to effective capital management at NASDAQ OMX.

## **Table of Contents**

### **Continued Emphasis on Technology**

The company has continued to improve its infrastructure, particularly in the technology area. NASDAQ OMX is a leading technology solutions provider that powers more than 70 marketplaces in 50 countries around the world. As a technology leader, the company continuously focuses on improving its technology for its customers and internally with its own systems. Recently, the company has taken a number of concrete steps in the technology area to advance its goal of technological excellence. At the board level, we are proposing to add a new director, Ms. Charlene T. Begley, a highly respected leader who previously served as the chief information officer at General Electric Company. Over the past several years, the board has increased its focus on technology issues, and we believe that Ms. Begley's expertise will enhance the discussions in this area.

Consistent with our pay for performance culture, the management compensation committee and board of directors also are working to expand our executive compensation program's emphasis on systems resiliency in 2014.

### **Commitment to Corporate Sustainability and Compliance**

In 2013 and early 2014, NASDAQ OMX continued its commitment to corporate sustainability and compliance. The board supports these efforts and notes that efficiency and transparency have long been guiding principles at NASDAQ OMX. In particular, the company uses its leadership position to promote best practices in the sustainability area to fellow exchanges, listed companies and other stakeholders. The company is leading a working group of other exchanges under the auspices of the World Federation of Exchanges and hosts regular events for listed companies and others on environmental, social and corporate governance (ESG) topics. Beyond sustainability, in 2013 the company created a global compliance council, under the leadership of the chief regulatory officer, that manages an overarching program relating to regulatory and corporate compliance. NASDAQ OMX also continues its mandatory education for all employees on ethics and compliance issues, with emphasis on anti-bribery statutes, securities trading policies and conflicts of interest.

### **Leadership Role on Corporate Governance and Other Policy Issues**

Over the past year, NASDAQ OMX played a leadership role in the global financial community by advocating on behalf of both public and private companies on wide ranging policy issues. In the corporate governance area, NASDAQ OMX led efforts to increase the transparency of proxy advisory firms on their voting methodologies and potential conflicts of interest. Notably, NASDAQ OMX filed a petition with the U.S. Securities and Exchange Commission (SEC) to seek action on this topic in October 2013. NASDAQ OMX's recent public policy agenda also has focused on immigration reform, job growth, capital formation and other issues that affect a wide variety of companies and their stockholders. In the year ahead, we expect to continue to play a role in these and other important policy matters.

Both the board and management value strong, ongoing communication with our stockholders. In particular, we listen and respond to feedback from our own stockholders on corporate governance issues. With the full support of the board, NASDAQ OMX amended its governance documents in early 2014, following SEC approval, in response to such feedback. The amendments replaced the supermajority voting standards in NASDAQ OMX's governance documents with voting standards requiring the approval of a majority of the outstanding shares of NASDAQ OMX's common stock. In addition, the amendments implemented the ability for stockholders holding at least 15% of NASDAQ OMX's voting power to call a special meeting under certain circumstances. NASDAQ OMX also has adopted a prohibition on hedging and pledging by directors and Section 16 officers.

We continue to be optimistic about NASDAQ OMX's strategy and long-term success. We encourage you to vote your proxy as soon as possible so that your shares will be represented in the voting results.

### **The Board of Directors of The NASDAQ OMX Group, Inc.**

(1) Net revenues represent revenues less transaction rebates, brokerage, clearance and exchange fees.

**Table of Contents**

THE NASDAQ OMX GROUP, INC.  
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 7, 2014

To the Stockholders of The NASDAQ OMX Group, Inc.:

Please take notice that the annual meeting of stockholders of The NASDAQ OMX Group, Inc., a Delaware corporation, will be held at NASDAQ OMX's offices located at Tullvaktsvägen 15, 115 56 Stockholm, Sweden, on May 7, 2014, at 4:00 p.m. (CEST). Alternately, stockholders may join the meeting by live videoconference from NASDAQ MarketSite, Four Times Square, New York, New York 10036, at 10:00 a.m. (EDT). We also will offer a live webcast of the annual meeting on our website at <http://ir.nasdaqomx.com/events.cfm>.

The annual meeting will be held for the following purposes, all as described in the attached proxy statement:

1. to elect 11 directors for a one-year term;
2. to ratify the appointment of Ernst & Young LLP as NASDAQ OMX's independent registered public accounting firm for the fiscal year ending December 31, 2014;
3. to approve the company's executive compensation on an advisory basis;
4. to approve the NASDAQ OMX Equity Incentive Plan (Equity Plan), as amended and restated;
5. to approve an amendment of NASDAQ OMX's Amended and Restated Certificate of Incorporation (Charter) to conform a provision to an analogous provision in NASDAQ OMX's By-Laws (By-Laws); and
6. to transact such other business as may properly come before the annual meeting or any adjournment or postponement of the meeting.

We urge you to read carefully the attached proxy statement for additional information concerning the matters to be considered at this meeting.

Our board of directors has fixed the close of business on March 17, 2014 as the record date for the determination of stockholders entitled to vote at the annual meeting. Only holders of record at the close of business on the record date will be entitled to notice of, and to vote at, the annual meeting or any postponement or adjournment of the meeting. A list of these holders will be available at the annual meeting, and for at least 10 days prior to the annual meeting, at our principal executive offices at One Liberty Plaza, 50<sup>th</sup> Floor, New York, New York 10006.

To ensure your representation at the 2014 annual meeting of stockholders, you are urged to vote, whether or not you plan to attend the meeting, by proxy by one of the following methods as promptly as possible:

1. submit a proxy via the Internet or telephone pursuant to the instructions provided in the notice of Internet availability of proxy materials that we will mail no later than March 27, 2014 to stockholders as of the record date; or

Edgar Filing: NASDAQ OMX GROUP, INC. - Form DEF 14A

2. request printed copies of the proxy materials by mail pursuant to the instructions provided in the notice of Internet availability of proxy materials and complete, sign, date and return the proxy card that you will receive in response to your request.

**Table of Contents**

If you wish to attend the meeting in Stockholm or the live videoconference in New York, you will need to request an admission ticket in advance. You can request a ticket by following the instructions set forth on page 7 of the proxy statement under the heading "What do I need to do to attend the annual meeting or live videoconference?". If you attend the meeting or live videoconference, you may revoke your proxy and vote in person, even if you have previously submitted a proxy for your NASDAQ OMX shares.

By Order of the Board of Directors,

Robert Greifeld

Chief Executive Officer

New York, New York

March 27, 2014

**Table of Contents**

**TABLE OF CONTENTS**

<u>EXECUTIVE SUMMARY</u>	1
<u>THE ANNUAL MEETING</u>	5
<u>PROPOSAL I: ELECTION OF DIRECTORS</u>	10
<u>DIRECTOR COMPENSATION</u>	20
<u>NASDAQ OMX'S CORPORATE GOVERNANCE</u>	23
<u>CORPORATE SUSTAINABILITY</u>	29
<u>PROPOSAL II: RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM</u>	31
<u>AUDIT COMMITTEE REPORT</u>	33
<u>PROPOSAL III: APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION ON AN ADVISORY BASIS</u>	34
<u>COMPENSATION DISCUSSION AND ANALYSIS</u>	35
<u>MANAGEMENT COMPENSATION COMMITTEE REPORT</u>	56
<u>MANAGEMENT COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION</u>	56
<u>EXECUTIVE COMPENSATION</u>	57
<u>PROPOSAL IV: APPROVAL OF THE EQUITY PLAN, AS AMENDED AND RESTATED</u>	77
<u>PROPOSAL V: APPROVAL OF AN AMENDMENT OF NASDAQ OMX'S CHARTER TO CONFORM A PROVISION TO AN ANALOGOUS PROVISION IN NASDAQ OMX'S BY-LAWS</u>	90
<u>OTHER BUSINESS</u>	92
<u>EXECUTIVE OFFICERS OF NASDAQ OMX</u>	93
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	95
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	99
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	100
<u>STOCKHOLDER COMMUNICATION WITH DIRECTORS</u>	103
<u>ONLINE ANNUAL REPORT TO STOCKHOLDERS AND FORM 10-K</u>	103
<u>STOCKHOLDER PROPOSALS AND NOMINATIONS OF DIRECTORS</u>	104
<u>ANNEX A: PROPOSED AMENDED AND RESTATED EQUITY PLAN</u>	105
<u>ANNEX B: PROPOSED AMENDMENT OF NASDAQ OMX'S CHARTER</u>	132



**Table of Contents**

**EXECUTIVE SUMMARY**

This summary highlights information contained elsewhere in this proxy statement. It does not contain all of the information that you should consider, and we invite you to read the entire proxy statement, as well as our annual report on Form 10-K, as filed with the SEC on February 24, 2014 (Form 10-K), carefully before voting.

**ANNUAL MEETING INFORMATION**

<b>Time and Date:</b>	4:00 p.m. (CEST)/10:00 a.m. (EDT) on Wednesday, May 7, 2014			
<b>Place:</b>	In-person:	Live videoconference at:		
	NASDAQ OMX	NASDAQ MarketSite		
	Tullvaktsvägen 15	Four Times Square		
<b>Record Date:</b>	115 56 Stockholm Sweden	New York, New York 10036		
	March 17, 2014			
<b>Voting Methods:</b>	Attending the meeting or live videoconference and voting in person	Submitting your proxy by Internet <a href="http://www.proxyvote.com">http://www.proxyvote.com</a> or telephone	If you request a printed copy of the proxy materials, completing, signing, dating and returning the proxy card in the envelope provided	Scanning this QR code to access the voting site from your mobile device
<b>Attending the Meeting or Live Videoconference:</b>	If you wish to attend the meeting in Stockholm or the live videoconference in New York, you will need to request an admission ticket in advance. You can request a ticket by following the instructions set forth on page 7 of the proxy statement under the heading "What do I need to do to attend the annual meeting or live videoconference?" .			

**ANNUAL MEETING AGENDA AND VOTING RECOMMENDATIONS**

Proposal	Voting Standard	Effect of Abstentions and Broker Non-Votes	Board Voting Recommendation	Page Reference
Election of 11 directors	Majority of votes cast	Not counted as votes cast and therefore have no effect	FOR EACH NOMINEE	10
Ratification of the appointment of Ernst & Young LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2014	Majority of votes present in person or represented by proxy	Abstentions have the effect of a vote <i>against</i> the proposal; there will not be broker non-votes	FOR	31
Advisory vote to approve the company's executive compensation on an advisory basis	Majority of votes present in person or represented by proxy	Abstentions have the effect of a vote <i>against</i> the proposal; broker non-votes have no effect	FOR	34

Edgar Filing: NASDAQ OMX GROUP, INC. - Form DEF 14A

Approval of the Equity Plan, as amended and restated	Majority of votes present in person or represented by proxy	Abstentions have the effect of a vote <i>against</i> the proposal; broker non-votes have no effect	FOR	77
Approval of an amendment of NASDAQ OMX's Charter to conform a provision to an analogous provision in NASDAQ OMX's By-Laws	Majority of the outstanding shares of NASDAQ OMX's common stock	Have the effect of a vote <i>against</i> the proposal	FOR	90

THE NASDAQ OMX GROUP, INC. 1

**Table of Contents****BOARD NOMINEES**

The following table provides summary information about each director nominee. Each director nominee is elected annually by a majority of votes cast.

Name	Age	Classification	Director Since
Charlene T. Begley	47	Non-Industry; Public	
Steven D. Black	61	Non-Industry; Public	2011
Börje E. Ekholm	51	Non-Industry	2011
Robert Greifeld	56	Staff	2003
Glenn H. Hutchins	58	Industry	2005
Essa Kazim	55	Non-Industry	2008
John D. Markese	68	Non-Industry; Public	1996
Ellyn A. McColgan	60	Non-Industry; Public	2012
Thomas F. O'Neill	67	Non-Industry	2003
Michael R. Splinter	63	Non-Industry; Issuer	2008
Lars R. Wedenborn	55	Non-Industry	2008

**FINANCIAL HIGHLIGHTS**

2013 was a transformative year for NASDAQ OMX as we continued to diversify our revenue stream, achieved many business successes and closed two strategic acquisitions. The chart below summarizes key NASDAQ OMX financial results for the fiscal year ended December 31, 2013 when compared with the same period in 2012. For additional information, see Compensation Discussion and Analysis Executive Summary 2013 Business Highlights on page 35.

	Year Ended December 31,		Percentage Change
	2013	2012	
	(in millions, except per share amounts)		
Revenues less transaction rebates, brokerage, clearance and exchange fees	\$ 1,895	\$ 1,674	13.2%
Diluted EPS	\$ 2.25	\$ 2.04	10.3%
Stock price per share(1)	\$ 39.80	\$ 24.99	59.3%

(1) Represents the closing market price of our common stock on the last trading day of each year.

**Table of Contents****EXECUTIVE COMPENSATION HIGHLIGHTS**

In line with our executive compensation program's emphasis on pay for performance, compensation awarded to the named executive officers generally increased in 2013 as compared to 2012. The following table shows each named executive officer's total cash compensation, including salary and cash incentive awards, for 2013. Total cash compensation does not include all of the elements of compensation that comprise total compensation as reported in the Summary Compensation Table. For additional information, see "Compensation Discussion and Analysis" on page 35 and "Executive Compensation" on page 57.

Named Executive Officer	Salary (\$)	Cash Incentive Award (\$)	2013 Total Cash Compensation (\$)
Robert Greifeld Chief Executive Officer	\$ 1,000,000	\$ 2,794,050	\$ 3,794,050
Lee Shavel Chief Financial Officer and Executive Vice President, Corporate Strategy	\$ 500,000	\$ 1,135,500	\$1,635,500
Hans-Ole Jochumsen(1) Executive Vice President, Global Market Services	\$ 516,096	\$ 1,383,168	\$1,899,264
Edward S. Knight Executive Vice President, General Counsel and Chief Regulatory Officer	\$ 500,000	\$ 1,106,625	\$1,606,625
Bradley J. Peterson Executive Vice President and Chief Information Officer	\$ 412,885	\$ 915,300	\$1,728,185(2)

- (1) For Mr. Jochumsen, certain amounts reported in this proxy statement were paid in Swedish krona. These amounts are converted to U.S. dollars from krona at an exchange rate of \$0.1536 per krona, which was the average exchange rate for 2013.
- (2) Mr. Peterson's 2013 total cash compensation also includes a one-time cash payment of \$400,000 in connection with his hiring in February 2013.

THE NASDAQ OMX GROUP, INC. 3

**Table of Contents****EXECUTIVE COMPENSATION AND CORPORATE GOVERNANCE BEST PRACTICES**

We regularly engage with our stockholders to discuss executive compensation, corporate governance and other issues. As detailed further in this proxy statement, the following executive compensation and corporate governance best practices are key aspects of our programs.

<b>Executive Compensation Best Practices</b>	<b>Corporate Governance Best Practices</b>
Pay for Performance Philosophy	Replacement of Supermajority Voting Requirements
Prohibition on Hedging and Pledging	Stockholder Ability to Call a Special Meeting
Stock Ownership Guidelines	Majority Voting for Directors in Uncontested Elections
Stock Holding Requirement	Annual Election of Directors
Limited Share Recycling Provision	Separation of Board Chairman and CEO
Frozen Pension Plan, Frozen SERP and Discontinued Supplemental Employer Retirement Contributions (ERCs)	Board Meets Regularly in Executive Session
Limited Severance Arrangements	No Director Attended Fewer Than 75% of Board and Committee Meetings
Double Trigger Change in Control Agreements	Annual Board and Committee Evaluations
Elimination of Tax Gross-Up Payments on Severance Arrangements	Corporate Governance Guidelines
Limited Perquisites	Global Ethics and Compliance Program and Confidential Whistleblower Process
Incentive Recoupment Policy	No Poison Pill
Limited Employment Agreements	Comprehensive Succession Planning Program
Engagement of Independent Compensation Consultant	Strong Risk Management Program
Extensive Risk Assessment of Compensation Program	Corporate Sustainability Program

THE NASDAQ OMX GROUP, INC. 4

---

**Table of Contents**

THE NASDAQ OMX GROUP, INC.

PROXY STATEMENT

FOR THE ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON MAY 7, 2014

We are furnishing this proxy statement to the stockholders of The NASDAQ OMX Group, Inc., a Delaware corporation, in connection with the solicitation of proxies by our board of directors for use in voting at the annual meeting of stockholders to be held at the time and place and for the purposes set forth in the accompanying notice of annual meeting, and at any and all adjournments or postponements of this meeting.

**In accordance with rules of the SEC, instead of mailing printed copies of our proxy materials to each stockholder of record, we are furnishing the proxy materials for the 2014 annual meeting by providing access to these documents on the Internet. A notice of Internet availability of proxy materials is being mailed to our stockholders. We first mailed or delivered this notice on or about March 27, 2014. The notice of Internet availability contains instructions for accessing and reviewing our proxy materials and submitting a proxy over the Internet. Our proxy materials were made available at [www.proxyvote.com](http://www.proxyvote.com) on the date that we first mailed or delivered the notice of Internet availability. The notice also will tell you how to request our proxy materials in printed form or by e-mail, at no charge. The notice contains a control number that you will need to submit a proxy for your shares.**

**THE ANNUAL MEETING**

***When and where is the meeting?*** The annual meeting is scheduled to be held at NASDAQ OMX's offices located at Tullvaktsvägen 15, 115 56 Stockholm, Sweden, on May 7, 2014, at 4:00 p.m. (CEST). Alternately, stockholders may join the meeting by live videoconference from NASDAQ MarketSite, Four Times Square, New York, New York 10036, at 10:00 a.m. (EDT). We also will offer a live webcast of the annual meeting on our website at <http://ir.nasdaqomx.com/events.cfm>.

***Why is the meeting being held in Stockholm?*** NASDAQ OMX is a global company with stockholders, customers and employees all over the world. Many of our European businesses are located in Stockholm, which is the site of our largest office in terms of headcount. We are pleased to announce that on this basis our 2014 annual meeting will take place in Stockholm. If it is more convenient, stockholders may join the meeting by live videoconference from NASDAQ MarketSite, Four Times Square, New York, New York 10036. Stockholders joining the meeting by live videoconference will have the same opportunity to ask questions as stockholders joining in person in Stockholm. Additionally, stockholders are invited to join the meeting via live webcast.

***What is the purpose of the meeting?*** At the annual meeting, NASDAQ OMX's stockholders will be asked to consider and vote upon each of the following matters:

1. to elect 11 directors for a one-year term;
2. to ratify the appointment of Ernst & Young LLP as NASDAQ OMX's independent registered public accounting firm for the fiscal year ending December 31, 2014;
3. to approve the company's executive compensation on an advisory basis;
4. to approve the Equity Plan, as amended and restated;

---

**Table of Contents**

5. to approve an amendment of NASDAQ OMX's Charter to conform a provision to an analogous provision in NASDAQ OMX's By-Laws; and
6. to transact such other business as may properly come before the annual meeting or any adjournment or postponement of the meeting.

***Who is entitled to vote?*** Only holders of record listed on the books of NASDAQ OMX at the close of business on March 17, 2014 (record date) of NASDAQ OMX's common stock, par value \$0.01 per share, will be entitled to notice of, and to vote at, the annual meeting. As of the record date, there were outstanding 170,178,388 shares of common stock.

A list of holders entitled to vote at the annual meeting will be available at the annual meeting and for at least 10 days prior to the annual meeting, between the hours of 9:00 a.m. and 5:00 p.m. (EDT), at our principal executive offices, One Liberty Plaza, 50<sup>th</sup> Floor, New York, New York 10006. You may arrange to review this list by contacting NASDAQ OMX's corporate secretary, Joan C. Conley (corporatesecretary@nasdaqomx.com).

***How many votes do I have?*** Each share of common stock has one vote, subject to the voting limitation in our Charter that generally prohibits a stockholder from voting in excess of 5% of the total voting power of NASDAQ OMX.

***Is my vote confidential?*** Your individual vote is confidential and will not be disclosed to third parties. Proxies, ballots and voting tabulations are handled on a confidential basis to protect your voting privacy. This information will not be displayed except as required by law.

***What constitutes a quorum?*** The presence of the holders of a majority (greater than 50%) of the votes entitled to be cast at the meeting constitutes a quorum. Presence may be in person or by proxy. You will be considered part of the quorum if you submit a proxy by Internet, by telephone or by returning a signed and dated proxy card (if proxy materials are requested in printed form) or if you vote in person at the annual meeting or live videoconference. Abstentions and broker non-votes are counted as present and entitled to vote at the meeting for purposes of determining a quorum.

***Who counts the votes?*** Broadridge Financial Solutions, Inc. tabulates the votes and acts as inspector of elections.

***How do I vote?*** You can ensure that your NASDAQ OMX shares are voted at the meeting by:

attending the meeting or live videoconference and voting in person, as discussed below;

submitting your proxy by Internet ([www.proxyvote.com](http://www.proxyvote.com)) or telephone; or

if you request a printed copy of proxy materials, completing, signing, dating and returning the proxy card in the envelope provided.

**Proxy Submission by Internet.** You have the option to submit a proxy for your shares through the Internet. The notice of Internet availability of proxy materials contains the website address ([www.proxyvote.com](http://www.proxyvote.com)) for Internet proxy submission. Internet proxy submission is available 24 hours a day until 11:59 p.m. (EDT) on May 6, 2014. You must enter your control number, which is printed in the lower right hand corner of the notice of Internet availability, and you will be given the opportunity to confirm that your instructions have been properly recorded.

**Proxy Submission by Telephone.** You have the option to submit a proxy for your shares by telephone. The notice of Internet availability of proxy materials will have information about Internet proxy submission, but is not permitted to include a telephone number for submitting a proxy by phone because that would enable a stockholder to submit a proxy without first accessing the proxy materials.

The instructions for telephonic proxy submission are provided on the website where the proxy materials can be viewed. You will be provided with a telephone number for submitting your proxy at this site.





## **Table of Contents**

Alternatively, if you request paper copies of the proxy materials, your proxy card will list a toll-free telephone number that you may use to submit a proxy for your shares. Telephone proxy submission is available 24 hours a day until 11:59 p.m. (EDT) on May 6, 2014. When you submit a proxy by telephone, you will be required to enter your control number. You will then receive easy-to-follow voice prompts allowing you to instruct the proxy holders how to vote your shares and to confirm that your instructions have been properly recorded. If you are located outside the United States or Canada, you should instruct the proxy holders how to vote your shares by Internet or by mail.

**Proxy Submission by Mail.** If you choose to submit a proxy by mail after requesting and receiving printed proxy materials, simply complete, sign and date your proxy card and return it in the postage-paid envelope provided.

***How do I complete the proxy?*** The proxy provides that each stockholder may vote his or her NASDAQ OMX shares For or Against or Abstain for individual nominees and for each of the other proposals. Whichever method you select to transmit your instructions, the proxy holders will vote your shares as provided by those instructions. **IF YOU PROVIDE A PROXY WITHOUT SPECIFIC VOTING INSTRUCTIONS, YOUR NASDAQ OMX SHARES WILL BE VOTED BY THE PROXY HOLDERS FOR THE ELECTION OF THE DIRECTORS NAMED IN THIS PROXY STATEMENT AND FOR PROPOSALS II, III, IV and V.**

If your NASDAQ OMX shares are held by a broker, bank or other nominee that does not have express authority to vote on a particular matter, you will receive instructions from your nominee, which you must follow to have your NASDAQ OMX shares voted. The broker, bank or other nominee may vote only the NASDAQ OMX shares that it holds for you as provided by your instructions, subject to certain exceptions described below.

***What do I need to do to attend the annual meeting or live videoconference?*** If you wish to attend the annual meeting or live videoconference, you must be a stockholder on the record date and request an admission ticket in advance by visiting [www.proxyvote.com](http://www.proxyvote.com) and following the instructions provided (you will need the 12 digit number included on your proxy card, voter instruction form or notice). Tickets will be issued only to stockholders. Requests for admission tickets will be processed in the order in which they are received and must be requested no later than 11:59 p.m. (EDT) on May 6, 2014. Please note that seating is limited and requests for tickets will be accepted on a first-come, first-served basis.

At the meeting and live videoconference, each stockholder will be required to present a valid picture identification such as a driver's license or passport with their admission ticket. If you are a beneficial owner of NASDAQ OMX shares held by a bank, broker or other nominee, you also will need proof of ownership to be admitted to the meeting or live videoconference. A recent brokerage statement or letter from the bank, broker or other nominee is an example of proof of ownership. If you want to vote in person and your NASDAQ OMX shares are held by a bank, broker or other nominee, you will have to obtain a proxy, executed in your favor, from the holder of record.

Directions to the annual meeting and live videoconference are available at <http://ir.nasdaqomx.com/annuals.cfm>. Cameras (including cell phones with photographic capabilities), recording devices and other electronic devices will not be permitted at the meeting or live videoconference. You may be required to enter through a security check point before being granted access to the meeting or live videoconference.

***How is the meeting conducted?*** We intend to conduct the meeting in an orderly and timely manner. Rules of conduct for stockholders who wish to address the meeting will be distributed at the meeting. We cannot assure that every stockholder who wishes to speak on an item of business will have the opportunity to do so. The chair of the meeting may rely upon the rules of conduct, applicable law and his best judgment regarding disruptions or disorderly conduct to ensure that the meeting is conducted in an orderly manner.

---

## **Table of Contents**

This year, stockholders will have the opportunity to submit questions in advance of the meeting. Please visit our stockholder forum located at [www.proxyvote.com](http://www.proxyvote.com) to provide your questions in advance of the meeting.

***What are the board's recommendations? The NASDAQ OMX board recommends that you vote FOR each of the nominees for director named in Proposal I and FOR Proposals II, III, IV and V.***

***What vote is required to elect each director?*** Our directors are elected by the holders of a majority of votes cast at any meeting for the election of directors at which a quorum is present and there is an uncontested election. Each of the 11 nominees must receive the affirmative vote of the holders of a majority of the votes cast for the election of directors to be duly elected to the board of directors in an uncontested election. Any shares not voted, for example by abstention or, if applicable, broker non-vote, will not impact the vote. Our By-Laws and corporate governance guidelines require that, in an uncontested election, an incumbent director must submit an irrevocable resignation as a condition to his or her nomination for election. If an incumbent director fails to receive the requisite number of votes in an uncontested election, the irrevocable resignation becomes effective and such resignation will be considered by the nominating & governance committee. This committee will recommend to the full board whether or not to accept the resignation. The board is required to act on the recommendation and to disclose publicly its decision-making process with respect to the resignation. See Proposal I: Election of Directors and NASDAQ OMX's Corporate Governance for full details of this policy. The 2014 election of directors is an uncontested election.

***What vote is required to approve the other proposals?*** The following proposals require an affirmative vote of the holders of a majority of the votes present in person or represented by proxy at the meeting and entitled to vote on the matter. Abstentions have the effect of a vote against these proposals. Broker non-votes, if applicable, have no effect on these proposals:

ratification of appointment of Ernst & Young LLP;

approval of the company's executive compensation on an advisory basis; and

approval of the Equity Plan, as amended and restated.

The stockholder vote to approve executive compensation is an advisory vote only and, therefore, the result of that vote will not be binding on our board of directors or management compensation committee. Our board and management compensation committee will, however, consider the outcome of the vote when evaluating our executive compensation program in the future.

The proposed amendment to NASDAQ OMX's Charter requires the affirmative vote of a majority of NASDAQ OMX's outstanding shares of common stock entitled to vote generally in the election of directors, voting together as a single class. Abstentions and broker non-votes have the effect of a vote against this proposal. The proposed amendment to NASDAQ OMX's Charter will not become effective until it is filed and effective with the SEC and the state of Delaware.

***What is a broker non-vote?*** If you are a beneficial owner whose shares are held of record by a broker, you must instruct the broker how to vote your shares. If you do not provide voting instructions, your shares will not be voted on any proposal on which the broker does not have discretionary authority to vote. This is called a broker non-vote. The ratification of the appointment of Ernst & Young LLP as our registered independent public accounting firm is considered a routine matter. Accordingly, brokers may vote shares on this proposal without your instructions, and there will be no broker non-votes with respect to this proposal. The other proposals are considered non-routine, and brokers cannot vote shares on these proposals without your instructions.

## **Table of Contents**

**If you hold your shares through a broker, it is important that you cast your vote if you want it to count on all of the matters to be considered at the annual meeting other than the ratification of the appointment of our independent registered public accounting firm. Thus, if you hold your shares in street name and you do not instruct your broker how to vote on these matters, no votes will be cast on your behalf.**

***What if other items come up at the annual meeting and I am not there to vote?*** We are not now aware of any matters to be presented at the annual meeting other than those described in this proxy statement. When you provide your voting instructions by Internet or telephone, or return a signed and dated proxy card, you give the proxy holders the discretionary authority to vote on your behalf on any other matter that is properly brought before the annual meeting. If the meeting is adjourned or postponed, your NASDAQ OMX shares may be voted by the proxy holders on the new meeting date, unless you have revoked your proxy instructions before that date.

***Can I change my vote?*** You can change your vote by revoking your proxy at any time before it is exercised in one of three ways:

submit a later dated proxy (including a proxy submitted through the Internet, by telephone or by proxy card);

notify NASDAQ OMX's corporate secretary, Joan C. Conley (corporatesecretary@nasdaqomx.com), that you are revoking your proxy; or

vote in person at the annual meeting or live videoconference.

If you are a beneficial owner of NASDAQ OMX shares held by a bank, broker or other nominee, you will need to contact the bank, broker or other nominee to revoke your proxy.

***When will the results of the voting be available?*** Votes will be tabulated by Broadridge Financial Solutions, Inc., the independent inspector of elections appointed for the meeting. Preliminary results will be announced at the meeting and, thereafter, final results will be reported in a current report on Form 8-K, which is expected to be filed with the SEC within four business days after the meeting.

***Who is paying the costs of this proxy solicitation?*** We will pay the cost of soliciting proxies. Proxies may be solicited on our behalf by directors, officers or employees (who will not receive any additional compensation for these solicitations), in person or by telephone, electronic transmission and facsimile transmission. NASDAQ OMX will, upon request, reimburse brokers, banks and other nominees for their reasonable expenses in sending proxy materials to their beneficial owners/customers and obtaining their proxies. We have hired AST Phoenix Advisors to assist in soliciting proxies at a fee of \$7,500 plus costs and expenses for these services. Your cooperation in promptly submitting your proxy through the Internet or by telephone, or, if proxy materials are requested by mail, by completing, signing, dating and returning the enclosed proxy card will help to avoid additional expense.

***Does NASDAQ OMX have a practice of householding?*** In a further effort to reduce printing and postage fees for the meeting notice, NASDAQ OMX has adopted a practice approved by the SEC known as householding. Under our practice, stockholders who have the same last name and address will receive one notice of Internet availability of proxy materials, unless one or more of these stockholders notifies us that he or she desires to continue to receive a separate copy of the notice. Beneficial owners can request information about householding from their bank, broker or other nominee of record. If you would like to receive a separate copy of the notice or, if you are a stockholder at a shared address to which we delivered multiple copies of the notice and you desire to receive one copy of the notice in the future, please contact the NASDAQ OMX Investor Relations Department in writing (Attention: Edward Ditmire, One Liberty Plaza, 49<sup>th</sup> Floor, New York, New York 10006), by email (investor.relations@nasdaqomx.com) or by telephone (+1 212 401 8737).

**Table of Contents**

**PROPOSAL I**

**ELECTION OF DIRECTORS**

The business and affairs of NASDAQ OMX are managed under the direction of our board of directors. Our directors have diverse backgrounds and experience and represent a broad spectrum of viewpoints.

Pursuant to our Charter and By-Laws and based on our governance needs, the board may determine the total number of directors. Currently, the board is authorized to have 11 directors.

Each of the 11 nominees identified in this proxy statement has been nominated by our nominating & governance committee and board of directors for election to a one-year term. All nominees have consented to be named in this proxy statement and to serve on the NASDAQ OMX board, if elected.

In an uncontested election, our directors are elected by a majority of votes cast at any meeting for the election of directors at which a quorum is present. This election is an uncontested election, and therefore, each of the 11 nominees must receive the affirmative vote of a majority of the votes cast to be duly elected to the board of directors. Any shares not voted by abstention and broker non-votes will not impact the vote.

Our corporate governance guidelines require that, in an uncontested election, an incumbent director must submit an irrevocable resignation as a condition to his or her nomination for election. If an incumbent director fails to receive the requisite number of votes in an uncontested election, the irrevocable resignation becomes effective and such resignation will be considered by the nominating & governance committee. This committee will recommend to the full board whether or not to accept the resignation. The board is required to act on the recommendation and to disclose publicly its decision-making process with respect to the resignation. All the incumbent directors have submitted the irrevocable resignation.

**BOARD RESPONSIBILITIES**

In addition to its general oversight of management, the board also performs a number of specific functions, including:

reviewing, approving and overseeing our corporate strategies and corporate actions including long-term strategic plans and evaluating the results;

reviewing, approving and overseeing fundamental financial information and reporting;

assessing major risks and reviewing options for their mitigation;

overseeing management's efforts to establish and maintain the highest legal, regulatory and ethical conduct of all businesses, including conformity with applicable global laws and regulations;

selecting, evaluating and approving the compensation of the Chief Executive Officer and other senior officers and overseeing succession planning for these executives;

evaluating the overall structure and effectiveness of the board, board members and committees and overseeing effective corporate governance;

providing advice and counsel to senior management; and

evaluating, selecting and recommending an appropriate slate of candidates to stockholders for election as directors.

**SEPARATION OF ROLES OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER**

NASDAQ OMX separates the roles of chairman of the board and Chief Executive Officer. NASDAQ OMX believes that this separation of roles promotes more effective communication channels for the board to express its views on management. NASDAQ OMX's Chief Executive Officer, Robert Greifeld,

THE NASDAQ OMX GROUP, INC. 10

---

## **Table of Contents**

who has over twenty years' experience in the securities industry, is responsible for the strategic direction, day-to-day leadership and performance of NASDAQ OMX. The chairman of NASDAQ OMX's board, Börje E. Ekholm, who brings to the board the perspective of a large stockholder, provides guidance to the Chief Executive Officer, presides over meetings and executive sessions of the board of directors and serves as the primary liaison between the Chief Executive Officer and the other directors. We believe that this separation of roles and allocation of distinct responsibilities to each role facilitates communication between senior management and the full board of directors about issues such as corporate governance, management development, succession planning, executive compensation and company performance.

### **DIRECTOR CLASSIFICATIONS**

In accordance with SEC requirements to ensure that balanced viewpoints are represented on our board of directors, NASDAQ OMX's By-Laws require that all directors be classified as:

Industry Directors;

Non-Industry Directors, which are further classified as either Issuer Directors or Public Directors; or

Staff Directors.

The number of Non-Industry Directors shall equal or exceed the number of Industry Directors. The board shall include at least two Public Directors and at least one, but no more than two, Issuer Directors. The board shall include no more than one Staff Director, unless the board consists of ten or more directors. In that case, the board shall include no more than two Staff Directors.

We establish the classification of each director based on a questionnaire with specific questions relating to the classifications. NASDAQ OMX's corporate secretary annually certifies to the nominating & governance committee the classification of each director. The following is a general description of NASDAQ OMX's director classifications, which are detailed in our By-Laws:

*Industry Director* means a director who is not a Staff Director and who (i) is, or within the last year was, or has an immediate family member who is, or within the last year was, a member of any of NASDAQ OMX's self-regulatory subsidiaries; (ii) is, or within the last year was, employed by a member or a member organization of any of NASDAQ OMX's self-regulatory subsidiaries; (iii) has an immediate family member who is, or within the last year was, an executive officer of a member or a member organization of any of NASDAQ OMX's self-regulatory subsidiaries; (iv) has within the last year received from any member or member organization of any of NASDAQ OMX's self-regulatory subsidiaries more than \$100,000 per year in direct compensation, or received from such members or member organizations in the aggregate an amount of direct compensation that in any one year is more than 10% of the director's annual gross compensation for such year, excluding in each case director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service); or (v) is affiliated, directly or indirectly, with a member or member organization of any of NASDAQ OMX's self-regulatory subsidiaries;

*Non-Industry Director* means a director who is not a Staff Director and who is (i) a Public Director; (ii) an Issuer Director; or (iii) any other individual who would not be an Industry Director;

*Issuer Director* means a director who is not a Staff Director and who is an officer or employee of an issuer of securities listed on a national securities exchange operated by any of NASDAQ OMX's self-regulatory subsidiaries, excluding any director who is a director of an issuer but is not also an officer or employee of the issuer;

---

**Table of Contents**

*Public Director* means a director who (i) is not an Industry Director; (ii) is not an Issuer Director; and (iii) has no material business relationship with a member or member organization of any of NASDAQ OMX's self-regulatory subsidiaries, NASDAQ OMX or its affiliates or FINRA; and

*Staff Director* means an officer of NASDAQ OMX that is serving as a director.

**DIRECTOR INDEPENDENCE**

NASDAQ OMX's common stock is currently listed on The NASDAQ Stock Market and NASDAQ Dubai Limited (NASDAQ Dubai). The rules of The NASDAQ Stock Market require that a majority of the members of our board of directors be independent. In order to qualify as independent under the listing rules of The NASDAQ Stock Market, a director must satisfy a two-part test. First, the director must not fall into any of several categories that would automatically disqualify the director from being deemed independent. These categories prohibit the finding of independence for:

a director who is, or at any time during the past three years was, employed by the company or by any parent or subsidiary of the company;

a director who accepted, or who has a family member who accepted, certain compensation from the company in excess of \$120,000 during any period of 12 consecutive months within the three years preceding the determination of independence;

a director who is a family member of an individual who is, or at any time during the past three years was, employed by the company as an executive officer;

a director who is, or has a family member who is, a partner in, or a controlling stockholder or an executive officer of, any organization to which the company made, or from which the company received, certain payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or \$200,000, whichever is more;

a director who is, or has a family member who is, employed as an executive officer of another entity where at any time during the past three years any of the company's executive officers serve on the compensation committee of such other entity; or

a director who is, or has a family member who is, a current partner of the company's outside auditor, or was a partner or employee of the company's outside auditor who worked on the company's audit at any time during any of the past three years.

Second, no director qualifies as independent unless the board affirmatively determines that the director has no direct or indirect relationship with the company that would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. In assessing the independence of its members, the board examined the commercial, industrial, banking, consulting, legal, accounting, charitable and familial relationships of each member. The board's inquiry extended to both direct and indirect relationships with the company, including ownership of stock in the company.

NASDAQ OMX also is listed on NASDAQ Dubai and, as a result, is subject to the NASDAQ Dubai listing rules and the Markets Rules of the Dubai Financial Services Authority. Under these rules, at least two directors must be independent. A director is considered independent if the board determines the director to be independent in character and judgment and to have no relationship or circumstances that are likely to affect, or could appear to affect, the director's judgment in a manner other than in the best interests of the company.

Based upon detailed written submissions by each individual, the board has determined that all of our current directors are independent, other than Mr. Greifeld and His Excellency (H.E.) Kazim. Mr. Greifeld is deemed not to be independent because he is the Chief Executive Officer of NASDAQ OMX. H.E. Kazim is deemed not to be independent because of his affiliations with Borse Dubai Limited (Borse Dubai), Dubai

Financial Market PJSC (Dubai Financial Market) and NASDAQ Dubai.



**Table of Contents****INFORMATION WITH RESPECT TO DIRECTOR NOMINEES**

In evaluating candidates for nomination to the board, the nominating & governance committee reviews the skills, qualifications, characteristics and experience desired for the board as a whole and for its individual members, with the objective of having a board that reflects diverse backgrounds and senior level experience in the areas of global business, finance, legal and regulatory, technology and marketing. Characteristics of all directors include integrity and values, high personal and professional ethics, sound business judgment, the ability and willingness to commit sufficient time to fulfill their board responsibilities and a commitment to representing the long-term interests of our stockholders and fulfilling their responsibilities related to affiliated self-regulatory organizations.

In evaluating the suitability of individual board nominees, the nominating & governance committee takes into account many factors, including general and diverse understanding of the global economy, capital markets, finance and other disciplines relevant to the success of a large publicly-traded financial services company; a general understanding of NASDAQ OMX's business and technology; the individual's educational and professional background and personal accomplishments; and factors such as geographic, gender, age and ethnic diversity. The committee evaluates each individual candidate in the context of the board as a whole, with the objective of maintaining a group of directors that can further the success of NASDAQ OMX's business, while representing the interests of stockholders, employees and the communities in which the company operates. In determining whether to recommend a board member for re-election, the nominating & governance committee also considers the director's past attendance at meetings, participation in and contributions to the activities of the board and the most recent board self-assessment. The nominating & governance committee reviews all candidates in the same manner, regardless of the source of the recommendation.

We are obligated by the terms of a stockholders' agreement dated February 27, 2008 between NASDAQ OMX and Borse Dubai, as amended, to nominate and generally use best efforts to cause the election to the NASDAQ OMX board of one individual designated by Borse Dubai, subject to certain conditions. H.E. Kazim is the individual designated by Borse Dubai as its nominee.

Finally, we also are obligated by the terms of a stockholders' agreement dated December 16, 2010 between NASDAQ OMX and Investor AB to nominate and generally use best efforts to cause the election to the NASDAQ OMX board of one individual designated by Investor AB, subject to certain conditions. Mr. Ekholm is the individual designated by Investor AB as its nominee.

Listed below are the nominees for directors. The information for each nominee includes the nominee's principal occupation, business experience, certain directorships in the past five years, age as of the date of this proxy statement and the year the nominee was first elected a director. Each nominee, if elected, will serve for a one-year term expiring at the 2015 annual meeting and until the election and qualification of his or her successor.

Name	Age	Classification	Director Since
Charlene T. Begley	47	Non-Industry; Public	
Steven D. Black	61	Non-Industry; Public	2011
Börje E. Ekholm	51	Non-Industry	2011
Robert Greifeld	56	Staff	2003
Glenn H. Hutchins	58	Industry	2005
Essa Kazim	55	Non-Industry	2008
John D. Markese	68	Non-Industry; Public	1996
Ellyn A. McColgan	60	Non-Industry; Public	2012
Thomas F. O'Neill	67	Non-Industry	2003
Michael R. Splinter	63	Non-Industry; Issuer	2008
Lars R. Wedenborn	55	Non-Industry	2008

**Table of Contents**

**NOMINEES**

**Charlene T. Begley** is a new nominee to NASDAQ OMX's board of directors. Ms. Begley served in various capacities for the General Electric Company, a diversified infrastructure and financial services company, from 1988 through December 2013. Most recently, Ms. Begley served in a dual role as GE's Senior Vice President and Chief Information Officer, as well as the President and Chief Executive Officer of GE's Home and Business Solutions business from January 2010 through December 2013. Previously, Ms. Begley served as President and Chief Executive Officer of GE Enterprise Solutions from August 2007 through December 2009. Over her career at GE, Ms. Begley also served as President and Chief Executive Officer of GE Plastics and GE Transportation. She also led GE's Corporate Audit staff and served as the Chief Financial Officer for GE Transportation and GE Plastics Europe and India. Ms. Begley is a director and member of the audit committee of WPP plc.

*Skills and Qualifications*

Ms. Begley is a highly respected technology leader who served as Chief Information Officer for GE, leading information technology across a highly-complex, global company. In this role, she managed a multi-billion dollar budget and provided direction to an international team of information technology employees and contractors. Ms. Begley has experience with cybersecurity, business process improvement and operational excellence in the technology area. In addition, Ms. Begley has extensive senior operational experience spanning diverse products and countries.

**Steven D. Black** was elected to NASDAQ OMX's board of directors in December 2011. Since September 2012, Mr. Black has been the Co-CEO of Bregal Investments, a private equity firm. He was the Vice Chairman of J.P. Morgan Chase & Co. from March 2010 through February 2011 and a member of the firm's Operating and Executive committees. Prior to that position, Mr. Black was the Executive Chairman of J.P. Morgan Investment Bank from October 2009 through March 2010. Mr. Black served as a Co-Chief Executive Officer of J.P. Morgan Investment Bank from 2004 through 2009. Mr. Black was the Deputy Co-Chief Executive Officer of J.P. Morgan Investment Bank since 2003. He also served as head of J.P. Morgan Investment Bank's Global Equities business since 2000 following a career with Citigroup and its predecessor firms.

*Skills and Qualifications*

Mr. Black served in various financial and strategic roles at J.P. Morgan throughout his career and prior to that at Citigroup. Under his leadership, J.P. Morgan Chase achieved a number one ranking in top global capital raising league tables. Mr. Black's depth of knowledge and experience in the global financial services industry brings a wealth of knowledge to the board.



**Table of Contents**

**Börje E. Ekholm** was elected to NASDAQ OMX's board of directors effective February 17, 2011. Mr. Ekholm is the President and Chief Executive Officer, as well as a member of the board of directors, of Investor AB, which is an industrial holding company that invests in other companies in the ordinary course of business. Prior to becoming the President and Chief Executive Officer in 2005, Mr. Ekholm was a Member of the Management Group of Investor AB, where he had oversight of the new investments business. Mr. Ekholm previously served as the President of Novare Kapital AB, an early-stage venture capital company. He also served in various positions at McKinsey & Co Inc. Mr. Ekholm is a member of the board and the remuneration committee of Telefonaktiebolaget LM Ericsson.

*Skills and Qualifications*

Mr. Ekholm serves in a senior leadership role at Investor AB as President and Chief Executive Officer where he has gained invaluable experience in the financial sector. Mr. Ekholm brings an accounting background to the board from his current role at Investor AB. Mr. Ekholm has broad knowledge of international markets and experience in the areas of corporate strategy, finance and technology. As a nominee designated by Investor AB, Mr. Ekholm also brings to the NASDAQ OMX board the perspective of a large stockholder.

**Robert Greifeld** was elected to the board of directors and appointed Chief Executive Officer of NASDAQ OMX in May 2003. Prior to joining NASDAQ OMX, Mr. Greifeld was an Executive Vice President at SunGard Data Systems, Inc., a global provider of integrated software and processing solutions for financial services and a provider of information availability services. Mr. Greifeld joined SunGard in 1999 through SunGard's acquisition of Automated Securities Clearance, Inc., where from 1991 through 1999, Mr. Greifeld was the President and Chief Operating Officer.

*Skills and Qualifications*

Mr. Greifeld has led NASDAQ OMX through a series of complex, innovative acquisitions that have extended its global footprint and broadened its portfolio of businesses, which span trading, exchange technology, information and public company services. Mr. Greifeld also has broad experience in the areas of technology, finance, risk management, human resources and corporate strategy.

**Table of Contents**

**Glenn H. Hutchins** was elected to NASDAQ OMX's board of directors in May 2005. Mr. Hutchins is a Co-Founder of Silver Lake, a technology investment firm that was established in January 1999. Mr. Hutchins is the Chairman of the board of SunGard Capital Corp.

*Skills and Qualifications*

Mr. Hutchins has extensive transactional experience as a private equity investor, particularly in the area of evaluating, negotiating and structuring mergers and acquisitions. Mr. Hutchins also holds a law degree and has extensive experience in the financial, technology and public policy sectors.

**Essa Kazim** was elected to NASDAQ OMX's board of directors effective March 1, 2008. Since January 2014, H.E. Kazim has been the Governor of the Dubai International Financial Center. He also continues to serve as the Chairman of Borse Dubai and Chairman of the Dubai Financial Market, roles he has held since 2006. H.E. Kazim began his career as a Senior Analyst in the Research and Statistics Department of the UAE Central Bank in 1988 and then moved to the Dubai Department of Economic Development as Director of Planning and Development in 1993. He was then appointed Director General of the Dubai Financial Market from 1999 through 2006. H.E. Kazim is a Member of the Supreme Fiscal Committee of Dubai.

*Skills and Qualifications*

Through his roles at Dubai Financial Market and Borse Dubai, H.E. Kazim has experience in all aspects of the operation of stock exchanges, including regulatory compliance. He brings global experience to the board through his experience with financial markets in the Middle East. As a nominee designated by Borse Dubai, H.E. Kazim also brings to the NASDAQ OMX board the perspective of a large stockholder.

THE NASDAQ OMX GROUP, INC. 16

**Table of Contents**

**John D. Markese** was elected to NASDAQ OMX's board of directors in May 1996. Dr. Markese served on FINRA's board of governors from 1998 to 2002. Since his retirement in October 2010, Dr. Markese has been the Vice Chairman of the American Association of Individual Investors, a not-for-profit organization providing investment education to individual investors founded in 1978. Previously, Dr. Markese was the President and Chief Executive Officer of the American Association of Individual Investors.

*Skills and Qualifications*

As a result of over 40 years of work in finance, Dr. Markese meets the criteria of an audit committee financial expert and serves as the chairman of the audit committee of NASDAQ OMX's board. Dr. Markese has a doctoral degree in Finance and has taught business school classes in the areas of Corporate Finance, Financial Case Analysis, Portfolio Management and Investment Analysis. Dr. Markese also brings to the NASDAQ OMX board the perspective of the individual investor community.

**Ellyn A. McColgan** was elected to NASDAQ OMX's board of directors in May 2012. Since September 2010, she has been an Executive Advisor at Aquiline Capital Partners, LLC, a private equity firm that invests in the financial services sector. Ms. McColgan worked as a private consultant from February 2009 through September 2010. From April 2008 through January 2009, Ms. McColgan was the President and Chief Operating Officer of the Global Wealth Management Group of Morgan Stanley. Prior to that, Ms. McColgan served in various senior management positions at Fidelity Investments from 1990 through 2007. Ms. McColgan was a director and member of the audit committee of Primerica from 2010 through 2011.

*Skills and Qualifications*

Ms. McColgan has been a senior executive in the financial services industry for over 25 years. She is a transformational leader who built the Fidelity Brokerage Company to be the largest brokerage company in the United States as measured by client assets and client accounts, growing the business to \$1.9 trillion in assets. She also has substantial experience with managing large enterprises and service delivery.

**Table of Contents**

**Thomas F. O Neill** was elected to NASDAQ OMX's board of directors in May 2003. Mr. O Neill is a founding member of the Kimberlite Group and has been the co-chief executive officer of Kimberlite Advisors since September 2013. Kimberlite acquired the business of Ranieri Partners Financial Service Group in September 2013. From December 2010 through August 2013, Mr. O Neill was the chairman of Ranieri Partners Financial Service Group, which acquired and managed financial services companies. In November 2010, Mr. O Neill retired as a principal of Sandler O Neill + Partners L.P., an investment bank that he co-founded in 1988. Mr. O Neill is also a director of BankFinancial Corporation, Misonix, Inc. and Archer-Daniels-Midland Company. Mr. O Neill is a member of the compensation/succession committee of Archer-Daniels-Midland and serves on the audit and compensation committees of Misonix.

*Skills and Qualifications*

Mr. O Neill has worked on Wall Street since 1972, and as a founding principal of a nationally-recognized investment bank, he has broad experience in the areas of finance, mergers and acquisitions and business development. Mr. O Neill specializes in working with financial institutions and has substantial experience in the finance sector.

**Michael R. Splinter** was elected to NASDAQ OMX's board of directors effective March 1, 2008. Mr. Splinter has served as the Executive Chairman of the board of directors of Applied Materials, Inc., the global leader in nanomanufacturing technology solutions for the electronics industry, since September 2013. At Applied Materials, he served as the Chairman of the board of directors from March 2009 to September 2013, Chief Executive Officer from April 2003 until September 2013 and President from April 2003 to June 2012. An engineer and technologist, Mr. Splinter is a 30-year veteran of the semiconductor industry. Prior to joining Applied Materials, Mr. Splinter was an executive at Intel Corporation.

*Skills and Qualifications*

As the Executive Chairman of Applied Materials, Mr. Splinter brings to the NASDAQ OMX board the perspective of a company listed on The NASDAQ Stock Market. Mr. Splinter also has significant experience in information technology, finance, risk management and corporate strategy.

**Table of Contents**

**Lars R. Wedenborn** was elected to NASDAQ OMX's board of directors effective March 1, 2008. Mr. Wedenborn was elected Chairman of the NASDAQ OMX Nordic Ltd. board in October 2009. Previously, he was a member of the OMX board since 2007. Mr. Wedenborn has been CEO of FAM (Foundation Asset Management), which is fully owned by Wallenberg Foundations, since September 2007. Mr. Wedenborn started his career as an auditor. During 1991 through 2000, he was Deputy Managing Director and CFO at Alfred Berg, a Scandinavian investment bank. He served with Investor AB, a Swedish holding company, as Executive Vice President and CFO from 2000 through 2007.

*Skills and Qualifications*

Mr. Wedenborn gained senior leadership experience through his work at FAM, Investor AB and Alfred Berg. He also possesses significant regulatory, finance and technology experience, and adds a global perspective to the NASDAQ OMX board.

**RECOMMENDATION OF THE BOARD OF DIRECTORS**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR EACH OF THE NOMINEES NAMED HEREIN FOR ELECTION AS DIRECTORS.**

THE NASDAQ OMX GROUP, INC. 19



**Table of Contents****DIRECTOR COMPENSATION****OVERVIEW OF DIRECTOR COMPENSATION**

Annual non-employee director compensation is based upon a compensation year beginning and ending in May. Staff directors do not receive compensation for serving on the board of directors. The following table shows the compensation policy for non-employee directors that is in effect from May 2013 through May 2014.

Item	May 2013	May 2014(1)
Annual retainer for board members (other than the chairman)	\$	80,000
Annual retainer for board chairman	\$	180,000
Annual equity award for all board members (grant date market value)	\$	115,000
Annual audit committee chair compensation	\$	25,000
Annual audit committee member compensation	\$	5,000
Annual management compensation committee chair compensation	\$	25,000
Annual management compensation committee member compensation	\$	5,000
Annual nominating & governance committee chair compensation	\$	15,000
Board meeting attendance fee (per meeting)	\$	1,500
Committee meeting attendance fee (per meeting)	\$	1,500

(1) The amounts in this table remained unchanged as compared to the prior compensation year, except the annual retainer for the board chairman increased to \$180,000 from \$155,000.

Each non-employee director may elect to receive the annual retainer in cash (payable in equal semi-annual installments), equity or a combination of cash and equity. The annual equity award and any equity elected as part of the annual retainer are awarded automatically on the date of the annual meeting of stockholders immediately following election and appointment to the board. These equity awards vest in full one year from the date of grant.

Each non-employee director also may elect to receive committee chair, committee member and/or meeting fees in cash or equity. Cash payments for committee service are made in a lump sum near the beginning of the compensation year. If a director elects to receive equity for committee service in lieu of cash, the equity will be awarded on the date of the annual meeting of stockholders and will vest in full one year from the date of grant. Cash payments for board and committee meeting fees are made in arrears on a semi-annual basis. If a director elects to receive equity for board and committee meeting fees in lieu of cash, the equity will be awarded on the date of the next annual meeting of stockholders and will vest in full immediately.

All equity paid to board members consists of restricted stock. The amount of equity to be awarded is calculated based on the closing market price of our common stock on the date of grant. Unvested equity is forfeited in certain circumstances upon termination of the director's service on the board of directors.

Directors are reimbursed for business expenses and reasonable travel expenses for attending NASDAQ OMX board and committee meetings. Non-employee directors do not receive retirement, health or life insurance benefits. NASDAQ OMX provides each non-employee director with director and officer liability insurance coverage, as well as accidental death and dismemberment and travel insurance for and only when traveling on behalf of NASDAQ OMX.

**Table of Contents****STOCK OWNERSHIP GUIDELINES**

Under our stock ownership guidelines, non-employee directors must maintain a minimum ownership level in NASDAQ OMX common stock. In 2013, the board approved an increase in the minimum ownership level from three times the annual cash retainer to five times the annual cash retainer. Shares owned outright, through shared ownership and in the form of vested and unvested restricted stock, are taken into consideration in determining compliance with these stock ownership guidelines. Exceptions to this policy may be necessary or appropriate in individual situations, and the chairman of the board of directors may approve such exceptions from time to time. New directors have until four years after their initial election to the board to obtain the minimum ownership level. All of the directors who were required to be in compliance with the guidelines on December 31, 2013 were in compliance with the guidelines as of that date.

**DIRECTOR COMPENSATION TABLE**

The table below summarizes the compensation paid by NASDAQ OMX to our non-employee directors for services rendered during the fiscal year ended December 31, 2013.

**2013 Director Compensation Table**

Name(1)	Fees Earned or Paid in Cash (\$)(2)(3)	Stock Awards (\$)(4)(5)(6)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
Steven D. Black	\$ 134,500	\$ 115,029					\$ 249,529
Börje E. Ekholm	\$ 169,500	\$ 195,050					\$ 364,550
Glenn H. Hutchins	\$ 39,500	\$ 195,050					\$ 234,550
Essa Kazim	\$ 110,000	\$ 115,029					\$ 225,029
John D. Markese	\$ 226,000(7)	\$ 115,029					\$ 341,029
Ellyn A. McColgan	\$ 56,000	\$ 195,050					\$ 251,050
Thomas F. O'Neill	\$ 110,000	\$ 115,029					\$ 225,029
James S. Riepe	\$ 127,000	\$ 115,029					\$ 242,029
Michael R. Splinter	\$ 64,000	\$ 195,050					\$ 259,050
Lars R. Wedenborn	\$ 119,216(8)	\$ 115,029					\$ 234,245

- (1) Robert Greifeld, our Chief Executive Officer, is not included in this table as he is an employee of NASDAQ OMX and thus receives no compensation for his service as a director. For information on the compensation received by Mr. Greifeld as an employee of the company, see Compensation Discussion and Analysis and Executive Compensation.
- (2) The differences in fees earned or paid in cash reported in this column largely reflect differences in each individual director's election to receive the annual retainer in cash, restricted stock or a combination of cash and restricted stock. This election is made at the beginning of the board compensation year in May and applies throughout the year. In addition, the difference in fees earned or paid also reflects committee service and meeting attendance.
- (3) As discussed under Overview of Director Compensation above, NASDAQ OMX amended the board compensation policy in mid-2013 to allow directors to receive committee chair, committee member and/or meeting fees in equity, rather than cash. Accordingly, Messrs. Black, Hutchins and Splinter have elected to receive certain amounts reported in this column as fees earned in 2013 in the form of equity that will be awarded in May 2014. These amounts are as follows: \$32,000 for Mr. Black; \$7,500 for Mr. Hutchins; and \$9,000 for Mr. Splinter.



**Table of Contents**

- (4) The amounts reported in this column reflect the grant date fair value of the stock awards computed in accordance with Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 718, Stock Compensation (FASB ASC Topic 718). The assumptions used in the calculation of these amounts are included in footnote 12 to the company's audited financial statements for the fiscal year ended December 31, 2013 included in our Form 10-K. The differences in the amounts reported among non-employee directors reflect differences in each individual director's election to receive a portion of the annual retainer in cash or restricted stock.
- (5) These stock awards, which were awarded on May 22, 2013, represent the annual equity award and any portion of the annual retainer that the director elected to receive in equity. Each non-employee director received the annual equity award, which consisted of 3,713 units of restricted stock with a grant date fair value of \$115,029. Messrs. Ekholm, Hutchins and Splinter and Ms. McColgan elected to receive all of their annual retainers in equity, so they each received an additional 2,583 units of restricted stock with a grant date fair value of \$80,021 for a total grant date fair value of \$195,050.
- (6) The aggregate number of unvested and vested shares and units of restricted stock beneficially owned by each non-employee director as of December 31, 2013 is summarized in the following table:

Director	Number of Unvested Restricted Shares and Units	Number of Vested Restricted Shares and Units
Steven D. Black	3,713	5,153
Börje E. Ekholm	6,296	16,737
Glenn H. Hutchins	6,296	16,737
Essa Kazim	3,713	18,758
John D. Markese	3,713	53,068
Ellyn A. McColgan	6,296	8,738
Thomas F. O'Neill	3,713	13,831
James S. Riepe	3,713	28,064
Michael R. Splinter	6,296	33,232
Lars R. Wedenborn	3,713	11,116

For further information on our non-employee directors' security ownership, see Security Ownership of Certain Beneficial Owners and Management.

- (7) Fees earned by Dr. Markese include \$70,000 for his service as a director of our U.S. exchange subsidiaries The NASDAQ Stock Market LLC, NASDAQ OMX BX, Inc. and NASDAQ OMX PHLX LLC.
- (8) Fees earned by Mr. Wedenborn include \$32,216 (€ 24,250) for his service as chairman of the board of NASDAQ OMX Nordic Ltd. This amount was converted to U.S. dollars from euros at an exchange rate of \$1.3285 per euro, which was the average exchange rate for 2013.

THE NASDAQ OMX GROUP, INC. 22

**Table of Contents****NASDAQ OMX S CORPORATE GOVERNANCE****BOARD AND COMMITTEE MEETINGS**

The NASDAQ OMX board held 17 meetings during the year ended December 31, 2013, and the board met in executive session without management present during 15 of those meetings. None of the current directors attended fewer than 75% of the meetings of the board and those committees on which the director served during the 2013 calendar year.

**BOARD COMMITTEES**

Pursuant to NASDAQ OMX's By-Laws, the board of directors has established four standing committees. The table below shows the standing committee membership.

Committee	Current Members	Number of Meetings in 2013
Audit	John D. Markese (Chair)	10
	Ellyn A. McColgan	
	James S. Riepe	
	Lars R. Wedenborn Börje E. Ekholm	
Executive	Robert Greifeld	0
	Glenn H. Hutchins (Chair)	
	Essa Kazim	
	John D. Markese Michael R. Splinter Börje E. Ekholm	
Finance(1)	Robert Greifeld	4
	Essa Kazim	
	Thomas F. O'Neill (Chair)	
Management Compensation	James S. Riepe Steven D. Black	9
	Börje E. Ekholm	
	Glenn H. Hutchins	
Nominating & Governance	Michael R. Splinter (Chair)	7
	Steven D. Black Börje E. Ekholm (Chair)	

Edgar Filing: NASDAQ OMX GROUP, INC. - Form DEF 14A

John D. Markese

Ellyn A. McColgan

- (1) Because the board has decreased in size in recent years, NASDAQ OMX eliminated the finance committee in May 2013 and transitioned its responsibilities to the full board of directors or other board committees. This table reflects the finance committee membership and number of meetings held in 2013 prior to the elimination of the committee.

Included below are summary descriptions of the current standing committees. Each committee has adopted a charter, which is available on NASDAQ OMX's website at <http://ir.nasdaqomx.com/nasdaq-omx-group.cfm>. The board and committees may hire outside experts to assist them when necessary.

**Audit Committee.** The audit committee, which is comprised of independent board members, has the primary responsibility for engaging the independent registered public accounting firm and assists the board by reviewing and discussing the quality and integrity of accounting, auditing and financial reporting practices at NASDAQ OMX. In addition, the audit committee assists the board by reviewing

THE NASDAQ OMX GROUP, INC. 23

## **Table of Contents**

the effectiveness of controls over NASDAQ OMX's risk management and regulatory program. The audit committee also assists the board in reviewing and discussing NASDAQ OMX's global ethics and compliance program and confidential whistleblower process.

The audit committee assists the board in reviewing and discussing our financial reporting process and reports to the board the results of these activities. This includes the systems of internal controls that management and the board of directors have established, our audit and compliance process and financial reporting. The audit committee, among other duties, engages the independent registered public accounting firm, annually evaluates the performance of that firm, pre-approves all audit and non-audit services provided by that firm, reviews with that firm the plans and results of the audit engagement, considers the compatibility of any non-audit services provided by that firm with the independence of such firm, reviews the independence of that firm and reviews and approves all related party transactions.

Audit committee members must meet the independence standards applicable to audit committee members of companies listed on The NASDAQ Stock Market, and our board has concluded that each member of the audit committee satisfies these independence standards. Each member of the audit committee meets the standard for financial knowledge for audit committee members of companies listed on The NASDAQ Stock Market. In addition, the board of directors has determined that Dr. Markese, Ms. McColgan and Mr. Wedenborn are each qualified as an audit committee financial expert within the meaning of SEC regulations and that each has accounting and related financial management expertise that meets the standard for financial sophistication set forth in the rules of The NASDAQ Stock Market.

**Executive Committee.** Subject to the limitations in our By-Laws, the executive committee has the general power and authority of the board of directors to act in the management of our business and affairs.

**Management Compensation Committee.** Among other duties, the management compensation committee establishes a compensation philosophy, reviews annually all executive compensation and executive benefit programs, and recommends to the full board of directors for approval, material changes to such programs applicable to NASDAQ OMX's Section 16 officers. The management compensation committee reviews and refers to the board for approval the base salary, incentive compensation awards, performance goals and equity awards for the Section 16 officers. The management compensation committee also reviews and approves employment agreements, severance arrangements and change-in-control agreements for Section 16 officers, although such agreements for the CEO are referred to the full board of directors for approval. For non-Section 16 officers, the management compensation committee reviews and approves the base salary and incentive compensation awards for those employees with target total cash compensation in excess of \$750,000 or an equity award valued in excess of \$600,000.

Together with the nominating & governance committee and full board of directors, the management compensation committee performs the annual performance evaluation of the chief executive officer. The management compensation committee also reviews annually: (i) a succession plan for the development, retention and replacement of Section 16 officers and other selected officers; and (ii) the peer groups used for competitive market analysis. Every two years or when requested, the management compensation committee reviews and refers to the board for approval NASDAQ OMX's board compensation policy. Finally, the management compensation committee reviews material changes to NASDAQ OMX's retirement and health care plans.

Each member of the management compensation committee is independent, as required by the rules of The NASDAQ Stock Market, and meets the additional eligibility requirements set forth in NASDAQ Listing Rule 5605(d)(2)(A). In affirmatively determining the independence of each management compensation committee member, the board of directors has considered all factors specifically relevant to determining whether the member has a relationship to NASDAQ OMX that is material to that member's ability to be independent from management in connection with the duties of a

## **Table of Contents**

management compensation committee member, including, but not limited to: (i) the source of compensation of such member, including any consulting, advisory or other compensatory fee paid by NASDAQ OMX to such member; and (ii) whether such member is affiliated with NASDAQ OMX, any subsidiary or any affiliate of a subsidiary.

The management compensation committee may, in its sole discretion, retain or obtain the advice of a compensation consultant, legal counsel or other adviser. The management compensation committee shall be directly responsible for the appointment, compensation and oversight of the work of any compensation consultant, legal counsel or other adviser retained by the committee. NASDAQ OMX will provide for appropriate funding, as determined by the management compensation committee, for payment of reasonable compensation to a compensation consultant, legal counsel or other adviser retained by the committee. The management compensation committee may select, or receive advice from, a compensation consultant, legal counsel or other adviser to the committee, other than in-house legal counsel, only after taking into consideration the factors listed in NASDAQ Listing Rule 5605(d)(3)(D).

***Nominating & Governance Committee.*** Pursuant to NASDAQ OMX's By-Laws, this committee serves as the nominating committee with additional responsibilities related to corporate governance. The nominating & governance committee has the authority to identify and nominate candidates for vacancies on the NASDAQ OMX board. Additionally, if a director position becomes vacant because of death, disability, disqualification, removal, resignation or increase in the number of directors, the nominating & governance committee will nominate, and the board of directors will elect by majority vote, a person satisfying the classification (Industry, Non-Industry, Issuer or Public Director) of the directorship, if applicable, to fill such vacancy, except that if the remaining term is not more than six months, no replacement is required.

The nominating & governance committee considers possible candidates suggested by board and committee members, industry groups, stockholders or senior management. In addition to submitting suggested nominees to the nominating & governance committee, a NASDAQ OMX stockholder may nominate a person for election as a director at NASDAQ OMX's annual meeting or at a special meeting, provided the stockholder follows the procedures specified in NASDAQ OMX's By-Laws.

The nominating & governance committee annually evaluates and makes recommendations to the board on the overall effectiveness of the board through an annual review and evaluation of the structure, size, composition, development, selection and process of the board and its committees. The committee annually reviews and recommends to the board the assignment of board members to each of the board committees, including rotation, reassignment and removal of any committee member.

The nominating & governance committee considers matters of corporate governance and periodically reviews, reassesses and recommends proposed changes for board approval of the following documents: the Board of Directors Duties and Obligations and the NASDAQ OMX Corporate Governance Guidelines (including the criteria used in selecting director nominees). Both documents are available on NASDAQ OMX's website at <http://ir.nasdaqomx.com/nasdaq-omx-group.cfm>.

This committee also monitors NASDAQ OMX's compliance with the corporate governance requirements in the NASDAQ Listing Rules and best practices, in order to report and make recommendations to the board with respect to such requirements and practices. This committee identifies current and emerging corporate governance trends and issues that may affect the business operations, performance and public image of NASDAQ OMX. Finally, together with the management compensation committee and full board of directors, the nominating & governance committee performs the annual performance evaluation of the chief executive officer.

Each member of the nominating & governance committee is independent, as required by the rules of The NASDAQ Stock Market.



---

**Table of Contents**

**NASDAQ OMX BOARD'S RISK OVERSIGHT ROLE**

NASDAQ OMX's management has day-to-day responsibility for: (i) identifying risks and assessing them in relation to NASDAQ OMX's strategies and objectives, (ii) implementing suitable risk mitigation plans, processes and controls and (iii) appropriately managing risks in a manner that serves the best interests of NASDAQ OMX, its stockholders and other stakeholders. NASDAQ OMX has an enterprise risk steering committee, comprised of employees, that regularly reviews risks for materiality and refers significant risks to the board of directors or specific board committees. To support the work of the enterprise risk steering committee, NASDAQ OMX also has recently created a technology risk steering committee, which is responsible for monitoring systems risks across the organization, and a global compliance council, which monitors regulatory and corporate compliance risks across the company.

NASDAQ OMX's board of directors has ultimate responsibility for overseeing risk management with a focus on the most significant risks facing the company. The board is assisted with this responsibility by the following board committees.

***Audit Committee.*** The primary function of the audit committee is to assist the board of directors in fulfilling its oversight responsibilities by reviewing and discussing the financial information, the systems of internal controls, financial reporting and the legal and compliance process. Additionally, the committee reviews and discusses the Enterprise Risk Management (ERM) structure and process.

***Management Compensation Committee.*** The management compensation committee monitors the risks associated with elements of the compensation program, including organizational structure, compensation plans and goals, succession planning, organizational development and selection processes. The management compensation committee also evaluates and opines on the effect the compensation structure may have on risk-related decisions.

***Nominating & Governance Committee.*** The nominating & governance committee oversees risks related to the company's governance structure, policies and processes.

Furthermore, non-management directors meet in executive session on a regular basis without the presence of management to discuss matters, including matters pertaining to risk. NASDAQ OMX does not believe that the board's role in risk oversight has affected its leadership structure.

**RISK ASSESSMENT OF COMPENSATION PROGRAM**

We monitor the risks associated with our compensation program on an ongoing basis. In March 2014, the management compensation committee and audit committee were presented with the results of an annual formal assessment of our employee compensation program in order to evaluate the risks arising from our compensation policies and practices. This risk assessment report reflected a comprehensive review and analysis of the components of our compensation program, including the performance measures established under the 2014 cash performance-based incentive award program. The audit and management compensation committees of our board of directors both concluded, based on the risk assessment report's findings, that any risks arising from our compensation program are not reasonably likely to have a material adverse effect on the company.

The risk assessment was performed by an internal working group consisting of employees in the human resources, risk management, internal audit and corporate finance departments, as well as the offices of general counsel and corporate secretary. The findings were presented to the risk steering committee, which concurred with the working group's report. The risk assessment included the following steps:

collection and review of existing NASDAQ OMX compensation policies and pay structures;

development of a risk assessment scorecard, analysis approach and timeline;

conduct of a qualitative risk assessment of performance goals to determine overall risk level; and

## **Table of Contents**

review and evaluation of controls that might mitigate risk taking (e.g., equity vesting structure, incentive recoupment policy and stock ownership guidelines).

### **CORPORATE GOVERNANCE GUIDELINES**

The NASDAQ OMX board has adopted corporate governance guidelines that set forth a flexible framework within which the board of directors and its committees operate. These guidelines cover a number of areas including the selection, composition and functions of our board, committee assignments and rotation, executive sessions, director orientation and continuing education, stock ownership guidelines for directors, evaluation of senior management and succession planning.

Additionally, the guidelines set forth procedures in the event one or more nominees to the company's board do not receive the affirmative vote of a majority of the votes cast in an uncontested election. If an incumbent director desires to become a nominee of the board, the incumbent director must submit an irrevocable resignation contingent on (i) the incumbent not receiving a majority of the votes cast in an uncontested election and (ii) acceptance of that resignation by the board. If the incumbent director does not receive the affirmative vote of a majority of the votes cast, the nominating & governance committee will consider the resignation and recommend acceptance or rejection of the resignation to the board. The board will act on the resignation, taking the nominating & governance committee's recommendation into account, within 90 days following certification of the stockholder vote.

Thereafter, the board will promptly disclose its decision whether to accept or reject the director's resignation (and the reasons for rejecting the resignation, if applicable) in a press release to be disseminated in the manner that NASDAQ OMX's press releases typically are distributed.

Any incumbent director who fails to receive the votes required for re-election in an uncontested election and who tenders his or her resignation will remain active and engaged in board activities while the nominating & governance committee considers his or her resignation. However, the incumbent director is expected to voluntarily recuse himself or herself from participation in any proceedings or consideration by the nominating & governance committee or the board regarding the incumbent director.

### **CODE OF ETHICS**

We also have adopted the NASDAQ OMX Code of Ethics, which is applicable to all of our employees, including the principal executive officer, the principal financial officer and the controller and principal accounting officer (senior executive and financial officers), and contractors. We have a separate NASDAQ OMX Code of Conduct for the Board of Directors, which contains provisions specifically applicable to directors. We post amendments to or waivers from the NASDAQ OMX Code of Ethics (to the extent applicable to the senior executive and financial officers) or to the NASDAQ OMX Code of Conduct for the Board of Directors on our website at the location listed below. We also disclose amendments or waivers to the codes in any manner otherwise required by the standards applicable to companies listed on The NASDAQ Stock Market.

The following materials related to our corporate governance are available publicly on our website at <http://ir.nasdaqomx.com/nasdaq-omx-group.cfm>.

Corporate Governance Guidelines

NASDAQ OMX Code of Ethics

NASDAQ OMX Code of Conduct for the Board of Directors

Procedures to Report Concerns

Procedures for Communicating with the Board of Directors



## **Table of Contents**

Our Charter, By-Laws and committee charters also are online at the same web address. Copies may be obtained, free of charge, by writing to our corporate secretary at the address listed below under Stockholder Communication with Directors. Please specify the document that you would like to receive.

### **RECENT AMENDMENTS TO OUR CHARTER AND BY-LAWS**

In response to feedback from our stockholders, we implemented certain amendments to our Charter and By-Laws in January 2014, following approval from the SEC.

The amendments to our Charter were approved by our stockholders at our most recent annual meeting, held on May 22, 2013. Among other things, these amendments removed each supermajority voting requirement in the Charter and replaced it with a majority of outstanding shares voting requirement. The supermajority voting requirements required the affirmative vote of at least 66 2/3% of the total voting power of NASDAQ OMX's capital stock entitled to vote generally in the election of directors, voting together as a single class, to take certain actions. These actions included: removal of directors; adoption, alteration, amendment and repeal of By-Laws; and adoption, alteration, amendment and repeal of certain provisions of the Charter.

In addition, we implemented amendments to our By-Laws to, among other things, allow stockholders holding at least 15% of NASDAQ OMX's voting power to call a special meeting under the following circumstances.

The stockholders calling the special meeting must be record holders and must have held a net long position equivalent to 15% of the outstanding common stock entitled to vote continuously for one year prior to the request to call a special meeting.

Upon receipt of a stockholder request to call a special meeting, NASDAQ OMX's board of directors must set the meeting within 120 days.

A special meeting request will not be valid if it relates to an item of business that is not a proper subject for stockholder action under applicable law.

A special meeting request will not be valid if it is delivered: (i) within 90 days before an annual meeting; (ii) within 120 days after a meeting at which a similar item was considered; or (iii) when a similar item is to be presented at a meeting that has been called by NASDAQ OMX, but not yet held.

To be in proper form, a special meeting request must include certain disclosures about the proposing stockholders, any proposed nominees for director and any proposed items of business to be brought before a meeting.

Consistent with the changes to the Charter described above, the By-Law amendments also removed each supermajority voting requirement in the By-Laws and replaced it with a majority of outstanding shares voting requirement. The supermajority voting requirements required the affirmative vote of at least 66 2/3% of the total voting power of NASDAQ OMX's capital stock entitled to vote generally in the election of directors, voting together as a single class, to remove directors or adopt, alter, amend or repeal any By-Law.

### **NASDAQ OMX BOARD ATTENDANCE AT MEETINGS OF STOCKHOLDERS**

NASDAQ OMX's policy is to encourage all directors to attend annual and special meetings of our stockholders. Ten of the current members of NASDAQ OMX's board attended the annual meeting held on May 22, 2013.

## **Table of Contents**

### **CORPORATE SUSTAINABILITY**

NASDAQ OMX remains committed to smart and sustainable business practices. We demonstrated this commitment throughout 2013 by assisting listed companies with their sustainability programs, undertaking research and collaborative projects with expert stakeholders and integrating sustainability strategies into our own operations.

Efficiency and transparency have always been key virtues within our culture, and they still drive our commitment to innovation in the markets, technology and the development of our products and services. As ESG issues become more prevalent in the capital markets, investors, stakeholders and regulators are using new data to drive their decisions. NASDAQ OMX has actively supported the development and refinement of established and emerging sustainability reporting channels. By doing so, we recognize and promote both the risk and reward side of good ESG practices.

NASDAQ OMX has received support for our sustainability efforts from many parts of the exchange spectrum. Long-term stockholders frequently acknowledge our efforts to promote and support ESG efforts, both internally and externally, and laud our leadership in pushing for better ESG practices at global stock exchanges. In addition, listed companies have signaled their interest in our program by participating in live events, online webinars and outreach programs.

#### **Listed Company Outreach**

NASDAQ OMX disseminates information, promotes understanding and engages the listed company audience in many ways. We use our iconic MarketSite location in New York City to host sustainability events for listed company attendees, each one focused on a specific aspect of sustainability. Content from these meetings is frequently converted into educational content, and additional events are offered as webinars. During 2013, NASDAQ OMX participated in 26 speaking opportunities, panel discussions and event sponsorships relating to ESG issues.

By doing so, we expect to:

increase investor engagement with exchanges;

expand issuer understanding of the purpose and value of ESG disclosures; and

clearly define the role that exchanges play in ESG issues.

NASDAQ OMX also hosts a content forum on corporate sustainability on our corporate website, which is available at <http://nasdaqomx.com/sustainability>.

#### **Sustainability Research & Collaboration**

In addition, NASDAQ OMX is working with fellow exchanges around the world in an attempt to forge reasonable, actionable and material ESG disclosure guidance for listed companies. We continued this effort in 2013 by collaborating with various convening organizations, such as the United Nations Sustainable Stock Exchanges Initiative and the World Federation of Exchanges. If successful, this effort could ultimately improve ESG transparency for most of the world's public companies.

Furthermore, we accomplished the following in 2013:

continued our leadership of the Sustainable Stock Exchanges initiative;

## Edgar Filing: NASDAQ OMX GROUP, INC. - Form DEF 14A

participated at the board level with the World Federation of Exchanges, a trade association of publicly regulated stock, futures and options exchanges;

actively participated as an Advisory Board member for the Sustainability Accounting Standards Board in the creation and comment period for new financial services accounting standards;

continued support for the International Integrated Reporting Council;

THE NASDAQ OMX GROUP, INC. 29

## **Table of Contents**

became an advisory board member for the United Nations Global Compact (UNGC) U.S. network;

reaffirmed our financial commitment to the UNGC; and

expanded our partnership with Harvard Business School and BWISE to deliver corporate education on integrated reporting.

### **Strategic Integration**

In terms of our own operations, we have made many strides in the last 12 months. We made significant infrastructure improvements, increasing the number of LEED and other environmental certifications for our global offices. NASDAQ OMX Helsinki again received the WWF Green Office diploma, and continued its groundbreaking work as the first exchange in the world to go carbon neutral. NASDAQ OMX also fostered the creation of a women's networking support group within the company, which will help us attract, retain and develop a diverse workforce. Other 2013 highlights include:

a continuing and comprehensive energy and water usage audit of all our global locations that enables us to identify, isolate and remedy inefficient resource consumption;

inclusion of ESG disclosures in our annual report and proxy statement and publication of an annual stand-alone corporate sustainability report, with Global Reporting Initiative framework disclosures;

creation of sustainability indexes and related financial products;

implementation of an alternative recycling pilot program;

investigation of clean energy opportunities for our data centers;

expansion of work/life balance benefits and financial planning opportunities for our employees;

preparation and dissemination of an annual Carbon Disclosure Report submission, with carbon and water usage estimates and action plans;

a major corporate project to analyze our supply chain, vendor selection process and fair labor practices; and

continued cultural emphasis and mandatory education on ethics and compliance issues.

**Table of Contents****PROPOSAL II****RATIFICATION OF THE APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Under its charter, the audit committee evaluates the performance of our independent registered public accounting firm on an annual basis. Following this review, the audit committee of the board of directors has selected Ernst & Young LLP as our independent registered public accounting firm to audit our financial statements for fiscal year 2014. We are asking the stockholders to ratify the audit committee's selection of Ernst & Young LLP to serve as our independent registered public accounting firm for fiscal year 2014. In the event the stockholders fail to ratify the selection of Ernst & Young LLP, the audit committee will reconsider this selection. Even if the selection of Ernst & Young LLP is ratified, the audit committee, in its discretion, may direct the selection of a different independent registered public accounting firm at any time during the year if the audit committee determines that such a change would be in the company's and its stockholders' best interests.

Ernst & Young LLP has audited NASDAQ OMX's financial statements since fiscal year 1986. Representatives of Ernst & Young LLP are expected to be present at the annual meeting with the opportunity to make a statement if they desire to do so, and are expected to be available to respond to appropriate questions.

The table below shows the amount of fees NASDAQ OMX paid to Ernst & Young LLP for fiscal years 2013 and 2012 (including expenses), which totaled \$7,390,758 and \$6,987,765 respectively. Details of the fees are based on the categories provided by the SEC auditor independence rules that became effective in 2003.

	2013	2012
Audit fees(1)	\$ 6,604,363	\$ 6,408,642
Audit-related fees(2)	595,000	389,000
Audit and audit-related fees	7,199,363	6,797,642
Tax fees(3)		3,200
All other fees(4)	191,395	186,923
Total(5)	\$ 7,390,758	\$ 6,987,765

- (1) Audit services were provided globally in 2013 and 2012, and the fees related to the audits of international subsidiaries are translated into U.S. dollars at the date of the pre-approval.
- (2) The 2013 and 2012 audit-related fees primarily include due diligence on strategic initiatives, including mergers and acquisitions, comfort letters and consents, as well as accounting consultations on matters addressed during the audit or interim reviews.
- (3) The 2012 tax fees relate to tax compliance services provided to certain of NASDAQ OMX's non-U.S. subsidiaries.
- (4) The 2013 and 2012 other fees primarily relate to Swedish Financial Supervisory Authority listing requirements for companies applying for a listing on NASDAQ OMX Stockholm AB. The validation of the company is required to be performed by an external accounting firm. The fees are collected from the listing company by NASDAQ OMX and paid to Ernst & Young LLP on behalf of the listing company.



**Table of Contents**

- (5) Fees exclude services provided to NASDAQ OMX's non-profit entities and services provided in relation to NASDAQ OMX's role as the Securities Information Processor under the Unlisted Trading Privileges Plan.

Audit fees primarily represent fees for the audit of NASDAQ OMX's annual financial statements included in our annual report on Form 10-K, the review of NASDAQ OMX's quarterly reports on Form 10-Q, statutory audits of subsidiaries as required by statutes and regulations, accounting consultations on matters addressed during the audit or interim reviews, comfort letters and consents, and internal control attestation and reporting requirements of Section 404 of the Sarbanes-Oxley Act of 2002. Audit-related fees primarily represent fees for consultations associated with strategic initiatives, including mergers and acquisitions.

Under the Sarbanes-Oxley Act, the audit committee is responsible for the appointment, compensation and oversight of the services provided by NASDAQ OMX's independent registered public accounting firm. The audit committee is required to pre-approve both audit and non-audit services performed by the independent registered public accounting firm, and NASDAQ OMX's audit committee pre-approved all such services in 2013 and 2012. See also Audit Committee Report.

**RECOMMENDATION OF THE BOARD OF DIRECTORS**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS NASDAQ OMX'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDED DECEMBER 31, 2014.**

THE NASDAQ OMX GROUP, INC. 32

---

**Table of Contents**

**AUDIT COMMITTEE REPORT**

In accordance with its written charter, the audit committee of the board of directors assists the board in fulfilling its responsibility for oversight of the quality and integrity of NASDAQ OMX's accounting, auditing, financial reporting practices and risk management. The audit committee also assists the board by reviewing and discussing the effectiveness of controls over NASDAQ OMX's regulatory and ERM structure and process. The audit committee also assists the board by reviewing and discussing NASDAQ OMX's global ethics and compliance program and confidential whistleblower process. The audit committee charter complies with the applicable provisions of the Sarbanes-Oxley Act of 2002 and related rules of the SEC and The NASDAQ Stock Market. The complete text of the charter is available on NASDAQ OMX's website at <http://ir.nasdaqomx.com/nasdaq-omx-group.cfm>.

Each of the audit committee members meets the independence criteria prescribed by applicable law and the rules of the SEC and is an independent director as defined in the rules of The NASDAQ Stock Market. Each of the audit committee members meets the financial knowledge requirements of The NASDAQ Stock Market, and Dr. Markese, Ms. McColgan and Mr. Wedenborn have been designated by the board of directors as audit committee financial experts under SEC rules.

The audit committee obtained from the independent registered public accounting firm a formal written statement describing all relationships between the firm and NASDAQ OMX that might bear on the firm's independence, consistent with the applicable requirements of the Public Company Accounting Oversight Board. The audit committee discussed with the independent registered public accounting firm any relationships that may impact the firm's objectivity and independence and satisfied itself as to the firm's independence. The audit committee discussed and reviewed with the independent registered public accounting firm all communications required by generally accepted auditing standards, including those described in Auditing Standard No. 16, Communications with Audit Committees as adopted by the Public Company Accounting Oversight Board, and with and without management present, discussed and reviewed the results of the independent registered public accounting firm's examination of the financial statements. The audit committee also discussed the results of the internal audit examinations and ERM program results. The audit committee approved all audit and allowable non-audit services.

The audit committee discussed with management, the internal auditors and the independent registered public accounting firm the quality and adequacy of NASDAQ OMX's internal controls and the internal audit function's organization, responsibilities, budget and staffing. The audit committee reviewed with both the independent registered public accounting firm and the internal auditors their audit plans, audit scope and identification of audit risks. In addition, the audit committee reviewed and approved all related party transactions.

The audit committee reviewed and discussed NASDAQ OMX's audited financial statements as of and for the fiscal year ended December 31, 2013, with management and the independent registered public accounting firm. Management has the responsibility for the preparation of NASDAQ OMX's financial statements and the independent registered public accounting firm has the responsibility for the examination of those statements. Also, the audit committee completed its oversight of the global ethics and compliance program and confidential whistleblower process.

Based on the above-mentioned reviews and discussions, the audit committee recommended to the board of directors that the audited financial statements be included in NASDAQ OMX's annual report on Form 10-K for the fiscal year ended December 31, 2013 for filing with the SEC.

**The Audit Committee**

John D. Markese, Chair

Ellyn A. McColgan

James S. Riepe

Lars R. Wedenborn

**Table of Contents**

**PROPOSAL III**

**APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION ON AN ADVISORY BASIS**

We are asking stockholders to approve, on an advisory basis, the company's executive compensation as reported in this proxy statement. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers and the executive compensation program and practices described in this proxy statement.

We urge stockholders to read the Compensation Discussion and Analysis beginning on page 35 of this proxy statement, as well as the executive compensation tables and narrative beginning on page 57. The Compensation Discussion and Analysis describes our executive compensation program and the decisions made by our management compensation committee in 2013 in more detail. The compensation tables provide detailed information on the compensation of our named executive officers. The board of directors and the management compensation committee believe that the compensation program for our named executive officers has been effective in meeting the core principles described in the Compensation Discussion and Analysis in this proxy statement, and has contributed to the company's long-term success.

In accordance with Section 14A of the Securities Exchange Act of 1934, as amended (Exchange Act), and as a matter of good corporate governance, we are asking stockholders to approve the following advisory resolution at the 2014 annual meeting of stockholders:

RESOLVED, that the stockholders of The NASDAQ OMX Group, Inc. approve, on an advisory basis, the compensation of NASDAQ OMX's named executive officers, as disclosed in the proxy statement for NASDAQ OMX's 2014 annual meeting of stockholders pursuant to the compensation disclosure rules of the SEC, including the Compensation Discussion and Analysis, the executive compensation tables and other related tables and narrative disclosure.

This advisory vote is not binding on the board of directors and the management compensation committee. Although non-binding, the board of directors and the management compensation committee will review and consider the outcome of the vote when making future decisions regarding our executive compensation program.

The board of directors has adopted a policy providing for annual advisory votes to approve the company's executive compensation. The next advisory vote to approve executive compensation will occur at the 2015 annual meeting of stockholders.

**RECOMMENDATION OF THE BOARD OF DIRECTORS**

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS A VOTE FOR THE APPROVAL OF THE COMPANY'S EXECUTIVE COMPENSATION ON AN ADVISORY BASIS.**

THE NASDAQ OMX GROUP, INC. 34

**Table of Contents**

**COMPENSATION DISCUSSION AND ANALYSIS**

**OVERVIEW**

This Compensation Discussion and Analysis describes the compensation program for the year ended December 31, 2013 for our named executive officers:

Robert Greifeld, Chief Executive Officer;

Lee Shavel, Chief Financial Officer and Executive Vice President, Corporate Strategy;

Hans-Ole Jochumsen, Executive Vice President, Global Market Services;

Edward S. Knight, Executive Vice President, General Counsel and Chief Regulatory Officer; and

Bradley J. Peterson, Executive Vice President and Chief Information Officer.

The independent members of NASDAQ OMX's board of directors are responsible for overseeing our executive compensation program, and the board has delegated to its management compensation committee the primary responsibility for administering the program. Among other things, the management compensation committee is responsible for establishing the principles that underlie our executive compensation program and, in conjunction with the board, evaluating the performance and determining the compensation of our CEO and other executive officers. For additional information on the committee and its members, see NASDAQ OMX's Corporate Governance Board Committees. The committee's charter can be found on NASDAQ OMX's website at <http://ir.nasdaqomx.com/nasdaq-omx-group.cfm>.

**EXECUTIVE SUMMARY**

**2013 Business Highlights**

In 2013, NASDAQ OMX took a number of significant and deliberate steps to strengthen its business and regulatory commitment and value proposition to clients and stockholders. The company achieved record results while investing significantly in future initiatives and reshaping its business offering through strategic acquisitions. As the business, operational and financial results indicate, 2013 was a transformative year that included the following highlights.

NASDAQ OMX earned a record \$1.9 billion in revenues less transaction rebates, brokerage, clearance and exchange fees in 2013, of which 73% were non-transaction based revenues. Our total revenues less transaction rebates, brokerage, clearance and exchange fees increased \$221 million, or 13.2%, in 2013, reflecting an operational increase of \$206 million and a favorable impact from foreign exchange of \$15 million.

Corporate Solutions revenues increased \$141 million, reflecting higher revenues resulting from the acquisition of the Thomson Reuters Corporate Solutions businesses.

Fixed income trading revenues less brokerage, clearance and exchange fees increased \$35 million, reflecting the acquisition of eSpeed.

## Edgar Filing: NASDAQ OMX GROUP, INC. - Form DEF 14A

Market Data Products revenues increased \$22 million, primarily from U.S. market data products.

Market Technology revenues increased \$20 million, primarily from higher change request and advisory revenues and software as a service revenues.

Index Licensing and Services revenues increased \$11 million.

We also achieved many business successes during 2013.

THE NASDAQ OMX GROUP, INC. 35

**Table of Contents**

For the fourth consecutive year, NASDAQ OMX led all exchange operators in consolidated U.S. equity options market share, at 27.9% (18.2% for NASDAQ OMX PHLX, 8.7% for NASDAQ Options Market and 1.0% for NASDAQ OMX BX).

We launched NLX, a new London-based market offering a range of both short-term and long-term interest rate derivative products.

In the listings area, we led all U.S. exchanges with 126 IPOs in 2013, a 75% increase when compared to the prior year, and welcomed a total of 239 new listings. We also won 31 listing venue switches, including VimpelCom, Marriott International and Amdocs Limited.

Our Index Licensing and Services business launched the second phase of the NASDAQ Global Index Family, which includes approximately 21,000 indexes, and continued to push into institutional channels.

Our Market Technology business had its best-ever year for new order intake, announcing new contracts with Boerse Stuttgart and Borsa Istanbul, among others.

As a technology leader, we continued to focus on improving the resiliency of the infrastructure supporting the global financial marketplace, as well as the robustness of our own internal systems and processes.

During 2013, we closed two strategic acquisitions.

In May 2013, we acquired the Investor Relations, Public Relations and Multimedia Solutions businesses of Thomson Reuters, which are part of our Corporate Solutions business.

In June 2013, we expanded our Market Services and Information Services businesses by acquiring eSpeed, an electronic platform for trading U.S. Treasuries.

The acquisition of the Thomson Reuters Corporate Solutions businesses was immediately accretive to EPS, the eSpeed acquisition was accretive to EPS by the end of 2013 and progress continues on delivering the synergy potential of both transactions.

We believe that in 2013, investors recognized the compelling strengths of our business, as evidenced by the 59% year-over-year growth in our stock price.

As part of our strategy of delivering strong returns to stockholders, we returned \$87 million to our investors through the payment of quarterly cash dividends and repurchased \$10 million of our common stock.

We also paid down a net amount of \$196 million of indebtedness in the third and fourth quarters of 2013, following an increase in leverage during the first half of the year in connection with the two acquisitions. Our de-leveraging plan is on schedule to return NASDAQ OMX to our long-term leverage target by the end of the second quarter of 2014.



**Table of Contents**

The table below summarizes key NASDAQ OMX financial results for the fiscal year ended December 31, 2013 when compared with the same period in 2012.

	Year Ended December 31,		Percentage Change
	2013	2012	
	(in millions, except per share amounts)		
Revenues less transaction rebates, brokerage, clearance and exchange fees	\$ 1,895	\$ 1,674	13.2%
Diluted EPS	\$ 2.25	\$ 2.04	10.3%
Stock price per share(1)	\$ 39.80	\$ 24.99	59.3%

(1) Represents the closing market price of our common stock on the last trading day of each year.

For additional information on our 2013 financial results, please refer to Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations included in our Form 10-K.

**2013 Executive Compensation Highlights**

In line with our executive compensation program's emphasis on pay for performance, compensation awarded to the named executive officers generally increased in 2013 due to the company's business, operational and financial results as compared to 2012, which was a year of mixed performance for the company. Listed below are some highlights of our 2013 executive compensation program.

*Annual Base Salaries.* For 2013, the base salaries of the named executive officers remained at the same levels as for 2012.

*Annual Performance-Based Cash Incentive Awards.* In 2013, the annual performance-based cash incentive awards for our named executive officers were tied to two corporate performance measures, operating income (run rate) and net revenue, as well as business unit strategic performance objectives and certain development objectives. NASDAQ OMX's operating income (run rate) exceeded the target range, but fell below the maximum performance level, for this goal. Our 2013 net revenue fell within the target range for this goal. These results influenced final payouts for each of our named executive officers under our annual performance-based cash incentive program. Final payments were higher than 2012 levels based on improved performance in 2013.

*Long-Term Stock-Based Compensation.* In 2013, each of the named executive officers (other than Mr. Peterson) received an equity award under our performance-based long-term incentive program that focuses on total shareholder return (TSR) over a three-year period. Mr. Peterson did not participate in this program in 2013 because he instead received a new hire equity grant in connection with the start of his employment in February 2013.

**Executive Compensation Best Practices**

Over the past several years, we have implemented several best practices to align with emerging market practices and stockholder expectations. Our executive compensation program is detailed over the next few pages; however, the following executive compensation practices are key aspects of our program.

*Pay for Performance Philosophy.* The primary focus of NASDAQ OMX's executive compensation program is on pay for performance. As a result, a significant portion of compensation is performance-based and varies based on overall NASDAQ OMX performance.



Edgar Filing: NASDAQ OMX GROUP, INC. - Form DEF 14A

*Prohibition on Hedging and Pledging.* NASDAQ OMX does not allow directors or Section 16 officers to hedge the economic risk of their ownership of NASDAQ OMX common stock, or to pledge, hypothecate or otherwise encumber their shares of NASDAQ OMX common stock.

THE NASDAQ OMX GROUP, INC. 37

## Table of Contents

*Stock Ownership Guidelines.* To align our executives with our stockholders, we have in place stock ownership guidelines. All of the named executive officers were in compliance with the guidelines as of December 31, 2013.

*Stock Holding Requirement.* Our stock ownership guidelines encourage the CEO, CFO, executive vice presidents and senior vice presidents to hold specified dollar amounts of stock grants until the stock ownership guidelines are met. Further, the guidelines require that these executives hold the specified dollar amounts of stock through the end of their employment with NASDAQ OMX.

*Limited Share Recycling Provision.* The Equity Plan includes a limited share recycling provision that restricts the types of shares that may be awarded again under this plan.

*Frozen Pension Plan, Frozen SERP and Discontinued Supplemental ERC.* We do not accrue supplemental retirement benefits for our named executive officers. Our tax-qualified defined benefit pension plan (Pension Plan) and non-qualified supplemental executive retirement plan (SERP) have been frozen since 2007, and contributions to our non-qualified Supplemental ERC plan were discontinued effective with the plan year beginning January 1, 2014. As a result, no new participants may enter these plans, and no additional benefits may accrue under these plans.

*Limited Severance Arrangements.* Except in the limited circumstances described in this proxy statement, we are not obligated to pay severance or other enhanced benefits to any named executive officer upon termination of his or her employment.

*Double Trigger Change In Control Agreements.* We do not pay severance benefits solely upon the occurrence of a change in control of the company. Rather, severance benefits are payable only upon a double trigger, which occurs if a named executive officer incurs a qualifying termination of employment following a change in control of the company.

*Elimination of Tax Gross-Up Payments on Severance Arrangements.* We do not provide any tax gross-up payments on severance arrangements, and we do not intend to do so in the future.

*Limited Perquisites.* Our executive compensation program includes very few perquisites for our executives. We do not provide tax gross-up payments on perquisites, other than under employment or hiring arrangements.

*Incentive Recoupment Policy.* We maintain an incentive recoupment or clawback policy that allows the company to recoup incentive payments to the named executive officers and other executive vice presidents in certain circumstances. In addition, Mr. Greifeld's employment agreement contains an incentive recoupment provision.

*Limited Employment Agreements.* We typically provide an offer letter to executive officers upon hire or promotion noting that the executive is employed at will. Of our named executive officers, Messrs. Greifeld, Jochumsen and Knight have employment agreements.

*Engagement of Independent Compensation Consultant.* The management compensation committee engages an independent compensation consultant to assist the committee, as requested, in fulfilling various aspects of the committee's charter. The independent compensation consultant reports directly to the committee, and not to management.

*Extensive Risk Assessment of Compensation Program.* We monitor the risks associated with our compensation program on an ongoing basis. In addition, on an annual basis, the audit and management compensation committees of our board of directors are presented with the results of an assessment of our employee compensation program, including the performance goals set under selected annual performance-based cash incentive plans, in order to evaluate the risks arising from our compensation policies and practices.

## **Table of Contents**

### **Approval of the Company's Executive Compensation on an Advisory Basis**

At our most recent annual meeting of stockholders, held on May 22, 2013, NASDAQ OMX conducted an advisory vote to approve the company's executive compensation for the year ended December 31, 2012. Stockholders expressed substantial support for the compensation of our named executive officers, with approximately 96% of the votes present in person or represented by proxy at the meeting and entitled to vote on the matter cast to approve the advisory vote. The committee took into account the results of this advisory vote when making compensation decisions through the remainder of 2013 and into early 2014. The committee also considered many other factors in evaluating our executive compensation programs, including the company's pay for performance philosophy and a competitive market analysis of peer companies. While each of these factors influenced the committee's recommendations regarding our named executive officers' compensation in 2013, the committee did not make any changes to our executive compensation program, policies and decisions as a result of the advisory vote.

### **Opportunity for Stockholder Feedback**

The committee carefully considers feedback from NASDAQ OMX's regular engagement with our stockholders on executive compensation, corporate governance and other issues. The committee welcomes input from our stockholders on NASDAQ OMX's compensation program through the communication process discussed in *Stockholder Communication with Directors*.

### **COMPENSATION PHILOSOPHY**

The management compensation committee recognizes its important responsibilities to our stockholders. The committee has endeavored to create a performance-based compensation program that meets the needs of our global company and its stockholders.

On an annual basis, the committee reviews NASDAQ OMX's compensation philosophy, programs and practices. The following core principles reflect the committee's current compensation philosophy.

#### **The compensation program creates long-term stockholder value by fostering an ownership culture.**

All employees are eligible to participate in NASDAQ OMX's equity programs.

Programs support an ownership culture that is focused on integrity and the key drivers of stockholder value.

Ownership guidelines applicable to the CEO, CFO, executive vice presidents and senior vice presidents are used to encourage executive stock ownership.

#### **The compensation program focuses on key business objectives.**

The program encourages decision-making to align the business strategy with goals set to drive industry-leading performance.

Goal setting at NASDAQ OMX is based on a continuous improvement philosophy.

Employees are rewarded not only for results, but also for behaviors and actions associated with ensuring client satisfaction, quality and resiliency.

Management is rewarded for maintaining a premier regulatory, ethics and compliance program.

**The compensation program supports a high-performance environment via performance-based rewards.**

Variable pay is emphasized over fixed pay through participation in annual and long-term incentive plans.

THE NASDAQ OMX GROUP, INC. 39

**Table of Contents**

A significant portion of compensation is performance-based and varies based on NASDAQ OMX's performance, which enables participation in the short- and long-term growth and financial success of the company.

The program reinforces the importance of meeting and/or exceeding performance targets through superior awards for superior performance and through differentiated awards based on performance achieved.

Goal setting and achievement tracking are highly structured and measurable, with few discretionary adjustments.

Select employee benefits are performance-based.

Compensation plans and arrangements do not encourage excessive risk-taking by management.

**The compensation program enables NASDAQ OMX to compete effectively for talent.**

The program is designed to attract, motivate and retain talented, high-performing individuals who are willing to commit to NASDAQ OMX's success and to build long-term stockholder value.

The compensation program at NASDAQ OMX is reflective of industry practices and competitive global markets while remaining responsive to local market conditions, offering both competitive programs and compensation opportunities, while balancing the need for talent with the need to maintain reasonable compensation costs.

**NASDAQ OMX communicates its compensation objectives and program clearly.**

Ongoing employee educational programs ensure that the compensation objectives and program are well understood and serve as an effective motivational tool.

The value of total rewards is emphasized, versus only specific components of pay.

NASDAQ OMX ensures that its compensation program is straightforward and transparent so it is clear how organizational and individual actions translate into NASDAQ OMX performance and rewards.

NASDAQ OMX uses structured goal setting and achievement tracking.

**Table of Contents****DETERMINING EXECUTIVE COMPENSATION****Elements of Our Executive Compensation Program**

<b>Element</b>	<b>Description</b>	<b>Objectives</b>
<b>Annual Base</b>	Fixed amount of compensation for service during the year	Reward scope of responsibility, experience and individual performance
<b>Salaries</b>		
<b>Annual Performance-Based Incentive Compensation</b>	At-risk compensation, dependent on goal achievement	Promote strong business results by rewarding value drivers, without creating an incentive to take excessive risk
<b>Long-Term Incentive Compensation (i.e., Equity Awards)</b>	Formula-driven annual incentive linked to corporate financial goals, business unit strategic objectives, and development objectives	Serve as key compensation vehicle for rewarding results and differentiating individual performance each year
<b>Long-Term Incentive Compensation (i.e., Equity Awards)</b>	Award values are granted based on market competitive norms and individual performance	Motivate and reward executives for outperforming peers over several years
<b>Long-Term Incentive Compensation (i.e., Equity Awards)</b>	Performance share units (PSUs) are earned and vested after a three-year performance cycle	Ensure that executives have a significant stake in the long-term financial success of the company, aligned with the stockholder experience
<b>Long-Term Incentive Compensation (i.e., Equity Awards)</b>	PSUs paid in shares of common stock upon vesting based on relative TSR ranking compared to peers and to the broad market, over each cycle	Promote longer-term retention
<b>Retirement Savings Plans and Health and Welfare Benefits</b>	Tax-qualified Section 401(k) savings plan (401(k) Plan) with company match, plus additional discretionary contributions based on years of service	Provide market-competitive benefits to attract and retain top talent
<b>Retirement Savings Plans and Health and Welfare Benefits</b>	Comprehensive welfare benefits	Frozen plans reflect legacy arrangements
<b>Retirement Savings Plans and Health and Welfare Benefits</b>	Frozen Pension Plan, Frozen SERP and Discontinued Supplemental ERC Plan	
<b>Limited Severance</b>	Severance and related benefits paid upon termination without cause or resignation for good reason following a change in control	Assist in attracting top talent

**Arrangements**

**Change In**

Equity vesting provisions upon termination  
post-change in control

Preserve executive objectivity when considering  
transactions in the best interest of stockholders

**Control**

Retention of executives through a change in control

Equity provisions keep executives whole in  
situations where shares may no longer exist or awards  
cannot otherwise be replaced

**Limited**

Assist in attracting top talent

**Severance**

Limited amounts under employment arrangements  
with some executive officers

**Arrangements**

Provide transition assistance if employment ends  
involuntarily

**Other**

Discretionary guidelines, for involuntary  
terminations without cause

Allow the company to obtain release of  
employment-related claims

**Limited**

Limited additional benefits provided to certain  
executives, including financial counseling, annual health  
exams, supplemental insurance (non-U.S.), and car and  
driver to the CEO

Provide nominal additional assistance that allows  
executives to focus on their duties

**Perquisites**



## **Table of Contents**

### **Role of Our CEO**

Mr. Greifeld, our CEO, regularly attends management compensation committee meetings at the invitation of the committee. Mr. Greifeld provides his perspective to the committee regarding executive compensation matters generally and the specific performance of the executives reporting to him, as discussed below.

However, in accordance with the listing rules of The NASDAQ Stock Market, Mr. Greifeld does not vote on executive compensation matters or attend executive sessions of the committee or board, and Mr. Greifeld is not present when his own compensation is being discussed or approved.

H.E. Kazim, NASDAQ OMX's other director who has been deemed by the board of directors not to be independent, also does not vote on executive compensation matters when such matters are considered by the board.

### **Role of Compensation Consultants**

In early 2013, the management compensation committee engaged Exequity LLP, an outside, independent compensation consultant, to assist the committee, as requested, in fulfilling various aspects of the committee's charter. Exequity LLP is independent from NASDAQ OMX, has not provided any services to NASDAQ OMX other than to the committee, and receives compensation from NASDAQ OMX, as approved by the committee chair, only for services provided to the committee. Exequity LLP reports directly to the committee, and not to management.

NASDAQ OMX's human resources department engages Meridian Compensation Partners to assist staff in gathering data, reviewing best practices and making recommendations to the committee about our executive compensation program.

### **Compensation of Our CEO**

On an annual basis, the board of directors, management compensation committee and nominating & governance committee review Mr. Greifeld's performance in executive session. As part of their deliberative process, the board of directors and management compensation committee evaluate CEO performance against corporate goals and determine appropriate CEO compensation. The factors considered by the board and the committee include Mr. Greifeld's performance against his annual performance objectives, the performance of the company, the quality and development of the management team and the management of the CEO and executive succession plan.

### **Compensation of Our Other Named Executive Officers**

With the support of NASDAQ OMX's human resources department, our CEO develops compensation recommendations for each of the executive vice presidents for consideration by the management compensation committee and the board of directors. As part of this process, our CEO meets individually with each executive to discuss his or her performance against pre-established objectives determined during the previous year, as well as performance objectives and development plans for the coming year. This meeting gives each executive an opportunity to present his or her perspective of his or her performance and potential objectives and challenges for the upcoming year. Our CEO presents the results of the meetings with each executive to the management compensation committee for their review and consideration as part of the committee's deliberation process.

### **Tally Sheets**

When recommending compensation for the CEO and the other named executive officers, the committee reviews tally sheets that detail the various elements of compensation, including equity compensation, for each executive. The committee uses these tally sheets to evaluate the appropriateness of the total compensation package, to compare each executive's total compensation opportunity with his or her actual payout and to ensure that the compensation appropriately reflects the compensation program's focus on pay for performance.

## **Table of Contents**

### **General Principles of the Committee When Recommending Executive Compensation**

To determine the recommended amounts and mix of compensation elements, the management compensation committee considers the following general principles.

*Pay for Performance.* The primary focus of NASDAQ OMX's executive compensation program is on pay for performance. The management compensation committee and board of directors determine the allocation between base salary, annual cash incentives and annual equity awards based on the amount of compensation they wish to place at risk. At risk means that the executive will not realize any economic benefit unless the applicable objectives are met or exceeded. Consistent with our compensation philosophy, our compensation program is structured to ensure that a significant portion of each executive's total compensation is contingent on performance and continued employment and, therefore, at risk.

*Retention.* In addition to rewarding employees through a pay for performance philosophy, the executive compensation program also focuses on retaining employees, particularly those in roles critical to the company's long-term success. To this end, equity grants generally have performance-based and/or time-based vesting features to ensure that an employee must remain with the company for a period of time to receive value from the grant.

*Competitive Market Analysis.* The committee identifies compensation amounts that peers/competitors within the industry are paying to executives with similar positions and levels of experience, skills, education and responsibilities. The committee also considers industry and general economic conditions in assessing market competitiveness. However, while the committee uses this analysis as one of several tools in making executive compensation recommendations, the committee does not set the compensation levels of our executives based solely upon this analysis.

*Internal Equity.* Our executives' compensation generally increases with position and responsibility. The committee believes that compensation amounts should reflect the different levels of responsibilities and performance among our executives and between our CEO, who is responsible for the entire organization, and our other executives, who are responsible for a functional area or a line of business.

*Collateral Implications.* The committee designs our total compensation mix to encourage our executives to take appropriate risks aimed at improving the company's performance and building long-term stockholder value. In addition, to mitigate any incentive to take inappropriate risks, each of our named executive officers is subject to the stock ownership guidelines and incentive recoupment policy. The committee also considers the tax and accounting impact of the compensation program, as well as any regulatory compliance issues. Furthermore, the compensation program is subject to a comprehensive risk assessment process that is intended to identify any areas of the compensation structure that may unintentionally encourage inappropriate risk-taking.

The committee considers all of these principles in recommending compensation packages structured to reward the individual executive. Each individual component of compensation is considered independently and is not based on a formula; however, each component is intended to be complementary to the overall compensation package awarded to the executive.

### **Competitive Market Analysis**

To evaluate the external competitiveness of our executive compensation program, the management compensation committee compares certain elements of the program to similar elements used by peer companies. The committee uses a comprehensive peer group, consisting of 20 companies, for competitive market analysis of the compensation program for our named executive officers. The committee believes that the usage and disclosure of a peer group supports good governance and provides valuable input to compensation design and amount decisions.

**Table of Contents**

In initially selecting the comprehensive peer group in 2011, the committee considered potential peers among both direct industry competitors and companies in related industries with similar talent needs. After identifying potential peers on this basis, the committee used the following seven screening criteria to select appropriate peer companies:

revenue size;

market capitalization size;

financial performance;

direct exchange competitors;

financial services companies;

technology-dependent companies; and

companies with global complexity.

Each of these factors was initially weighted equally to develop a more refined list of companies for consideration. The committee then further reviewed each remaining company to determine its appropriateness for our final peer group with a particular focus on identifying meaningful talent peers. Certain companies were eliminated because of factors such as a significantly different market capitalization, their limited competitive position for executive talent or their limited global complexity relative to NASDAQ OMX.

In 2013, the committee reviewed the comprehensive peer group against the criteria described above but did not modify the group. The committee believes that the peer group includes an accurate representation of NASDAQ OMX's industry competitors and size-relevant, talent-focused comparators. In addition, the committee believes that year-over-year consistency in peer group usage is desirable for reviewing trends in market pay movement.

The peer group consists of the following 20 companies.

Automatic Data Processing, Inc.	BGC Partners Inc.
CBOE Holdings, Inc.	CME Group Inc.
Deutsche Börse AG	Discover Financial Services
DST Systems, Inc.	E*TRADE Financial Corporation
Fidelity National Information Services, Inc.	Fiserv, Inc.
IntercontinentalExchange, Inc.	Invesco Ltd.
Legg Mason, Inc.	London Stock Exchange Group plc

## Edgar Filing: NASDAQ OMX GROUP, INC. - Form DEF 14A

MasterCard Incorporated

NYSE Euronext

TD Ameritrade Holding Corporation

The Charles Schwab Corporation

TMX Group Inc.

Visa Inc.

In addition, the committee takes into account that NASDAQ OMX faces competition for talent from private firms, such as high frequency and other small trading firms and private equity funds, for which public compensation data is not available.

Peer group data serves as only one reference point that the committee considers in evaluating our executive compensation program. The committee uses this data to see how various elements of our executive compensation program compare to other companies. However, the committee does not set the compensation of our executives based on this data or target NASDAQ OMX's executive compensation to a specific percentile of the compensation set by our competitors. Instead, the comparison is conducted solely to determine if the compensation is competitive to the market, as represented by the peer group. Therefore, each executive is evaluated individually based on skills, knowledge, performance, development potential and, in the committee's business judgment, the value he or she brings to the organization and NASDAQ OMX's retention risk.

THE NASDAQ OMX GROUP, INC. 44

**Table of Contents****ANALYSIS OF 2013 EXECUTIVE COMPENSATION ELEMENTS****Annual Base Salaries**

The management compensation committee normally reviews base salaries on an annual basis before the beginning of each year so that any changes will be effective in the first quarter of the following year. Occasionally, the committee may recommend adjustments to base salaries during the year in response to significant changes in an executive's responsibilities or events that would impact the long-term retention of a key executive. The committee and board establish salaries at levels commensurate with each executive's title, position and experience, recognizing that each executive is managing a component of a complex global company.

Under the terms of Mr. Greifeld's employment agreement, his base salary for 2013 was \$1 million, which has remained unchanged since 2006. The management compensation committee and board decided that leaving his salary unchanged for 2013 was consistent with the terms of his employment agreement and the provisions of Section 162(m) of the Internal Revenue Code of 1986, as amended (Code), that limit to \$1 million the amount of non-performance-based compensation paid to the CEO that the company may deduct for federal income tax purposes.

Following its compensation review at the end of 2012, the committee and board did not change the base salaries for any of the other named executive officers for 2013. The committee and board believed that each base salary is within a competitive range of the market median for base salary for a comparable position.

The following table shows each named executive officer's base salary at December 31, 2013 and 2012.

Named Executive Officer	Base Salary at December 31, 2013	Base Salary at December 31, 2012
Robert Greifeld	\$ 1,000,000	\$ 1,000,000
Lee Shavel	\$ 500,000	\$ 500,000
Hans-Ole Jochumsen(1)	\$ 516,096	\$ 496,608
Edward S. Knight	\$ 500,000	\$ 500,000
Bradley J. Peterson(2)	\$ 475,000	

(1) Mr. Jochumsen's base salary of 3,360,000 Swedish krona did not change between December 31, 2012 and December 31, 2013. The difference in the above table is due to the difference in the average foreign exchange rate, which was \$0.1536 per krona for 2013 and \$0.1478 per krona for 2012. These exchange rates are used throughout this proxy statement to convert Swedish krona to U.S. dollars.

(2) Mr. Peterson began employment at NASDAQ OMX effective February 6, 2013.

**Annual Performance-Based Cash Incentive Awards**

Annual performance-based cash incentives are an integral part of our executive compensation program. Mr. Greifeld and all of NASDAQ OMX's executive vice presidents receive such awards through our Executive Corporate Incentive Program (ECIP).

*Plan-Based Target Award Opportunities*

At the beginning of each year, the management compensation committee and board of directors establish the target annual cash incentive award opportunity for our named executive officers. Consistent with his employment agreement, Mr. Greifeld's target annual cash incentive award opportunity for 2013 was 210% of base salary. For 2013, the committee and board set the target

## **Table of Contents**

annual cash incentive award opportunity for each of the other named executive officers at amounts ranging from 126% to 150% of base salary, based on an assessment of each officer's position and responsibilities, the competitive market analysis and the company's retention objectives.

### *Performance Goals*

The annual cash incentive award payments for our executives are based on the achievement of pre-established performance goals. The CEO selects and recommends goals for each executive vice president based on their areas of responsibility and input from each executive. The management compensation committee and the board of directors review and consider our CEO's recommendations and approve the goals for the coming year after identifying the objectives most critical to our future growth and most likely to hold executives accountable for the operations for which they are responsible.

The annual cash incentive awards are tied to results in the following areas:

two corporate objectives, including:

operating income (run rate), which measures business efficiency and profitability; and

net revenue, which measures the ability to drive revenue growth;

business unit strategic objectives, which are defined business unit-specific goals that contribute to the company's short and long-term performance; and

development objectives.

Operating income (run rate) and net revenue are the company's primary measures of short-term business success and the key drivers of long-term stockholder value. Operating income (run rate) and net revenue targets are set at the beginning of each year, as part of the company's annual budgeting process, and are subject to adjustment for transactions and other extraordinary events.

Business unit strategic objectives also are established at the beginning of the year, and are subject to adjustment for transactions and other extraordinary events. The business unit strategic objectives consist of financial and non-financial strategic objectives specific to the business unit. The committee and board set the business unit strategic objectives to reflect the key responsibilities of each executive and incent focus on particular objectives in 2013.

The business unit strategic objectives are described below.

Mr. Shavel's strategic objectives related to: acquisition performance; Corporate Strategy initiatives; a price to earnings ratio; and enterprise risk management.

Mr. Jochumsen's strategic objectives related to: Transaction Services Nordic financial results; and the restructuring of the Nordic clearinghouse.

Mr. Knight's strategic objectives related to: regulatory leadership and integrity; expense management; public policy initiatives; effective legal/business partnerships; and M&A, litigation, intellectual property and corporate support.

## Edgar Filing: NASDAQ OMX GROUP, INC. - Form DEF 14A

Mr. Peterson's strategic objectives related to: systems reliability and quality; operational excellence; business service delivery; and expense management.

The development objectives, which are new in 2013, replace an objective from prior years relating to the results of a Business Effectiveness Survey, which compiled feedback from employees. The development objectives are established at the beginning of the year by the committee and board to focus the executive team on certain employee development initiatives. Mr. Greifeld's development objectives focused on succession planning at the chief executive officer, executive vice president and

THE NASDAQ OMX GROUP, INC. 46

**Table of Contents**

senior vice president levels, as well as the implementation of a new employee career development program. The rest of the named executive officers' development objectives related to the implementation of the new employee career development program.

The management compensation committee and board of directors set the targets for each of the goals at levels where the maximum payout would be difficult to achieve and beyond budget assumptions. The following table shows each named executive officer's performance objectives for 2013 and the relative weighting of these objectives.

Named Executive Officer	Target Incentive Compensation Opportunity	Corporate Objectives		Business Unit Strategic Objectives	Development Objective
		Operating Income (Run Rate)	Net Revenue		
Robert Greifeld	\$ 2,100,000	55%	35%		10%
Lee Shavel	\$ 750,000	40%	10%	40%	10%
Hans-Ole Jochumsen	\$ 768,000	10%	10%	70%	10%
Edward S. Knight	\$ 650,000	25%	10%	55%	10%
Bradley J. Peterson	\$ 600,000	20%	15%	55%	10%

In connection with the annual review of the compensation of our executive vice presidents, the committee and board increased Mr. Knight's target incentive compensation opportunity from \$600,000 to \$650,000 from 2012 to 2013 to reward his performance and ensure both a market competitive award and internal pay equity among the executive vice presidents. The target incentive compensation opportunity for all of the other named executive officers remained the same from 2012 to 2013.

*Potential Payouts*

Payouts are determined by the management compensation committee and board of directors after the end of the year and are based on the sum of (i) actual performance under each corporate objective, (ii) where applicable, actual performance against an executive's business unit strategic objectives and (iii) actual performance under the development objective. Each goal applicable to the named executive officers for 2013 had a minimum, target and maximum performance level.

Scoring of each goal is based on actual goal achievement compared to the target. In 2013, payouts on each goal could vary between 0% and 200% of the target. However, the non-financial goals were subject to a funding modifier aligned with the achievement of the operating income (run rate) goal. This ensured the payout of overachievement against non-financial goals was limited to the overall companywide performance on operating income (run rate).



**Table of Contents***Corporate Objectives Performance vs. Goals*

The table below shows the following information with respect to the corporate objectives: the minimum, target and maximum payout levels; NASDAQ OMX's actual performance for 2013; and the resultant payout percentage of the target incentive award amounts.

Corporate Objective	Minimum	Target	Maximum (for 200% payout)	NASDAQ OMX's Results for 2013 as Measured for Compensation Purposes	Payout Percentage of Target Incentive Award Amount
		\$ 708.8 million -			
Operating Income (Run Rate)(1)	\$ 644.9 million	\$ 728.8 million \$ 1,821.9 million -	\$ 789.9 million	\$ 759.8 million	151%
Net Revenue(1)	\$ 1,750.4 million	\$ 1,851.9 million	\$ 1,925.4 million	\$ 1,839.7 million	100%

(1) For these purposes, operating income (run rate) and net revenue exclude the effects of foreign exchange and extraordinary transactions. Operating income (run rate) also excludes non-recurring expense items relating to the following: a voluntary accommodation program; mergers and strategic initiatives; an SEC matter; restructuring charges; special legal expenses; and other expenses. As a result, these calculations differ from the GAAP calculations of operating income and revenues less transaction rebates, brokerage, clearance and exchange fees reported in our Form 10-K.

For further information about NASDAQ OMX's financial results in 2013, see Compensation Discussion and Analysis 2013 Business Highlights.

*Business Unit Strategic Objectives Performance vs. Goals*

The committee and board assessed each officer's achievement of the business unit strategic objectives in 2013, as described below.

Mr. Shavel

Mr. Shavel's business unit strategic objectives were scored as follows:

Goal	Goal Weighting	Score as a Percent of Target
Acquisition performance	10%	135%
Corporate Strategy initiatives	10%	175%
Price to earnings ratio	10%	200%
Enterprise risk management	10%	150%

Mr. Jochumsen

Mr. Jochumsen's business unit strategic objectives were scored as follows:

Goal	Goal Weighting	Score as a Percent of Target
Transaction Services Nordic financial results	50%	200%
Restructuring of the Nordic clearinghouse	20%	200%

THE NASDAQ OMX GROUP, INC. 48

**Table of Contents**Mr. Knight

Mr. Knight's business unit strategic objectives were scored as follows:

Goal	Goal Weighting	Score as a Percent of Target
Regulatory leadership and integrity	10%	200%
Expense management	10%	200%
Public policy initiatives	5%	150%
Effective legal/business partnerships	15%	200%
M&A, litigation, intellectual property and corporate support	15%	200%

Mr. Peterson

Mr. Peterson's business unit strategic objectives were scored as follows:

Goal	Goal Weighting	Score as a Percent of Target
Systems reliability and quality	10%	75%(1)
Operational excellence	15%	191%
Business service delivery	20%	181%
Expense management	10%	200%

- (1) The management compensation committee and board of directors explicitly considered certain systems reliability issues in 2013 in connection with their review and determination of this goal score. In their discretion, the committee and board reduced the formulaic score to a score of 75% of target for certain employees in the Global Technology Group.

*Development Objective Performance vs. Goals*

With respect to the development objective, each named executive officer received 150% of the target incentive award amount allocated to this goal.

*Award Payouts*

In early 2014, the committee and board received a final report on the level of achievement on each goal, and on the basis of this report, the committee and board approved payouts for 2014.

The actual annual cash incentive award payouts to the named executive officers for 2013 and 2012 are set forth in the following table.

Named Executive Officer	2013 ECIP Award Payout
Robert Greifeld	\$ 2,794,050
Lee Shavel	\$ 1,135,500
Hans-Ole Jochumsen	\$ 1,383,168

Edward S. Knight	\$	1,106,625
Bradley J. Peterson(1)	\$	915,300

(1) Mr. Peterson began employment at NASDAQ OMX effective February 6, 2013.

**Table of Contents****One-Time Cash Payment for Mr. Peterson**

In connection with Mr. Peterson's start of employment in February 2013, the company agreed to pay him a one-time cash amount of \$400,000. The committee and board set the amount of the cash payment with reference to Mr. Peterson's total compensation package and the value of forfeited payments from his prior employer. The total compensation package was designed to induce Mr. Peterson to join NASDAQ OMX.

**Long-Term Stock-Based Compensation**

Long-term incentive compensation consists entirely of equity awards.

*Performance-Based Long-Term Incentive Program.* Since 2012, the committee and board have granted equity awards to our CEO and executive vice presidents under a performance-based long-term incentive program that focuses on TSR. The program is designed to motivate and reward executives for outperforming peers over several years, ensure that executives have a significant stake in the long-term financial success of the company aligned with the stockholder experience and promote longer-term retention. Consistent with our pay for performance philosophy, this program represents 100% of our CEO and executive vice presidents' long-term stock-based compensation.

Under the program, each individual received a grant of PSUs subject to a three-year cumulative performance period beginning on January 1, 2013 and ending on December 31, 2015. Performance is determined by comparing NASDAQ OMX's TSR to two groups of companies, each weighted 50%. One group consists of all S&P 500 companies, and the other group consists of the following 13 exchange companies.

ASX Ltd	BGC Partners Inc.
Bolsa Mexicana de Valores	Bolsas Y Mercados Espanoles
CBOE Holdings, Inc.	CME Group Inc.
Deutsche Börse AG	ICAP plc
Interactive Brokers Group	IntercontinentalExchange, Inc.
London Stock Exchange Group plc	NYSE Euronext
TMX Group Inc.	

NASDAQ OMX's relative performance ranking against each of these groups will determine the final number of shares delivered to each individual under the program. The maximum payout will be 200% of the target number of PSUs granted if NASDAQ OMX ranks at the 85th percentile or above of both groups. However, if NASDAQ OMX's TSR is negative for the three-year performance period, regardless of TSR ranking, the payout cannot exceed 100% of the target number of PSUs granted.

Below is a table showing the amount of shares a grantee may receive based upon different levels of achievement against each of the groups. For each group, the resulting shares earned will be calculated by multiplying the relevant percentage from the table below by one-half of the target award amount.

Percentile Rank of NASDAQ OMX's Three-Year TSR Versus the Relevant Group	Resulting Shares Earned
<sup>3</sup> 85 <sup>th</sup> Percentile	200%
67.5 <sup>th</sup> Percentile	150%
50 <sup>th</sup> Percentile	100%
25 <sup>th</sup> Percentile	50%
15 <sup>th</sup> Percentile	30%
0 Percentile	0%

**Table of Contents**

For levels of achievement between points, the resulting shares earned will be calculated based on straight-line interpolation.

In setting Mr. Greifeld's 2013 equity award target, the management compensation committee and board of directors intended to provide future motivational value to Mr. Greifeld, with significant upside and downside based on performance relative to peers. The committee and board considered historical awards and the retention value of Mr. Greifeld's outstanding equity when determining the target amount of Mr. Greifeld's award. The committee and board also considered peer group data to establish a market-competitive award level.

Mr. Greifeld recommended the specific equity award targets for each of the other named executive officers, which varied among executives depending upon responsibilities and retention considerations. The committee and board evaluated these recommendations and determined that the amount of each award reflected the individual's contributions, was aligned with competitive market levels and was appropriate for retention purposes.

The target amount and target face value of the PSUs awarded to each of the named executive officers under this program is set forth in the table below. The 2013 awards were made on July 25, 2013, which was the date of NASDAQ OMX's annual employee equity grant, at a stock price of \$33.23.

Named Executive Officer	Target PSUs	Target Grant Date Face Value(1)
Robert Greifeld	227,000	\$ 7,543,210
Lee Shavel	38,303	\$ 1,272,809
Hans-Ole Jochumsen	32,831	\$ 1,090,974
Edward S. Knight	32,831	\$ 1,090,974
Bradley J. Peterson(2)		

(1) The table above reflects the target face value of the PSUs, which was the specific amount approved by the management compensation committee and board of directors. In accordance with FASB ASC Topic 718, a different methodology is used for the accounting valuation of PSUs with a TSR-based performance measure. The accounting valuation methodology takes into account expected price movement performed through a Monte Carlo simulation model. In 2013, the Monte Carlo simulation assigned a significantly higher value to each PSU than the closing price of NASDAQ OMX's stock as of the grant date. The accounting valuation is reported in the Summary Compensation Table. There is no assurance that the accounting values reflected in the Summary Compensation Table or the target face values approved by the management compensation committee and board of directors will ever be realized by the chief executive officer or the other named executive officers.

(2) Mr. Peterson did not participate in this program in 2013 because he received a new hire equity grant in connection with the start of his employment in February 2013, as discussed further below.

*New Hire Grant for Mr. Peterson.* Under his employment offer letter, the company awarded an equity grant to Mr. Peterson when he began employment on February 6, 2013. The grant consisted of 68,966 restricted stock units (RSUs), which vest in equal installments on the first, second and third anniversaries of the grant. The committee and board determined the value of this grant as part of the total compensation package designed to recruit Mr. Peterson to join the company. This grant served as Mr. Peterson's 2014 annual equity award and offset a portion of the equity value Mr. Peterson forfeited when leaving his prior employer.

**Table of Contents**

*Settlement of March 2011 PSU Grant to CEO.* In February 2014, the management compensation committee and board determined the number of shares that Mr. Greifeld was entitled to receive upon vesting in connection with his March 2011 PSU grant, which had a target amount of 100,000 shares. These PSUs had a performance period from January 1, 2011 through December 31, 2013 and a performance target of non-GAAP EPS growth compounded annually over the three-year performance period. Non-GAAP EPS growth was determined based upon the amount by which our adjusted non-GAAP EPS for the fiscal year ended December 31, 2013 exceeded our non-GAAP EPS for the fiscal year ended December 31, 2010, which had been determined to be \$1.99.

The following table sets forth the number of shares that Mr. Greifeld was entitled to receive at settlement of the March 2011 PSU grant at varying non-GAAP EPS growth performance levels.

	Minimum Performance	Target Performance	Maximum Performance
Non-GAAP EPS Growth (compounded annual increase over the Performance Period)	8% growth	16% growth	24% growth
Adjusted Non-GAAP EPS Level	\$ 2.51	\$ 3.11	\$ 3.79
Number of Shares Deliverable	50,000	100,000	150,000

The committee and board determined that adjusted non-GAAP EPS growth fell between the minimum and target performance levels, and therefore, Mr. Greifeld was entitled to receive a pro-rated amount of 57,500 shares, which was 58% of target.

Non-GAAP EPS was calculated by adjusting our reported GAAP EPS for significant non-recurring charges or gains (and their related income tax effects) that were not related to our core business. The non-GAAP EPS for the fiscal year ended December 31, 2013 also was adjusted for certain stock or asset acquisitions that occurred during the performance period. The committee and board relied on the company's audited financial statements, non-GAAP reconciliations and related information for purposes of determining the amount of non-GAAP EPS growth.

*General Equity Award Grant Practices*

The reference price for calculating the value of equity awards is the closing market price of NASDAQ OMX's common stock on the date of grant. The management compensation committee and board of directors consider whether to make equity awards at a regularly scheduled meeting. Regular board and committee meetings are scheduled well in advance without regard to material news announcements by NASDAQ OMX. Existing equity ownership levels are not a factor in award determinations as we do not want to discourage the named executive officers from holding significant amounts of NASDAQ OMX's common stock.

Throughout the performance period, the management compensation committee receives updates on the executives' progress in achieving the applicable performance measures and monitors the compensation expense that the company is incurring for outstanding equity awards. The committee believes that the current and expected expense amounts are reasonable and justified in light of the committee's goals of aligning the long-term interests of officers and employees with those of stockholders and retaining the current management team.

*Stock Ownership Guidelines*

We have long recognized the importance of stock ownership as an important means of closely aligning the interests of our executives with the interests of our stockholders. In addition to using equity awards as a primary long-term incentive compensation tool, we have in place stock ownership guidelines for our CEO, CFO, executive vice presidents and senior vice presidents. Under its charter, the management compensation committee is responsible for reviewing annually the stock ownership guidelines and verifying compliance thereunder.

## **Table of Contents**

Under the guidelines, our CEO, CFO, executive vice presidents and senior vice presidents are expected to own specified dollar amounts of NASDAQ OMX common stock based on a multiple of their base salary. The multiple is determined by officer level: our CEO must hold shares valued at a 6X multiple of base salary, our CFO must hold a 4X multiple, other executive vice presidents must hold a 3X multiple and senior vice presidents must hold a 1X multiple. Individual holdings, shares jointly owned with immediate family members or held in trust, shares of restricted stock (including vested and unvested), shares underlying PSUs after completion of the performance period and shares purchased or held through NASDAQ OMX's plans, such as the NASDAQ OMX Employee Stock Purchase Plan (ESPP), count toward satisfying the guidelines. New executives and executives who incur a material change in their responsibilities are expected to meet the applicable level of ownership within four years of their start date or the date of the change in responsibilities. All of the named executive officers were in compliance with the guidelines as of December 31, 2013.

### *Stock Holding Requirement*

We encourage our CEO, CFO, executive vice presidents and senior vice presidents to retain equity grants until the applicable stock ownership level is reached. Under the stock ownership guidelines, these officers must hold the specified dollar amounts of stock through the end of their employment with NASDAQ OMX. We feel that our guidelines provide proper alignment of the interests of our management and our stockholders, and therefore, we do not have additional stock holding requirements beyond the stock ownership guidelines.

### *Prohibition on Hedging and Pledging*

NASDAQ OMX does not allow directors or Section 16 officers to engage in securities transactions that allow them either to insulate themselves, or profit, from a decline in NASDAQ OMX's stock price (with the exception of selling shares outright). Specifically, these individuals may not enter into hedging transactions with respect to NASDAQ OMX's common stock, including short sales and transactions in derivative securities. Finally, these individuals may not pledge, hypothecate or otherwise encumber their shares of NASDAQ OMX common stock.

### *Rule 10b5-1 Plans*

NASDAQ OMX permits all employees, including the named executive officers, to enter into plans established under Rule 10b5-1 of the Exchange Act to enable them to trade in our stock, including stock received through equity grants, during periods in which they might not otherwise be able to trade because material nonpublic information about NASDAQ OMX has not been publicly released. These plans include specific instructions to a broker to trade on behalf of the employee if our stock price reaches a specified level or if certain other events occur, and therefore, the employee no longer controls the decision to trade. As of December 31, 2013, one of our named executive officers had a Rule 10b5-1 plan in place.

## **Retirement Savings Plans**

NASDAQ OMX's retirement savings plans are part of our overall compensation and benefits program. The management compensation committee considers appropriate retirement savings options to be a critical component of the package to retain employees at all levels. For more information about NASDAQ OMX's retirement savings plans, see [Executive Compensation](#) [Retirement Benefits](#).

## **Health and Welfare Benefits**

We provide a voluntary comprehensive health and welfare benefits program to our executives, including the named executive officers, that mirrors the program offered to our other employees. Named executive officers also are allowed to participate in our ESPP on the same terms as other employees.



---

## **Table of Contents**

### **Limited Severance Arrangements**

Except in the limited circumstances described in this proxy statement, we are not obligated to pay general severance or other enhanced benefits to any named executive officer upon termination of his or her employment. However, the management compensation committee has the discretion to pay severance plan benefits. Severance plan decisions do not influence the management compensation committee's other recommendations regarding compensation as these other decisions are focused on motivating our executives to remain with NASDAQ OMX and contribute to our future success.

The management compensation committee believes that the terms for triggering payment under each of the arrangements described in this proxy statement are reasonable. For example, most of the arrangements use what is known as a "double trigger," meaning that a severance payment as a result of a change in control is activated only upon the occurrence of both a change in control of the company and a loss of employment. Benefits under these arrangements will be provided only if NASDAQ OMX is the target organization. In addition, a change in control under these arrangements is limited to situations where the acquirer obtains a majority of NASDAQ OMX's voting securities or the current members of our board of directors (or their approved successors) cease to constitute a majority of the board.

For further information on NASDAQ OMX's limited severance arrangements, see "Executive Compensation - Potential Payments upon Termination or Change in Control."

### **Limited Perquisites**

Because our executive compensation program emphasizes pay for performance, it includes very few perquisites for our executives. In view of the demands of his position, we provide Mr. Greifeld with a company car and driver for use when conducting company business. Mr. Greifeld reports his use of the company car and driver for personal reasons in the Summary Compensation Table included below under "Executive Compensation." In 2013, this amount was \$26,554, which was the incremental cost of Mr. Greifeld's personal use of the car (including commutation) based on an allocation of the cost of the driver, tolls, fuel, maintenance and other related expenses.

Officers at the level of senior vice president and above are eligible to receive basic financial planning services and executive health exams. Participation in each of these programs is voluntary. We also provide extended sickness insurance to certain non-U.S. executives. We do not provide tax gross-up payments on perquisites, other than under employment or hiring arrangements.

During 2013, Mr. Peterson received a one-time payment of \$255,189 (or \$150,000, net of taxes) for relocation expenses incurred for his move from California to New York in connection with his employment at NASDAQ OMX. This payment covered all costs associated with Mr. Peterson's move, including travel expenses, short-term housing, transportation of household items and other move-related expenses.

### **GLOBAL ETHICS AND COMPLIANCE PROGRAM**

The NASDAQ OMX board annually reviews the company's global ethics and compliance program, including the code of ethics and supporting policies. NASDAQ OMX will take action to remedy any fraudulent or intentional misconduct by an employee. Discipline would vary depending on the facts and circumstances, and may include termination of employment or initiation of an action for breach of fiduciary duty under the company's code of ethics. These remedies would be in addition to, and not in lieu of, any actions imposed by law enforcement agencies, regulators or other authorities.

### **INCENTIVE RECOUPMENT POLICY**

The board and committee have adopted an incentive recoupment or "clawback" policy that is applicable to the named executive officers and other executive vice presidents. The policy provides

**Table of Contents**

that the company may recoup any cash or equity incentive payments predicated upon the achievement of financial results or operating metrics that are subsequently determined to be incorrect on account of material errors, material omissions, fraud or misconduct.

**TAX IMPLICATIONS OF EXECUTIVE COMPENSATION**

The management compensation committee considers the income tax consequences of individual compensation elements when it is analyzing the overall level of compensation and the mix of compensation among individual elements.

Section 162(m) of the Code provides a limit of \$1 million on the remuneration that may be deducted by a public company in any year in respect of the CEO and the three other most highly compensated executive officers (other than the principal financial officer). However, performance-based compensation is fully deductible if the plan under which the compensation is paid has been approved by the stockholders and meets other requirements. NASDAQ OMX attempts to structure our compensation arrangements so that amounts paid are tax deductible to the extent feasible and consistent with our overall compensation objectives. Depending upon the relevant circumstances at the time, the committee may determine to award compensation that may not be deductible. In making this determination, the committee balances the purposes and needs of our executive compensation program against the potential tax implications.

THE NASDAQ OMX GROUP, INC. 55

**Table of Contents**

**MANAGEMENT COMPENSATION COMMITTEE REPORT**

The management compensation committee reviewed and discussed the Compensation Discussion and Analysis with our management. After such discussions, the committee recommended to NASDAQ OMX's board of directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into NASDAQ OMX's Form 10-K.

**The Management Compensation Committee**

Michael R. Splinter, Chair

Steven D. Black

Börje E. Ekholm

Glenn H. Hutchins

**MANAGEMENT COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

None of the members of the management compensation committee is an executive officer, employee or former officer of NASDAQ OMX. With the exception of Mr. Greifeld, none of NASDAQ OMX's executive officers serves as a current member of the NASDAQ OMX board of directors. None of NASDAQ OMX's executive officers serves as a director or a member of the compensation committee of any entity that has one or more executive officers serving on the NASDAQ OMX board or management compensation committee. For information on transactions with entities affiliated with our Management Compensation Committee members, see Certain Relationships and Related Transactions.

THE NASDAQ OMX GROUP, INC. 56

**Table of Contents****EXECUTIVE COMPENSATION****SUMMARY COMPENSATION TABLE**

The table below summarizes the total compensation of each of the named executive officers for services rendered during the fiscal years ended December 31, 2013, 2012 and 2011.

**2013 Summary Compensation Table**

Name and Principal Position	Year	Salary \$(1)	Bonus \$(2)	Stock Awards \$(3)	Option Awards \$(4)	Non-Equity Incentive Plan Compensation \$(5)	Change in Pension Value and Nonqualified Deferred Compensation Earnings \$(6)	All Other Compensation \$(7)	Total (\$)
Robert Greifeld Chief Executive Officer	2013	\$ 1,000,000		\$ 9,944,870		\$ 2,794,050		\$ 101,104	\$ 13,840,024
	2012	\$ 1,000,000		\$ 5,567,400		\$ 1,350,000	\$ 916,164	\$ 77,742	\$ 8,911,306
	2011	\$ 1,000,000		\$ 2,528,000		\$ 3,591,000	\$ 355,729	\$ 93,067	\$ 7,567,796
Lee Shavel(8) Chief Financial Officer and Executive Vice President, Corporate Strategy	2013	\$ 500,000		\$ 1,678,054		\$ 1,135,500		\$ 24,550	\$ 3,338,104
	2012	\$ 500,000		\$ 1,343,857		\$ 878,625		\$ 22,450	\$ 2,744,932
	2011	\$ 300,000		\$ 6,120,027	\$ 280,003	\$ 1,290,000		\$ 13,839	\$ 8,003,869
Hans-Ole Jochumsen Executive Vice President, Global Market Services	2013	\$ 516,096		\$ 1,438,326		\$ 1,383,168		\$ 132,039	\$ 3,469,629
	2012	\$ 496,608		\$ 1,151,887		\$ 889,387		\$ 116,638	\$ 2,654,520
Edward S. Knight Executive Vice President General Counsel and Chief Regulatory Officer	2013	\$ 500,000		\$ 1,438,326		\$ 1,106,625		\$ 51,951	\$ 3,096,902
	2012	\$ 500,000		\$ 863,910		\$ 900,000	\$ 566,658	\$ 40,000	\$ 2,870,568
	2011	\$ 500,000		\$ 1,220,013	\$ 180,012	\$ 1,155,000	\$ 274,403	\$ 57,725	\$ 3,387,153
Bradley J. Peterson(9) Executive Vice President and Chief Information Officer	2013	\$ 412,885	\$ 400,000	\$ 2,000,014		\$ 915,300		\$ 266,962	\$ 3,995,161

- (1) For Mr. Jochumsen, certain amounts reported in this proxy statement were paid in Swedish krona. These amounts are converted to U.S. dollars from krona at an exchange rate of \$0.1536 per krona, which was the average exchange rate for 2013.
- (2) The amount reported in this column for Mr. Peterson in 2013 reflects a one-time cash payment in connection with Mr. Peterson's start of employment in February 2013.
- (3) The amounts reported in this column reflect the grant date fair value of the stock awards, including PSUs and restricted stock, computed in accordance with FASB ASC Topic 718. The assumptions used in the calculation of these amounts are included in footnote 12 to the company's audited financial statements for the fiscal year ended December 31, 2013 included in our Form 10-K. Since the 2013 PSU

## Edgar Filing: NASDAQ OMX GROUP, INC. - Form DEF 14A

award payouts are contingent on TSR-related performance-based vesting conditions, the grant date fair values were determined based on a Monte Carlo simulation.

The Monte Carlo simulation accounting valuation methodology takes into account expected price movement of NASDAQ OMX as compared to peer companies. As a result of the company's high stock volatility and pre-grant year-to-date 2013 TSR performance relative to peer companies, the Monte Carlo simulation

THE NASDAQ OMX GROUP, INC. 57

**Table of Contents**

assigned a significantly higher expense value to each 2013 PSU (\$43.81) than the closing price of NASDAQ OMX's stock on the grant date (\$33.23). Therefore, the expense value reflected in the Summary Compensation Table does not reflect the target incentive value shown in the Long-Term Stock-Based Compensation section of the Compensation Discussion and Analysis in this proxy statement, and there is no assurance that the target grant date face values or FASB ASC Topic 718 accounting values will ever be realized by the Chief Executive Officer or the other named executive officers. The table below summarizes the target grant date face value of PSU grants that the management compensation committee and board of directors approved for named executive officers compared to the FASB ASC Topic 718 accounting value.

Name and Principal Position	Year	Target PSUs	Target Grant Date Face Value	FASB ASC Topic 718 Fair Value
Robert Greifeld Chief Executive Officer	2013	227,000	\$7,543,210	\$9,944,870
Lee Shavel Chief Financial Officer and Executive Vice President, Corporate Strategy	2013	38,303	\$1,272,809	\$1,678,054
Hans-Ole Jochumsen Executive Vice President, Global Market Services	2013	32,831	\$1,090,974	\$1,438,326
Edward S. Knight Executive Vice President, General Counsel and Chief Regulatory Officer	2013	32,831	\$1,090,974	\$1,438,326

- (4) The amounts reported in this column reflect the grant date fair value of the option awards computed in accordance with FASB ASC Topic 718. The assumptions used in the calculation of these amounts are included in footnote 12 to the company's audited financial statements for the fiscal year ended December 31, 2013 included in our Form 10-K.
- (5) The amounts reported in this column reflect the cash awards made to the named executive officers under the ECIP or other performance-based incentive compensation programs.
- (6) The amounts reported in this column reflect the actuarial increase in the present value of the named executive officers' benefits under all pension plans established by NASDAQ OMX. No amounts are reported in this column for Messrs. Greifeld and Knight for 2013 as the actuarial present value of these officers' benefits under the pension plans decreased in the amounts of \$417,127 and \$390,648, respectively. Assumptions used in calculating the amounts include a 4.90% discount rate as of December 31, 2013, a 4.00% discount rate as of December 31, 2012, a 5.00% discount rate as of December 31, 2011, a 5.25% discount rate as of December 31, 2010, retirement at age 62 (which is the earliest age at which a participant may retire and receive unreduced benefits under the plans) and other assumptions used for financial reporting purposes under generally accepted accounting principles as described in footnote 11 to our audited financial statements for the fiscal year ended December 31, 2013 included in our Form 10-K. The named executive officers may not currently be entitled to receive benefits under the pension plans if such amounts are not vested. None of the named executive officers received above-market or preferential earnings on deferred compensation in 2013, 2012 or 2011.

**Table of Contents**

(7) The following table sets forth the 2013 amounts reported in the All Other Compensation column by type.

Name and Principal Position	Incremental Cost of Personal Use of Company Car (\$)(a)	Cost of Executive Health Exam or Extended Sickness Insurance (\$)	Cost of Financial/Tax Planning Services (\$)	Contribution to the 401(k) Plan or Other Defined Contribution Plans (\$)	Contribution to the Basic ERC (\$)	Contribution to the Supplemental ERC (\$)	Vacation Pay (\$)	Relocation Expenses (\$)	Total All Other Compensation (\$)
Robert Greifeld Chief Executive Officer	\$ 26,554	\$ 4,350		\$ 10,200	\$ 15,300	\$ 44,700			\$ 101,104
Lee Shavel Chief Financial Officer and Executive Vice President, Corporate Strategy		\$ 4,350		\$ 10,200	\$ 5,100	\$ 4,900			\$ 24,550
Hans-Ole Jochumsen Executive Vice President, Global Market Services		\$ 2,326	\$ 8,947	\$ 103,219			\$ 17,547		\$ 132,039
Edward S. Knight Executive Vice President, General Counsel and Chief Regulatory Officer		\$ 4,350	\$ 7,401	\$ 10,200	\$ 15,300	\$ 14,700			\$ 51,951
Bradley J. Peterson Executive Vice President and Chief Information Officer		\$ 4,350		\$ 7,423				\$ 255,189(b)	\$ 266,962

(a) The incremental cost of personal use of the company car (including commutation) is calculated based on an allocation of the cost of the driver, tolls, fuel, maintenance and other related expenses.

(b) The relocation expenses for Mr. Peterson include a tax gross-up payment of \$105,189.

(8) Mr. Shavel began employment at NASDAQ OMX effective May 23, 2011.

(9) Mr. Peterson began employment at NASDAQ OMX effective February 6, 2013.

**EMPLOYMENT AGREEMENTS**

NASDAQ OMX currently has employment agreements with three of its named executive officers, Messrs. Greifeld, Jochumsen and Knight.

**Robert Greifeld**

On February 22, 2012, NASDAQ OMX entered into a new employment agreement with Robert Greifeld, NASDAQ OMX's CEO. The new employment agreement replaced NASDAQ OMX's prior employment agreement with Mr. Greifeld, which was effective January 1, 2007. In addition to the new employment agreement, NASDAQ OMX and Mr. Greifeld entered into a confidentiality, non-solicitation and invention

assignment agreement.

The 2012 employment agreement with Mr. Greifeld has a term of five years, with no automatic renewals thereafter. The agreement provides for:

annual base salary of not less than \$1,000,000; and

annual incentive compensation that is targeted at not less than 200% of base salary based on the achievement of one or more performance goals established for such year by the management compensation committee of NASDAQ OMX's board of directors.

THE NASDAQ OMX GROUP, INC. 59



## **Table of Contents**

The agreement does not guarantee the grant of any equity awards to Mr. Greifeld. Mr. Greifeld may be granted equity awards under the Equity Plan, based on the management compensation committee's evaluation of the performance of NASDAQ OMX and Mr. Greifeld, peer group market data and internal equity, and consistent with past practices with respect to the combined aggregate value of prior grants.

The agreement prohibits Mr. Greifeld from rendering services to a competing entity for a period of two years following the date of termination of employment. To receive certain termination payments and benefits under the new employment agreement, Mr. Greifeld must execute a general release of claims against NASDAQ OMX. In addition, such termination payments and benefits are generally subject to discontinuation in the event Mr. Greifeld breaches the restrictive covenants in either the employment agreement or the confidentiality, non-solicitation and invention assignment agreement.

On December 11, 2012, NASDAQ OMX entered into a memorandum of understanding with Mr. Greifeld relating to the calculation of certain severance payments under his employment agreement. The memorandum of understanding clarifies the meanings of certain terms relevant to these calculations.

The employment agreement, as clarified by the memorandum of understanding, sets forth the payments that Mr. Greifeld will receive under various termination scenarios. For further information about these payments and benefits, see [Executive Compensation](#) [Potential Payments upon Termination or Change in Control](#).

## **Hans-Ole Jochumsen**

NASDAQ OMX also has an employment agreement with Hans-Ole Jochumsen, our Executive Vice President, Global Market Services. The employment agreement was entered into on July 1, 2008 and may be terminated by NASDAQ OMX, subject to 12 months' prior notice, or by Mr. Jochumsen, subject to six months' prior notice. If not previously terminated, the agreement will automatically terminate at the earlier of the date of Mr. Jochumsen's retirement or his reaching the age of 65.

The agreement provides for:

an annual base salary of not less than 3,200,000 Swedish krona, to be reviewed each year consistent with NASDAQ OMX's policies; and

a pension contribution totaling 20% of his monthly base salary during the term of the agreement.

The agreement does not guarantee the grant of any equity awards to Mr. Jochumsen. Mr. Jochumsen may be granted equity awards under the Equity Plan, at the discretion of the board of directors. Mr. Jochumsen is entitled to health and long-term disability coverage and other benefits consistent with NASDAQ OMX's policies.

Upon termination of employment by Mr. Jochumsen, the agreement prohibits Mr. Jochumsen from rendering services to a competing entity for a period of six months following the date of termination. During this six month period, Mr. Jochumsen will be entitled to his monthly salary. Upon termination of the employment agreement by Mr. Jochumsen or NASDAQ OMX, Mr. Jochumsen is restricted from soliciting NASDAQ OMX employees for a period of 12 months from the termination date.

The agreement sets forth the payments that Mr. Jochumsen will receive under various termination scenarios. For further information about these payments and benefits, see [Executive Compensation](#) [Potential Payments upon Termination or Change in Control](#).

## **Edward S. Knight**

NASDAQ OMX also has an employment agreement with Edward S. Knight, our Executive Vice President, General Counsel and Chief Regulatory Officer.

**Table of Contents**

The agreement provides for:

an annual base salary at a rate not less than the rate of base salary in effect on the date of the initial agreement; and

incentive compensation for each calendar year during the term as the management compensation committee may award in its discretion.

Under the agreement, the management compensation committee may grant Mr. Knight equity awards under the Equity Plan.

The agreement prohibits Mr. Knight from soliciting NASDAQ OMX employees or rendering services to a competing entity for a period of twelve months following the date of termination of employment. The agreement sets forth the severance payments that Mr. Knight will receive under various termination scenarios. For further information about these payments and benefits, see Executive Compensation Potential Payments Upon Termination or Change in Control.

On February 22, 2012, NASDAQ OMX and Mr. Knight entered into the third amendment to this employment agreement, as well as a confidentiality, non-solicitation and invention assignment agreement. Under the third amendment, Mr. Knight's employment agreement was renewed for a term of five years, commencing February 22, 2012, with no automatic renewals thereafter.

**GRANTS OF PLAN-BASED AWARDS**

The following table sets forth certain information with respect to the plan-based awards granted to each of the named executive officers during the fiscal year ended December 31, 2013.

**2013 Grants of Plan-Based Awards Table**

Name	Committee and/or Board Approval Date	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards(1)			Estimated Future Payouts Under Equity Incentive Plan Awards(2)			All Other Stock Awards or Units (#)	All Other Exercise Awards or Options (#)	Base Price of Stock or Option (\$/Sh)	Grant Date of Stock and Option Awards	Fair Value of Stock and Option Awards (\$)(3)
			Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)					
Robert Greifeld Chief Executive Officer	3/26/2013 7/22/2013	3/26/2013 7/25/2013	\$ 0	\$ 2,100,000	\$ 4,200,000	0	227,000	454,000					\$ 9,944,870
Lee Shavel Chief Financial Officer	3/26/2013 7/22/2013	3/26/2013 7/25/2013	\$ 0	\$ 750,000	\$ 1,500,000	0	38,303	76,606					\$ 1,678,054

Officer and Executive Vice President, Corporate

Edgar Filing: NASDAQ OMX GROUP, INC. - Form DEF 14A

Strategy

Hans-Ole Jochumsen	3/26/2013	3/26/2013	\$ 0	\$ 768,000	\$ 1,536,000				
Executive Vice	7/22/2013	7/25/2013				0	32,831	65,662	\$ 1,438,326

President,

Global Market Services

Edward S. Knight	3/26/2013	3/26/2013	\$ 0	\$ 650,000	\$ 1,300,000				
Executive Vice	7/22/2013	7/25/2013				0	32,831	65,662	\$ 1,438,326

President,  
General  
Counsel and  
Chief  
Regulatory  
Officer

Bradley J. Peterson	3/26/2013	3/26/2013	\$ 0	\$ 600,000	\$ 1,200,000				
Executive Vice	1/30/2013	2/6/2013						68,966	\$ 2,000,014

President and  
Chief  
Information  
Officer

THE NASDAQ OMX GROUP, INC. 61

**Table of Contents**

- (1) The amounts reported in these columns represent the possible range of payments under the ECIP or other performance-based incentive compensation programs. For information about the amounts actually earned by each named executive officer under the ECIP or other performance-based incentive compensation programs, see Executive Compensation Summary Compensation Table. Amounts are considered earned in fiscal year 2013 although they were not paid until 2014.
- (2) The amounts reported in these columns represent the possible range of performance share units that each named executive officer may earn under the Equity Plan, depending on his or her achievement of performance goals established by the management compensation committee and board of directors.
- (3) The amounts reported in this column represent the grant date fair value of the full equity awards reported in the previous columns calculated pursuant to FASB ASC Topic 718 based upon the assumptions discussed in footnote 12 to the company's audited financial statements for the fiscal year ended December 31, 2013 included in our Form 10-K. Since PSUs are subject to relative TSR performance conditions, the grant date fair value reported for PSUs reflects the value at the grant date using a price derived from a Monte Carlo simulation based upon the probable outcome of the performance conditions. As a result of the company's high stock volatility and pre-grant year-to-date 2013 TSR performance relative to peer companies, the Monte Carlo simulation assigned a significantly higher expense value to each 2013 PSU (\$43.81) than the closing price of NASDAQ OMX's stock on the grant date (\$33.23). Therefore, the expense value reflected in the Summary Compensation Table does not reflect the target incentive value shown in the Long-Term Stock-Based Compensation section of the Compensation Discussion and Analysis in this proxy statement, and there is no assurance that the target grant date face values or the FASB ASC Topic 718 accounting values will ever be realized by the Chief Executive Officer or the other named executive officers. The table below summarizes the target grant date face value of PSU grants that the management compensation committee and board of directors approved for named executive officers compared to the FASB ASC Topic 718 accounting value.

Name and Principal Position	Year	Target PSUs	Target Grant Date Face Value	FASB ASC Topic 718 Fair Value
Robert Greifeld Chief Executive Officer	2013	227,000	\$ 7,543,210	\$ 9,944,870
Lee Shavel Chief Financial Officer and Executive Vice President, Corporate Strategy	2013	38,303	\$ 1,272,809	\$ 1,678,054
Hans-Ole Jochumsen Executive Vice President, Global Market Services	2013	32,831	\$ 1,090,974	\$ 1,438,326
Edward S. Knight Executive Vice President, General Counsel and Chief Regulatory Officer	2013	32,831	\$ 1,090,974	\$ 1,438,326

THE NASDAQ OMX GROUP, INC. 62

**Table of Contents****OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END**

The following table includes certain information with respect to the value of all outstanding equity awards held by each named executive officer as of December 31, 2013.

**2013 Outstanding Equity Awards at Fiscal Year-End Table**

Name	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards:		Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Rights That Have Not Vested (#)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)
			Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)						
Robert Greifeld	960,000				\$ 35.92	12/13/2016				
	900,000				\$ 21.31	06/30/2019				
Chief Executive Officer								247,440(7)	\$ 9,848,112	
								227,000(8)	\$ 9,034,600	
Lee Shavel		41,257(1)			\$ 24.94	05/23/2021				
							100,240(4)	\$3,989,552		
Chief Financial Officer							22,454(5)	\$893,669		
and Executive Vice								59,727(7)	\$ 2,377,135	
President, Corporate										
Strategy										