# "If Not Now, When…If Not Us, Who?"

U.S. Securities and Exchange Commission
100 F Street NE,
Washington, D.C. 20549-0213

RE: SR – NASDAQ – 2020 – 081

Nasdaq recently filed a proposal with the SEC to provide greater transparency into the composition of the Board of Directors of Nasdaq listed companies. The proposal would require most Nasdaq-listed companies to have, or to explain why they do not have at least two diverse directors. Foreign companies and smaller reporting companies would have additional flexibility in satisfying this requirement with at least two female directors serving on their boards.

Under the proposal, all NASDAQ listed companies will be required to publicly disclose board-level diversity statistics through NASDAQ's proposed disclosure framework within one year of the SEC's approval of the listing rule. Specifically, all companies will be expected to have diverse director, serving on their respective boards.

The National Association of Securities Professionals (NASP) is the premier organization dedicated to supporting people of color and women in achieving inclusion in the financial services industry. NASP is an independent, non-profit organization, founded in 1985 with a strong network of eleven local chapters in major financial centers throughout the United States - Atlanta, Baltimore/Washington, Chicago, Detroit, New York, North Carolina, Ohio, Philadelphia, San Francisco, Southern California, and Texas.

As a professional organization, NASP serves as a resource for the minority community at large and for the minority professionals within the securities and investments industry by developing programming that enhances professional development for its members, providing opportunities to share best practices about the securities markets, conducting research on industry trends and market developments, and creating networking opportunities.

An essential component of the organization's efforts is to serve as the voice for its members at the federal, state and local levels of government to advance its mission of diversity and inclusion. There are substantial resources – over $70 trillion – that are under the control of governments, endowments, companies and other institutions that are managed by third party investment professionals. While minority and women owned asset management firms make up 8.6% of this sector, they only manage

1.1% of all assets under management. The decision making around how these assets are managed has far reaching impact across the economy related to job creation, growth, wealth building and too few minority and women owned firms have a seat at the table in this process despite strong track records of proven success.

The work that is currently being led by Congresswoman Maxine Waters, Chair of the House Committee on Financial Services & Subcommittee on Diversity & Inclusion and Congresswoman Joyce Beatty, reinforces the need to reflect more diversity and inclusion of publicly traded companies, endowments and regulatory agencies.

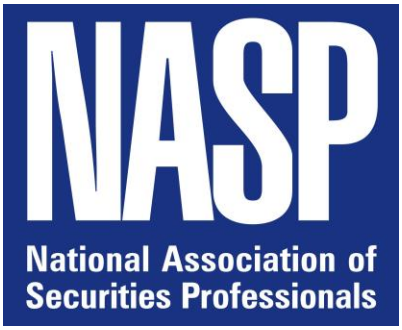
Through many years of research, it is proven that organization both public and private, who have board composition that is reflective of the population/consumers that it serves, consistently outperforms those organizations who do not have diverse board representation. It has been said that good governance produces good organizations.

The National Association of Securities Professionals wholly supports the NASDAQ proposal because we believe that a global economy is strengthened by a more diverse and inclusive capitalist society. The Nasdaq proposal will allow for investor transparency and consistent business performance.

Thank you for your consideration of the NASDAQ proposal.

**Ronald C. Parker**

President & CEO - NASP




# NASP Public Policy Priorities

## WHO WE ARE:

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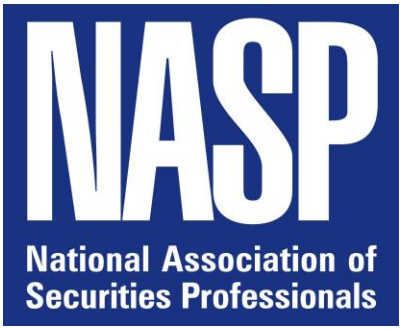
## CAUSE FOR ACTION:

An essential component of the organization's efforts is to serve as the voice for its members at the federal, state and local levels of government to advance its mission of diversity and inclusion. There are substantial resources – over $70 trillion – that are under the control of governments, endowments, companies and other institutions that are managed by third party investment professionals. While minority and women owned asset management firms make up 8.6% of this sector, they only manage 1.1% of all assets under management. The decision making around how these assets are managed has far reaching impact across the economy related to job creation, growth, wealth building and too few minority and women owned firms have a seat at the table in this process despite strong track records of proven success.

## RECOMMENDATIONS:

What can be done to address this gap and increase opportunities for diverse securities professionals?

- ***More focus on recruitment/selection process by government agencies and large institutions to diversify their asset managers.*** There is a clear need for more intentionality in the efforts to identify, engage and collaborate with diverse managers. Greater outreach to minority and women owned firms; use of the "Rooney rule" in the selection process of asset managers (must




interview at least one diverse firm); and directing federal regulators and retirement systems to be aggressive in engaging diverse asset managers.

- ***Refine minimum qualification statements and relevant terminology.*** Often large institutions, especially government bodies, have investment policy statements that have the practical effect of excluding diverse firms from competing to manage these assets. According to GAO, the minimum size requirements for assets under management could potentially exclude smaller minority and women owned firms. Similarly, there needs to be greater clarity on the definition of "diverse" so that large institutions and government entities have a consistent, working understanding of which firms they should consider. While there can be some variance across entities as to what constitutes sufficient minority ownership levels for these firms, it must be a priority to adopt some recognized standard by these decision makers.

- ***Include professional services in "supplier" diversity data collection.*** Tracking the use of vendors and suppliers in government, large companies, endowments, and universities is a best practice to monitor progress (or lack thereof) in the number of diverse suppliers across a range of functions (physical plant needs, security, food services, advertising, office supplies, etc.) However, asset managers and other professional services may not always be included among this type of survey for various reasons. Tracking professional services by large entities will help maintain a focus on whether diverse asset managers are being included in these important decisions about how organizational resources are being directed.

- ***Urge federal and state regulators to diversify their advisory panels.*** The Federal Reserve Board, the Federal Deposit Insurance Corporation, the Office of the Comptroller of the Currency, the Securities and Exchange Commission, the Commodities Futures Trading Commission and many other federal regulators have industry professionals and other experts serve on formal advisory committees that focus on various policy and regulatory priorities for these agencies. These advisory committees not only perform important roles for the regulators, but they afford their members unique insight into the workings of these agencies and perhaps more notably, give select thought leaders a seat at the table. These advisory committees are woefully lacking with few people of color on them and need to intentionally recruit more diverse participants.

NASP played a leadership role in crafting the provision in the Dodd Frank law that created Offices of Minority and Women Inclusion in the banking regulators. This was an important step to create some institutional structure in government agencies that work with the financial services sector, but more needs to be done to achieve the intended results of greater diversity and inclusion. The House Financial Services Committee in 2019 created the first Congressional Subcommittee on Diversity and Inclusion that has focused attention on these issues and demonstrated bipartisan recognition of the need to do more in the industry.