



January 4, 2021

**Vanessa Countryman
Secretary
Securities and Exchange Commission
100 F. Street N.E.
Washington, DC 20549-1090**

Re: Proposed Rule Change SR-NASDAQ-2020-081

Dear Secretary Countryman,

The United States Hispanic Chamber of Commerce (USHCC) respectfully submits this letter in support of the NASDAQ Proposed Rule Change SR-NASDAQ-2020-081 (“Proposal” or “Rule”). The application of this Proposed Rule will hopefully improve the diversity, and thus the performance, of public company board of directors.

The USHCC actively promotes the economic growth, development and interests of more than 4.7 million Hispanic-owned businesses that, combined, contribute over \$800 billion to the American economy every year. We also serve as a platform for our nationwide network of over 250 local Hispanic chambers of commerce. With the growing diversity in communities across the nation, the face of business ownership in America is changing, with minority-owned firms driving the growth in new business formation. In fact, Latinos open businesses at three times the rate of the national average and Latinas open businesses at six times the rate.

The growth of Latino businesses demonstrates the depth and quality of U.S. Hispanic business leaders. Despite the abundance of qualified candidates with entrepreneurial and business expertise, Latinos are the most underrepresented ethnic group in America’s boardrooms.

Latinos make up 18% of the US population and are the largest ethnic group in the country.¹ Yet, currently less than 3% of directors on Fortune 500 Boards are Latinx, even less on NASDAQ 1000.² A

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1. *See* LCDA Testimony Submitted to the Committee on Financial Services U.S. House of Representatives, Jun. 20, 2019, available at: <https://www.congress.gov/116/meeting/house/109690/witnesses/HHRG-116-BA00-Wstate-MartinezRetV-20190620.pdf>.
 2. *See* PR Newswire, Latino Voices for Boardroom Equity Challenges Corporate America, stating “only 23.2% of the F1000 companies had one or more US Latinos on their boards, occupying only 2.7% of Fortune 1000 board

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review of all NASDAQ-listed organizations show that Latinx individuals hold less than 0.8% of board seats, a number which is significantly less than any other index, including Russell 3000 where Latinx hold 2.2% of board seats.³

The Latino population is set to continue to grow by 1.2 million people annually through 2060.⁴ Economically, this translates currently to a Latinx-based gross domestic product of nearly \$2.6 trillion, a significant level of purchasing power projected to continue its growth.⁵ Further, Latinos are poised to account for 20% of the entire American workforce within 5 years, and over 30% by 2050.⁶ The Latinx community accounted for 82% of the growth in the U.S. labor-force participation between 2010 and 2017.⁷ By 2024, one in five U.S. workers will be Latinx and within eight years, more than 75% of labor force growth will represent the Latinx community. Over the next three decades, this could represent a contribution from the Latinx workforce of 0.21 percentage points to annual real GDP growth in the United States.⁸

Given the substantial economic performance and consumer spending generated by the American Latinx community, investors understandably are demanding diversity statistics that disclose Latino directors as an indicator to determine whether companies are appropriately focusing on this consumer segment. The largest U.S. retailers, for example, owe a substantial portion of their revenues to the Latino

seats,” available at: <https://www.prnewswire.com/news-releases/latino-voices-for-boardroom-equity-challenges-corporate-america-301133836.html>; *See also* KPMG, Latino Representation on Fortune 1000 Boards, available at: <https://boardleadership.kpmg.us/relevant-topics/articles/2019/latino-representation-on-fortune-1000-boards.html>.

3. *See* KPMG, *supra* note 1; *See also* Proposal at 33, stating: “over the past ten years, the percentage of African American/Black directors at Fortune 500 companies has remained between 7 and 9%, while the percentage of women directors has grown from 16 to 23%.⁸⁸ In 2019, only 10% of board seats at Russell 3000 companies were held by racial minorities, reflecting an incremental increase from 8% in 2008.”
4. *Id.*
5. Sean Salas, Forbes, *The \$2.6 Trillion U.S. Latino Market: The Largest And Fastest Growing Blindspot of the American Economy*, Forbes, Sept. 27, 2020, available at: <https://www.forbes.com/sites/seansalas/2020/09/27/the-26-trillion-us-latino-market-the-largest-and-fastest-growing-blindspot-of-the-american-economy/?sh=1e0e1e169e62>.
6. Mayra Rodriguez Valladares, *Hispanics, Not Trump, Are the Biggest Engine of U.S. Economic Growth*, Forbes, Feb. 11, 2020, available at: <https://www.forbes.com/sites/mayrarodriguezvalladares/2019/02/11/hispanics-not-trump-are-the-biggest-engine-of-u-s-economic-growth/?sh=696b4cc6e5e3>.
7. *See* KPMG, *supra* note 1.
8. *See* Maya Rodriguez Valladares, *Hispanics, Not Trump Are the Biggest engine of U.S. Economic Growth*, *supra* note 18.

segment.⁹ Social media companies as well as entertainment companies also have significant customers from the Latino segment.¹⁰

Information on diversity and inclusion is vital to investors based on the impact it has on the performance of a company. In addition to financial performance, investors are also interested in diversity information to better assess a company's corporate governance and internal controls. Diversity in boardrooms results in stronger internal controls and the avoidance of one-dimensional decision-making. In addition, the inherent safeguards found within diverse boardrooms are likely a result of diverse backgrounds, achieved through race, ethnic, or gender perspectives, that provide the necessary insight to avoid certain regulatory pitfalls.

The lack of reliable and consistent data makes the measurement of diversity at the board and C-Suite level difficult and often incomplete. Unlike other underrepresented groups, Latinx individuals, given the wide scope of internal diversity within the community, are not easily accounted for or identified through SEC filings. With the information to be provided through the NASDAQ Proposal, investors can more easily assess the presence of Latinx and other minority directors.

Consequently, the lack of disclosure is one of the greatest barriers to increased boardroom diversity. The NASDAQ's Proposal is very much in line with a growing movement for disclosure of Environmental, Social and Corporate Governance (ESG) factors such as disclose of diversity statistics.

In conclusion, NASDAQ's Proposal will address one of the greatest barriers to increased boardroom diversity by ensuring that diversity statistics are transparently disclosed and in providing extremely important information to inform all investors in their decision making. Additionally, for those corporations that seek to improve the quality of their board diversity with Latinx representation, the NASDAQ Proposal will assist in that goal.

USHCC respectfully urges the SEC to approve the NASDAQ's Proposal. This Rule will benefit all investors by providing transparency with respect to board diversity.

9. Mark A. Browne, Amazon-Wal-Mart Drawing the Largest Numbers of Hispanic Shoppers in US, Portada Online, Jul. 18, 2018, available at <https://www.portada-online.com/more-from-portada/amazon-wal-mart-drawing-the-largest-numbers-of-online-hispanic-shoppers-in-us/>; Mary Hanbury, This is What the Average Wal-Mart Shopper Looks Like, Business Insider, Jan. 19, 2020, available at <https://www.businessinsider.com/walmart-shopper-demographics-average-is-white-woman-2020-1> (noting that Latinos are the second largest shopper demographic behind white women).

10. *See* Digital Diversity: A Closer Look at US Hispanics, Facebook, Dec. 4, 2014, available at <https://www.facebook.com/business/news/insights/digital-diversity-a-closer-look-at-us-hispanics>; Richard Carufel, Targeting U.S. Hispanics—what this influential audience wants from brands and content, Agility PR Solutions, Jan. 31, 2020, available at <https://www.agilitypr.com/pr-news/public-relations/targeting-u-s-hispanics-what-this-influential-audience-wants-from-brands-and-content/>; Anna Marie de la Fuente, Disney Plus Rolls Out Hefty Latin American Slate, Variety, Nov. 30, 2020, available at <https://variety.com/2020/tv/global/disney-plus-hefty-latin-american-slate-1234842502/>.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Ramiro Cavazos". The signature is fluid and cursive, with the first name "Ramiro" and last name "Cavazos" clearly legible.

By: Ramiro A. Cavazos
President and CEO

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