

STARDUST

January 4th, 2021

Vanessa A. Countryman, Secretary
U.S. Securities and Exchange Commission
100 F Street N.E.
Washington D.C. 20549
Submitted via rule-comments@sec.gov

Re: The Nasdaq Stock Market LLC; Notice of Filing of Proposed Rule Change to Adopt Listing Rules Related to Board Diversity [Release No. 34-90574; File No. SR-NASDAQ-2020-081]

Dear Madam Secretary,

As an investor and principal of Stardust, a large single family office based in New York and Houston, I write to you to express my strong support for Nasdaq's Proposed Rule 5605(f)¹ (Proposed Rule) to advance board diversity and transparency through enhanced listing requirements. Stardust was set up with the belief that everyone is born with equal intrinsic value and that we must invest in a future where all can fulfill their potential. One of our core values is a commitment to increasing diversity and inclusion. We have long believed that diverse perspectives lead to better investment outcomes as improving diversity is directly linked to value creation and organizational resilience. As evidenced by a growing body of research, including those noted by Nasdaq in the Proposed Rule, we share the view that diverse boards tend to make better decisions and support better financial performance of the companies they govern.

As McKinsey demonstrated in its "Diversity Matters" report, companies with diverse boards display better financial performance. Despite this finding, boards' compositions have been historically slow to change.² Engaged shareholders like the ones in the Thirty Percent Coalition are largely responsible for the increased gender diversity we have seen on boards in the last two years.³ However, U.S. boards continue to largely replicate themselves and are not likely to become more diverse in the absence of legal or regulatory incentives. Thus, we see Nasdaq's proposal as an important step to moving the market forward and leading to more diverse highly qualified candidates getting appointments to corporate boards.

It is important to note that the Proposed Rule is providing companies with the *opportunity* to increase board diversity through a disclosure-based, business-driven approach rather than a

quota. We all can recognize that there is no on-size-fits-all approach to board diversity, so I praise the Nasdaq for giving companies the flexibility to explain why they do not meet the minimum objective of two diverse directors. By no means, this seems overly burdensome or coercive, especially given the phase-in period for companies to adhere to the new listing standards.

Given the indisputable, incomprehensible, and detrimental homogeneity of U.S. companies' boards, I believe that a focus on gender, racial diversity, and self-identification as LGBTQ+ as presented by the Nasdaq is long overdue. At last, the Proposed Rule will provide us, investors, greater ability to compare disclosures across companies to make more informed and confident investment decisions. Consistent and transparent disclosure by companies about the makeup of their boards provides us material information for evaluating the attractiveness and viability of our investments. Undeniably, board diversity directly impacts corporate governance, board decision-making, and investor protections. Through the Proposed Rule, the Nasdaq is fulfilling its role as a stock exchange to establish a standardized platform to relevant, high-quality, and comparable information. I would expect The Securities and Exchange Commission to also fulfill its mission to "protect investors"⁴ and serve the public's interest by approving Nasdaq's Proposed Rule 5605(f).

Sincerely,

Molly Gochman

Founder & President, Stardust

¹ Proposed Rule 5605(f) requires Nasdaq-listed companies, subject to certain exceptions, (i) (A) to have at least one director who self-identifies as female, and (B) to have at least one director who self-identifies as Black or African American, Hispanic or Latinx, Asian, Native American or Alaska Native, Native Hawaiian or Pacific Islander, or as LGBTQ+, or (C) to explain why the company does not have at least two directors on its board who self-identify in the categories listed above, and (ii) to provide statistical information in a proposed uniform format on the company's board of directors related to a director's self-identified gender, race and self-identification as LGBTQ+.

² McKinsey & Company, "Diversity Matters", February 2, 2015, accessed:

<https://www.mckinsey.com/~media/mckinsey/business%20functions/organization/our%20insights/why%20diversity%20matters/diversity%20matters.ashx>

³ Thirty Percent Coalition is a coalition of investors representing over \$7 trillion in assets and committed to the goal of women and people of color holding 30% or more of board seats across public companies. In 2019 alone, the Thirty Percent Coalition filed thirty shareholder proposals urging action and disclosure on board diversity. Thirty Percent Coalition, "Who We Are", accessed: www.30percentcoalition.org/who-we-are

⁴ U.S. Securities and Exchange Commission (SEC), "What We Do", June 10, 2013, accessed:

<https://www.sec.gov/Article/whatwedo.html>.