

United States Senate

WASHINGTON, DC 20510

January 7, 2021

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

Re: SR-NASDAQ-2020-081

To Whom It May Concern:

We write in support of Nasdaq's recently filed proposal with the Securities and Exchange Commission (SEC) that would provide greater transparency into the composition of the boards of directors of Nasdaq-listed companies by asking companies to disclose whether at least one director self-identifies as female and at least one director self-identifies as either an underrepresented minority or part of the LGBTQ+ community. If the company is unable to disclose any such directors, then the company is asked to explain why. This proposal helps to ensure publicly-traded companies promote diversity, equity, and inclusion in their boards of directors, provides transparency on these efforts, and ensures shareholders have access to information on a company's leadership when making investment decisions.

Indeed, research shows that diverse boards improve corporate governance and financial performance.^[1] Diversity not only increases productivity, but also contributes to revenue that is 19 percent higher due to innovation.^[2] Despite a strong business case for diverse leadership, corporate boards have not reflected the gender, racial, and ethnic diversity of the United States. People of color make up nearly 40 percent of the U.S. population; yet in 2019, women and people of color held 34% or 1,929 board seats at Fortune 500 companies. People of color alone held 16.1% or 912 board seats.^[3]

At both the federal and state level, efforts have been made to promote diversity and transparency in the composition of corporate boards. In Congress, the House of Representatives recently passed legislation to require public companies to disclose the diversity of their boards with

^[1] See McKinsey & Company's January 2018 report "Delivering through diversity", which found that diverse companies were more likely to have greater financial returns than their less-diverse industry peers.

<https://www.mckinsey.com/business-functions/organization/our-insights/delivering-through-diversity>

^[2] <https://www.forbes.com/sites/annapowers/2018/06/27/a-study-finds-that-diverse-companies-produce-19-more-revenue/?sh=40eb28ff506f>

^[3] <https://www.leap.org/alliance-for-board-diversity-report>

respect to race, gender, and veteran status. A companion bill and a similar bill have also been offered in the Senate. Additionally, multiple states, including California, Colorado, Illinois, and New York, have enacted corporate board diversity requirements while others have similar proposals under consideration.^[4]

In addition, Nasdaq's recently filed proposal aligns with the SEC's own diversity and inclusion goals:

“A culture of inclusion is not only essential to equitable and fair practices, but, when coupled with diversity, inclusion enhances mission effectiveness and innovation. A substantial body of research, and our own organizational history, strongly supports the notion that a tangible, continuous commitment to diversity and inclusion, and human capital development more generally, creates organizations that are more resilient and effective at achieving their missions than organizations that do not invest in, and address, their people and culture.”^[5]

We could not agree more. For too long, public companies have not done enough to ensure that the voices of women and communities of color are represented and heard in boardrooms across our country. Nasdaq's proposal is a welcome effort to promote diversity and equity at a national level.

For all of these reasons, we urge the SEC to approve Nasdaq's proposal.

Sincerely,



Catherine Cortez Masto
United States Senator



Kirsten Gillibrand
United States Senator

^[4]<https://corpgov.law.harvard.edu/2020/05/12/states-are-leading-the-charge-to-corporate-boards-diversify/>

^[5] U.S. Securities and Exchange Commission, Diversity and Inclusion Strategic Plan: Fiscal Years 2020-2022, Page 8, https://www.sec.gov/files/2020_Diversity_and_Inclusion_Strategic_Plan.pdf



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United States Senator



Jack Reed
United States Senator



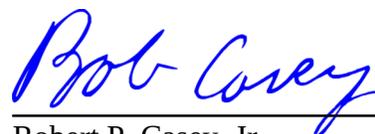
Michael F. Bennet
United States Senator



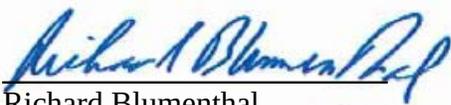
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