

## Public Statement

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# Statement on Nasdaq's Diversity Proposals – A Positive First Step for Investors



**Commissioner Allison Herren Lee**



**Commissioner Caroline A. Crenshaw**

**Aug. 6, 2021**

Today, the Commission approved Nasdaq Stock Market LLC's proposed rule changes related to board diversity and disclosure.<sup>[1]</sup> The new listing standards will require each Nasdaq-listed company, subject to certain exceptions, to have at least two diverse board members or explain why it does not.<sup>[2]</sup> The new listing standards also will require disclosure, in an aggregated form, of information on the voluntary self-identified gender, racial characteristics, and LGBTQ+ status of the company's board.<sup>[3]</sup> We support the proposal because it represents a step forward for investors on board diversity.

As we have noted in the past, investors are increasingly demanding diverse boards and diversity-related information about public companies.<sup>[4]</sup> Nasdaq's proposal should improve the quality of information available to investors for making investment and voting decisions by providing consistent and comparable diversity metrics.<sup>[5]</sup>

Nevertheless, there is more work to be done in improving both diversity and transparency at public companies and in our capital markets more broadly. For example, disability may be a relevant characteristic, as well as diversity among senior management and the workforce more broadly. There is a continued, harmful disparity in the representation of a wide range of communities in our capital markets. Because enhanced diversity is critically important for investors, the markets, and our economy, we hope this is a starting point for initiatives related to diversity, not the finish line.

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[1] See Securities Exchange Act Release No. [34-92590](#) (August 6, 2021) (order approving SR-NASDAQ-2020-081 and SR-NASDAQ-2020-082) ("Order").

[2] See *id.*

[3] Nasdaq also will offer a complimentary board recruiting service for certain eligible Nasdaq-listed companies. See *id.*

[4] See Commissioner Allison Herren Lee, [Diversity Matters, Disclosure Works, and the SEC Can Do More: Remarks at the Council of Institutional Investors Fall 2020 Conference](#) (September 22, 2020); Commissioner

Caroline Crenshaw, [Statement on the “Modernization” of Regulation S-K Items 101, 103, and 105](#) (August 26, 2020).

[5] See Order at 25 (“The Commission finds that the Board Diversity Proposal would provide widely available, consistent, and comparable information that would contribute to investors’ investment and voting decisions.”).