
SEC Approves Nasdaq's Board Diversity Rules

Date: 08/18/21

On August 6, 2021, the Securities and Exchange Commission ("SEC") made history when it issued its order (the "Approval Order") approving the Nasdaq Stock Market LLC's ("Nasdaq") board diversity rule request (the "Proposal"), the first ever stock exchange board diversity requirement in the United States.

Beginning August 7, 2021, every company listed on or seeking to be listed on Nasdaq will be required, after a transition period, to disclose the composition of its board diversity and either meet specified diversity thresholds or explain why it does not. The Proposal was submitted in December 2020, and after garnering an overwhelming majority of supportive comments over the course of several months, it was revised in March 2021. The revised rule request was approved by the SEC in its requested form. The Approval Order explained that by statute the SEC could either approve or deny the request but not modify it. After a lengthy analysis of the details of the request and its reasoning, the SEC approved the request, with three commissioners in support and two commissioners opposing.

Attorney

- Helene R. Banks