Ms. Vanessa Countryman, Secretary
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-0609

LGIM America
[redacted]
www.lgima.com

December 23, 2020

Re: Notice of Filing of Proposed Rule Change to Adopt Listing Rules Related to Board Diversity ("Proposed Rule") SR-NASDAQ-2020-081

Dear Vanessa Countryman,

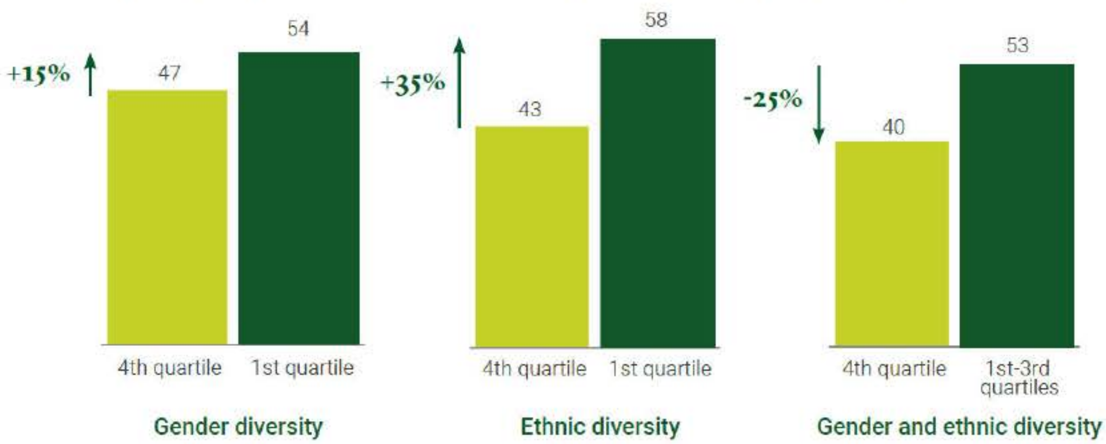
Thank you for the opportunity to comment on the Proposed Rule, which seeks to provide market participants with better information about company board diversity and raise minimum standards through a structured, disclosure driven framework. We strongly encourage the SEC to approve the Proposed Rule and believe it will benefit investors and market-wide stakeholders.

Legal & General Investment Management America, Inc. ("LGIM America") is a US registered investment adviser with $224 billion in assets under management ("AUM").[i] We are the US-based affiliate of Legal & General Investment Management Limited ("LGIM"), a subsidiary of Legal & General Group, a multinational financial services company that is the 4th largest institutional global asset manager,[ii] with over $1.5 trillion in AUM.[iii] In the US, approximately 79% of our assets are from pension plan clients; globally that figure is approximately 82%. As prudent fiduciaries, we consider and engage with companies on a range of factors when making investment decisions on behalf of our clients. Among those are considerations of a company's diversity practices.[iv] We pursue this strategy because we believe that improving diversity is directly linked to value creation and organizational resilience. There is ample market research and data supporting this conclusion.

For example:

How diversity correlates better with financial performance

Likelihood of financial performance above national industry median, by diversity quartile (%)



Source: McKinsey Diversity Database.

Companies with more diverse leadership teams report higher innovation revenue

Companies with below-average diversity scores   Companies with above-average diversity scores

Source: BCG diversity and innovation survey, 2017 (n=1,681). Note: Average diversity score calculated using the Blau index, a statistical means of combining individual indices into an overall aggregate index.

Simply put, more diverse organizations make better strategic decisions, show superior growth and innovation, and exhibit lower risk – all significant measures for investors.[v] This is why we support efforts to increase diversity within the director and executive ranks at public companies.

We believe the Proposed Rule is reasonably designed to support these goals without being onerous on public companies. There are two components of the Proposed Rule – the adoption of and disclosure against a Board Diversity Matrix at an aggregate level and a minimum standard of diverse directors enforced through a comply or explain process. Taken together, we anticipate the Proposed Rule will increase the quality and breadth of information available on companies. It will likely also raise the diversity profile particularly among companies which currently have zero or limited diverse directors, as it can be anticipated that companies will not want to explain why they cannot appoint qualified diverse directors.

Let's look at each of these components individually.

Board diversity matrix

A well-defined exchange-wide framework on Board Diversity would improve transparency and comparability of disclosure across companies – benefiting companies themselves and investors. For companies, a matrix would provide standard definitions and a structure that facilitates intentional discussion with directors on the topic of diversity. We have engaged with companies that have diverse directors but there was such sensitivity around labels that the company did not know how to disclose to the market. In the absence of a board diversity matrix – two types of information have been created; individual companies create diversity data disclosure using their own definitions and a cottage industry of data providers who assess or estimate director diversity has emerged. Neither of these practices are good for companies or investors. There are at least four reasons:

- *Standards* – If companies use their own diversity definitions and data providers create unique standards, there is no comparability which leads to market confusion. It is possible that two different data providers will have different inputs which lead to inconsistency. This is an issue widely cited by ESG skeptics that data varies across providers, this can be solved with better input data.
- *Cost* – Specialty diversity data is expensive. Only the large investors can afford to pay for this information.
- *Incorrect Information* – Assessed data by data providers creates problems for companies because they lose control of the profile of directors of their companies as subjective assessments by data providers are made. If they disclosed through a standard matrix they would control the quality and accuracy of their data.
- *Empowerment* – In the Proposed Rule, directors have self-determination on how to report – including the option to not report.

Two diverse directors, or explain

The Proposed Rule establishes a bright line which we believe creates a reasonable minimum standard to appropriately escalate market awareness of listed companies with limited diversity. We have taken a similar public position that US companies should have at least one ethnically diverse director by 2022 or we will vote against the board.[vi] The comply or explain tactic of the Proposed Rule is a clear recognition that there is no one size-fits-all approach. Companies are well versed in articulating how they select directors – it is a natural extension to include diversity and completely relevant given the societal context in which companies are operating.

We believe a key role of stock exchanges is to establish platforms to relevant, high-quality and comparable information and we applaud Nasdaq's leadership in anticipating investor and broad stakeholder interest in diversity information. We anticipate variations of this ruling will be adopted by exchanges across the globe – it is good to see a US stock exchange setting the standard for others to follow.

For these reasons, we respectfully request the SEC to approve the Proposed Rule in its totality. Thank you for considering our views and should you wish to discuss this letter further, please do not hesitate to contact us.

Yours sincerely,

Aaron Meder
CEO LGIM America

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[i] As of September 30, 2020.
[ii] P&I Largest Money Managers as of December 31, 2019.
[iii] As of June 30, 2020.
[iv] See "Ethnic Diversity: Financially Material Social Imperative" by Legal & General Investment Management America, Inc., 2020, https://www.LGIM America.com/landg-assets/LGIM America/insights/esg/esg-ethnic-diversity.pdf (the "LGIM America Ethnic Diversity Whitepaper").
[v] See, for example, Credit Suisse Research Institute, "The CS Gender 3000 in 2019: The changing face of companies" (2019).
[vi] See LGIM America Ethnic Diversity Whitepaper.