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January 4, 2021

Ms. Vanessa Countryman, Secretary
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, D.C. 20549-1090

**Re: Proposed Rule Change to Adopt Listing Rules Related to Board
Diversity (File No. SR-NASDAQ-2020-081)**

Dear Ms. Countryman:

I am writing on behalf of MFS Investment Management ("MFS" or "We") in response to the invitation by the U.S. Securities and Exchange Commission (the "Commission") to provide comments on NASDAQ's proposal to adopt listing rules related to diversity on Boards of NASDAQ-listed companies (the "proposed rule").¹ We appreciate the opportunity to provide our thoughts on the proposed rule.

MFS traces its history back to 1924 and the creation of the country's first open-end mutual fund, Massachusetts Investors Trust. Today MFS is a global investment manager with approximately \$586.7 billion in assets under management as of November 30, 2020, through a variety of collective investment vehicles and separate accounts. Our clients appoint us to help them achieve their investment objective over the long term, which generally is to maximize the financial return of their portfolio within appropriate risk parameters. MFS' investment process relies on deep fundamental research, a long-term perspective and institutional risk controls.

We believe that a strong corporate governance structure is essential to the preservation and enhancement of long-term shareholder value and that a well-balanced and qualified board is a critical component of a strong governance structure and, therefore, MFS seeks to understand the composition of the boards of companies in which we invest. We believe that a well-balanced and qualified board is one that not only demonstrates effective independent oversight of management but also is comprised of individuals with varied skill sets and diverse perspectives. As noted by NASDAQ in the proposing release, there is compelling research finding a positive connection between diverse boards and the financial performance of a company. Likewise, there is substantial evidence of a positive

¹ NASDAQ, *Proposed Rule Change to Adopt Listing Rules Related to Board Diversity*, SEC Rel. No. 34-90574 (December 4, 2020), 85 FR 80472 (December 11, 2020), available at <https://www.govinfo.gov/content/pkg/FR-2020-12-11/pdf/2020-27091.pdf>

association between a diverse board and both the quality of a company's internal controls and the board's oversight of management.

For these reasons, we support the proposed rule's general requirement for listed companies to have, or to explain why they do not have, two diverse members of its board of directors, with at least one member of the board self-identifying as female and at least one member of the board self-identifying as either an "underrepresented minority" (i.e., an individual who self-identifies as Black or African American, Hispanic or Latinx, Native American or Alaska Native, Asian, Native Hawaiian or Pacific Islander, or two or more races or ethnicities) or LGBTQ+. We commend NASDAQ for using a "comply or explain" approach in developing the proposed rule as well as creating a different approach for foreign issuers and smaller reporting companies in light of the unique challenges and different circumstances that these companies may encounter in their director recruitment efforts.

We also strongly support the proposed rule's requirement that NASDAQ-listed companies disclose on an annual basis each director's self-identified characteristics. We note that in the proposed rule (i) disclosure by directors is voluntary; (ii) directors may choose to not disclose their gender or whether they are an underrepresented minority or LGBTQ+; (iii) directors may choose to self-identify their gender as non-binary; and (iv) that NASDAQ included an "underrepresented individual in home country jurisdiction" characteristic for foreign issuers. We commend NASDAQ for this thoughtful and reasonable approach to statistical disclosure. As noted above, we believe that a board with diverse perspectives is a key component to good corporate governance. Beginning in 2018, we began voting against the chair of the nominating and governance committee at any U.S. company whose board is not composed of 10% female directors and have since raised this threshold to 15%. Because gender is typically the most readily available and reportable data point, we have been limited to only using gender characteristics in our systematic voting decisions. Ultimately, we believe diversity of perspective, not solely diversity of gender, is the main objective when thinking about board diversity. As such, we regularly engage with companies in which we invest about this topic and encourage them to disclose characteristics about their board members. As noted in the release, many companies do not provide this data and for those companies that do, the disclosure is often inconsistent and noncomparable. We therefore welcome the transparency and consistency that the proposed rule provides investors. Such transparency will greatly aid in their engagement and proxy voting efforts on this topic.

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We appreciate the opportunity to provide comments on the Proposing Release. If you have any questions, please contact me at [REDACTED], Susan Pereira at [REDACTED] or Brad Wilson at [REDACTED].

Sincerely,


Heidi W. Hardin

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Heidi W
Date: 2021.01.04 15:01:40
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cc: The Honorable Elad L. Roisman, Acting Chairman
U.S. Securities and Exchange Commission

The Honorable Hester M. Peirce, Commissioner
U.S. Securities and Exchange Commission

The Honorable Allison Herren Lee, Commissioner
U.S. Securities and Exchange Commission

The Honorable Caroline A. Crenshaw, Commissioner
U.S. Securities and Exchange Commission