



January 4, 2021

Vanessa Countryman  
Secretary, Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 200549-0609

Re: Support for File No. SR-NASDAQ-2020-081, Related to Board Diversity

Dear Secretary Countryman:

Thank you for the opportunity to comment on NASDAQ's proposed rule change related to board diversity. The California Legislative Women's Caucus proudly supports NASDAQ's proposal to achieve greater gender, racial, and ethnic diversity in corporate leadership.

Since the recent social unrest has begun, corporations have publicly messaged their support for diversity and Black lives. However, this public support does not translate to diversity within a company's ranks, nor does it manifest in meaningful structural change. According to the USC Race and Equity Center, "Black employees in every industry tend to be concentrated in the lowest paying, least powerful positions. All of this strongly conveys to Black professionals that their lives do not matter at work — hence their doubtful reactions to company statements about George Floyd."

Just two years ago, 180 out of 650 public companies in California had zero women on their corporate boards. In 2016, nationally, women held only nineteen percent of board seats at S&P 500 companies. For women of color—the lack of representation is even more dramatic—five percent.

For perspective, eighty percent of the 1,033 available board seats on Fortune 500 companies were filled by white or Caucasian directors—60% of those directors were white men. And of the 1,222 new board members of Fortune 100 companies, 77% of new directors were white or Caucasian and half of those directors were white men.

Studies show that companies which have gender diversity tend to have higher profitability, productivity, performance, and workforce engagement. This creates a more stable work environment for its employees.

Boards that lack racial, ethnic, and gender diversity not only work to reinforce systemic racism in our country, but they also hinder potential financial growth for the company and limit responsiveness to market shifts. The Harvard Business Review states that a diverse board contributes to better decision making, improves company governance, and responds to market shifts more effectively.

Without a diverse board, it is increasingly difficult to attract diverse talent, which then reinforces unconscious bias at the managerial and staff level. Even when staff from

underrepresented communities are hired, the turnover rate is high due to feelings of isolation and the prevalence of micro aggression. Culture and gender shifts in the boardroom cultivate an environment that values different perspectives-- one more likely to hire and retain racial and gender minorities at all levels within the company.

This proposal is a continuation of the California Legislature's work to ensure diversity and hold companies accountable. The California Legislative Women's Caucus prioritized California State Senate Bill 826 (Jackson, 2019) which required that women be represented on all California-based corporate boards. Since the implementation of SB 826, California has seen a 66% increase of women directors on corporate boards.

The California Legislative Women's Caucus also supported California State Assembly Bill 979 (Holden, Garcia, 2019) that guarantees representation of underrepresented communities in the boardrooms of public companies—starting on January 1, 2021.

We were part of the monumental change towards diversity and equal representation, in a state whose economy outperforms that of most industrialized nations.

It is for these reasons the California Legislative Women's Caucus supports SR-NASDAQ-2020-08.

Sincerely,



Cristina Garcia, Chair  
Assemblywoman, 58th District



Nancy Skinner, Vice Chair  
State Senator, 9th District