



29 December 2020

via SEC Rulemaking Portal

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

RE: SR-2020-081

Dear Secretary Countryman:

This letter provides comments of T. Rowe Price Group, Inc. and its affiliates (collectively “T. Rowe Price”) in response to the Proposed Rule Change to Adopt Listing Rules Related to Board Diversity. We appreciate the opportunity to provide our perspective on the proposal, which for the reasons outlined below, we support.

We offer two perspectives in evaluating the proposal. Not only is T. Rowe Price Group, Inc. a Nasdaq-listed publicly traded company, but our business as a fiduciary asset management company is to evaluate companies and manage portfolios on behalf of our global client base.

Based on our experience as a corporate issuer, we strongly believe that a diverse board is better equipped to analyze problems and reach sound decisions than a board lacking diversity. With intentional design, over the years the composition of our board has come to better reflect the diversity of the stakeholders the company serves: our clients, employees, communities and investors. We believe this is a core strength of the T. Rowe Price Group, Inc. board.

As a Nasdaq-listed issuer, T. Rowe Price supports the proposal. We recognize that not all companies have achieved the level of board diversity that the proposal seeks to encourage. We understand there are multiple factors that have resulted in the slow pace of change across many segments of the market. The Nasdaq proposal accommodates different approaches by giving companies adequate time to phase in changes to their boards and applying a comply-or-explain framework to the entire exercise. We believe this is a reasonable and thoughtful approach, which encourages companies to increase board diversity without mandating a one-size-fits-all approach.¹

¹ For example, we believe the proposal’s “comply or explain” provision would provide flexibility for a company with a smaller-sized board to incorporate diverse board membership differently than one with a larger-sized board.



We also support the proposal from our perspective as a large, global asset manager. The composition of a company's board and management is an important element of our fundamental analysis, and we see diversity and representation as key investment considerations. For example, a lack of board diversity along gender or racial lines has been a component of the T. Rowe Price Proxy Voting Guidelines since 2017. We look for greater board diversity because we have found that insufficient board diversity increases the risk that a company will become less competitive over time, which will impact its performance. We support the Nasdaq proposal because it fosters greater board diversity, which we believe will lead to better decision-making at the companies in which we invest. In addition, we support the proposal because it would improve our ability, as an asset manager, to obtain and analyze board diversity data in a standardized format.

We note that we invest in regions around the world, including a number of markets where some element of board diversity is mandated, either through listing standards, hard quotas, or "soft law" such as governance codes. Our experience is that improvements in board diversity proceed slowly in markets where no mandates exist. Progress is notably faster in regions where the expectations are clear to all market participants.

In the U.S., institutional investors and proxy advisors who place a high importance on a diverse board composition have adopted their own policies and expectations. For example, it has become common for investors to oppose directors over a perceived lack of board diversity. However, because there is no unified standard or practice in the U.S. market, there is a confusing mix of differing and changing standards for issuers. An exchange-level standard for board diversity that recognizes flexibility in approach, like the Nasdaq proposal, would be an improvement.

For all these reasons, we believe the Nasdaq proposal strikes the right balance for the U.S. market. The proposal does not constitute a quota; it is an aspirational target with a manageable phase-in period within a comply-or-explain framework. Having observed the very slow pace of change in U.S. board diversity over many years, we believe such a target is necessary, appropriate and beneficial for investors and would have a real impact in fostering stronger, more diverse corporate boards.

In summary, T. Rowe Price supports the Nasdaq proposal from both sides of our business - as a listed company and as an investment adviser - and we strongly encourage the Securities and Exchange Commission to approve the proposal.

Sincerely,

A handwritten signature in blue ink that reads "William J. Stromberg".

William J. Stromberg
President & CEO

A handwritten signature in blue ink that reads "David Oestreicher".

David Oestreicher
General Counsel & Corporate Secretary