



April 28, 2021

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

**Re: Response of Northern Trust Asset Management to Request for Comment on The Nasdaq Stock Market LLC's Proposed Rule Change to Adopt Listing Rules Related to Board Diversity (File Nos. SR-NASDAQ-2020-081; SR-NASDAQ-2020-082)**

Ms. Countryman:

Northern Trust Asset Management ("NTAM") is pleased to submit these comments to the U.S. Securities and Exchange Commission (the "Commission" or the "SEC") in full support of the proposed rule change of The Nasdaq Stock Market LLC ("Nasdaq") to adopt listing rules related to board diversity ("Board Diversity Proposal").

NTAM is the branding name of the asset management business of Northern Trust Corporation ("Northern Trust"), a financial holding company and publicly traded company. Northern Trust is a leading provider of wealth management, asset servicing, asset management and banking to corporations, institutions, families and individuals. As of March 31, 2021, Northern Trust had assets under custody/administration of US\$14.8 trillion and assets under management of US\$1.4 trillion. Northern Trust Investments, Inc. ("NTI") is the primary U.S. investment adviser of NTAM. NTI is registered with the Commission as an investment adviser under the Investment Advisers Act of 1940.

Nasdaq has proposed that most Nasdaq-listed companies have, or explain why they do not have, at least two diverse directors, including one who self-identifies as female and one who self-identifies as either an underrepresented minority or LGBTQ+. In addition, Nasdaq would require companies to annually disclose board-level diversity data in a prescribed Board Diversity Matrix (or substantially similar format). The Board Diversity Proposal's requirements for diverse board representation and transparent disclosure align with similar advocacy already taken by NTAM, and we appreciate the opportunity to share the following perspectives that lend support to Nasdaq's goals and objectives.

**Board diversity creates long-term value for shareholders.**

NTAM, like Northern Trust as a whole, embraces diversity and recognizes the strength it brings to its organization, employees, clients, shareholders, and local communities. Without question, Nasdaq's Board Diversity Proposal strongly resonates with our core beliefs concerning diversity. Corporate leadership, starting with the board of directors and extending to executive management, must reflect the diversity of the broader population in order for society to achieve meaningful and lasting progress on diversity, equity and inclusion.

We believe that shareholder value is enhanced when a company's board of directors reflects a wide diversity of perspectives and backgrounds. Such board diversity should reflect the diversity of the workforce and society, ensuring that a variety of viewpoints are represented in company decision-making.



NTAM believes an effective board is one that is comprised of directors with a broad mix of skills and experience, as well as a diversity of backgrounds, including, but not limited to, experience, age, race, gender, and ethnicity.

The case for increased shareholder value through a diverse board is clear. For example, a 2019 McKinsey & Company study<sup>1</sup> found that companies in the top quartile for gender diversity on boards were 28 percent more likely to financially outperform their peers. Furthermore, for ethnic and cultural diversity on executive management teams, the study found that the top quartile companies outperformed the bottom quartile by 36 percent in profitability.

We have aligned our core beliefs on diversity with our actions. Northern Trust's Proxy Committee has utilized guidelines that it developed with the goal of advancing diversity on company boards. Effective in 2021, our Proxy Committee raised its minimum diversity requirement, increasing expectations on companies to further diversify their boards. Under this approach, we set an expectation that all company boards have at least 20% female directors and U.S. company boards to have at least one ethnic/racially diverse director. Our standards align with the spirit of Nasdaq's proposed requirements; as such, we are proud to support Nasdaq's call to action through its Board Diversity Proposal.

**Investment stewardship will be well served by annual disclosures.**

As one of the world's largest investment managers, we appreciate the responsibility we have as investment stewards. In voting portfolio securities on behalf of our clients, the availability of transparent and meaningful board diversity information is essential. We believe that the Board Diversity Proposal will significantly aid our stewardship efforts and those of other industry participants.

Last year, as part of our engagement with various companies in connection with proxy voting, we urged these companies to improve their workforce diversity transparency by disclosing quantitative metrics of diversity across their workforce, senior management and board of directors. We endorse Nasdaq's push toward annual data disclosures, as it mirrors our own efforts to obtain such information.

As we believe Nasdaq's Board Diversity Proposal will advance the interests of shareholders through improved long-term value creation, we provide our support and urge the Commission to approve the proposed rule change.

Sincerely,

A handwritten signature in black ink, appearing to read 'Shundrawn Thomas', written in a cursive style.

Shundrawn Thomas  
President, Northern Trust Asset Management

<sup>1</sup> McKinsey & Company, "Diversity Wins: How Inclusion Matters" (May 19, 2020). <https://www.mckinsey.com/featured-insights/diversity-and-inclusion/diversity-wins-how-inclusion-matters>