

Nasdaq to Advance Diversity through New Proposed Listing Requirements

Standardized disclosure framework to drive greater transparency on corporate governance

Introduces governance partnership to support board composition planning and execution

NEW YORK, December 1, 2020 — Nasdaq (Nasdaq: NDAQ) today filed a proposal with the U.S. Securities and Exchange Commission (SEC) to adopt new listing rules related to board diversity and disclosure. If approved by the SEC, the new listing rules would require all companies listed on Nasdaq's U.S. exchange to publicly disclose consistent, transparent diversity statistics regarding their board of directors. Additionally, the rules would require most Nasdaq-listed companies to 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 minority¹ or LGBTQ+. Foreign companies and smaller reporting companies would have additional flexibility in satisfying this requirement with two female directors.

The goal of [the proposal](#) is to provide stakeholders with a better understanding of the company's current board composition and enhance investor confidence that all listed companies are considering diversity in the context of selecting directors, either by including at least two diverse directors on their boards or by explaining their rationale for not meeting that objective. As part of rationale for the new requirements, Nasdaq's proposal presents an analysis of over two dozen studies that found an association between diverse boards and better financial performance and corporate governance.

Under the proposal, all Nasdaq-listed companies will be required to publicly disclose board-level diversity statistics through Nasdaq's proposed disclosure framework within one year of the SEC's approval of the listing rule. The timeframe to meet the minimum board composition expectations set forth in the proposal will be based on a [company's listing tier](#). Specifically, all companies will be expected to have one diverse director within two years of the SEC's approval of the listing rule. Companies listed on the **Nasdaq Global Select Market** and **Nasdaq Global Market** will be expected to have two diverse directors within four years of the SEC's approval of the listing rule. Companies listed on the **Nasdaq Capital Market** will be expected to have two diverse directors within five years of the SEC's approval. For companies that are not in a position to meet the board composition objectives within the required timeframes, they will not be subject to delisting if they provide a public explanation of their reasons for not meeting the objectives.

"Nasdaq's purpose is to champion inclusive growth and prosperity to power stronger economies," said **Adena Friedman, President and CEO, Nasdaq**. "Our goal with this proposal is to provide a transparent framework for Nasdaq-listed companies to present their board composition and diversity philosophy effectively to all stakeholders; we believe this listing rule is one step in a broader journey to achieve inclusive representation across corporate America."

Nasdaq will also introduce a partnership with [Equilar](#), the leading provider of corporate leadership data solutions, to aid Nasdaq-listed companies with board composition planning challenges. Through the [Equilar BoardEdge](#) platform, hosting nearly one million profiles and the [Equilar Diversity Network](#), and by leveraging existing services through the [Nasdaq Center for Board Excellence](#), the partnership will enable Nasdaq-listed companies that have not yet met the proposed diversity objectives to access a larger community of highly-qualified, diverse, board-ready candidates to amplify director search efforts.

“This proposal and partnership gives companies an opportunity to make progress toward increasing representation of women, underrepresented minorities and the LGBTQ+ community on their boards,” said **Nelson Griggs, President of Nasdaq Stock Exchange**. “Corporate diversity, at all levels, opens up a clear path to innovation and growth. We are inspired by the support from our issuers and the financial community with this effort and look forward to working together with companies of all sizes to create stronger and more inclusive boards.”

Through this proposal and other corporate initiatives, Nasdaq seeks to make a positive impact in the global community by leveraging the scale of its operations and client network. In September, Nasdaq announced the launch of its [Purpose Initiative](#), designed to champion inclusive growth and prosperity for all stakeholders. This effort will include the relaunched [Nasdaq Foundation](#) and initiatives through the company’s employee volunteerism and philanthropic programs and the [Nasdaq Entrepreneurial Center](#).

Stakeholder Endorsements:

“Successful companies must cultivate diversity to fuel innovation and to thrive in today’s era of ongoing environmental, social and economic change. The technology industry is committed to promoting inclusivity at all levels to ensure that our economy remains robust and innovative. We support Nasdaq’s proposal to advance diversity throughout corporate America.” – **Linda Moore, President & CEO, TechNet**

“By pushing its listed companies to address racial and gender equity in corporate boards, Nasdaq is heeding the call of the moment. Incremental change and window-dressing isn’t going to cut it anymore as consumers, stakeholders and the government increasingly hold corporate America’s feet to the fire. Nasdaq’s efforts to prod and push its listed companies is a welcomed and necessary first step. With increased representation of people of color, women and LGBTQ people on corporate boards, corporations will have to take actionable steps to ensure underrepresented communities have a seat at the table.” – **Anthony Romero, executive director, American Civil Liberties Union**

“Diversity of experience, gender, race, knowledge, and perspective means that a company is more capable of seeing the full picture, assessing risk and overcoming challenges with forward-looking, innovative solutions.” – **Michael Splinter, Chairman, Nasdaq**

“When we embrace diversity, we are better equipped to serve our clients, employees, partners, communities and shareholders.” – **Charlene Begley, Director, Nasdaq**

“Nasdaq’s diversity proposal marks a transformative moment in a larger movement toward greater representation of women and people of color in the boardroom and beyond.” – **Alfred Zollar, Director, Nasdaq**

¹ - An “underrepresented minority” is an individual who self-identifies in one or more of the following groups: Black or African American, Hispanic or Latinx, Asian, Native American or Alaska Native, Native Hawaiian or Pacific Islander or Two or More Races or Ethnicities.

About Nasdaq:

Nasdaq (Nasdaq: NDAQ) is a global technology company serving the capital markets and other industries. Our diverse offering of data, analytics, software and services enables clients to

optimize and execute their business vision with confidence. To learn more about the company, technology solutions and career opportunities, visit us on [LinkedIn](#), on Twitter [@Nasdaq](#), or at www.nasdaq.com.

Nasdaq Media Contacts:

Will Briganti
(646) 964-8169
william.briganti@nasdaq.com

Bianca Fata
(646) 895-5851
bianca.fata@nasdaq.com

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