

Diversity and Disclosure in the Boardroom: SEC Approves Nasdaq Board Diversity Rules

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On August 6, 2021, the U.S. Securities and Exchange Commission (“SEC”) approved rule changes proposed by The Nasdaq Stock Market LLC (“Nasdaq”) requiring companies listed on its exchange to comply with certain disclosure requirements in order to enhance Board diversity and transparency.

In essence, the “comply or disclose” nature of the rules (“*Board Diversity Rules*”) requires each Nasdaq-listed company to (i) have at least two Diverse directors (as further described below) or explain why it does not, and (ii) disclose information on the voluntary self-identified gender and racial characteristics and LGBTQ+ status of its Board, each of which is subject to certain exceptions. In addition, as described in more detail below, there are specified transition periods for compliance, based on the company’s Nasdaq listing tier.

The Board Diversity Rules are intended to implement disclosure requirements around Board composition and to create a comprehensible and comparable matrix among Nasdaq-listed companies. The following provides an overview of the Board Diversity Rules and the framework for compliance.

Read the full alert [here](#).