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Subject: Comment Letter regarding SR-NASDAQ-2020-081

The Association of Asian American Investment Managers (AAAIM) is pleased to support Nasdaq's proposal to establish diversity requirements in the corporate boardrooms of its listed companies. AAAIM applauds this significant step by Nasdaq to diversify the governance structure of Corporate America and to ensure that all listed firms benefit from unique perspectives, improved decision making and enhanced protection of shareholder interest as well as to build a more just and inclusive society.

Founded in 2006, AAAIM is a national non-profit organization dedicated to promoting diversity and inclusion of Asian Americans & Pacific Islanders (AAPIs) in the field of investment management. Challenged with a lack of diverse executive leadership in our business at that time, AAAIM was originally established to provide a forum for diverse professionals in the investment field to meet, network and create business opportunities. We have seen firsthand the power of diversity in the work we do at AAAIM and the enormous benefit inclusive policies create for the investment industry at large. We firmly believe that diversity and inclusion efforts lead to better business outcomes and this has been supported by numerous studies.

Since year 2000, AAPI population in the US has grown faster than any major racial or ethnic group and has also seen the fastest growth in its purchasing power, which is projected to be \$1.3 trillion by 2022¹. While representing about 6 percent of US population today, the community represents nearly 12 percent of the professional workforce². These attributes, combined with high educational attainment and household income that is above the national average, have led many to mistakenly assume that AAPIs must be doing well in all aspects of our society and economy, including in the boardrooms and executive suites of Corporate America. Based on the 2020 KPMG and Ascend report "Asian representation on Fortune 1000 board," approximately 72 percent of Fortune 1000 companies did not have a single person of AAPI decent on their board.

Despite some recent progress in its listed companies, Nasdaq finds that women hold only 19 percent of Russell 3000 board seats and estimates that it could take 34 years to achieve gender parity with existing recruitment practices. Another study by Deloitte also observed that in 2018, 83.9% of board seats among Fortune 500 companies were held by Caucasian/White individuals, 8.6% by African American/Black individuals, 3.8% by Hispanic/ Latino(a) individuals and 3.7% by Asian/Pacific Islander individuals. Nasdaq's proposal understands that its more than disclosure and transparency that will reshape the board composition but an active and thoughtful stance on requiring a diversified board that will transform the makeup of publicly traded companies to be more reflective of our broader society.

The benefits to stakeholders of increased diversity are becoming more apparent and more necessary in today's business and social justice environment. Our assessment is that the Nasdaq proposal is well researched and provides reasonable steps towards a meaningful progress in improving board diversity related to race, ethnicity, sexual orientation and gender identity.

As an organization dedicated to diversity and inclusion, AAAIM supports Nasdaq's new proposed rules for the following reasons:

- ◇ Nasdaq's diversity proposal is in both the public's and corporate interest, and will enhance corporate governance, board decision-making, investor protection and confidence.
- ◇ Nasdaq's approach is flexible and recognizes that there is no one-size-fits-all approach to board diversity. We believe that Nasdaq is not being overly punitive and is giving companies sufficient time to transition, including allowing for an explanation if the company is not able to identify a minimum of two diverse directors in the stated timeframe.
- ◇ Nasdaq's proposal is providing companies with the opportunity to increase board diversity through a disclosure-based, business-driven approach rather than a specific quota. We believe Nasdaq's requirements are reasonable and provides sufficient flexibilities for international and smaller companies.
- ◇ AAAIM applauds Nasdaq for implementing a phase-in period for companies to adhere to the new listing standards based on how some European nations have successfully implemented similar requirements.
- ◇ Nasdaq's proposed definition of diversity will improve transparency and comparability of disclosures across companies. A common definition is critical to moving beyond the status quo of inconsistent, non-comparable data.

¹ The Nielsen Company, Asian Americans Digital Lives and Growing Influence, 2018.

² Buck Gee and Denise Peck, "Asian Americans Are the Least Likely Group in the U.S. to Be Promoted to Management," Harvard Business Review, 2018).

AAAIM has long advocated for diversity and inclusion at all levels within our business community. Nasdaq's proposal will strengthen corporate culture and governance and will lead to more diverse candidates being considered for corporate boards.

On behalf of our network, we appreciate the opportunity to provide feedback and support on this critical and groundbreaking diversity proposal by Nasdaq.

Thank you for consideration.



Brenda Chia
Co-Chair



Sanjiv Shah
Co-Chair