



Alert

SEC approves NASDAQ rule changes on board diversity

The SEC approved, Friday, August 6, 2021, a NASDAQ rule change that aims to bring more diversity to boards and management of listed companies. The changes would require listed companies to have at least two board members from diverse backgrounds (a diverse background is measured by ethnicity, gender, and sexual preference); and release diversity statistics. In the alternative, the Company would be required to disclose why it does not meet the rules. While the noncompliance disclosure appears to be an easy out, companies would be liable for any material misstatements in such disclosures. This rule is a major D&I initiative and doubtlessly will add momentum to the political campaign for greater D&I focus in the federal regulation of community banks. Recent AMB alerts highlighted the NY Banking Superintendent's D&I survey of NY banks and California's general corporation code D&I requirements.

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