



Board Diversity Matrix

The deadline is fast approaching for Nasdaq listed companies to ensure compliance with Nasdaq Rule 5606, requiring applicable companies to disclose: (1) the total number of directors serving on the company’s board of directors; and (2) each director’s gender and particular demographics. These disclosures are to be formatted into a standardized “Board Diversity Matrix” or similar format (based on samples provided by Nasdaq). The Board Diversity Matrix details how each company’s directors self-identify based on gender, race, ethnicity, and/or LGBTQ+ status.

Nasdaq does not require that the names of the directors be incorporated into or otherwise associated with the Board Diversity Matrix. Additionally, there is no requirement that a company aggregate each of its director’s individual disclosures. Directors maintain the discretion to withhold or disclose this information.

Below is a sample Board Diversity Matrix that is substantially similar to one of the acceptable examples provided by Nasdaq:

Board Diversity Matrix (as of June 8, 2022)				
Total Number of Directors	10			
Gender Identity:	Male	Female	Non-Binary	Gender Undisclosed
Directors	7	3	0	0
Number of Directors who Identify in any of the Categories Below:				
African American or Black	2	1	-	-
Alaskan Native or Native American	-	-	-	-
Asian	1	-	-	-
Hispanic or Latinx	1	-	-	-
Native Hawaiian or Pacific Islander	-	-	-	-
White	3	2	-	-
Two or More Races or Ethnicities	-	-	-	-
LGBTQ+	-			
Did Not Disclose Demographic Background	-			

Nasdaq has made it clear that companies should not incorporate additional categories or remove categories as to deviate from those set forth above. Companies that wish to supplement or expand upon certain factors or characteristics (i.e. veteran status, disabilities, or unlisted demographic categories) may do so by including this information under the Board Diversity Matrix or in a separate table.

A Nasdaq listed company must comply with Rule 5606 by the later of: (i) August 8, 2022; or (ii) the date the company files its 2022 proxy statement or its information statement for its annual meeting of shareholders (or its Form 10-K if the company does not file a proxy or information statement).

Failure to comply with this new requirement and subsequent failure to regain compliance may result in a company receiving a Staff Delisting Determination from the U.S. Securities and Exchange Commission.

To discuss this further or for any related topics, please feel free to reach out to:
Dominick P. Ragno, Esq.
516.663.6614
dragno@rmfpc.com