



OFFICE OF
THE CHAIRMAN

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

July 21, 2017

The Honorable Gregory W. Meeks
United States House of Representatives
2234 Rayburn House Office Building
Washington, DC 20515

Dear Representative Meeks:

Thank you for your May 24, 2017 letter regarding public company board diversity disclosures. As you note, the Commission's rules under Item 407 of Regulation S-K require disclosure about whether diversity is considered in identifying board nominees and, if so, how. If a company has a policy for considering diversity, it must provide a description of how the policy is implemented and how the company assesses the effectiveness of the policy.

When the Commission adopted these disclosure requirements in 2009, it recognized that companies may define diversity in various ways. The Commission also noted that for purposes of the disclosure requirement, companies should be allowed to define diversity in ways that they consider appropriate. While I believe that it is important for the rule to maintain this flexibility, if a company considers diversity in identifying board nominees, it should provide clear disclosure about how it does so. For example, these companies should be transparent to investors about the qualities or attributes they consider, which may include, but are not limited to, race, gender, and ethnicity.

As you also note, in 2016, Chair Mary Jo White directed the staff to review the Commission's board diversity disclosure rule and the extent and quality of disclosures that companies have provided. In light of the importance of this issue and the feedback we have received, the Division of Corporation Finance will review the prior staff's work in this area and continue to monitor compliance with Item 407 of Regulation S-K.

Thank you for taking the time to share your concerns. We will include your letter in the public comment file for the rulemaking petition. Please do not hesitate to contact me at (202) 551-2100 or have a member of your staff contact Bryan Wood, Director of the Office of Legislative and Intergovernmental Affairs, at (202) 551-2010 if we can be of further assistance.

Sincerely,

A handwritten signature in blue ink, appearing to read "Jay Clayton", with a long horizontal flourish extending to the right.

Jay Clayton
Chairman