

California Law Requiring Female Directors on Public Company Boards Held Unconstitutional



A California court has [held](#) that California [Senate Bill 826](#), which required that “publicly held” corporations that listed a California address for their principal executive offices on the cover page of their Form 10-K reports must have specified numbers of female directors by certain dates, violates the California constitution and has enjoined the use of California taxpayer funds to carry out the 2018 law. This ruling follows the [decision](#) of another California court in April 2022 holding that California [Assembly Bill 979](#) violated the California constitution and the issuance of a similar injunction preventing California from using taxpayer funds to implement that law. Assembly Bill 979 was enacted in 2020 to add a requirement that publicly held corporations that were already subject to Senate Bill 826 also have specified numbers of directors from “underrepresented minorities,” as defined in the law, by certain dates. If the state does not appeal these decisions and California appellate courts do not overturn these decisions, it appears that both of these legislative initiatives to promote more diverse representation on public company boards will have come to an end.

Read the [client alert](#).