

December 24, 2013

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Docket ID OCC-2013-0014
[SENT VIA EMAIL]

**Grove Street Investment, LLC Public Comment on the Offices of Minority and Women Inclusion's
Proposed Interagency Policy Statement**

Dear Ms. Cofield, Ms. Clark, Ms. Brooks, Ms. James, Mr. Ishimaru, and Ms. Gibbs,

Thank you for the opportunity to respond to the Request for Comments on the "Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies."

Grove Street is an independent, privately-held management and financial consulting firm founded in 2004 by Ms. Swati Sharma, who retains 100% ownership. Grove Street is a certified SBA 8(a), which was awarded March 2013, and certified through 2022. Grove Street is also certified as a SBA 8(m) Economically Disadvantaged Woman-Owned Small Business (EDWOSB), and is certified as an M/WBE New York State and New York City. Grove Street team members have an average of 18 years of experience in the financial services arena, with corporate experience at Wall Street investment banks, private equity funds and rating agencies. Our team members have experienced firsthand the lack of

diversity at many regulated entities, and have witnessed the missed opportunities that this lack of diversity creates.

Grove Street Investment, LLC applauds the interagency efforts to implement standards and promote transparency to increase diversity in the financial services sector. The interagency OMWI group have the potential to achieve this goal, but the proposed standards do not provide sufficient detail, uniformity, or accountability mechanisms to ensure this vision is realized. While the proposal contains some overarching diversity goals, it lacks specific requirements for implementation. There is a great opportunity to increase diversity in the financial sector, and with effective regulation, diversity will advance from a suggestion to a requirement. Specifically, Grove Street notes the following areas to address to assist in realizing this goal:

First, the Proposed Standards states that regulated entities will perform a “self-assessment.” Instead of relying on regulated entities, the Agencies should devote staff and develop specific methodologies to conduct assessments of regulated entities. Having the Agencies or a third party conduct assessments would mitigate some of the inevitable biases of regulated entities and thus provide stakeholders with more accurate evaluations. **The burden cannot be placed on regulated entities, it must be a mandatory requirement.**

Second, the proposed interagency standards would allow regulated entities to “[voluntarily disclose their self-assessments] to the appropriate agency and other information the entity deems relevant”. For most companies, diversity will remain a nice idea, until it is a requirement through regulation. Nothing in Section 342 of the Dodd Frank Wall Street Reform and Consumer Protection Act suggests that regulated entities should have the discretion of whether to disclose their assessments to their regulator. This encourages the financial sector to treat the OMWI, and thus their oversight, as optional and unimportant. **It is imperative that regulated entities be required disclose their assessments to the OMWIs.** Moreover, this information must be made publically accessible to create the desired transparency stated in the proposed joint standards.

Third, the proposed interagency standards do not currently specify procedures on the data collection process or what actions will be taken after the assessments are collected. We strongly recommend that the OMWIs set regular deadlines for data submission and for publically availability of the submitted data. Further, the OMWIs should provide a definition for “monitoring” these assessments. We recommend that the interagency group conduct a regular analysis of the data, and that the scope of this analysis be outlined in the final interagency standards. **We recommend establishing regular deadlines for submitting assessments, making assessments publically available, and that OMWI analysis of collected data have uniform standards.**

Lastly, the Proposed Standards do not address what actions the Agencies may take if an entity’s diversity and inclusion policies and practices are found to be unsatisfactory. Section 342 (b)(4) limits the enforcement capabilities of the OMWIs in their assessment of regulated entities, but it does not prohibit the OMWIs from creating more stringent assessment standards than currently presented. **The Policy needs to incorporate measures to ensure that diversity policies are enforced, and include consequences to regulated entities if they are not.**

In conclusion, we would like to underscore the importance of Section 342(c)(1), which reads “The Director of each Office shall develop and implement standards and procedures to ensure, to the **maximum** extent possible, the fair inclusion and utilization of minorities, women, and minority-owned

and women-owned businesses in all business and activities of the agency at all activities...". The proposed interagency standards are currently setting minimum standards for industry that provide little incentive for entities to adhere to the Policy, and no ramifications if they do not comply.

As a certified SBA 8(a) we urge the interagency OMWIs to bolster their standards, and strengthen the requirements of the Proposed Interagency Policy.

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