

Submitted Online

Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies and Request for Comment

Department of the Treasury
Office of the Comptroller of the Currency
Docket ID OCC--2013--0014

Board of Governors of the Federal Reserve System
Docket No. OP--1465

Federal Deposit Insurance Corporation

National Credit Union Association

Bureau of Consumer Financial Protection
Docket No. CFPB--2013--0029

Securities and Exchange Commission
Release No.34--70731; File No.S7--08--13

February 6, 2014

Ms. Elizabeth M. Murphy
Secretary
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Subject: Comments on Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies - Release No. 34-70731; File No. S7-08-13

Ms. Murphy:

The Center for Diversity in Finance and Industry, LLC (“CDFI”) files this comment in response to the Securities and Exchange Commission’s (“SEC”) request for comments regarding the Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agency (the Statement), pursuant to Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (“Dodd-Frank”). Among other things, this legislation requires that each covered governmental agency establish an Office of Minority and

Women Inclusion (“OMWI”) to monitor and develop standards for assessing the diversity policies and practices of the various agencies. The applicable standards were proposed by the Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Securities and Exchange Commission, National Credit Union Administration and the Consumer Financial Protection Bureau. We submit this comment in support of the legislation and its creation of offices whose sole purpose is to develop, monitor, evaluate and enforce diversity.

Background on CDFI

CDFI is a consulting firm which offers guidance on how to recruit, educate, retain and enhance the communications with a diverse staff while satisfying the guidelines set forth in Section 342 of Dodd-Frank. CDFI specializes in providing comprehensive assistance to employers regarding all issues of employment law, and has published a respectable and practical series of Diversity Policy Guides for banks, brokerages, lenders, investment banks and other financial firms, including contractors, which focus on the mandates set forth in Section 342 of Dodd-Frank.

Comments

CDFI welcomes the opportunity to offer comment regarding the further development, implementation and enforcement of Section 342 of Dodd-Frank. We believe that the efforts of all the various OMWI’s will be greatly served by hearing from a wide range of interested citizens regarding this very important subject. It is our position that the far-reaching goal of Section 342 (diversification of the financial industry) is long overdue, and is potentially attainable through this legislation with the effective utilization of the OMWI’s. We whole-heartedly endorse putting some “teeth” into this law, and providing the OMWI’s with enforcement power without further delay. We recognize that diversity in the financial sector – both public and private – is a new concept as compared to other industries. Accordingly, the effort to implement diversity is likely to meet with industry resistance or worse, bureaucratic lethargy in activating the legislation. We do believe that implementation of Section 342 has been inexplicably slow and the installation and creation of the roles of the OMWI’s needlessly delayed.

The proposed Joint Agency standards at long last have been published; however they do not come close to offering sweeping solutions consistent with the lofty goals of Dodd-Frank. CDFI does, however, commend the proposals and the indicated approach toward self-assessment as an important and long overdue first step. Notwithstanding this positive first step, CDFI believes that without stronger enforcement mechanisms in place to ensure that the dictates of Section 342 become a priority among the regulated entities and agencies, the “assessment” process will be nothing more than a “talking point”. Until there are definitive enforcement steps established which include the top echelon of management, companies and contractors alike will be less likely to take their own initiative to put their own standards in place for assessing the progress of diversity policies as proposed in the Joint Statement. CDFI believes that in order for these proposals to be truly meaningful, the OMWI representative of each regulated entity must take a proactive role in working with top management to create programs to meet the standards enumerated in the legislation. As the Joint Statement indicates: “diversity and inclusion policy must be approved and supported by senior leadership, including senior management and the board of directors.” OMWI leadership *must* include working in earnest with the board of directors and senior management of each regulated entity. This level of involvement on the part of the OMWI will set an example for the entire agency, including the public image of the company. Most important, OMWI’s will be in a

position to educate their respective entity about the benefits of implementing diversity as well as the mandates of Dodd-Frank. Ultimately, the OMWI's will have the capability to effect some change and raise the consciousness level among these entities.

The OMWIs must now be leaders in making sure the regulated companies and contractors create their own assessment plans without further delay. Self-assessment is a laudable goal, but not a practical outcome given the long history of neglect and the turning of a blind eye toward the concept of diversity by the financial industry. Self-assessment coupled with guidance from OMWI's on the merits of diversity will certainly be helpful.

Each agency's OMWI must embark on an educational marketing campaign to assist regulated entities in understanding the benefits to be derived from establishing effective diversity standards and means by which diversity efforts can be measured. A most crucial role for the OMWI's is to aggressively monitor and render guidance to an agency's self-assessment efforts while promoting the value of true diversity.

Our experience has taught us that it is not enough to sit back and trust and hope that a regulated entity will do the right thing and adhere to Section 342 to the full extent and spirit of the law. Moreover, it is irresponsible to further wait and hope that meaningful enforcement provisions will be adopted by Congress and written into the legislation. The OMWI's must take what Section 342 offers, recognizing its limitations, and work within its parameters to maximize the possibilities of this law. CDFI believes there is unlimited potential in what the OMWI's can accomplish.

It is time to make certain that the guidelines are met and that diversity is not just a hope and prayer, but a real possibility that can be achieved through the leadership of the OMWI teams throughout the industry.

CDFI believes that this important role must now be front and center for each OMWI.

Respectively submitted,



Susan Rubenstein

General Counsel and Co-Founder



Tim Taylor

Managing Member

The Center for Diversity in Finance & Industry LLC
1 California Street, Suite 1900
San Francisco, CA 94111
415.595.3471

Tim.Taylor@DiversityinFinance.com
www.DiversityinFinance.com