

**MEMO# 27771**

December 13, 2013

# **Draft Letter on Proposed Standards for Assessing Financial Institutions Policies and Practices for Diversity and Inclusion**

[27771]

December 13, 2013

TO: SEC RULES COMMITTEE No. 48-13

SMALL FUNDS COMMITTEE No. 23-13

CLOSED-END INVESTMENT COMPANY COMMITTEE No. 32-13 RE: DRAFT LETTER ON PROPOSED STANDARDS FOR ASSESSING FINANCIAL INSTITUTIONS' POLICIES AND PRACTICES FOR DIVERSITY AND INCLUSION

As you know, six federal financial regulatory agencies, including the Securities and Exchange Commission (collectively, the "Agencies"), [\[1\]](#) have proposed joint standards for assessing the diversity policies and practices of the financial institutions they regulate (the "Consultation"). [\[2\]](#)

A draft letter in response is attached. The draft letter strongly supports the proposed statement and the assessment standards that it sets forth, noting that the standards will provide investment companies and investment advisers, along with other financial services firms, with valuable guidance in assessing their diversity and inclusion practices.

In particular, the draft letter commends the Agencies for proposing a voluntary approach to assessments. The letter notes that this voluntary approach is consistent with the enabling statute (section 342(b)(4) of the Dodd-Frank Act) and essential to avoid placing the Agencies in the position of policing compliance with employment matters outside their regulatory expertise. It also argues against a mandatory approach, particularly with respect to public disclosure of the results of any assessment.

The draft letter makes one substantive recommendation with respect to the proposed assessment standards. It recommends that the Agencies delete the proposed standard under "Workforce Profile and Employment Practices" that states "the entity holds management accountable for diversity and inclusion efforts" because it is unclear and unnecessary.

Comments on the Consultation are due on December 24, 2013. Accordingly, please provide any comments on the draft letter to me at [rcg@ici.org](mailto:rcg@ici.org) or 202/371-5430 by

Thursday, December 19.

Robert C. Grohowski  
Senior Counsel  
Securities Regulation - Investment Companies

[Attachment](#)

**endnotes**

[1] The Agencies include the Office of the Comptroller of the Currency (“OCC”); Board of Governors of the Federal Reserve System (“Board”); Federal Deposit Insurance Corporation (“FDIC”); National Credit Union Administration (“NCUA”); Bureau of Consumer Financial Protection (“CFPB”); and Securities and Exchange Commission (“SEC”).

[2] See ICI [Memorandum](#) No. 27705, dated Nov. 19, 2013. See also Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies and Request for Comment, SEC Release No. 34-70731 (October 23, 2013), available at <http://www.sec.gov/rules/policy/2013/34-70731.pdf>.

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