



Financial Regulatory Agencies Issue Proposed Joint Diversity Policy, as Required under Dodd-Frank

11.14.2013

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On Friday, October 25, 2013, the Bureau of Consumer Financial Protection, the Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System, the Federal Deposit Insurance Corporation, the National Credit Union Administration and the Securities and Exchange Commission (collectively, the "Agencies") issued a proposed interagency policy statement to implement the requirements of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (the "Act") described below, together with a request for public comment. Comments must be received by December 24, 2013.

Section 342 of the Act required the establishment of an Office of Minority and Women Inclusion (each, an "Office") in each of the Agencies. The Director of each Office is required to develop standards for "assessing the diversity policies and practices of entities regulated by the agency." Consistent with the requirements of the Act, the goal of these standards is to promote transparency and awareness of a regulated entity's diversity policies and practices, and not to impose or mandate any requirement on an entity, or to require a particular action based upon the findings of any assessment of the entity's policies or practices. Accordingly, the Agencies will not use the examination or supervision process in connection with these proposed standards.

This proposed joint policy statement sets forth several factors that may be considered in an assessment of an entity's diversity policy and practices:

1. The commitment of the regulated entity to diversity and inclusion. This factor looks to the ways the leadership of the entity (e.g., board of directors, senior management) promotes these goals by, among other things, requiring written policies and reporting requirements, creating an executive level position, such as Chief Diversity Officer, to oversee compliance with such policies and requirements, and by taking proactive steps to ensure a diverse workforce.

2. Use by the regulated entity of various methods to analyze its workforce profile and employment practices. Such methods may include (depending on the size of the entity) the annual EEO-1 Report, annual Affirmative Action Plans under Executive Order 11246, and participation in conferences, workshops and other "outreach" events. The policy suggests that, even if the entity is too small to be required to submit EEO-1 Reports and Affirmative Action Plans, it should consider using these as a model for data analysis to evaluate its programs.
3. The degree to which the regulated entity uses suppliers, vendors and other contractors (and the degree to which they require these businesses to use subcontractors) that are minority-owned or women-owned, or are affinity groups representing these constituencies.
4. The extent to which the regulated entity promotes and publishes its commitment and practices with regard to diversity and inclusion.

All of the above factors must take into account the individual regulated entity's size and other characteristics.

Covered businesses and other interested persons may comment, and should do so if they think that these policies, or the specifics of the implementation of these policies as published in the notice, will have an adverse effect on their businesses. According to the notice of proposed policy statement, there are various methods for the submission of comments to each of the Agencies. Comments should be addressed to the applicable Agency or Agencies, without duplication. Those commenting should review pages 64052 and 64053 of the *Federal Register* dated October 25, 2013 (Volume 78, Number 207) for instructions.

Related People

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