

August 10, 2015

Via E-Mail to PRA_Mailbox@sec.gov

Pamela Dyson

Chief Information Officer

Securities and Exchange Commission

100 F Street NE

Washington, DC 20549

Dear Ms. Dyson,

The Securities Industry and Financial Markets Association (“**SIFMA**”)¹ appreciates the opportunity to respond to SEC Release No. 34-75050; File No. S7-10-15 (the “**Request**”). The Request seeks comment on the information collection processes of the Final Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies (the “**Final Standards**”). Such information collection is intended to satisfy the Agencies’² duty under Section 342 of the Dodd-Frank Act to, “develop standards for assessing the diversity policies and practices of entities regulated by the agency.”³ We appreciate the opportunity to continue our dialogue with the Agencies on this important matter.

SIFMA and its members remain committed to fostering diversity in the financial services industry and have been actively involved in suggesting the most fruitful ways for our member firms to work with the Agencies to serve the spirit and purpose of the Act. SIFMA has a standing diversity and inclusion committee, consisting of approximately thirty member firms, that actively engages on diversity-related issues affecting our industry. SIFMA also maintains a space on its website dedicated to diversity resources, including information on our diversity conferences, awards and practice guides. We at SIFMA firmly believe that a workforce that is diverse in both demographics and ideas can be more effective and productive by generating more varied perspectives, experiences, backgrounds and talents for both the financial services industry and its clients.

¹ SIFMA brings together the shared interests of hundreds of securities firms, banks and asset managers. SIFMA’s mission is to support a strong financial industry, investor opportunity, capital formation, job creation and economic growth, while building trust and confidence in the financial markets. SIFMA, with offices in New York and Washington, D.C., is the U.S. regional member of the Global Financial Markets Association. For more information, visit www.sifma.org.

² The agencies include the Securities and Exchange Commission (“SEC”), Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, National Credit Union Administration, and Bureau of Consumer Financial Protection (collectively, the “**Agencies**”).

³ Dodd-Frank Act § 342(b)(2)(c).

Furthermore, SIFMA appreciates the time and thoughtfulness the Agencies put into considering stakeholder comments when developing the Final Standards. Specifically, SIFMA appreciates that the Final Standards acknowledge that § 342(b)(2)(c) of the Act does not empower the Agencies to conduct assessments themselves or compel a regulated entity to either conduct, or produce a self-assessment to the Agencies.⁴ We also appreciate clarification that entities may submit assessment data to their primary federal financial regulator.⁵

Information Collection Process

As noted in the release, the Agencies invite comment on the information collection process. The Agencies specifically ask for comment on: (a) Whether the collections of information are necessary for the proper performance of the Agencies' functions, including whether the information will have practical utility; (b) The accuracy of the Agencies' estimate of the information collection burden, including the validity of the methods and the assumptions used; (c) Ways to enhance the quality, utility, and clarity of the information proposed to be collected; (d) Ways to minimize the information collection burden on respondents, including through the use of automated collection techniques or other forms of information technology; and (e) Estimates of capital or start-up costs and costs of operation, maintenance, and purchase of services to provide information. We will address each aspect individually.

1. Whether the collections of information are necessary for the proper performance of the Agencies' functions, including whether the information will have practical utility;

SIFMA members support providing appropriate information to the Agencies and believe the self-assessments have the potential to have practical utility. However, without knowing precisely what information the Agencies will request, it is premature to gauge how useful such information will be in achieving the Agencies' goals.

One way to encourage entities to submit practical self-assessment information would be to clarify any confidential status of submitted information. Entities may not publicize every piece of diversity related information for a host of reasons. Some SIFMA members have expressed concern that such data may be inappropriate for public access because it may reveal sensitive information about actual employment practices and compensation. To keep an open dialogue between industry and Office of Minority and Women Inclusion ("OMWI") offices, SIFMA sees the need for submission data to remain confidential. Members are concerned that data submitted to a primary regulator could then be sent without context to other regulators or to the legislative branch in a way that may lead to confusion and disclosure of competitive information. A clear confidentiality policy would also encourage entities to feel comfortable submitting more than less voluntary self-assessment data.⁶ One way to clarify the confidentiality of any information

⁴ See Fed. Reg. 33016, 33017 (June 10, 2015) "...it is clear that Agencies need to provide additional guidance about the intended legal effect of the Final Policy Statement. To this end, the Agencies have added the following language: "This document is a general statement of policy under the Administrative Procedure Act, 5 U.S.C. 553. It does not create new legal obligations. Use of the Standards by a regulated entity is voluntary."

⁵ *Id.* at 33020.

⁶ The Final Standards note that "...the Agencies may publish information disclosed to them provided they do not identify a particular entity or individual or disclose confidential business information in an effort to balance

submitted would be via an FAQ on the OMWI office website. The EEOC clarifies confidentiality of EEO-1 reports on its website in this manner.⁷ SIFMA requests that the Agencies clarify that submissions will remain confidential unless expressly waived by a submitting entity.⁸

2. The accuracy of the Agencies' estimate of the information collection burden, including the validity of the methods and the assumptions used;

The Agencies estimate “that it would take approximately 12 burden hours on average to annually publish information pertaining to diversity policies and practices on the entity’s Web site or in other appropriate communications, and retrieve and submit information pertaining to the entity’s self-assessment of its diversity policies and practices to the primary federal financial regulator,”⁹ represents a gross underestimation of the time it will take SIFMA member firms to collect, categorize and submit data to a primary federal financial regulator. Retrieving data on diversity is a time consuming and labor intensive task for SIFMA member firms that have hundreds of thousands of employees and offices throughout the country and the world. SIFMA members firms may not have such information on hand and in a format ready to submit to regulators. Also, as discussed below, SIFMA members favor accompanying any data submission with detailed narrative explanatory language, which would take substantial time to create. Furthermore, before any SIFMA member discloses internal information of this type, such data would undergo a time consuming vetting process by legal counsel and other experts to ensure accuracy and clarity.

3. Ways to enhance the quality, utility, and clarity of the information proposed to be collected;

The best way to enhance the information proposed to be collected would be to send questions that comport with the way SIFMA member firms operate. SIFMA and its members would be happy to meet with OMWI Directors to comment on any draft information collection documents. Such discussions would allow us to provide our perspective and clarify any potential confusion before the information collection process begins.

SIFMA member firms believe that submitting qualitative information to add context to any quantitative submissions would greatly enhance the quality, utility and clarity of information to be collected. Explaining the context of any data submissions with narrative language is essential

concerns about confidentiality of information with the importance of sharing information.” See 80 Fed. Reg. at 33021. SIFMA members request additional clarification regarding what Agencies reserve the discretion to publish.

⁷ See <http://www.eeoc.gov/employers/eeo1survey/faq.cfm>.

⁸ SIFMA members appreciate that the Agencies have recognized confidentiality concerns by allowing entities to designate any submission information as confidential commercial information and understand the need for the Agencies to follow the Freedom of Information Act in the event of requests for any specific submissions as discussed in the Final Standards. See 80 Fed. Reg. at 33020. Yet there is still concern that Agencies “may publish information disclosed to them, such as best practices, in any form that does not identify a particular entity or individual or disclose confidential business information.” See 80 Fed. Reg. at 33024. Both mentions of ways to address confidential information demonstrate appropriate concern for developing an effective manner to handle confidential and proprietary information as part of any submission. However, more clarity on such potential treatment of this type of information would have the potential to facilitate submissions with the most practical utility.

⁹ 80 Fed. Reg. at 33021.

to accurately convey diversity efforts to the Agencies. Such narrative explanations will provide a better picture of diversity practices at member firms. SIFMA members also believe submitting information about diversity recruiting programs and affinity groups would also enhance the quality of information collected by the Agencies.

4. Ways to minimize the information collection burden on respondents, including through the use of automated collection techniques or other forms of information technology; and

SIFMA members may support the use of a third-party vendor that could capture and potentially anonymize submissions as a way to minimize information collection burdens. However, the feasibility of such a course of action would be dependent on the precise content of information requests and stakeholder submissions.

5. Estimates of capital or start-up costs and costs of operation, maintenance, and purchase

Understandably, SIFMA and its members have not received exact information requests from the Agencies, so an exact estimate of capital or start-up costs is challenging to provide. SIFMA member firms keep track of various diversity statistics to ensure they are doing all they can to promote diversity in their respective workplaces. However, the majority of this data is only used internally. Such data is appropriate for individual firms to achieve internal goals and often contains proprietary information, such as compensation levels and performance evaluations. It would take substantial IT, legal and operational resources to put diversity data into a format that would be appropriate for submission to a SIFMA member firm's primary regulator. In addition, firms may have different methods of data collection and tabulation that may spark a further need for member coordination in order to ensure that the Agencies find submissions as useful as possible. Any submission of such internal data would require review by senior executives. SIFMA member firms would also have to create a compliance protocol and policy based on the information collection requests. All of these activities would involve significant time and expense by member firms. Once any actual information requests are available, SIFMA member firms could provide a more precise estimate of any related capital or start-up costs.

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SIFMA and its members appreciate the opportunity to provide feedback to the specific information collection requirements as we have described above. We look forward to working with the Agencies to help develop an information request process that will allow the Agencies to achieve their goals without creating constantly changing or confusing requests for information that has the potential to hinder the worthy goals of the **Final Standards**.

Please contact Joseph Vaughan at 202-962-7328 or jvaughan@sifma.org or James Sonne at 202-962-7392 or jsonne@sifma.org with any questions. We would be more than happy to discuss.

Best regards,

s/
James L. Sonne
AVP & Assistant General Counsel
SIFMA

s/
Joseph Vaughan
Vice President
SIFMA

