WASHINGTON BUREAU · NATIONAL ASSOCIATION FOR THE ADVANCEMENT OF COLORED PEOPLE
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February 7, 2014

Mr. Thomas J. Curry
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street SW
Washington, DC 20219

Ms. Janet Yellen
Chair
Board of Governors of the Federal Reserve System
20th Street and Constitution Avenue NW
Washington DC 20551

Mr. Martin J. Gruenberg
Chairman
Federal Deposit Insurance Corporation
550 17th Street NW
Washington, DC 20429

Ms. Debbie Matz
Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

Mr. Richard Cordray
Director
Consumer Financial Protection Bureau
1700 G Street NW
Washington, DC 20552

Ms. Mary Jo White
Chair
Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

RE: PROPOSED INTERAGENCY POLICY STATEMENT ESTABLISHING JOINT STANDARDS FOR ASSESSING THE DIVERSITY POLICIES AND PRACTICES OF ENTITIES REGULATED BY THE AGENCIES AND REQUEST FOR COMMENT

Dear Comptroller Curry, Chair Yellen, Chairman Gruenberg, Chairman Matz, Director Cordray and Chair White:

On behalf of the NAACP, our nation's oldest, largest and most widely-recognized grassroots-based civil rights organization and the Center for Responsible Lending, a nonprofit, non-partisan organization that works to protect homeownership and family wealth by fighting predatory lending practices - we write in support of the proposed diversity standards included in the "Agencies' Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies and Request for Comment." As you know, Section 342(b)(2)(c) of P.L. 111-203, the *Dodd–Frank Wall Street Reform and Consumer Protection Act* mandated that the Offices of Minority and Women Inclusion (OMWI) develop and implement standards that will assess the "diversity policies and

practices of entities regulated by the agency." These standards represent an important step in ensuring that Americans of all genders, races, and ethnicities are properly represented in the financial sector workplace.

Over the past several years the Government Accountability Office (GAO) completed several reviews of diversity in the financial and financial regulatory sectors. These reports have found conclusively that since the establishment of the OMWI offices the diversity metrics at public regulators has improved, but they could do more. This proposed rule would replicate the success of the OMWI project within the financial sector that is regulated by these entities. The GAO findings highlight that these diversity goals require the buy-in of senior management within the regulated entities and diversity at all workforce levels, including senior or top management is a goal, not just the diversity of the workforce in general.[1]

While we are pleased with this important step and overall goal of these standards to promote workplace diversity policies and practices, we would stress that clear definitions of diversity need to be included in any guidance prior to implementation. In a recent report by the NAACP Economic Department entitled, the "NAACP Opportunity and Diversity Report Card: The Consumer Banking Industry," the NAACP developed a formula (the "NAACP Standard") to measure diversity.[2] In the report, the "NAACP Standard" was applied to 13 different job categories in selected banking institutions, and from the results, a correlating letter grade regarding diversity was generated for each institution. Workforce diversity and supplier diversity at both the Tier 1 and Tier 2 levels are the focus of this rule, with the language explaining the broad social impact of supplier diversity across socio-economic spectrums.

Given that the reports issued by your agencies will also help the American public in determining the progress, or lack thereof, made by various financial institutions in efforts to diversify their workforces, we also strongly recommend that any reports issued by your agencies include the following:

- A self-assessment in which a regulated entity uses the Agencies' standards to conduct a quantitative and qualitative evaluation of its diversity and inclusion policies and practices;
- The entity's voluntary disclosure of the self-assessment results;
- The entity's disclosure of information about its efforts to comply with the standards on its website and in annual reports and other materials; and
- That the OMWIs create a standardized questionnaire on diversity policies so that companies can be compared across the board.

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[1] Government Accountability Office. (2013, April). Diversity Management: Trends and Practices in the Financial Services Industry and Agencies after the Recent Financial Crisis. Washington, DC. Retrieved from http://www.gao.gov/assets/660/653814.pdf

[2] NAACP. (2014 January) "NAACP Opportunity and Diversity Report Card: The Consumer Banking Industry" Washington, DC. Retrieved from http://naacp.3cdn.net/720726683ce9cb8a3e_0bm6vl0at.pdf

While the regulators do not have explicit authority to issue enforcement actions or other discipline against financial institutions for failing these assessments, we would encourage you to take whatever steps you can to ensure compliance. While your enforcement capabilities may be limited by statute, nowhere are the regulators' OMWIs prohibited from creating more stringent assessment standards. Only proper compliance will produce the intended results; effective action by the regulators can and will result in the desired results of a more inclusive, diverse, and representative workforce among financial institutions.

We welcome the opportunity to discuss our comments further with any of the proposing agencies. Thank you for your leadership in this area. Should you have any questions, please feel free to contact Hilary Shelton at the NAACP Washington Bureau at (202) 463-2940.

Sincerely,

Hilary O. Shelton
Director, NAACP Washington Bureau &
Senior Vice President for Advocacy and Policy