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Re: Request for Comment on Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity of Entities Regulated by the Agencies (OCC Docket ID OCC-2013-0014; Federal Reserve Docket No. OP-1465; CFPB Docket No. CFPB-2013-0029; SEC Release No. 34-70731; SEC File No. S7-08-13)

Ladies and Gentleman:

The Institute of International Bankers ("IIB") appreciates the opportunity to comment on the Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies issued pursuant to Section

342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act ("Section 342").[1] The IIB's membership is comprised of internationally headquartered banking and financial institutions from over 35 countries doing business in the United States. IIB members serve a diverse population within the United States, including communities that might be potentially underserved due to language or other barriers.

We are generally supportive of the approach taken by the Agencies in the Proposal, and in particular the recognition that it is essential to adopt a non-prescriptive approach that takes into account individual entities' circumstances. We concur with the comments on the Proposed Joint Standards expressed in the letter submitted jointly by the American Bankers Association, the Independent Community Bankers of America and various state banking associations (the "Joint Trade Associations Letter"), and we strongly agree that the Joint Standards should be flexible and implemented in a manner that permits institutions to adapt them to their individual characteristics, such as size, resources, and areas and markets served.

Our comments below focus on considerations arising from the structure of our members' U.S. operations, which, by virtue of including federal- and state-licensed branches and agencies of banks headquartered outside the United States, is in significant ways different from those of their U.S.-headquartered counterparts. At the outset, we emphasize that such operations are "regulated entities" within the contemplation of Section 342 and as such are within the scope of the Proposal. Our point is simply that there are considerations unique to their structure which must be recognized and factored into the development and implementation of the Joint Standards.

Flexibility Is Fundamental

In applying the Joint Standards to the U.S. operations of international financial institutions, a key consideration is that, although the parent banking organization may have a sizable global footprint, the footprint of its U.S. operations may be relatively small. This is in particular, but not exclusively, the case with the many banks headquartered outside the United States that operate in the United States principally through branches or agencies. These operations are mainly limited to wholesale banking and in many instances are conducted on a scale – in terms of total assets, number of employees and complexity – that closely resembles that of smaller-sized U.S. banks.[2] In undertaking the assessments contemplated by the Joint Standards, such operations will confront challenges similar to those facing other similarly-sized entities. Tailoring the Joint Standards to the circumstances of these operations is essential to their effective implementation.

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[1] 78 Fed. Reg. 64052 (Oct. 25, 2013) (the "Proposed Joint Standards" or the "Proposal").

[2] Indeed, some U.S.-chartered community banks are subsidiaries of banks that are headquartered outside the United States.

For example, with respect to assessing a regulated entity's organizational commitment to diversity and inclusion the Joint Proposed Standards indicate a role for the board of directors in approving the entity's diversity and inclusion policy, and they include the board of directors as a potential recipient of regular progress reports on that policy. Where the regulated entity is a U.S. branch or agency of a bank headquartered outside the United States, flexibility in determining role of the bank's board of directors is especially important. The same considerations apply with respect to assigning responsibilities for overseeing and directing the entity's diversity efforts. In both instances, it may be more practical under the circumstances – and would not diminish the efficacy of an assessment program – to assign these responsibilities to appropriately authorized personnel in the United States.

Challenges with Respect to Supplier Diversity

As discussed in the Joint Trade Associations Letter, there are significant questions regarding the statutory underpinnings and policy implications of the "procurement and business practices – supplier diversity" provisions of the Proposed Joint Standards. Moreover, and from a very practical perspective, smaller-sized entities in particular would face considerable difficulties if required to incorporate these standards into their assessment programs. The challenges confronted by U.S. institutions in this regard are equally applicable to the U.S. operations of banks headquartered outside the United States, and we respectfully submit that these U.S. operations will have no greater success than their similarly-scaled U.S.-headquartered counterparts in demanding specifics on diversity policies and practices from their suppliers and creating metrics and analytics that will have any significant meaning. Such efforts are only further complicated by the lack of suppliers with respect to some types of specialized financial service products.

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We appreciate the consideration of our comments. Please contact the undersigned if we can provide any additional information or assistance.

Sincerely,

Richard Coffman
General Counsel