



**Cadwyn Point Partners LLC**

Member FINRA, SIPC, MSRB

February 6, 2014

*Via SEC Internet comment form (<http://www.sec.gov>)*

Ms. Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

**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, File Number S7-08-13**

Dear Ms. Murphy:

Cadwyn Point Partners LLC (“Cadwyn”) is a minority- and woman-owned, registered broker-dealer that provides advisory services, capital raising, independent research, and sales and trading execution to corporate, institutional and municipal clients.<sup>1</sup> We appreciate this 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 and Request for Comment” (the “Standards”). Moreover, we appreciate the concern for small businesses shown by the Directors of the Office of Minority and Women Inclusion (“OMWI”) in particular their request in the policy statement for “comments specifically on how we might better take in account individual entities’ circumstances, *especially for small regulated entities* [our emphasis].”

**I. Background**

Cadwyn approaches the Standards from the perspective of a minority- and woman-owned broker-dealer with less than \$100 million in assets and fewer than 15 employees. Despite our size, Cadwyn is required to meet the same stringent rules, policies and standards established by regulators as other larger broker-dealers. This includes, but is not limited to, the establishment of compliance infrastructure, trading policies, business continuity planning, financial reporting, and being subject to on-site examinations and audits.

Minority- and women-owned broker-dealers bring important distribution channels, client relationships and diverse experiences to the capital markets. They are nimble and creative,

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<sup>1</sup> For additional background on Cadwyn Point Partners LLC, please visit <http://www.cadwynpoint.com>.



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capable of infusing new ideas and the highest-quality execution into the marketplace. They serve as important engines of growth in our economy like so many other small businesses.

Recognizing this we believe the Standards should encourage larger financial institutions to include a broader range of minority- and women-owned broker-dealers in their list of contractors. This can help address a potential problem of business activity being concentrated in a small group of well-established, minority- and women-owned broker-dealers.<sup>2</sup> Absent this approach, *emerging* women- and minority-owned broker-dealers (e.g, those in existence for ten years or less) may struggle to gain market share thereby undermining the objective of expanding business opportunities for women- and minority-owned firms.

In brief, we recommend that self-assessments by regulated entities include data about activities with the number of minority- and women-owned broker dealers. This, in turn, will allow for more nuanced analyses of such efforts by regulated entities to meet their objectives in the area of supplier diversity.

## II. Comments

We believe that the Standards, if implemented properly, can provide important transparency about regulated entities' diversity policies and thereby serve as a powerful tool for assessing their progress in advancing the objectives of Section 342 of the Dodd-Frank Act. We are concerned, however, that the Standards, as currently written, are less effective than they could be in promoting increased diversity and inclusion, *specifically as they relate to the inclusion of smaller minority- and women-owned broker-dealers as contractors for various financial activities such as debt and equity underwriting and asset management.*

The Standards could be improved through the following changes if applied to regulated entities (excluding minority- and women-owned ones):

1. Section II.3 of the Standards ("Procurement and Business Practices – Supplier Diversity") should provide reference to the breadth of minority- and women-owned broker-dealers that are utilized as prime- or sub-contractors. This could include the following components:
  - a. **Supplier diversity policies should address and promote the inclusion of a broad range of qualified minority- and women-owned broker-dealers.** This

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<sup>2</sup> In terms of market structure, there is some evidence of concentration of activity and limited turnover among minority- and women-owned broker-dealers. For example, in the US Municipal market in 2013, there were no new entrants to the list of top ten minority- or women-owned broker-dealers acting as Bookrunners. Moreover in 2013 when compared to 2012, there were only small changes in the ordering of the list. Collectively these firms had 10.4% market share in 2013. See Thomson Reuters League Table Report, "US Municipals Review: Underwriters & Financial Advisors, Full Year 2013," pg. 2.



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would help promote the participation by a *larger number and greater variety* of such firms in capital markets transactions. Such a move would help to raise the visibility of these smaller firms, and promote collaboration between large and small businesses that is beneficial for both.

- b. Regulated entities should incorporate metrics and analytics into their assessments that are specific to the number and variety of women- and minority owned broker-dealers participating in various capital markets activities.**
2. Section III of the Standards (“Proposed Approach to Assessment”) indicates that the Agencies “will monitor information submitted over time for use as a resource in carrying out their diversity and inclusion responsibilities.” We encourage the Agencies to utilize this data (on a suitable aggregated basis) to report on regulated entities’ progress in working with minority- and women-owned broker-dealers. Furthermore, with respect to any voluntary disclosures of assessments, we urge the Agencies to put in place measures to ensure data confidentiality.
  3. Lastly, Section III of the Standards indicates that “OMWI Directors will continue to reach out to regulated entities and other regulated parties to discuss...methods of assessment.” We strongly encourage you to seek out the views of women- and minority-owned broker-dealers to better understand the breadth of their capabilities and competitive challenges, as well as how the Standards (particularly as contemplated in Section III.3) can contribute to their growth and viability.

Each of these comments could be incorporated within the framework set forth by the Agencies that promotes flexibility and takes into consideration the specific circumstances of individual regulated entities.

Thank you for your consideration of our views. Please do not hesitate to contact us if you have any questions or require further information about these comments.

Sincerely,

*Anne Yang*

Anne Yang  
Chief Executive Officer

