

March 11, 2014

*Via Electronic Filing*

Elizabeth M. Murphy  
Secretary  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 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 No. S7-08-13**

Dear Ms. Murphy:

The Investment Adviser Association<sup>1</sup> appreciates the opportunity to comment on the publication by the Commission and other financial services agencies (the “Agencies”) of the Proposed Interagency Policy Statement relating to the development of standards for assessing the diversity policies and practices of the entities that they regulate.<sup>2</sup>

The IAA and its members share the Agencies’ commitment to the goals of diversity and inclusion that underlie section 342 of the Dodd-Frank Act, which establishes the Agencies’ duties to develop standards in this area. Section 342 is intended to promote transparency and awareness of diversity and inclusion policies and procedures and provide guidance to regulated entities for assessing these policies and procedures. Diversity and inclusion provide opportunities for individuals and create stronger businesses, especially in our increasingly global economy. Thus, we support the goals of section 342.

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<sup>1</sup> The IAA is a not-for-profit association that represents the interests of investment adviser firms registered with the Securities and Exchange Commission. The IAA’s membership consists of more than 550 advisers that collectively manage in excess of \$12 trillion for a wide variety of individual and institutional investors, including pension plans, trusts, investment companies, private funds, endowments, foundations, and corporations. For more information, please visit our website: [www.investmentadviser.org](http://www.investmentadviser.org).

<sup>2</sup> Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies and Request for Comment, SEC Rel. No. 34-70731 (October 22, 2013) (the “Policy Statement”).

Elizabeth Murphy  
Securities and Exchange Commission  
March 11, 2014  
Page 2

In carrying out their duties under this provision, however, the Agencies are instructed not to impose requirements on regulated entities.<sup>3</sup> The Policy Statement recognizes these limitations in stating that the Agencies will not use the examination or supervision process in connection with the proposed standards.<sup>4</sup> Although the statutory parameters of this provision are clear and the Policy Statement follows these parameters by implication,<sup>5</sup> we request that the Agencies reaffirm in their adopting release that the process of self-assessment described in the Policy Statement would be voluntary on the part of regulated entities.<sup>6</sup>

Given the specificity of the standards, the voluntary nature of standards and self-assessments is especially important for smaller firms. The investment adviser industry includes a full range of firms, from one- and two-person organizations to firms with thousands of employees. We therefore welcome the flexibility provided to investment advisers under the proposed standards and methods of assessment in addressing diversity and inclusion consistent with their unique characteristics, and request that this flexibility be reaffirmed in the Agencies' finalization of the standards.<sup>7</sup>

We appreciate the opportunity to provide our views on these issues and would be pleased to provide any additional information. Please contact the undersigned or Karen L. Barr, General Counsel, at (202) 293-4222 with any questions regarding these matters.

Respectfully submitted,

Kathy D. Ireland  
Kathy D. Ireland  
Associate General Counsel

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<sup>3</sup> Dodd-Frank Act § 342(b)(4).

<sup>4</sup> Policy Statement at 10.

<sup>5</sup> We note that the Policy Statement does not include the economic analysis, the Small Business Regulatory Enforcement Fairness Act discussion, or the Regulatory Flexibility Act scrutiny that would be required in a rulemaking. The Policy Statement does include a Paperwork Reduction Act statement that the proposed policy statement "contains no collections of information requiring approval by the Office of Management and Budget (OMB)."

<sup>6</sup> We also ask that the Agencies confirm that the scope of their assessments of regulated entities includes only their domestic operations, and that the Agencies act to protect the information in self-assessments voluntarily provided to the Agencies pursuant to the Freedom of Information Act, to enable candid and productive self-evaluations.

<sup>7</sup> Among other things, advisers would need flexibility as to the diversity practices of their "suppliers" under the standards, because such information most likely would not be readily available to advisers, especially as to third parties not involved in the advisers' provision of investment advice.

Elizabeth Murphy  
Securities and Exchange Commission  
March 11, 2014  
Page 3

cc: The Honorable Mary Jo White, Chair  
The Honorable Luis A. Aguilar, Commissioner  
The Honorable Daniel M. Gallagher, Commissioner  
The Honorable Kara M. Stein, Commissioner  
The Honorable Michael S. Piwowar, Commissioner