

February 7, 2014

VIA ELECTRONIC FILING

Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

Re: Response to Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies and Request for Comment

Ladies and Gentlemen:

CastleOak Securities, L.P. (“CastleOak”) is a leading minority-owned investment banking firm, with nearly 70 employees. We are constantly ranked in the top two or three minority-owned investment banks in the nation. In addition to being a leading minority-owned investment bank, CastleOak is managed by financial services professionals averaging over twenty years of experience in the financial services industry, many of whom have closely followed the legislative and regulatory developments regarding issues of diversity since the adoption by the Congress of the landmark Section 1216 of the Financial Institutions Reform, Recovery and Enforcement Act of 1989.

These facts make us especially qualified to comment on the need for, and the substance of, the proposed Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies (the “Joint Standards”). Capitalized terms used herein and not otherwise defined herein have the meanings assigned thereto in the Proposed Interagency Policy Statement Establishing the Joint Standards and Request for Comment (the “Proposed Policy Statement”).

INITIAL COMMENTS

It is clear that the effectiveness of our financial markets has been built upon transparency and disclosure. They are the basis of the Securities Act of 1933, successive related legislation, and the derivative rules and regulations thereof. It is just as clear that the basis of any successful portfolio management strategy relies upon diversification of opportunity and risk. As such, we at CastleOak fully support the efforts made by the Agencies to implement Section 342’s mandates of greater disclosure and diversification in the financial services industry.

While we are supportive of the assessments and self-assessments, policies and processes that focus on the inclusion (i.e., recruiting, hiring, retention, and promotion) of women and minorities, and the utilization of businesses owned by women and minorities, we believe that the emphasis of any rules, regulations and policies related to such should be on the RESULTS of any such efforts. We also believe that the public disclosure of such

RESULTS should be published in readily accessible and comprehensible formats. Such disclosure of such RESULTS will bring about the diversification sought, as the public (read current and potential institutional and retail customers, as well as potential employees of the regulated entities) will determine the sufficiency of such RESULTS, once the information has been accessed and understood by them. No quotas are ever needed when all material information is readily available.

With that being said, we offer the following specific comments to the specific requests for comments set forth in the Proposed Policy Statement:

REQUEST #1

Are the proposed joint standards effective and appropriate to promote diversity and inclusion? Why or why not? If not, what standards would be appropriate and why? How would such standards support or hinder the objectives of section 342?

RESPONSE #1

Our experience in monitoring the predecessors of Section 342 suggests to us that the phrase “to the maximum possible extent” gets translated at the entity level to mean “to the minimum extent necessary to keep regulators at bay.” While there is no “one-size-fits-all” approach that would be effectual in implementing the letter and spirit of Section 342, having each regulated entity to set its own goals for RESULTS, and not just draft artfully worded policies and procedures, would be helpful in making the proposed Joint Standards more effectual, especially if those goals were published in a standardized format to make the RESULTS, in the context of the established goals, readily accessible and comprehensible to the public.

REQUEST #2

Are the proposed joint standards sufficiently flexible but still effective to allow meaningful assessments of entities with a wide range of particular characteristics or circumstances (for example, asset size; number of employees; contract volume; income stream; and number of members and/or customers)? Are there other ways to approach the standards for smaller entities, such as those with small contracting dollar volumes or those not required to file EEO-1 reports? What other approaches or characteristics would be appropriate for any such alternative, modified or scaled approach? How would such modification or scaling support or hinder the objectives of section 342?

RESPONSE #2

No comment

REQUEST #3

What other factors, if any, would be useful in assessing the diversity policies and practices of the regulated entities, and why should such factors be considered? How would such factors support or hinder the objectives of section 342?

RESPONSE#3

The Policy should emphasize another core area of need: Supplier Diversity improvement in the financial services industry. It is already clearly established that DFA Section 342 and its predecessor statutes have proven very helpful in providing very important access points for smaller firms into the world of “big government” and “big firm” contracts and transactions. Therefore, we believe that the Joint Standards should emphasize the power of diverse supplier chains, partnerships and business collaborations. The Joint Standards

can be modified to encourage diverse relationships by recommending that supplier diversity success becomes tied to the compensation of individual managers and departments within the Regulated Entities, thus creating metrics for measuring RESULTS for both the Regulated Entities and their suppliers in those relationships.

REQUEST#4

Is the proposed model approach to assessment effective and appropriate to promote diversity and inclusion? Why or why not? If not, what approach would be appropriate and why? How would such approach support or hinder the objectives of Section 342?

RESPONSE#4

Dodd-Frank Section 342 was written with a specific focus on minorities and women, and firms owned by minorities and women in finance-related professional service industries (i.e. investment banking, law, accounting, investment management, investment consulting, etc). As such, the Joint Standards should focus more clearly on industry sectors most tied to banking, finance, law and accounting. These are the sectors with serious underrepresentation in workforce and supplier diversity. As such, the final Policy Statement should provide disclosures of policies, practices, procedures and RESULTS (especially in terms of relative expenditures) by industry and sector, as well as by gender and race.

REQUEST#5

Would there be potential advantages or disadvantages of the proposed model approach to assessment? If so, what would they be?

RESPONSE#5

We believe that few Regulated Entities may take the collection and submission of data and other information seriously unless they perceive that regulators are serious about collecting this data, and that there are consequences for failing to collect and submit such data. Thus, we believe the collection of data and the delivery of Self Assessments should not be voluntary. Failing that, we would recommend that improvements to the Proposed Policy Statement be made that would reduce related ambiguities while ensuring *minimum levels of adherence* to the spirit and letter of DFA Section 342.

ADDITIONAL RECOMMENDATIONS

Our recommendations are offered to help ensure that the *final* Policy Statement upholds three key standards:

Metrics--Diversity and inclusion efforts and successes should become key internal measurements for executive management and boards of directors of the Regulated Entities.

Accountability--Board members and executive management should be more integrated into the adoption and implementation of diversity and inclusion policies and practices at both large and small financial institutions. Diversity and Inclusion Self-Assessment Reports to the Boards and senior management of the Regulated Entities should be made on a no less than annual basis for internal, senior-level accountability of progress, setbacks and the overall RESULTS.

Transparency--We reiterate our belief that disclosure is the key to the success of Section 342 and any rules, regulations or policies promulgated pursuant thereto. In order for meaningful change to occur, the public must become aware of diversity and inclusion statistics at the Regulated Entities. We believe this information must be released, at least quarterly, and should include detailed data and charts at least annually. In each instance, the information should be readily available and comprehensible to members of the general public.

Respectfully Submitted,

CASTLEOAK SECURITIES, L.P.

/s/ Nathaniel H. Christian III

Nathaniel H. Christian III
General Counsel, Chief Compliance Officer