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**OFFICE OF MINORITY AND WOMEN INCLUSION**

**ANNUAL REPORT**

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**As Required by Section 342(e) of the  
Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010**



**This is a report prepared by the Staff of the Office of Minority and Women Inclusion of the U.S. Securities and Exchange Commission. The Commission has expressed no view regarding the analysis, findings, or conclusions contained herein.**

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**April 18, 2014**

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## EXECUTIVE SUMMARY

The Office of Minority and Women Inclusion (OMWI), created pursuant to Section 342 of the Dodd-Frank Wall Street and Consumer Protection Act (Section 342 of the Dodd-Frank Act), was formally established at the U.S. Securities and Exchange Commission (SEC or the agency) in July 2011. The permanent OMWI Director joined the office in January 2012. As of the date of this report, the office has eight permanent employees and three contractors.

The OMWI Director is required to develop standards:

- for the equal employment opportunity and the racial, ethnic, and gender diversity of the workforce and senior management of the SEC;
- for the increased participation of minority-owned and women-owned businesses in the SEC's programs and contracts; and,
- to assess the diversity policies and practices of entities regulated by the SEC.

Under Section 342(e) of the Dodd-Frank Act, OMWI is required to submit to Congress this annual report on the specific actions the agency and OMWI have taken to comply with the Act's provisions, including the successes and any challenges in operating minority and women outreach programs, hiring qualified minority and women employees, and contracting with minority-owned and women-owned businesses.

Highlights of OMWI's FY 2013 actions and successes are summarized below, and are discussed further in this report. As a result of OMWI's diversity and inclusion programs and initiatives, the number of inquiries about SEC job openings and internship opportunities from minority and women professionals and students have significantly increased; SEC supervisors and managers have increased their participation in diversity outreach events and have employed new strategies to expand the pipeline of diverse job applicants; and the SEC is participating in more conferences and outreach events held by minority- and women-focused professional organizations, educational institutions, and entrepreneurs seeking business opportunities with the agency.

### **Contracting with Minority-Owned and Women-Owned Businesses**

- OMWI worked with key agency divisions and offices to expand the breadth of contracting opportunities available to minority-owned and women-owned businesses.
- OMWI, working with the SEC's Office of Acquisitions, provided direct outreach to over 400 vendors and hosted monthly vendor outreach days where vendors consulted with staff from OMWI and the Office of Acquisitions on how to do business with the SEC.

- OMWI, working with the SEC's Office of Acquisitions and Office of General Counsel, developed a contract standard for SEC contracts for services relating to the obligation of contractors to ensure the fair inclusion of women and minorities in their workforces, as required under Section 342(c)(2). As of the date of this report, OMWI is finalizing the contract standard for formal agency review and approval.

#### *Contract Award Trends*

- Of the total \$323.5 million awarded by the agency to contractors in FY 2013, \$93.0 million (28.7%) was awarded to minority-owned and women-owned businesses, an increase over the \$78.0 million (20.6%) awarded to minority-owned and women-owned businesses in FY 2012.
- Contracts awarded to minority-owned businesses increased to \$66.2 million (20.5%) in FY 2013, over the \$47.3 million (12.5%) awarded to minority-owned businesses in FY 2012.

#### **Employment of Minorities and Women in the SEC Workforce**

- OMWI submitted more than 100 job postings and advertisements to minority- and women-focused professional publications, educational institutions, and job posting websites.
- The SEC participated in more than 25 minority- and women-focused conferences and outreach events, with the aim of establishing or maintaining relationships with minority- and women-serving professional associations, organizations, and institutions.
- From April 2013 through early October 2013, the OMWI Director and key staff met with the directors and senior leaders of each of the SEC's Divisions, the Office of Compliance Inspections and Examinations, and each regional office to discuss in detail how the directors and senior leaders could engage OMWI to enhance their workforce diversity and hiring initiatives. Strategies discussed and developed include creating targeted outreach to address specific hiring needs, facilitating speaking opportunities and conference participation for directors and senior leaders, and increasing the agency's collaborations with minority and women educational institutions located near SEC regional offices. OMWI will continue to convene these meetings to engage the directors and senior leaders in all SEC offices and divisions.

### *Workforce Diversity Trends*

- In FY 2013, the SEC had 4,138 employees in its workforce. In FY 2013, 1,329 minorities (32.1% of workforce) and 1,923 women (46.5% of workforce) were employed by the SEC, as compared to 1,246 minorities (31.6% of workforce) and 1,861 women (47.2% of workforce) in FY 2012.
- The SEC hired 472 new employees in FY 2013, an increase of 25.9% over the 375 new employees hired in FY 2012. Of the FY 2013 new hires, 158 were minorities (33.5% of new hires) and 190 were women (40.3% of new hires), up from 117 minorities (31.2%) and 134 women (35.7%) in FY 2012.
- In FY 2013, 273 employees left the SEC. Minority separation rates increased to 29.7% in FY 2013, compared to 24.4% in FY 2012. For women, separation rates rose to 47.3% in FY 2013, compared to 42.6% in FY 2012.
- The SEC saw an increase in the percentages of new hires in FY 2013 over FY 2012 for the following demographic groups:
  - Women: +4.6% (from 35.7% to 40.3%);
  - African-American/Black: +2.8% (from 13.1% to 15.9%); and
  - Asian-American: +0.7% (from 13.3% to 14.0%).
- During FY 2013, there were a total of 769 supervisors and managers at the SEC. Of this total, 735 (95.6%) occupied the primary supervisory and management grade levels of SK-15, SK-17, and Senior Officer. In FY 2013, the number of minorities and women in supervisory and management positions at the SEC increased to 168 minorities (21.8%) and 297 women (38.6%), up from 147 minorities (19.3%) and 284 women (37.3%) in FY 2012.

### **Regulated Entities**

- To fulfill the requirements of Section 342(b)(2)(C) of the Dodd-Frank Act, which requires the OMWI Director to develop standards for assessing the diversity policies and practices of entities regulated by the agency, the OMWI Directors of the Securities and Exchange Commission, Federal Deposit Insurance Corporation, National Credit Union Administration, Federal Reserve Board, Consumer Finance Protection Bureau, and the Office of the Comptroller of the Currency (the Agencies) collaborated to develop a Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies.

- The proposed standards are intended to promote the transparency and awareness of diversity policies and practices within regulated entities, and will provide guidance for assessing these policies and practices.
- The Proposed Interagency Policy Statement was published in the Federal Register for public comment on October 22, 2013. In an effort to ensure adequate time for interested parties to share their views, the comment period was extended an additional 45 days and closed on February 7, 2014.
- As of the writing of this annual report, the Agencies are in the process of reviewing the more than 200 comments received.

With the requirements of Section 342 as the foundation of its efforts, OMWI is committed to ensuring that diversity and inclusion are leveraged throughout the agency to advance the SEC's mission.

## **THE U.S. SECURITIES AND EXCHANGE COMMISSION**

The U.S. Securities and Exchange Commission (SEC or the agency) is charged with a vital mission – to protect investors, maintain fair, orderly and efficient markets, and facilitate capital formation. The Commission – comprised of five presidentially-appointed Commissioners, one of whom is designated as Chairman – is responsible for:

- interpreting and enforcing federal securities laws;
- issuing new rules and amending existing rules;
- examining an array of registered entities, including broker-dealers, investment advisers, investment companies, national securities exchanges, self-regulatory organizations, transfer agents, clearing agencies, and credit rating agencies;
- overseeing regulatory organizations in the securities, accounting, and auditing fields; and,
- coordinating U.S. securities regulation with federal, state, and foreign authorities.

The SEC has responsibility for overseeing more than 25,000 market participants, including over 11,000 investment advisers, almost 10,000 mutual funds, 4,450 broker-dealers, 450 transfer agents, and 18 securities exchanges, as well as the Public Company Accounting Oversight Board (PCAOB), Financial Industry Regulatory Authority (FINRA), Municipal Securities Rulemaking Board (MSRB), the Securities Investor Protection Corporation (SIPC), and the Financial Accounting Standards Board (FASB). The SEC also has responsibility for reviewing the disclosures and financial statements of approximately 9,000 reporting companies, and has new or expanded responsibilities over the derivatives markets, an additional 2,500 exempt reporting advisers to hedge fund and other private funds, more than 1,000 municipal advisors, 10 registered credit rating agencies, and 7 registered clearing agencies.

The agency's functional responsibilities are organized into various divisions and offices that, along with the Commission, are headquartered in Washington, DC. The 4,138 employees<sup>1</sup> of the agency are located in the Washington, DC headquarters and in regional offices in Atlanta, Boston, Chicago, Denver, Fort Worth, Los Angeles, Miami, New York, Philadelphia, Salt Lake City, and San Francisco.

## **THE OFFICE OF MINORITY AND WOMEN INCLUSION**

As required by Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010<sup>2</sup>, the Office of Minority and Women Inclusion (OMWI) is responsible for all matters related to diversity in management, employment, and business activities at the SEC.

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<sup>1</sup> The SEC employee count data presented in this report was retrieved from the Federal Personnel/Payroll System (FPPS) on March 4, 2014 and includes all permanent and temporary employees.

<sup>2</sup> Pub. L. No. 111-203, 124 Stat. 1376, July 11, 2010, codified as 12 USC § 5452.

The SEC established the OMWI office in July 2011 and began the hiring process for a permanent OMWI Director soon thereafter. The permanent OMWI Director joined the agency in January 2012. As of March 2014, OMWI is staffed with eight permanent employees, including the director, deputy director, attorneys, and analysts dedicated to the office's major functional areas – workforce diversity, supplier diversity, and regulated entities.

The OMWI Director is responsible for developing standards for equal employment opportunity and diversity of the workforce and senior management of the SEC, the increased participation of minority-owned and women-owned businesses in the SEC's programs and contracts, and assessing the diversity policies and practices of entities regulated by the SEC.<sup>3</sup> The OMWI Director is also required to advise the Commission on the impact of the SEC's policies and regulations on minority-owned and women-owned businesses.<sup>4</sup>

As required by Section 342(e), OMWI must submit an annual report to Congress that includes the following:

- a statement of the total amounts paid to contractors during the reporting period;
- the percentage of the amounts paid to contractors that were paid to minority-owned and women-owned businesses;
- the successes achieved and challenges faced by the agency in operating minority and women outreach programs;
- the challenges the agency may face in hiring qualified minority and women employees and contracting with qualified minority-owned and women-owned businesses; and,
- any other information, findings, conclusions, and recommendations for legislative or agency action, as the OMWI Director determines appropriate.<sup>5</sup>

Unless otherwise noted, this annual report covers Section 342-related activities at the SEC for the fiscal year ended September 30, 2013.

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<sup>3</sup> See Section 342(b)(2)(A)-(C).

<sup>4</sup> See Section 342(b)(3).

<sup>5</sup> See Section 342(e).

## **I. Contracting with Minority-Owned and Women-Owned Businesses**

The SEC is committed to the fair utilization of minority-owned and women-owned businesses, regardless of size, in all of the agency's business activities. OMWI, in collaboration with the SEC's Office of Acquisitions, is actively involved in the agency's acquisition review process to expand the breadth of contracting opportunities available to minority-owned and women-owned businesses, and to advocate for their inclusion in the competitive contract award process.

The SEC awarded contracts to 447 contractors in FY 2013. Of these contractors, 114 (25.5%) were minority-owned and women-owned businesses (MWOBs).<sup>6</sup> Asian-American owned businesses experienced the largest increase, from 23 contractors in FY 2012 to 35 contractors in FY 2013. African-American owned businesses increased from 20 contractors in FY 2012 to 24 contractors in FY 2013. Hispanic owned businesses decreased from 13 contractors in FY 2012 to 10 contractors in FY 2013. *See Figure 1.*

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<sup>6</sup> Throughout this report, MWOBs include all minority-owned and women-owned businesses, MOBs include all minority-owned businesses, WOBs include all women-owned businesses, and MW-OBs include all businesses owned by minority women.

Figure 1

<b>SEC Contractors, FY 2011 – FY 2013</b>			
	FY 2013	FY 2012	FY 2011
<b>Total SEC Contractors</b>	<b>447</b>	<b>442</b>	<b>429</b>
<b>Minority-Owned and Women-Owned Businesses (MWOBs)</b>	<b>114</b>	<b>105</b>	<b>97</b>
<i>Minority-Owned and Women-Owned Businesses (MWOBs)</i>	<i>25.5%</i>	<i>23.8%</i>	<i>22.6%</i>
<b>Minority-Owned Business (MOBs)</b>	<b>79</b>	<b>64</b>	<b>61</b>
<i>Minority-Owned Businesses (MOBs)</i>	<i>17.7%</i>	<i>14.5%</i>	<i>14.2%</i>
<b>Women-Owned Businesses (WOBs)</b>	<b>67</b>	<b>60</b>	<b>56</b>
<i>Women-Owned Businesses (WOBs)</i>	<i>15.0%</i>	<i>13.6%</i>	<i>13.1%</i>
<b>Minority Women-Owned Businesses (MW-OBs)</b>	<b>32</b>	<b>19</b>	<b>20</b>
<i>Minority Women-Owned Businesses (MW-OBs)</i>	<i>7.2%</i>	<i>4.3%</i>	<i>4.7%</i>
<b>Asian-American Owned Businesses</b>	<b>35</b>	<b>23</b>	<b>27</b>
<i>Asian-American Owned Businesses</i>	<i>7.8%</i>	<i>5.2%</i>	<i>6.3%</i>
<b>Black/African-American Owned Businesses</b>	<b>24</b>	<b>20</b>	<b>18</b>
<i>Black/African-American Owned Businesses</i>	<i>5.4%</i>	<i>4.5%</i>	<i>4.2%</i>
<b>Hispanic American Owned Businesses</b>	<b>10</b>	<b>13</b>	<b>9</b>
<i>Hispanic American Owned Businesses</i>	<i>2.2%</i>	<i>2.9%</i>	<i>2.1%</i>
<b>Native American Owned Businesses</b>	<b>3</b>	<b>2</b>	<b>2</b>
<i>Native American Owned Businesses</i>	<i>0.7%</i>	<i>0.5%</i>	<i>0.5%</i>
<b>Other Minority Owned Businesses</b>	<b>7</b>	<b>6</b>	<b>5</b>
<i>Other Minority Owned Businesses</i>	<i>1.6%</i>	<i>1.4%</i>	<i>1.2%</i>

Source: Federal Procurement Data System (FPDS) data retrieved March 4, 2014.

In FY 2013, the SEC awarded \$323.5 million to contractors, a decrease from the \$378.9 million awarded in FY 2012. Of this \$323.5 million, \$93.0 million (28.7%) was awarded to MWOBs, \$66.2 million (20.5%) to MOBs, \$45.1 million (13.9%) to WOBs, and \$18.4 million (5.7%) to MW-OBs. The \$93.0 million awarded to MWOBs in FY 2013 represents an increase of \$15.0 million over the \$78.0 million awarded to MWOBs in FY 2012, and is largely attributed to the \$18.9 million increase in contract awards to MOBs. Comparing FY 2012 and FY 2013 contract award dollar amounts for MOBs, contract awards to Asian-American owned businesses increased the most, by \$18.3 million. During the same period, contract awards to Hispanic owned businesses increased by \$1.9 million and contract awards to African-American owned businesses decreased by \$6.3 million. *See Figures 2 and 3.*

Figure 2

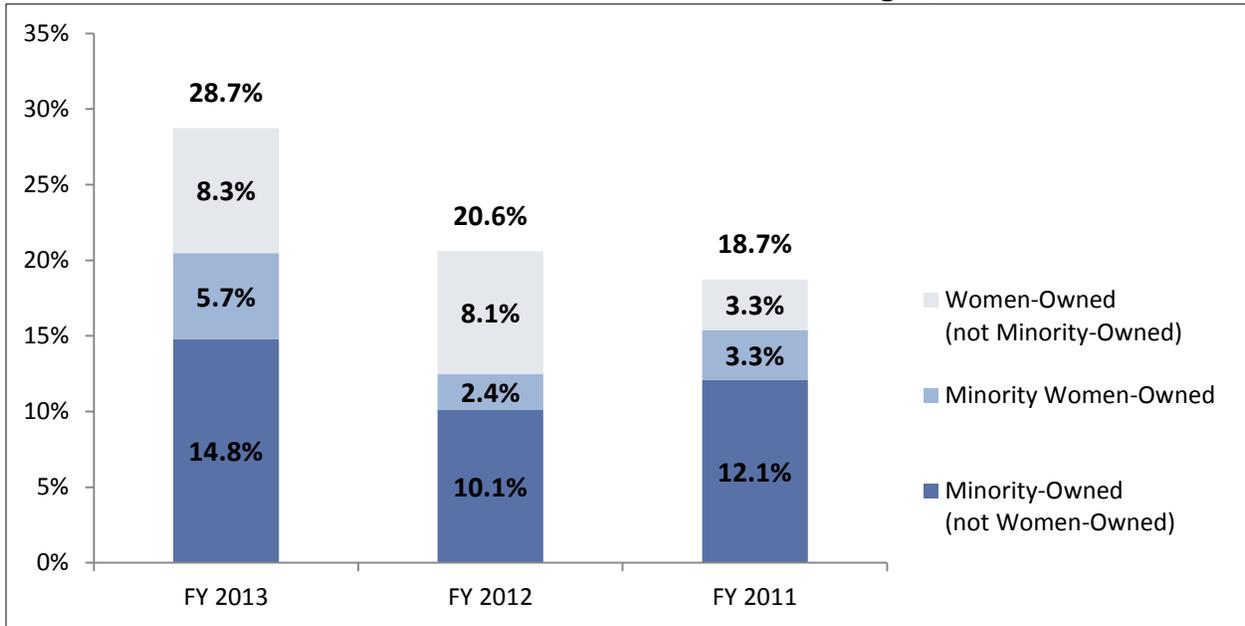
SEC Contract Awards, FY 2011 – FY 2013 (in millions) <sup>7</sup>			
	FY 2013	FY 2012	FY 2011
<b>Total</b>	<b>\$323.5</b>	<b>\$378.9</b>	<b>\$263.7</b>
<b>Minority-Owned and Women-Owned Businesses (MWOBs)</b>	<b>\$93.0</b>	<b>\$78.0</b>	<b>\$49.4</b>
<i>Minority-Owned and Women-Owned Businesses (MWOBs)</i>	<i>28.7%</i>	<i>20.6%</i>	<i>18.7%</i>
<b>Minority-Owned Business (MOBs)</b>	<b>\$66.2</b>	<b>\$47.3</b>	<b>\$40.6</b>
<i>Minority-Owned Businesses (MOBs)</i>	<i>20.5%</i>	<i>12.5%</i>	<i>15.4%</i>
<b>Women-Owned Businesses (WOBs)</b>	<b>\$45.1</b>	<b>\$39.7</b>	<b>\$17.4</b>
<i>Women-Owned Businesses (WOBs)</i>	<i>13.9%</i>	<i>10.5%</i>	<i>6.6%</i>
<b>Minority Women-Owned Businesses (MW-OBs)</b>	<b>\$18.4</b>	<b>\$9.0</b>	<b>\$8.6</b>
<i>Minority Women-Owned Businesses (MW-OBs)</i>	<i>5.7%</i>	<i>2.4%</i>	<i>3.3%</i>
<b>Asian-American Owned Businesses</b>	<b>\$31.6</b>	<b>\$13.3</b>	<b>\$10.0</b>
<i>Asian-American Owned Businesses</i>	<i>9.8%</i>	<i>3.5%</i>	<i>3.8%</i>
<b>Black/African-American Owned Businesses</b>	<b>\$17.1</b>	<b>\$23.4</b>	<b>\$21.3</b>
<i>Black/African-American Owned Businesses</i>	<i>5.3%</i>	<i>6.2%</i>	<i>8.1%</i>
<b>Hispanic American Owned Businesses</b>	<b>\$6.1</b>	<b>\$4.2</b>	<b>\$4.2</b>
<i>Hispanic American Owned Businesses</i>	<i>1.9%</i>	<i>1.1%</i>	<i>1.6%</i>
<b>Native American Owned Businesses</b>	<b>\$2.4</b>	<b>\$0.2</b>	<b>\$1.4</b>
<i>Native American Owned Businesses</i>	<i>0.8%</i>	<i>0.0%</i>	<i>0.5%</i>
<b>Other Minority Owned Businesses</b>	<b>\$8.9</b>	<b>\$6.2</b>	<b>\$3.9</b>
<i>Other Minority Owned Businesses</i>	<i>2.8%</i>	<i>1.6%</i>	<i>1.5%</i>

Source: Federal Procurement Data System (FPDS) data retrieved March 4, 2014.

<sup>7</sup> The method for calculating contract award amounts was modified in this FY 2013 annual report to remove deobligations (the removal of excess funds from a contract when the total obligated amount is not paid). Contract award amounts for FY 2012 and FY 2011 presented in this FY 2013 annual report were recalculated to remove deobligations and differ from the amounts presented in our FY 2012 and FY 2011 annual reports. The standard output data from the Federal Procurement Data System used for the FY 2012 and FY 2011 annual reports included deobligations.

Figure 3

### SEC MWOB Contract Awards – Dollar Amount Percentages, FY 2011 – FY 2013



Source: Federal Procurement Data System (FPDS) data retrieved March 4, 2014.

In FY 2013, the SEC paid a total of \$334.2 million to contractors. Of this total, \$76.2 million (22.8%) was paid to MWOBs. MOBs and WOBs were paid \$44.4 million (13.3%) and \$43.7 million (13.1%) respectively. For MOBs, African-American owned businesses and Asian-American owned businesses were paid the most, receiving \$17.4 million (5.2%) and \$15.8 million (4.7%) respectively. See Figure 4.

Figure 4

<b>SEC Contract Payments (in millions), FY 2013</b>	
	FY 2013
<b>Total</b>	<b>\$334.2</b>
<b>Minority-Owned and Women-Owned Businesses (MWOBs)</b>	<b>\$76.2</b>
<i>Minority and Women Owned Businesses (MWOBs)</i>	22.8%
<b>Minority-Owned Business (MOBs)</b>	<b>\$44.4</b>
<i>Minority-Owned Businesses (MOBs)</i>	13.3%
<b>Women-Owned Businesses (WOBs)</b>	<b>\$43.7</b>
<i>Women-Owned Businesses (WOBs)</i>	13.1%
<b>Minority Women-Owned Businesses (MW-OBs)</b>	<b>\$11.9</b>
<i>Minority Women-Owned Businesses (MW-OBs)</i>	3.6%
<b>Asian-American Owned Businesses</b>	<b>\$15.8</b>
<i>Asian-American Owned Businesses</i>	4.7%
<b>Black/African-American Owned Businesses</b>	<b>\$17.4</b>
<i>Black/African-American Owned Businesses</i>	5.2%
<b>Hispanic American Owned Businesses</b>	<b>\$3.3</b>
<i>Hispanic American Owned Businesses</i>	1.0%
<b>Native American Owned Businesses</b>	<b>\$0.3</b>
<i>Native American Owned Businesses</i>	0.1%
<b>Other Minority Owned Businesses</b>	<b>\$7.6</b>
<i>Other Minority Owned Businesses</i>	2.3%

Sources: DELPHI system data retrieved October 29, 2013 and Federal Procurement Data System (FPDS) data retrieved March 4, 2014.

#### A. Major Contract Award Categories

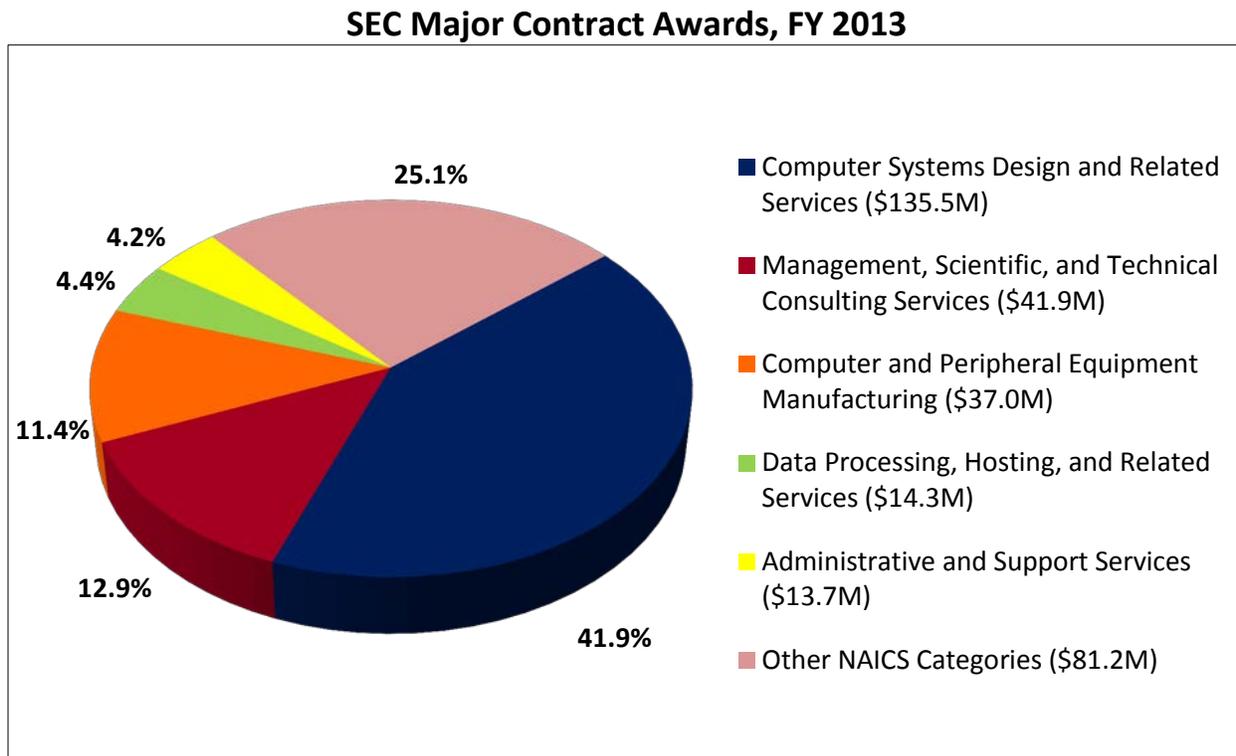
During FY 2013, the following five North American Industry Classification System (NAICS) categories accounted for 74.9% of the SEC's \$323.5 million contract awards:

- Computer Systems Design and Related Services (41.9%);
- Management, Scientific, and Technical Consulting Services (12.9%);

- Computer and Peripheral Equipment Manufacturing (11.4%);
- Data Processing, Hosting, and Related Services (4.4%); and,
- Administrative and Support Services (4.2%).

The remaining 25.1% of contracts awarded in other categories (such as information services and accounting services) accounted for \$81.2 million of the agency’s total contract awards. *See Figure 5.*

**Figure 5**



Source: Federal Procurement Data System (FPDS) data retrieved March 4, 2014.

From FY 2012 to FY 2013, contract awards to MWOBs increased in three of the SEC’s five major contracting categories: Computer Systems Design and Related Services (from \$29.1 million to \$41.2 million); Management, Scientific, and Technical Consulting Services (from \$12.6 million to \$17.7 million); and Data Processing, Hosting, and Related Services (from \$3.6 million to \$6.2 million). MWOBs experienced gains in the first two categories even as the amounts awarded to SEC contractors in these categories decreased overall. Contract awards to MWOBs for Computer and Peripheral Equipment Manufacturing decreased from \$8.8 million in FY 2012 to \$8.7 million in FY 2013. Contract awards to MWOBs for Administrative and Support Services decreased from \$6.8 million to \$6.2 million, as fewer contracts were awarded in this category to SEC contractors overall. *See Figures 6 and 7.*

Figure 6

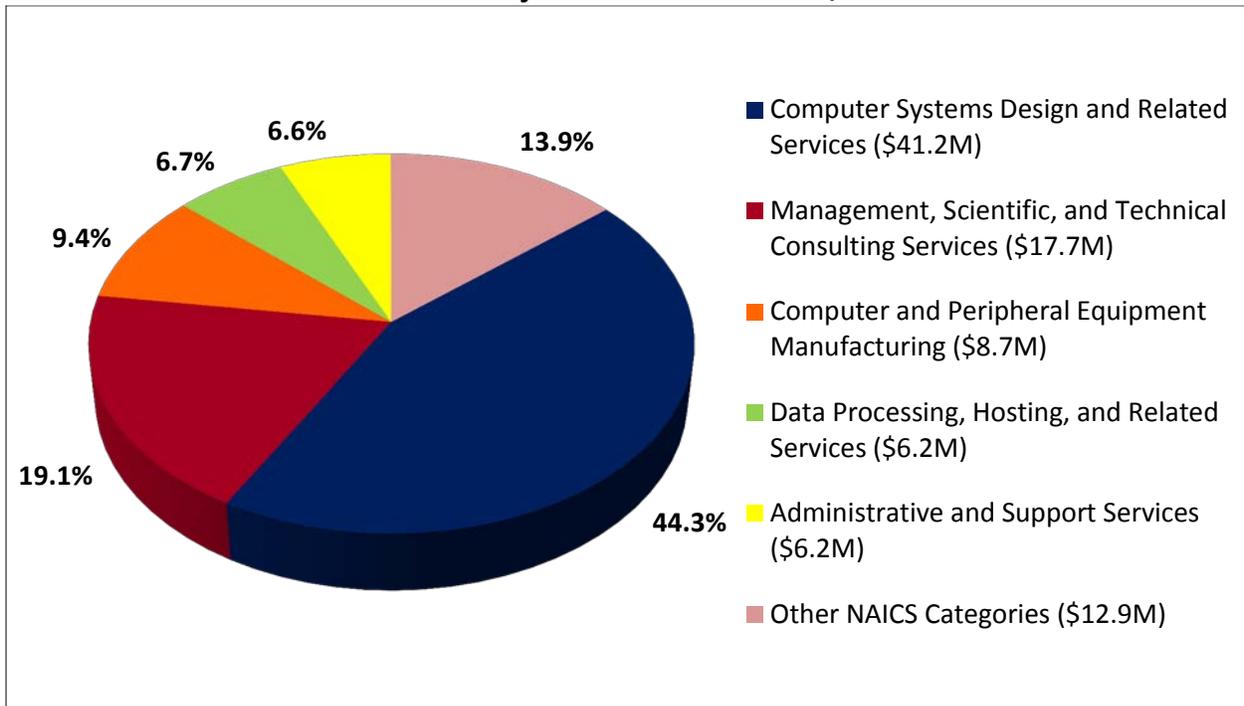
### SEC and MWOB Major Contract Awards, FY 2012 and FY 2013

Major Categories	FY 2012 Total Contract Awards	FY 2012 MWOB Contract Awards	FY 2013 Total Contract Awards	FY 2013 MWOB Contract Awards
Computer Systems Design and Related Services	\$172,749,740	\$29,055,222	\$135,471,515	\$41,209,101
Management, Scientific, and Technical Consulting Services	\$53,844,883	\$12,606,818	\$41,868,065	\$17,722,011
Computer and Peripheral Equipment Manufacturing	\$20,097,657	\$8,817,038	\$36,966,227	\$8,726,719
Data Processing, Hosting, and Related Services	\$9,818,363	\$3,622,621	\$14,338,976	\$6,202,962
Administrative and Support Services	\$28,263,073	\$6,849,800	\$13,667,644	\$6,170,956

Source: Federal Procurement Data System (FPDS) data retrieved March 4, 2014.

Figure 7

### SEC MWOB Major Contract Awards, FY 2013



Source: Federal Procurement Data System (FPDS) data retrieved March 4, 2014.

## B. Good Faith Contract Standard

Section 342(c)(1) of the Dodd-Frank Act requires the OMWI Director to develop and implement standards and procedures for the fair inclusion and utilization of minorities, women, minority-owned and women-owned businesses in all business activities of the Commission at all levels, including procurement and all types of contracts. Under Section 342(c)(2), the procedures established for the review and evaluation of contract proposals and for hiring service providers must include, to the extent consistent with applicable law, a component that gives consideration to the diversity of the applicant. In addition, these procedures must include a written statement (referred to as the “good faith contract standard”) in a form and with such content as the OMWI Director shall prescribe, that “a contractor shall ensure, to the maximum extent possible, the fair inclusion of women and minorities in the workforce of the contractor and, as applicable, subcontractors.” Pursuant to Section 342(d), this good faith contract standard and the procedures established under Section 342(c) shall apply to all agency contracts for services of any kind.

Last year, OMWI reported that the agency considered seeking a Federal Acquisition Regulation (FAR) deviation to adopt a contract standard implementing Section 342(c)(2), but that the Civilian Agency Acquisition Council (CAAC) recommended against that approach. OMWI also reported that the CAAC agreed with the agency’s plan to consult with the U.S. Small Business Administration (SBA) and the U.S. Office of Management and Budget (OMB) prior to publishing the contract standard in the *Federal Register* for public comment, which OMWI hoped to complete before the close of FY 2013. The process of consulting with SBA, OMB, other federal OMWI offices, and the Department of Labor’s Office of Federal Contract Compliance Programs took longer than anticipated, but has been completed. OMWI used the results of those consultations to work with the SEC’s Office of Acquisitions and Office of General Counsel to further develop a contract standard for SEC contracts for services relating to the obligation of contractors to ensure the fair inclusion of women and minorities in their workforces, as required under Section 342(c)(2). As of the date of this report, OMWI is finalizing the contract standard for formal agency review and approval.

## C. Technical Assistance and Outreach

OMWI conducts outreach to MWOBs and small businesses to develop a robust pipeline of diverse suppliers interested in SEC contracting opportunities. The office also provides technical assistance to these companies on how to do business with the SEC. Collectively, these efforts are designed to increase MWOB and small business participation in the business activities of the agency. As a result of the outreach conducted by OMWI, an increased number of minority- and women-owned businesses are contacting OMWI to inquire about contracting opportunities, the demand for vendor outreach has expanded, and more businesses seek to

engage the SEC in their conferences, where matchmaking opportunities are available for entrepreneurs. OMWI outreach and technical assistance initiatives in FY 2013 included:

- hosting a monthly “Vendor Outreach Day” in collaboration with SEC’s Office of Acquisitions at SEC headquarters. This forum provides MWOBs and small businesses with an individualized opportunity to learn about the SEC’s contracting needs and to present their capabilities to OMWI’s Supplier Diversity Representative, the SEC’s Small Business Specialist, and other key SEC personnel;
- participating in conferences and procurement matchmaking sessions to increase the interaction between MWOBs and the SEC. During FY 2013, OMWI’s outreach included participating in the national conferences and/or business matchmaking sessions for the National 8(a) Association<sup>8</sup>, Women as Veteran Entrepreneurs, the National Minority Supplier Development Council, and the Women’s Business Enterprise National Council, among others;
- developing and disseminating literature to MWOBs and small business on SEC contracting opportunities and enhancing OMWI’s external website to facilitate improved technical assistance and outreach to MWOBs and small businesses; and
- maintaining a dedicated email address and telephone line for contracting inquiries and outreach.

#### D. Procurement

The SEC is required to follow the FAR in administering its procurement processes. The FAR generally requires that federal agencies procure goods and services through full and open competition. However, included in FAR part 19 are provisions that require contracting officers to set aside certain requirements for competition solely among certain categories of small businesses.<sup>9</sup> This authority allows the SEC to increase opportunities for small MWOBs to compete for contracts through the Small Disadvantaged Business, 8(a) Certified, Women-Owned Small Business, and Economically Disadvantaged Women-Owned Small Business programs. OMWI collaborates with the SEC’s Office of Acquisitions and its Small Business Specialist to promote the inclusion of small MWOBs in SEC procurement activities.

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<sup>8</sup> The National 8(a) Association works to promote and support businesses in the 8(a) Business Development Program, which was created by SBA to help small businesses owned and controlled at least 51% by socially and economically disadvantaged individuals compete in the marketplace. Go to <http://www.sba.gov/content/about-8a-business-development-program> for more information.

<sup>9</sup> See FAR Subpart 19.5 – Set-Asides for Small Businesses for more information.

Supplier diversity at the SEC also incorporates multiple statutory socioeconomic goals required by the SBA to increase contracting opportunities for small businesses.<sup>10</sup> To meet the SBA goals, the SEC must award its total contracting dollars as follows:

- 23% to prime contracts for small businesses;
- 5% to prime and subcontracts for women-owned small businesses;
- 5% to prime and subcontracts for small disadvantaged businesses;
- 3% to prime and subcontracts for service-disabled veteran-owned small businesses; and,
- 3% to prime and subcontracts for Historically Underutilized Business Zone small businesses.

In FY 2013, the SEC exceeded all of its Small Business Administration goals, including its Historically Underutilized Business Zone small businesses goal.

#### E. Best Practices

During FY 2013, OMWI developed a metrics dashboard that included data collected on SEC contract awards to MWOBs. The dashboard provides an easy to understand graphical representation of the number, dollar value, and percentage of contract awards to MWOBs. The dashboard, which is updated on a monthly basis, is used as a performance management tool to regularly monitor changes and trends in SEC procurement activities relating to minority-owned and women-owned businesses.

Another best practice utilized for continuous program improvement is regular communication with OMWI colleagues in other federal agencies about successful approaches for increasing supplier diversity. OMWI regularly participates in monthly interagency supplier diversity working group meetings to share information, metrics, innovations, and opportunities relating to diversity and inclusion in contracting.

#### F. Challenges and Next Steps

The largest decrease in SEC contract awards overall in FY 2013 was in the Computer Systems Design and Related Services category, which declined by \$37.7 million. Overall, contracts awarded by the SEC to African-American-owned businesses decreased by \$6.3 million, from \$23.4 million (6.2%) in FY 2012 to \$17.1 million (5.3%) in FY 2013. Of this \$6.3 million decrease, \$4.4 million (69.8%) was due to a decrease in the contract award to one African-

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<sup>10</sup> Go to <http://www.sba.gov/content/small-business-goaling> for more information about the SBA goals for federal agencies.

American-owned business in the Computer Systems Design and Related Services category, from \$5.4 million awarded in FY 2012 to \$1.0 million awarded in FY 2013. The decrease in overall SEC contract awards in the Computer Systems Design and Related Services category impacted the decrease in contract award amounts. Although contracts awarded to Hispanic-owned businesses increased by \$1.9 million, from \$4.2 million in FY 2012 to \$6.1 million in FY 2013, they only comprised 1.9% of the total SEC contracts awarded in FY 2013.

In FY 2014, OMWI will continue its broad outreach to increase awareness of the SEC's contracting needs and to encourage MWOBs to compete for agency contract awards. In an effort to increase contracting opportunities for African-American-owned businesses and Hispanic-owned businesses in particular, OMWI plans to enhance its outreach to encourage more robust participation of these business communities in the SEC's contracting activities. OMWI is also completing a gap analysis to assist the office in formulating strategies to foster greater inclusion of all MWOBs in SEC contracts and business activities.

## II. Employment of Minorities and Women in the SEC Workforce

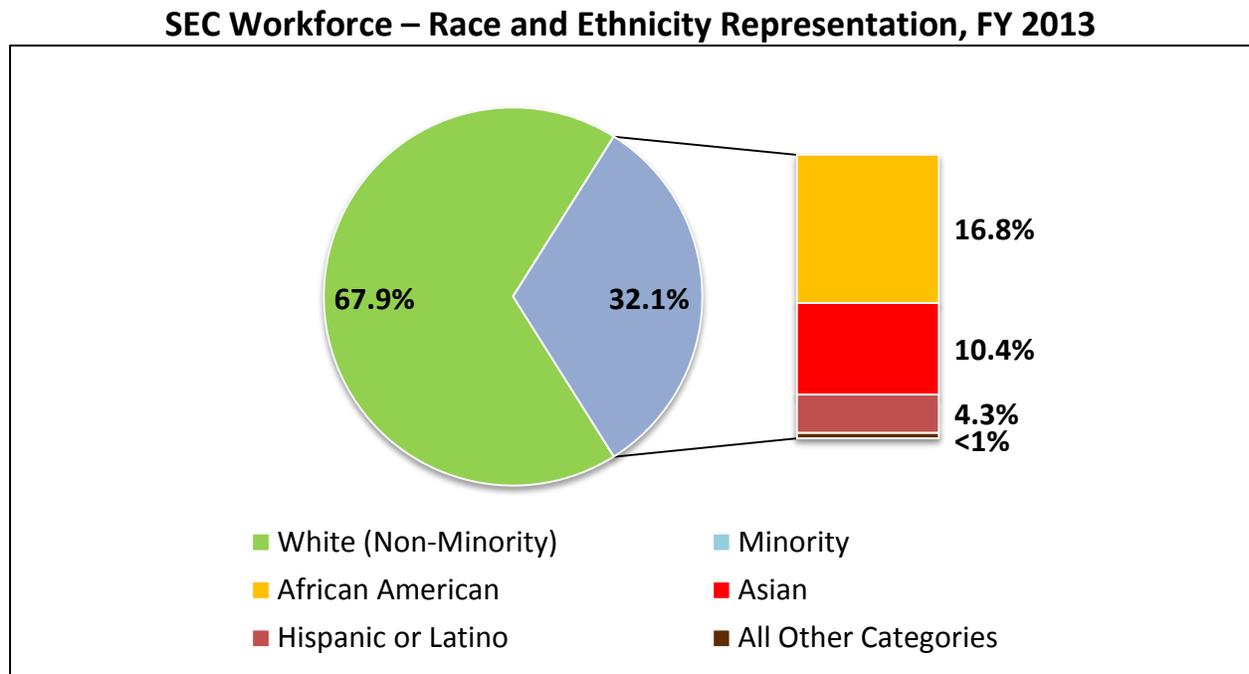
OMWI is committed to taking steps to ensure that minorities and women have equal opportunities for employment at all levels of the agency’s workforce, including in supervisory and management positions. A demographic overview of the 4,138 permanent and temporary employees in the SEC’s FY 2013 workforce is provided below.

### A. Minority and Women Representation

As of the end of FY 2013, minorities comprised 32.1% (1,329 employees) of the SEC workforce. *See Figure 8.* Of the minority employees:

- 695 (16.8%) are African-American;
- 429 (10.4%) are Asian;
- 180 (4.3%) are Hispanic or Latino;
- 14 (.3%) are American Indian or Alaska Native;
- 5 (.1%) are Native Hawaiian or Other Pacific Islander; and,
- 6 (.1%) are of Two or More Races.

Figure 8

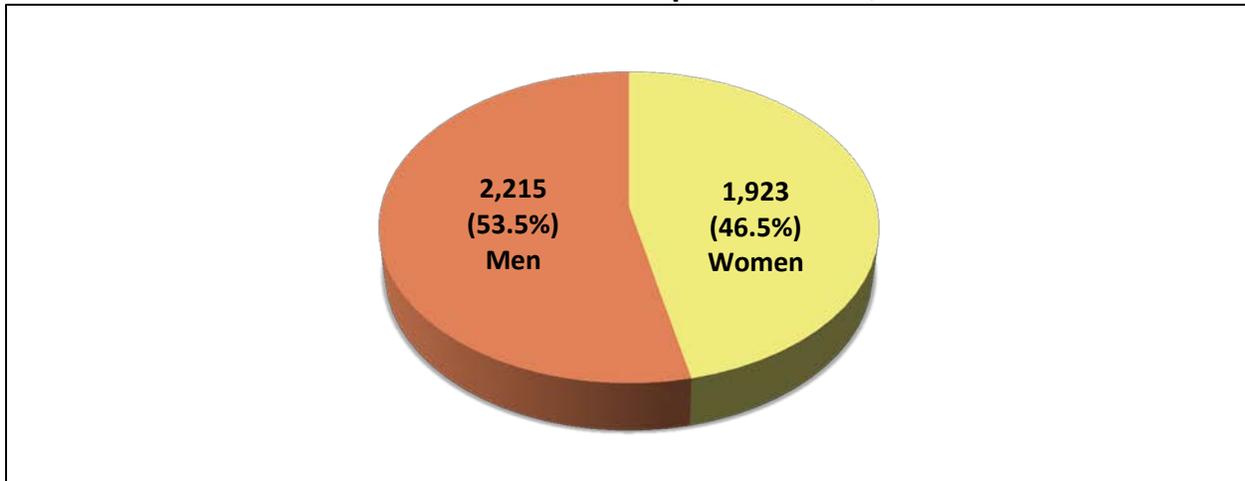


Source: Federal Personnel/Payroll System (FPPS) Fiscal Year 2013 data retrieved March 4, 2014. “All Other Categories” includes the Native Hawaiian or Other Pacific Islander, American Indian or Alaska Native, and Two or More Races race/ethnicity categories, which combined comprised less than 1% of the SEC workforce.

As of the end of FY 2013, women comprised 46.5% (1,923 employees) of the SEC workforce. See Figure 9.

Figure 9

### SEC Workforce – Gender Representation, FY 2013



Source: Federal Personnel/Payroll System (FPPS) Fiscal Year 2013 data retrieved March 4, 2014.

#### B. Federal Workforce and Civilian Labor Force Comparison

In FY 2013, the 46.5% representation of women at the SEC was higher than the federal workforce representation of 43.5%, but lower than the Civilian Labor Force (CLF) representation of 48.1%. For minorities, the SEC's 32.1% representation was lower than the federal workforce representation of 34.5%, but higher than the CLF representation of 27.6%.

For African-Americans, the SEC's 16.8% representation was higher than the CLF representation of 12.0%, but lower than the federal workforce representation of 17.5%. For Asians, the SEC's 10.4% representation was higher than the federal workforce representation of 5.5% and the CLF representation of 3.9%. For Hispanics or Latinos, the SEC's representation of 4.3% was lower than the federal workforce representation of 8.1% and the CLF representation of 10.0%. For American Indians or Alaska Natives, the SEC's 0.3% representation was lower than the federal workforce representation of 1.8% and the CLF representation of 1.1%. For Native Hawaiians or Other Pacific Islanders, the SEC's 0.1% representation was lower than the federal workforce representation of 0.4% and equal to the CLF representation of 0.1%. For individuals of Two or More Races, the SEC's 0.1% representation was lower than the federal workforce representation of 1.1% and the CLF representation of 0.5%. See Figure 10.

Figure 10

**SEC FY 2013 Workforce –  
Federal Workforce and Civilian Labor Force Comparison**

Demographic Groups	SEC FY 2013 Workforce	FY 2013 Federal Workforce	2010 Civilian Labor Force
Men	53.5%	56.5%	51.9%
Women	46.5%	43.5%	48.1%
Minorities	32.1%	34.5%	27.6%
White (Non-Minority)	67.9%	65.5%	72.4%
Asian	10.4%	5.5%	3.9%
African-American	16.8%	17.5%	12.0%
Hispanic or Latino	4.3%	8.1%	10.0%
American Indian or Alaska Native	0.3%	1.8%	1.1%
Native Hawaiian or Other Pacific Islander	0.1%	0.4%	0.1%
Two or More Races	0.1%	1.1%	0.5%

Sources: Federal Personnel/Payroll System (FPPS) for FY 2013, U.S. Office of Personnel Management FedScope Federal Human Resources Data, and U.S. Department of Interior, Interior Business Center. As of the date of this report, the 2010 Civilian Labor Force data provided by the U.S. Department of Interior, Interior Business Center was the most recent data available.

**C. Mission Critical Occupations**

The SEC’s mission critical occupations – attorneys, accountants, economists and compliance examiners – comprised approximately 72% of the agency’s workforce in FY 2013. Of the SEC’s 1,329 minority employees, 667 (50.2%) were employed in the agency’s mission critical occupations. By comparison, 2,305 (82.1%) non-minority employees were employed in the agency’s mission critical occupations. Of the SEC’s 1,923 women employees, 1,229 (63.9%) were employed in the mission critical occupations. By comparison, 1,743 (78.7%) men were employed in the agency’s mission critical occupations.

The 19.4% (340) representation of minority attorneys at the SEC was below the federal workforce representation of 20.0% and above the CLF representation of 13.6%. The 26.8% (259) representation of minority accountants at the SEC was below the federal workforce representation of 37.9% and above the CLF representation of 24.0%. The 32.3% (21) representation of minority economists at the SEC was above the federal workforce representation of 21.6% and above the CLF representation of 19.0%. The 25.4% (47) representation of minority compliance examiners at the SEC was above the federal workforce representation of 22.6% and below the CLF representation of 27.5%.

The 41.7% representation of women attorneys at the SEC was below the federal workforce representation of 47.6% and above the CLF representation of 33.3%. The 43.3%

representation of women accountants at the SEC was below the federal workforce representation of 58.6% and below the CLF representation of 60.1%. The 33.8% representation of women economists at the SEC was above the federal workforce representation of 33.6% and above the CLF representation 32.9%. The 30.3% representation of women compliance examiners at the SEC was below the federal workforce representation of 37.4% and below the CLF representation of 45.3%

Hispanic or Latino representation at the agency exceeded the federal workforce representation for accountants (5.7% compared to 4.6%), and fell below the federal workforce representation for attorneys (3.0% compared to 4.1%), economists (3.1% compared to 3.6%), and compliance examiners (4.3% compared to 4.8%). For African-Americans, representation at the SEC was below the federal workforce representation for attorneys (7.1% compared to 8.6%), accountants (8.7% compared to 22.7%), economists (6.2% compared to 7.0%), and compliance examiners (7.0% compared to 11.0%). African-American representation was above the CLF representation for attorneys (7.1% compared to 4.7%), accountants (8.7% compared to 22.5%), and economists (6.2% compared to 5.5%). African-American representation was below the CLF representation for compliance examiners (7.0% compared to 12.3%). Asian representation at the SEC was higher than the federal workforce representation for attorneys (8.9% compared to 5.8%), accountants (12.1% compared to 8.3%), economists (21.5% compared to 9.8%), and compliance examiners (13.5% compared to 5.0%). Asian representation at the SEC was higher than the CLF representation for attorneys (8.9% compared to 3.6%), accountants (12.1% compared to 8.6%), economists (21.5% compared to 7.5%), and compliance examiners (13.5% compared to 7.7%). *See Figure 11.*

Figure 11

**SEC FY 2013 Mission Critical Occupations –  
Federal Workforce and Civilian Labor Force Comparison**

Mission Critical Occupations	Men	Women	White Non-Minority	Hispanic or Latino	Black or African-American	Asian	Native Hawaiian or Other Pacific Islander	American Indian or Alaska Native	Two or More Races
<b>FY 2013 SEC Attorneys</b>	<b>58.3%</b>	<b>41.7%</b>	<b>80.6%</b>	<b>3.0%</b>	<b>7.1%</b>	<b>8.9%</b>	<b>0.1%</b>	<b>0.3%</b>	<b>0.1%</b>
FY 2013 FW Attorneys	52.4%	47.6%	80.0%	4.1%	8.6%	5.8%	0.1%	0.4%	0.9%
Occupational CLF 2010	66.7%	33.3%	86.4%	4.4%	4.7%	3.6%	0.0%	0.5%	0.4%
<b>FY 2013 SEC Accountants</b>	<b>56.7%</b>	<b>43.3%</b>	<b>73.2%</b>	<b>5.7%</b>	<b>8.7%</b>	<b>12.1%</b>	<b>0.0%</b>	<b>0.3%</b>	<b>0.0%</b>
FY 2013 FW Accountants	41.4%	58.6%	62.1%	4.6%	22.5%	8.3%	0.2%	1.3%	1.0%
Occupational CLF 2010	39.9%	60.1%	76.0%	6.1%	8.2%	8.6%	0.1%	0.6%	0.5%
<b>FY 2013 SEC Economists</b>	<b>66.2%</b>	<b>33.8%</b>	<b>67.7%</b>	<b>3.1%</b>	<b>6.2%</b>	<b>21.5%</b>	<b>0.0%</b>	<b>1.5%</b>	<b>0.0%</b>
FY 2013 FW Economists	66.4%	33.6%	78.4%	3.6%	7.0%	9.8%	0.0%	0.3%	0.7%
Occupational CLF 2010	67.1%	32.9%	81.0%	5.2%	5.5%	7.5%	0.1%	0.6%	0.2%
<b>FY 2013 SEC Compliance Examiners</b>	<b>69.7%</b>	<b>30.3%</b>	<b>74.6%</b>	<b>4.3%</b>	<b>7.0%</b>	<b>13.5%</b>	<b>0.0%</b>	<b>0.0%</b>	<b>0.5%</b>
FY 2013 FW Compliance Examiners	62.6%	37.4%	77.4%	4.8%	11.0%	5.0%	0.1%	0.7%	1.0%
Occupational CLF 2010	54.8%	45.3%	72.5%	6.7%	12.3%	7.7%	0.0%	0.4%	0.5%

Sources: Federal Personnel/Payroll System (FPPS) Fiscal Year 2013 data, U.S. Office of Personnel Management FedScope Federal Human Resources data, and U.S. Department of Interior - Interior Business Center 2010 CLF data (the most recent data available) retrieved March 4, 2014. For the federal workforce data, the following occupation series codes were used: Attorneys (0905), Accountants (0510), Economists (0110), and Compliance Examiners (1831 and 0570).

D. Supervisors and Managers

During FY 2013, there were a total of 769 supervisors and managers at the SEC. Of this total, 735 (95.6%) occupied the primary supervisory and management grade levels of SK-15, SK-17, and Senior Officer. In FY 2013, the number of minorities and women in supervisory and management positions at the SEC increased to 168 minorities (21.8%) and 297 women (38.6%), up from 147 minorities (19.3%) and 284 women (37.3%) in FY 2012. *See Figure 12.*

Figure 12

**SEC Supervisors and Managers, FY 2012 and FY 2013<sup>11</sup>**

Fiscal Year	Total	Men	Women	White Non-Minority	Hispanic or Latino	African-American	Asian	Native Hawaiian or Other Pacific Islander	American Indian or Alaska Native	Two or More Races
2012	761	477	284	614	27	63	52	2	3	0
2012 % of total	100%	62.7%	37.3%	80.7%	3.5%	8.3%	6.8%	0.3%	0.4%	0.0%
2013	769	472	297	601	28	70	62	3	4	1
2013 % of total	100%	61.4%	38.6%	78.2%	3.6%	9.1%	8.1%	0.4%	0.5%	0.1%

Source: Federal Personnel/Payroll System (FPPS) data for Fiscal Years 2012 and 2013 retrieved March 4, 2014.

E. Senior Officers

Senior Officers are the highest ranking staff at the agency. In FY 2013, the representation of minorities at the senior officer level was 12.4%, a decrease from 13.3% in FY 2012, and the representation of women at the senior officer level was 34.1%, an increase from 31.3% in FY 2012. The number of African-American senior officers remained the same, the number of Asian senior officers increased from four to five, and the number of Hispanic or Latino senior officers decreased from five to three. The number of women senior officers increased to 44, up from 40 in FY 2012. *See Figure 13.*

<sup>11</sup> The method for identifying supervisory and management positions was modified in the FY 2013 OMWI annual report to include all supervisors and managers across all grades, and to exclude those SK-15s, SK-17s and Senior Officers who were not supervisors or managers. The numbers and percentages of supervisors and managers for FY 2012 and FY 2013 presented in the FY 2013 OMWI annual report were recalculated using this methodology.

Figure 13

**SEC Senior Officers, FY 2012 and FY 2013**

Fiscal Year	Total	Men	Women	White Non-Minority	Hispanic or Latino	African-American	Asian	Native Hawaiian or Other Pacific Islander	American Indian or Alaska Native	Two or More Races
2012	128	88	40	111	5	7	4	0	1	0
2012 % of total	100%	68.8%	31.3%	86.7%	3.9%	5.5%	3.1%	0.0%	0.8%	0.0%
2013	129	85	44	113	3	7	5	0	1	0
2013 % of total	100%	65.9%	34.1%	87.6%	2.3%	5.4%	3.9%	0.0%	0.8%	0.0%

Source: Federal Personnel/Payroll System (FPPS) data for Fiscal Years 2012 and 2013 retrieved March 4, 2014.

F. New Hires

In FY 2013, the SEC hired 472 new employees – an increase of 25.9% over the 375 new employees hired in FY 2012. Minorities comprised 33.5% of the agency’s new hires in FY 2013, compared to 31.2% in FY 2012. Women comprised 40.3% of the agency’s new hires in FY 2013, compared to 35.7% in FY 2012. *See Figure 14.*

Figure 14

**SEC New Hires, FY 2012 and FY 2013**

Fiscal Year	Total New Hires	Men	Women	White Non-Minority	Hispanic or Latino	African-American	Asian	Native Hawaiian or Other Pacific Islander	American Indian or Alaska Native	Two or More Races
2012	375	241	134	258	13	49	50	1	2	2
2012 % of total	100%	64.3%	35.7%	68.8%	3.5%	13.1%	13.3%	0.3%	0.5%	0.5%
2013	472	282	190	314	13	75	66	1	1	2
2013 % of total	100%	59.7%	40.3%	66.5%	2.8%	15.9%	14.0%	0.2%	0.2%	0.4%

Source: Federal Personnel/Payroll System (FPPS) data for Fiscal Years 2012 and 2013 retrieved March 4, 2014.

G. Separations

In FY 2013, 273 employees left the SEC. Separations due to resignation, retirement, and term appointments accounted for 95% of employee separations in FY 2013 and in FY 2012. Minority separation rates increased to 29.7% in FY 2013, compared to 24.4% in FY 2012. The FY 2013 minority separation rate was lower than the FY 2013 minority new hire rate of 33.5%, which increased the level of representation for minorities at the agency. For women, separation rates increased to 47.3% in FY 2013, compared to 42.6% in FY 2012. The FY 2013 separation rate for women exceeded the FY 2013 new hire rate of 40.3%, which decreased the level of representation for women at the agency. *See Figure 15.*

Figure 15

**SEC Separations, FY 2012 and FY 2013**

Fiscal Year	Total	Men	Women	White Non-Minority	Hispanic or Latino	African-American	Asian	Native Hawaiian or Other Pacific Islander	American Indian or Alaska Native	Two or More Races
2012	270	155	115	204	14	30	21	1	0	0
2012 % of total	100%	57.4%	42.6%	75.6%	5.2%	11.1%	7.8%	0.4%	0.0%	0.0%
2013	273	144	129	192	15	37	28	0	1	0
2013 % of total	100%	52.7%	47.3%	70.3%	5.5%	13.6%	10.3%	0.0%	0.4%	0.0%

Source: Federal Personnel/Payroll System (FPPS) data for Fiscal Years 2012 and 2013 retrieved on March 4, 2014.

The SEC is currently developing a process to capture separation data from exit interviews. OMWI expects to look at this data to determine the effect of separations on minorities and women.

## H. Promotions

In FY 2013, 428 employees were promoted at the agency. Of these employees, 154 (36.0%) were minorities and 210 (49.1%) were women. In FY 2013, promotion rates for African-Americans (19.9%), Asians (11.2%), and women (49.1%) exceeded the SEC workforce representation, and promotion rates for Hispanic or Latinos (3.7%) fell below the SEC workforce representation. *See Figure 16.*

**Figure 16**

### SEC Promotions, FY 2012 and FY 2013

Fiscal Year	Total	Men	Women	White Non-Minority	Hispanic or Latino	African-American	Asian	Native Hawaiian or Other Pacific Islander	American Indian or Alaska Native	Two or More Races
2012	470	231	239	303	18	106	40	2	1	0
2012 % of total	100%	49.1%	50.9%	64.5%	3.8%	22.6%	8.5%	0.4%	0.2%	0.0%
2013	428	218	210	274	16	85	48	1	3	1
2013 % of total	100%	50.9%	49.1%	64.0%	3.7%	19.9%	11.2%	0.2%	0.7%	0.2%

Source: Federal Personnel/Payroll System (FPPS) data for Fiscal Years 2012 and 2013 retrieved March 4, 2014.

## I. External Outreach and Collaborations

At the SEC, the need to hire and retain talent is more important than ever. The agency recognizes the value of, and remains committed to, being an employer of choice for a diverse, inclusive, results-driven workforce. In FY 2013, to attract more minorities and women to the agency, OMWI initiated an enhanced national outreach program to engage minority- and women-serving organizations and institutions based near the agency's regional office locations, with the aim of developing strategic relationships to attract a diverse talent pool for current and future employment opportunities at all levels of the agency.

Many of these strategic relationships began with OMWI's participation at national and annual conferences. In addition to participating in conferences, OMWI hosted students from the United Negro College Fund's Gateway to Leadership program at SEC Headquarters, sent weekly SEC job alerts to organizations nationwide, and identified SEC speakers and panelists for minority- and women-focused workshops, conferences, and conventions. In FY 2013, OMWI also collaborated with the Thurgood Marshall College Fund to enhance the SEC's visibility to

Historically Black Colleges and Universities and to proactively share employment information with the minority students, faculty, and administrators of its member institutions. *See Figure 17.*

**Figure 17**

<b>OMWI Outreach and Events, FY 2013</b>	
National Asian Pacific American Bar Association Annual Convention	November 2012
National Association of Securities Professionals Mentors Luncheon and Career Symposium	November 2012
Robert Toigo Foundation – Groundbreakers Summit	December 2012
Washington Bar Association Annual Career Fair	February 2013
Federal Bar Association – Washington, DC/Baltimore Public Service Career Fair	February 2013
Nashville Area Career Fair	February 2013
ASCEND National Convention and Career Fair	April 2013
Native American Finance Officers Association Annual Conference	April 2013
Harvard Latino Law, Policy, and Business Conference	April 2013
Spelman College – LEADS and Women of Color Conference	May 2013
National Society of Hispanic Professionals Diversity Job Fair	May 2013
United Negro College Fund Gateway to Leadership Program	May 2013
National Association of Securities Professionals Annual Conference	June 2013
National Association of Black Accountants National Convention and Expo	June 2013
Urban Financial Services Coalition Annual International Summit	June 2013
National Bar Association Annual Convention	July 2013
National Urban League Annual Conference	July 2013
National Council of La Raza Annual Conference	July 2013
Association of Latino Professionals in Finance and Accounting Annual Convention	August 2013
National LGBT Bar Association Lavender Law Conference and Career Fair	August 2013
Vault/Minority Corporate Counsel Association Annual Legal Diversity Career Fair	August 2013
Hispanic National Bar Association Annual Convention	September 2013
Asian MBA Leadership Conference and Career Exposition	September 2013
Congressional Black Caucus Annual Legislative Conference	September 2013
Corporate Counsel Women of Color Annual Conference	September 2013
National Historically Black Colleges and Universities Week Conference	September 2013
Minority Corporate Counsel Association Annual Diversity Conference	September 2013
National Black MBA Association Annual Conference and Expo	September 2013
Thurgood Marshall College Fund Leadership Academy and Student Outreach	September 2013 – September 2014

In FY 2013, OMWI also began collaborating with minority- and women-focused professional organizations on career and professional development programs and initiatives with the goal of introducing more minority and women students and professionals to the work of the

agency. OMWI is focused on cultivating a more diverse applicant pool, both for the SEC and the securities and financial services industry.

Staff from the SEC's regional offices participated in activities ranging from speaking at local professional organization events to teaching a Securities Law Enforcement course at Florida International University School of Law, a minority-serving law school. Regional office staff also conducted on-campus outreach to students, faculty, and administrators at minority-serving undergraduate, law, and business schools. The SEC also sponsored a Student Shadowing Program at headquarters and in most of the SEC's regional offices, where high school students shadowed SEC employees for the day to learn more about financial literacy, the SEC's mission, and careers in the securities and financial services industry.

#### J. Internal Initiatives and Opportunities

The SEC's commitment to workforce diversity and inclusion is also reflected in its broad array of internal initiatives sponsored by OMWI at the SEC. OMWI has developed relationships with senior leaders across the agency who regularly engage OMWI in developing strategic diversity and inclusion initiatives for their respective offices. From April 2013 through early October 2013, the OMWI Director and key staff met with the directors and senior leaders of each of the SEC's Divisions, the Office of Compliance Inspections and Examinations, and each regional office to discuss in detail how the directors and senior leaders could engage OMWI to enhance their workforce diversity and hiring initiatives. Strategies discussed and developed include creating targeted outreach to address specific hiring needs, facilitating speaking opportunities and conference participation for directors and senior leaders, and increasing the agency's collaborations with minority and women educational institutions located near SEC regional offices. OMWI will continue to convene these meetings to engage the directors and senior leaders in all SEC offices and divisions.

In addition, all SEC employees are encouraged to participate in the agency's Sponsored Employee Resource Groups. These resource groups provide networking, mentoring and outreach opportunities to all interested employees, offer cultural and educational programs, support the agency's Office of Equal Employment Opportunity (OEEEO) programs, and make programmatic recommendations to the OEEEO Director. Each group is sponsored by an SEC Commissioner and receives program support from OEEEO and/or the Office of Human Resources (OHR).

In FY 2013, nine Sponsored Employee Resource Groups were active at the SEC:

- the African-American Council;
- the American Indian Heritage Committee;
- the Asian Pacific American Committee;

- the Caribbean American Heritage Committee;
- the Disability Issues Advisory Committee;
- the Hispanic and Latino Opportunity, Leadership, and Advocacy Committee;
- the Lesbian, Gay, Bisexual, and Transgender Committee;
- the Veteran’s Committee; and,
- the Women’s Committee.

In FY 2013, SEC staff observed numerous commemorative heritage, history, and awareness month events at SEC headquarters and regional offices. When possible, remote access to these events was provided across the agency. The SEC also recently launched “All Invested” – an agency-wide culture change initiative to bring management and staff together toward the common goal of making the SEC the best place in government to work. The initiative encompasses a range of topics, including collaborating within teams and across the agency, fostering an interesting and engaging work environment, and developing opportunities for employees to learn and grow.

In FY 2014, the SEC will launch a formal Diversity Council chaired by Commissioner Luis A. Aguilar. The Diversity Council will be comprised of Sponsored Employee Resource Group members, SEC staff appointed for their knowledge on diversity issues and their reputations for inclusion, and personal and professional leadership, and union representatives. OMWI and OHR have non-voting representation on the Diversity Council. The Diversity Council will submit recommendations on diversity matters to the Commission, OMWI, and/or any other functional arm or organization within the agency, as the Diversity Council deems appropriate, including recommendations for proposed changes, by a majority vote held at a Diversity Council meeting. These diversity matters include all agency matters relating to diversity, such as management, employment, and business activities. The Diversity Council is an important and exciting opportunity for staff and leaders to work together on diversity initiatives, and will provide OMWI with a unique perspective on diversity matters.

#### K. Challenges and Next Steps

As noted in the 2013 report issued by the U.S. Government Accountability Office entitled *Diversity Management: Trends and Practices in the Financial Services Industry and Agencies after the Recent Financial Crisis*, officials at the federal financial agencies subject to Section 342 identified the limited representation of minorities and women in internal and external candidate

pools as a key challenge to increasing workforce diversity.<sup>12</sup> Despite some progress in FY 2013, OMWI will work to attract minorities and women in the mission critical occupations of accountants, attorneys, economists, and compliance examiners to the agency. In FY 2014, OMWI will continue to engage SEC hiring officials, minority and women professional organizations representing securities and financial services industry participants, and educational institutions to develop tailored recruitment strategies for minorities and women in these occupations and fields.

OMWI is focusing on promotion and retention issues facing minorities and women at the agency, and will continue to focus on these issues in the coming fiscal years. OMWI is working with OHR and OEEEO to capture data to better understand any issues or barriers relating to the promotion rates and opportunities for minorities and women at the agency. Once processes are established to capture more detailed data, OMWI will use that as a basis to address any specific issues relating to the promotion and retention of minorities and women.

In FY 2014, OMWI retained a consultant to assist with the development of a strategic plan to attract more women and minorities to the SEC and to ensure that students attending historically black colleges and universities, Hispanic-serving institutions, women's colleges, and other minority colleges and institutions are aware of, and encouraged to apply for, the agency's internship and career opportunities. In FY 2014, OMWI will continue its participation in minority- and women-focused conferences and events and its engagement of minority and women educational institutions to generate more interest in SEC career paths and opportunities. This will include expanding the SEC's presence at events targeting Hispanic and African-American professionals to increase the Hispanic and African-American applicant pools. OMWI will also enhance its collaborations with minority- and women-focused organizations and educational institutions by working with staff in the SEC's regional offices to implement focused outreach plans and initiatives at the local level.

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<sup>12</sup> U.S. Government Accountability Office, *Diversity Management: Trends and Practices in the Financial Services Industry and Agencies after the Recent Financial Crisis*, GAO-13-238, Published April 16, 2013, Publicly Released, May 16, 2013, <http://www.gao.gov/assets/660/653814.pdf> at page 24.

### **III. Regulated Entities**

The OMWI Directors of the Securities and Exchange Commission, Federal Deposit Insurance Corporation, National Credit Union Administration, Federal Reserve Board, Consumer Finance Protection Bureau, and the Office of the Comptroller of the Currency (the Agencies) collaborated to develop a Proposed Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies (the Proposed Interagency Policy Statement).

The proposed standards are intended to promote transparency and awareness of diversity policies and practices within regulated entities and will provide guidance for assessing these policies and practices. The standards cover four key areas:

- organizational commitment to diversity and inclusion;
- workforce profile and employment practices;
- procurement and business practices and supplier diversity; and,
- practices to promote transparency of organizational diversity and inclusion.

The OMWI FY 2012 Annual Report highlighted numerous meetings that were held to solicit the perspectives of external stakeholders. In drafting the proposed standards, the Agencies took into consideration the fact that regulated entities have varying characteristics including asset size, number of employees, governance structure, income, number of members or customers, contract volume, and location.

The Proposed Interagency Policy Statement was published in the *Federal Register* on October 25, 2013 and was available for a 60-day comment period. In an effort to ensure adequate time for interested parties to share their views, the comment period was extended an additional 45 days and closed on February 7, 2014. As of the writing of this annual report, the Agencies are in the process of reviewing the more than 200 comments received.

## CONCLUSION AND FISCAL YEAR 2014 OUTLOOK

During FY 2013, OMWI remained focused on the development of standards and procedures to enhance the diversity of the agency's workforce and senior management ranks, to increase the participation of minority-owned and women-owned businesses in agency contracts, and to assess the diversity policies and practices of the entities regulated by the agency. In FY 2014, OMWI plans to:

- develop specific outreach initiatives and work with SEC division and office directors to improve the agency's new hire rates for minorities and women;
- continue to foster an inclusive workplace environment to retain and develop minorities and women at the SEC; and,
- expand its strategic outreach to minority-owned and women-owned businesses relating to the SEC's major contract award categories.

In every aspect of its responsibilities, OMWI will continue to emphasize the value and importance of fully utilizing diversity and inclusion to advance the agency's mission to protect investors, maintain fair, orderly, and efficient markets, and facilitate capital formation. A workforce that exemplifies the diversity of the investors the SEC is charged with protecting should enhance the agency's ability to fulfill its mission. OMWI will continue to move forward with initiatives to enhance diversity and inclusion throughout the SEC's workforce and business activities, and expects to report favorably on those efforts in its FY 2014 annual report.

### **FOR FURTHER INFORMATION**

Should you require any further information regarding this report, please contact Pamela Gibbs, Director, Office of Minority and Women Inclusion, at (202) 551-6046 or Julie Davis, Deputy Director, Office of Legislative and Intergovernmental Affairs, at (202) 551-2233.