

Diversity Assessment Report for Entities Regulated by the SEC



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SEC invited 1,327 regulated entities to participate in and submit a diversity self-assessment in 2022.

While many entities do not participate, SEC received 58 submissions covering nearly 7 percent of regulated entities.

- A majority of responses received indicate firms' organizational commitment to diversity and inclusion (Standard 1) as well as employment practices to promote workforce diversity and inclusion (Standard 2).
- Few firms indicate business and supplier diversity policies and practices (Standard 3).
- A majority of firms publicize workforce diversity progress but fewer publicize supplier diversity progress (Standard 4).
- Most firms monitor their diversity progress, but just 33 percent use the Joint Standards and fewer than 40 percent publicize the results of their self-assessments (Standard 5).

Diversity Self-Assessment Collection

The Diversity Assessment Report is designed to help regulated entities conduct voluntary self-assessments of their diversity policies and practices and provide them with a template for submitting diversity-self-assessments to the SEC. It is intended primarily for SEC-regulated entities with more than 100 employees.

2022 Registrant Population and Responses

Using registration information, SEC identified 1,327 registrants (investment advisers, broker-dealers, municipal advisers, and self-regulatory organizations) that have more than 100 employees as potential respondents.

SEC received a total of 58 responses, which cover more than 90 regulated entities, or 6.8% of entities invited to submit Diversity Assessment Reports in 2022. Most responses were from registrants that are divisions or subsidiaries of larger financial institutions. In some cases, the response covered more than one division or subsidiary regulated by the SEC.

The responses were submitted in a variety of forms:

- SEC’s Diversity Assessment Report form
- Firm narrative reports of diversity self-assessments
- Firm-prepared diversity self-assessment template
- Diversity Self-Assessments using templates created by the Office of the Comptroller of the Currency, Federal Reserve Board, and Federal Deposit Insurance Corporation

Responses received on the SEC DAR form were tabulated and the percentage of forms indicating “yes” on each item for each standard are reported below. No inference or generalization to the total registrant population can be made or inferred; reported percentages represent only those firms submitting SEC DAR forms.

2022 Standard 1: Organizational Commitment to Diversity and Inclusion

The leadership of a firm with successful diversity policies and practices demonstrates its commitment to diversity and inclusion. Leadership comes from the governing body, such as a board of directors, as well as senior officials and those managing the regulated entity on a day-to-day basis.

Self-assessment indicator	Percentage
1.1 The firm has a written diversity and inclusion policy that is approved and supported by the chief executive officer or other senior level official.	88%
1.2 A senior level official with experience in diversity and inclusion policies and practices oversees and directs the firm’s diversity and inclusion efforts.	98%
1.3 The firm includes diversity and inclusion considerations as part of its strategic plan for recruiting, hiring, retaining, and promoting employees.	100%
1.4 The firm includes diversity and inclusion considerations as part of its strategic plan for recruiting, hiring, retaining, and promoting executive and senior level officials and managers.	98%
1.5 The firm includes diversity and inclusion considerations as part of its strategic plan for recruiting and selecting members of the board of directors or other governing body.	79%

1.6 The firm includes diversity and inclusion considerations as part of its strategic plan for contracting with vendors and suppliers.	67%
1.7(a) The firm takes proactive steps to promote a diverse pool of candidates when selecting executive and senior level officials and managers.	100%
1.7(b) The firm takes proactive steps to promote a diverse pool of candidates when selecting members of the board of directors or other governing body.	81%
1.8 The firm regularly offers training and educational opportunities on equal employment opportunity and diversity and inclusion.	95%
1.9 The firm provides regular progress reports on diversity and inclusion efforts to the board of directors or other governing body.	83%
1.10 The firm takes diversity and inclusion into consideration when making strategic planning and governance decisions.	90%

2022 Standard 2: Implementation of Employment Practices to Promote Workforce Diversity and Inclusion

Many firms proactively promote diversity and the fair inclusion of minorities and women in their workforces. Firms with successful diversity and inclusion programs also regularly evaluate their programs and identify areas to be improved.

Self-assessment indicator	Percentage
2.1 The firm implements policies and practices that create or foster diverse applicant pools for employment opportunities. These practices may include:	90%
2.1(a) Outreach to minority and women organizations.	95%
2.1(b) Outreach to educational institutions serving significant or predominantly minority and women student populations.	86%
2.1(c) Participation in conferences, workshops, and other events to attract minorities and women and to inform them of employment and promotion opportunities.	88%

2.1(d) Communication of employment opportunities through media predominately serving minorities and women.	79%
2.2 The firm regularly evaluates performance under its workforce diversity and inclusion programs.	90%
2.3 The firm uses quantitative measures to assess the effectiveness of its diversity and inclusion efforts in its employment activities (e.g., hires, promotions, separations, career development, and retention).	79%
2.4 The firm uses qualitative measures (e.g., surveys) to assess the effectiveness of its diversity and inclusion efforts in its employment activities.	81%
2.5 The firm holds management at all levels accountable for diversity and inclusion efforts, for example by assuring these efforts align with business strategies or individual performance plans.	79%

2022 Standard 3: Procurement and Business Practices—Business Diversity

Firms increasingly understand the competitive advantage of having a broad selection of available suppliers to choose from with respect to factors such as price, quality, attention to detail, and future relationship building. Many firms have successfully expanded available business options by increasing outreach to minority-owned and women-owned businesses. The use of minority-owned and women-owned businesses as subcontractors also provides valuable opportunities for both the minority-owned and women-owned businesses and the prime contractors.

Self-assessment indicator	Percentage
3.1 The firm has a business diversity policy that is aimed at providing business opportunities to diverse suppliers, including minority-owned and women-owned businesses.	45%
3.2(a) The firm has policies and practices that provide minority-owned and women-owned businesses an opportunity to enter into agreements for the issuance of or guarantee of any debt, equity, or security.	12%
3.2(b) The firm has policies and practices that provide minority-owned and women-owned businesses an opportunity to enter into agreements for the sale of assets.	12%

3.2(c) The firm has policies and practices that provide minority-owned and women-owned businesses an opportunity to enter into agreements for the management of the entity's assets.	17%
3.2(d) The firm has policies and practices that provide minority-owned and women-owned businesses an opportunity to enter into agreements for the development of the entity's equity investments.	7%
3.3 The firm takes steps to promote a pool of diverse businesses. These steps may include:	48%
3.3(a) Conducting outreach to minority-owned and women-owned businesses and representative organizations.	45%
3.3(b) Participating in conferences, workshops, and other events to attract minority-owned and women-owned businesses and inform them of contracting opportunities.	45%
3.3(c) Maintaining a list of qualified minority-owned and women-owned businesses that may compete for upcoming contracting opportunities.	40%
3.3(d) Having an ongoing process to publicize its procurement opportunities.	21%
3.4 The firm has established methods to evaluate its business diversity efforts. These methods may include metrics and analytics related to:	38%
3.4(a) The annual amount spent purchasing goods and services.	33%
3.4(b) The annual amount spent with minority-owned and women-owned businesses by gender, race, and ethnicity.	31%
3.4(c) The percentage of the annual amount spent with minority-owned and women-owned businesses by gender, race, and ethnicity, as compared to the total annual amount spent purchasing goods and services.	31%

2022 Standard 4: Practices to Promote Transparency of Organizational Diversity and Inclusion

Transparency and publicity are important aspects of assessing diversity policies and practices. By making public a regulated entity's commitment to diversity and inclusion, its plans for achieving diversity and inclusion, and the metrics it uses to measure success in both workplace and business diversity, a regulated entity informs a broad constituency of investors, employees, potential employees, business, customers, and the general community about its efforts.

Self-assessment indicator	Percentage
4.1 The firm publishes information about its diversity and inclusion efforts. This includes publications on:	81%
4.1(a) Internal platforms.	83%
4.1(b) Website.	83%
4.2 The firm publishes on its website or otherwise makes public information regarding its diversity and inclusion efforts. The published information may include:	67%
4.2(a) The firm's diversity and inclusion strategic plan.	48%
4.2(b) The firm's policy on its commitment to diversity and inclusion.	71%
4.2(c) Information about the firm's progress toward achieving diversity and inclusion in its workforce, including the demographic profile of the firm's workforce.	62%
4.2(d) Information about the firm's progress toward achieving its business goals.	45%
4.2(e) Information about the demographic composition of the firm's board of directors or other governing body.	52%
4.2(f) Information on partnerships and sponsorships with diverse organizations.	69%
4.3 The firm publicizes opportunities that promote diversity and inclusion on its website. The opportunities may include:	64%

4.3(a) Employment and internship opportunities.	76%
4.3(b) Contracting opportunities.	26%
4.3(c) Developmental programs for potential vendors and suppliers.	24%

2022 Standard 5: Self-Assessment of Diversity Policies and Practices

Firms that have successful diversity policies and practices devote time and resources to monitoring and evaluating performance under their diversity policies and practices on an ongoing basis. Firms regulated by the SEC are encouraged to disclose their diversity policies and practices, as well as information related to their assessments, to the SEC and the public.

Self-assessment indicator	Percentage
5.1 The firm monitors and evaluates performance under its diversity policies and practices on an ongoing basis.	86%
5.2 The firm uses the Joint Standards to conduct an assessment of the firm's diversity policies and practices annually.	33%
5.3 The firm publishes information pertaining to its assessment of its diversity policies and practices.	36%

2022 Collection Summary

During the 2022 Diversity Assessment Report collection, the vast majority of regulated entities did not submit a self assessment of their diversity policies and practices. The lack of information on diversity policies and practices for these entities creates a substantial knowledge gap. For a more comprehensive understanding of practices and policies for workforce and supplier diversity in the financial securities industry, greater participation in the Diversity Assessment Report process is needed.

SEC staff continues efforts to increase awareness of the opportunity to participate in the Diversity Assessment Report process and the related benefits. Such actions include the SEC's Director of the Office of Minority and Women Inclusion conducting webinars and other outreach activities to engage Chief Executive Officers and other senior leaders in conversation around the value of conducting and submitting voluntary self-assessments of diversity policies and practices.