

# Agencies Provide Information on Self-Assessments for Diversity Policies and Practices

September 1, 2016

The federal banking agencies (the “Agencies”) have provided information explaining how regulated financial institutions may begin to submit self-assessments of their diversity policies and practices as of year-end 2015. The Agencies have also issued Frequently Asked Questions (“FAQs”) about the standards for assessing diversity policies and practices.

The August 2 notice strongly encourages financial institutions to disclose their diversity policies and practices on their websites, along with information related to their self-assessments. The goals of such disclosures are to maximize transparency and to provide policies, practices and self-assessment information to federal financial regulators. A copy of the notice is available here: [FDIC Press Release](#).

Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (“Dodd-Frank”) requires federal financial regulatory agencies to establish an Office of Minority and Women Inclusion (OMWI) and for the OMWI Director at each agency to develop standards for assessing the diversity policies and practices of its regulated institutions.

In particular, according to Section 342 of Dodd-Frank, each OMWI Director is required to develop standards for:

- A. Equal employment opportunity and the racial, ethnic, and gender diversity of the workforce and senior management of the agency;
- B. Increased participation of minority-owned and women-owned businesses in the programs and contracts of the agency, including standards for coordinating technical assistance to such businesses; and
- C. Assessing the diversity policies and practices of entities regulated by the agency.

On June 10, 2015, the Agencies published the Final Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies (the “Policy Statement”). The goal of the Policy Statement is to provide a framework for regulated institutions to evaluate and strengthen their diversity policies and practices. The standards within the Policy Statement are intended to promote transparency and awareness of regulated institutions’ diversity policies and practices. The Policy Statement can be found here: [Interagency Policy Statement - Joint Standards for Assessing Diversity Policies and Practices](#)

On July 13, 2016, the Agencies announced that the Office of Management and Budget had approved the collection of voluntary self-assessment information. This information may be used by the Agencies to monitor diversity and

inclusion trends and to recognize leading policies in the financial services industry.

The FAQs addressing this voluntary self-assessment information state that self-assessments of regulated entities' diversity policies and practices are voluntary and submissions of this information to the entities' primary regulators are also voluntary. Regulated entities are encouraged to conduct voluntary self-assessments of their diversity policies and practices on an annual basis. Information from the self-assessment should be provided to the OMWI Director and published on the entity's website or in other appropriate forms of communication.

In conducting a self-assessment, institutions may include a broad definition of the term "diversity" that expands its meaning beyond the Policy Statement's definition of only women and minorities. The self-assessment can cover topics and information beyond that of the Policy Statement but, at a minimum, should cover each of the standards in the Policy Statement. An entity's diversity policies and practices will not be evaluated by its primary federal financial regulator.

The Agencies may use the self-assessment information to monitor progress and trends in the industry and may publish the information in a confidential manner. The Agencies may provide guidance upon request and will not use their examination or supervisory processes in connection with assessing an entity's diversity policies and practices.

Institutions are encouraged to begin submitting their self-assessments for the calendar year 2015 at their earliest opportunity. Subsequently, self-assessments should be submitted within 90 days of the end of the calendar year.

A list of the FAQs for voluntary self-assessment information can be found here: [FDIC Diversity FAQs](#) and is also available on the websites of the Federal Reserve Board and the Office of the Comptroller of the Currency.

While the NCUA did not join the other agencies in issuing the FAQs described above, the agency published a Voluntary Self-Assessment Checklist in June that addresses the same issues and can be found here: [NCUA Diversity Self-Assessment Checklist](#).

If you have any questions regarding the FAQs or diversity policies and practices for regulated financial institutions, please feel free to contact Joseph D. Simon at [516-357-3710](tel:516-357-3710) or via email at [jsimon@cullenanddykman.com](mailto:jsimon@cullenanddykman.com), Kevin Patterson at [516-296-9196](tel:516-296-9196) or via email at [kpatterson@cullenanddykman.com](mailto:kpatterson@cullenanddykman.com), or Diana Acosta at [516-357-3739](tel:516-357-3739) or via email at [dacosta@cullenanddykman.com](mailto:dacosta@cullenanddykman.com).

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