

**SUPPORTING STATEMENT
FOR THE PAPERWORK REDUCTION ACT SUBMISSION FOR A REVISED
INFORMATION COLLECTION**

**“Joint Standards for Assessing the Diversity Policies and Practices of Entities”
OMB Control No. 3235-0740**

A. JUSTIFICATION

1. Circumstances that make the collection of information necessary

Section 342 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 (Act) required the Securities and Exchange Commission (SEC), Office of the Comptroller of the Currency, Board of Governors of the Federal Reserve System, Federal Deposit Insurance Corporation, Bureau of Consumer Financial Protection, and the National Credit Union Administration (together, Agencies and separately, Agency) each to establish an Office of Minority and Women Inclusion (OMWI) to be responsible for all matters of the Agency relating to diversity in management, employment, and business activities. The Act also instructed each OMWI Director to develop standards for assessing the diversity policies and practices of entities regulated by the Agency. The Agencies worked together to develop joint standards (Joint Standards) and, on June 10, 2015, they jointly published in the Federal Register the “Final Interagency Policy Statement Establishing Joint Standards for Assessing the Diversity Policies and Practices of Entities Regulated by the Agencies” (Policy Statement).¹

The Policy Statement contain a “collection of information” within the meaning of the Paperwork Reduction Act of 1995 (PRA). The Policy Statement includes Joint Standards that cover “Practices to Promote Transparency of Organizational Diversity and Inclusion.” These Joint Standards contemplate that a regulated entity, in a manner reflective of the entity’s size and other characteristics, makes certain information available to the public annually on its website or through other appropriate communication methods. The specific information referenced in these standards is: (a) the entity’s diversity and inclusion strategic plan; (b) its policy on its commitment to diversity and inclusion; (c) its progress toward achieving diversity and inclusion in its workforce and procurement activities (which may include the entity’s current workforce and supplier diversity demographic profiles); and (d) opportunities available at the entity that promote diversity.

In addition, the Policy Statement includes Joint Standards that address “Entities’ Self-Assessment. The Joint Standards for Entities Self-Assessment envision that a regulated entity, in a manner reflective of the entity’s size and other characteristics: (a) conducts a voluntary self-assessment of its diversity policies and practices annually; (b) monitors and evaluates its performance under its diversity policies and practices on an ongoing basis; (c) provides information pertaining to its self-assessment to the OMWI Director of its primary federal financial regulator; and (d) publishes information pertaining to its efforts with respect to the Joint Standards.

¹80 FR 33016.

To facilitate the collection of information described in the Joint Standards for “Entities’ Self-Assessment,” the SEC provides a form entitled “Diversity Assessment Report for Entities Regulated by the SEC” (Diversity Assessment Report).

2. Use of the Information Collection

The SEC will use the information collected to monitor progress and trends in the financial services industry with regard to diversity and inclusion in employment and contracting activities, as well as to identify and highlight those policies and practices that have been successful. The SEC may publish information disclosed to the agency, such as best practices, in any form that does not identify a particular entity or disclose confidential business information. The agency will not generalize findings when presenting results of this collection beyond the particular entities submitting information. Further, the SEC may share information with other Agencies, when appropriate, to support coordination of efforts and to avoid duplication.

3. Consideration Given to Information Technology

Any entity may use any available automated, electronic, mechanical or other technological collection technique to submit the requested information to the SEC.

4. Duplication of Information

Entities subject to certain recordkeeping and reporting requirements, such as those required by the Equal Employment Opportunity Commission (EEOC) and the Office of Federal Contract Compliance Programs (OFCCP), currently collect and maintain data and supporting documentation that may assist in evaluating and assessing their policies and practices related to workforce diversity and inclusion.² Entities also are encouraged to use other analytical tools that they may find helpful. In addition, the SEC will share information with other Agencies, when appropriate, to support coordination of efforts and to avoid duplication.

5. Reducing the Burden on Small Entities

When drafting the Joint Standards, the Agencies focused primarily on institutions with more than 100 employees in an effort to minimize the impact on smaller entities. In addition, in order to make clear how the standards are relevant to, and may be used by, small entities, the Policy Statement encourages each entity to use the standards in a manner appropriate to its size and unique characteristics. This also should minimize the burden on smaller institutions. Finally, we note that the standards are voluntary.

² Section III of the Diversity Assessment Report requests workforce demographic data using the same categories for race and ethnicity EEOC adopted for the Standard Form 100, Employer Information Report, commonly referred to as the EEO-1 Report. These categories are consistent with the minimum standards for maintaining, collecting, and presenting data on race and ethnicity prescribed by OMB. See Revised Standards for the Classification of Federal Data on Race and Ethnicity, 62 FR 58782 (October 30, 1997).

6. Consequences of Not Conducting Collection

If the information is not collected or is collected less frequently, the SEC will not be able to monitor progress and trends in the financial services industry with regard to diversity and inclusion in employment and contracting activities, and therefore will be unable to identify and highlight those policies and practices that have been successful.

7. Inconsistencies with Guidelines in 5 CFR 1320.5(d)(2)

The information is collected in a manner consistent with 5 CFR 1320.5(d)(2).

8. Consultations Outside the Agency

On March 30, 2020, the SEC published a Federal Register notice (85 FR 17608) allowing the public 60 days to comment on the proposed extension (renewal) of the currently approved information collection. No comments were received. The SEC published a notice allowing the public 30 days to comment on the submission of this information collection request to the Office of Management and Budget.

9. Payment or Gift to Respondents

Not applicable.

10. Assurance of Confidentiality

The Policy Statement states that the Agencies may publish information disclosed to them provided they do not identify a particular entity or disclose confidential business information in an effort to balance concerns about confidentiality of information with the importance of sharing information. Any entity submitting information may designate such information as confidential, as appropriate, and the Agencies will keep this information private to the extent allowed by law.

11. Sensitive Questions

Not applicable; no sensitive information is collected.

12. Estimate of Information Collection Burden

The collection of information contemplated by the Joint Standards imposes no new recordkeeping burdens as regulated entities will only publish or provide information pertaining to diversity policies and practices that they maintain during the normal course of business.

The SEC estimates it will take a regulated entity approximately 10 burden hours to retrieve and submit information pertaining to the entity's self-assessment of its diversity policies and practices on the Diversity Assessment Report form.

Estimated Number of Respondents	Estimated Number of Responses	Estimated Time per Response (Hours)	Frequency of Response	Total Estimated Burden Hour (Annualized)
260	1	10	Biennially	1300

The estimated cost of the burden hours is \$146,900 (annualized).³

13. Estimate of Total Annualized Start-up and Capital Cost Burden

Not applicable.

14. Estimate of Cost to Federal Government

None.

15. Explanation of Changes in Burden

The change in burden is due to an adjustment to the number of respondents, from 1,500 to 260 respondents, based on the actual response rate to the information collection two years ago, and an anticipated increase in that response rate as a result of ongoing outreach to regulated entities to encourage them submit Diversity Assessment Reports. This reduction in the number of respondents as resulted in a 6,200-hour reduction in the estimated total burden hours (annualized).

16. Information Collections Planned for Statistical Purposes

The results of this collection will not be published for statistical use. As stated in the Policy Statement, the SEC may publish information disclosed to the agency, such as best practices, in any form that does not identify a particular entity or disclose confidential business information. The SEC will not generalize results beyond the particular regulated entities submitting Diversity Assessment Reports. At the current time, no further plans have been made with respect to publication.

17. Display of OMB Expiration Date

³ This is based on Bureau of Labor Statistics May 2019 Industry-Specific Occupational Employment and Wage Estimates for Securities and Commodity Contracts Intermediation and Brokerage (NAICS 523100). We use \$113 per hour as the estimated compensation costs for the collection of information. This estimate reflects the mean hourly wage of \$85.88 per hour for human resources managers adjusted for inflation (at 2 percent), plus an additional 30 percent to cover the average private sector costs of employee benefits.

The SEC does not seek approval to not display the expiration date for OMB approval for the information collection. The OMB control number and expiration date will be displayed on the Diversity Assessment Report form, as well as in Federal government's electronic PRA docket at www.reginfo.gov.

18. Exceptions to Certification

The SEC certifies that this collection of information is consistent with the requirements of 5 C.F.R. 1320.9 and the related provisions of 5 C.F.R. 1320.8(b)(3), and the agency is not seeking an exemption to these certification requirements.

B. COLLECTION OF INFORMATION EMPLOYING STATISTICAL METHODS

Not applicable. This collection of information does not involve the use of statistical methods.