

BY ELECTRONIC DELIVERY

April 19, 2021

The Honorable Maxine Waters
Chairwoman
House Financial Services Committee
Washington, DC 20515

The Honorable Patrick McHenry
Ranking Member
House Financial Services Committee
Washington, DC 20515

Re: H.R. _____, "Diversity and Inclusion Data Accountability and Transparency Act"

Dear Chairwoman Waters and Ranking Member McHenry:

The Investment Adviser Association (IAA)¹ is writing to voice its strong support for the "Diversity and Inclusion Data Accountability and Transparency Act," scheduled to be marked up tomorrow by the Financial Services Committee.

The bill would amend Sec. 342 of the Dodd-Frank Act which established an Office of Minority and Women Inclusion (OMWI) at the SEC, Treasury, Federal Reserve, OCC and NCUA. This provision has been interpreted as prohibiting these agencies from requiring regulated entities to respond to OMWI surveys on diversity. The Diversity and Inclusion Data Accountability and Transparency Act would eliminate this prohibition by adding a single sentence to Sec. 342 that would allow these agencies to require that regulated entities with more than 100 employees provide information to OMWI.

The IAA recognizes that the investment adviser profession has a long way to go in matters of diversity, equity, and inclusion. Our community must address the issues that have resulted in lack of diversity and must make meaningful progress towards change.

¹ The IAA is the leading organization dedicated to advancing the interests of investment advisers. For more than 80 years, the IAA has been advocating for advisers before Congress and U.S. and global regulators, promoting best practices and providing education and resources to empower advisers to effectively serve their clients, the capital markets, and the U.S. economy. The IAA's member firms manage more than \$25 trillion in assets for a wide variety of individual and institutional clients, including pension plans, trusts, mutual funds, private funds, endowments, foundations, and corporations. For more information, please visit www.investmentadviser.org.

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To that end, the IAA is committed to working collectively with its members and with policymakers to seek to promote diversity, equity, and inclusion as a value for our industry and to providing education, information, and resources to help foster significant progress.

As you know, options to improve diversity were discussed by the SEC's Asset Management Advisory Committee at its July 16th panel discussion on "Improving Diversity and Inclusion in the Asset Management Industry" and again at the Advisory Committee's meeting on March 19th.

At these meetings, SEC Commissioners and panelists noted the paucity of baseline data on diversity in our industry. Several referred to a 2018 voluntary survey of 1,367 advisory firms by the SEC's OMWI that elicited responses from only 69 firms – a 0.05% response rate.

The ability to measure progress is critically important. For this reason, enactment of the Diversity and Inclusion Data Accountability and Transparency Act would constitute a significant foundational step in addressing diversity in the asset management industry. The IAA urges you and Committee members to support enactment of the Act.

Thank you for consideration of our views.

Respectfully,

A handwritten signature in cursive script that reads "Karen L. Barr".

Karen Barr
President & CEO

cc: The Honorable Joyce Beatty
The Honorable Ann Wagner