

[Securities Regulation Daily Wrap Up, TOP STORY—SEC’s diversity and inclusion efforts take stage at SEC Speaks Q&A, \(Oct. 9, 2020\)](#)

Securities Regulation Daily Wrap Up

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By [Amanda Maine, J.D.](#)

Clayton and SEC diversity officials highlighted the successes and challenges of the SEC’s diversity and inclusion program at PLI’s annual SEC Speaks conference.

SEC Chairman Jay Clayton moderated a conversation with Pamela A. Gibbs, the SEC’s Chief Diversity Officer, and Robert A. Marchman, Senior Policy Advisor on Diversity and Inclusion, regarding the Commission’s diversity and inclusion (D&I) efforts at this year’s SEC Speaks conference, hosted virtually by the Practising Law Institute. Gibbs outlined the Commission’s strategic plan on diversity and inclusion for 2020-2022 and both Gibbs and Marchman highlighted the work of the SEC’s employee affinity groups within the SEC itself.

D&I and outreach. Opening up the conversation, Clayton said that promoting diversity, inclusion, and opportunity are core to the SEC’s work as a human capital-focused organization. The [strategic plan](#), which was released earlier this year, was the result of extensive engagement throughout the SEC’s organization, he said, describing it as "bubbling up from within." Clayton noted that the COVID-19 pandemic has had a disparate impact on minority groups. The contours of longstanding racial inequities have been put in stark relief this year, he said, including the killing of George Floyd. The SEC has come together as colleagues and friends to discuss these complex and difficult issues of race as the Commission moves forward to advance diversity and inclusion, Clayton said.

Turning to the strategic plan itself, Gibbs noted that it has four goals synthesized from the efforts of the commissioners, the staff, the employee affinity groups, and the diversity council. One of the goals is to increase outreach and accountability. Responding to a question by Chairman Clayton on outreach, engagement, and accountability, Gibbs said that the plan provides a good framework for approaching diversity and inclusion, especially for those who have spent their careers as lawyers or accountants and may not be familiar with those terms. "A lot of people, when they hear diversity, they think simply, 'representation,'" Gibbs said. But diversity and inclusion are broader terms than demographics, she explained.

Regarding outreach, Gibbs described the SEC’s outreach program on diversity and inclusion as robust because the Commission has determined that D&I is important to the SEC’s mission effectiveness, starting with the "Main Street investor." For example, the staff has conducted outreach with high school and college students, she and noted as an example the Commission’s work at bringing down a Philadelphia Ponzi scheme targeting African immigrants. The Commission is reaching out to communities that have not traditionally been in the foresight of the SEC, she commented. The strategic plan provides the framework to allow people to say "okay, now I get D&I" which has been important in enhancing the culture at the SEC and bringing value to its investor protection mission, according to Gibbs.

Marchman spoke about his role at the SEC and provided some observations on D&I. In his new role, Marchman is responsible for providing guidance and advice to commissioners and the staff regarding D&I’s strategy across the Commission. When talking about diversity and inclusion, Marchman said, it is important to ask "why"—why should we engage. For Marchman, it can be a tool for management to work to enhance outcomes and productivity of all employees. For example, Marchman said that there have been numerous studies that demonstrate that high-performing organizations are organizations that are inclusive and that ensure that everyone has the opportunity to participate in meeting the goals of the organization, including an organization like the SEC.

If there is an effort to implement the framework around the strategic plan and build upon the work of the Office of Minority and Women Inclusion (OMWI), it will enhance the SEC's mission effectiveness, Marchman said. He also said that the Commission's efforts have reinforced his opinion about the importance of leadership at the top and human capital. The leadership does not just espouse the ideals of racial inclusion but has also taken steps to ensure that the work goes "beyond talk to action."

Takeaways from employee dialogue. Clayton inquired what Gibbs's and Marchman's takeaways are from the dialogues they have held across the SEC over the past year. Gibbs replied that the past year has been a pivotal year for the SEC's D&I efforts. Over 3,600 SEC employees were engaged in discussions on race and racial injustice, she said. The biggest thing that came out of these discussions is that the SEC is taking steps to creating a "connected culture." "For the first time, there was genuine connectedness among our staff," Gibbs remarked, who has been at the SEC for eight years.

Marchman, who helped lead many of these discussions across the regional offices, said the dialogues demonstrated the value-add of tapping into the various diverse resources of an institution, noting in particular that OMWI had to put together the program on the fly as a result of recommendations and feedback from the staff. Over a period of two-and-a-half months, these conversations raised issues about the need for more candid communication.

Marchman remarked that all organizations have a core value, and at the SEC, it is that while everyone has different communication filters, backgrounds, and characteristics, the one thing that unites the staff at the SEC is passion for its investor protection mission. Through that lens, employees were able to talk candidly to find a way to communicate. He added that the Commission has now moved "beyond the talking to the action."

Employee affinity groups. Clayton also asked about employee affinity groups (EAGs) and their impact, noting that these groups have brought ideas for action to the Commission. Marchman said that EAGs can be an invaluable resource for an organization. Especially regarding the challenges of the pandemic, leaders of the SEC's EAGs have stepped up to provide ideas for staying connected as a team, which is particularly important for ensuring human connectedness during this time. It is important to look at these groups as contributors to the business operations of the SEC and not just groups that do programs during certain months.

Gibbs expanded on the definition of affinity groups, which she said are common at organizations that value D&I. These groups come together because they have similar backgrounds and interests to promote the objectives and goals of the agency. Affinity groups help reduce turnover and increase employee morale, she said. According to Gibbs, the SEC has nine active affinity groups. After 10 years of OMWI, which was established in two pages in the over 1,100 pages of the Dodd-Frank Act, while not where the directors might want it to be in terms of D&I, it has still had a tremendous impact. As an example, she said that when she first joined the SEC, industry conferences might have had one panel on D&I; now there are a multitude of panels that stress diversity and inclusion in organizations. While there is still work to be done, she would give the SEC a B-plus in terms of diversity.

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