

Statement

Statement on Staff's FAQ Relating to Investment Adviser Considerations of DEI Factors



Commissioner Caroline A. Crenshaw



Commissioner Jaime Lizárraga

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The staff has issued an FAQ on an adviser's fiduciary duty when considering factors relating to diversity, equity, and inclusion (DEI) in the selection or recommendation of other investment advisers.

The staff guidance can be found [here](#) on the SEC's website.

The FAQ is issued in response to the 2021 Asset Management Advisory Committee's (AMAC) report and recommendations to the Commission on diversity and inclusion, addressing the "well-known and widely acknowledged" lack of gender and racial diversity in the asset management industry.^[1]

The Subcommittee on Diversity and Inclusion of AMAC, which was formed during Chair Clayton's term, focused not only on studying the current state of DEI in the asset management industry, but also on studying investor interest in diversity matters, and investor need for transparency.^[2] It highlighted certain apparent inequities in the industry. For example, the report noted that, of the \$70 trillion in global financial assets under management, less than 1% were managed by minority- or women-owned firms.^[3] The report also found that information related to an asset manager's gender and racial diversity – in its workforce, leadership, ownership, boards, and business practices – was "increasingly accepted as a material consideration in the selection of and/or retention of an investment advisory firm."^[4]

The report made certain recommendations, the purpose of which was to shine light on potential discrimination and barriers to women and minorities in the industry, and to provide transparency around diversity practices and data, which carry considerable weight with investors. As the report stated, its focus was on disclosure, not on mandating any business decisions or practices by SEC registrants.^[5]

While today's FAQ is a step in the right direction, we believe all of the recommendations laid out in the AMAC report deserve our prompt consideration.

We remain committed to working with the Chair and our fellow Commissioners in considering AMAC's recommendations at the Commission level and considering other potential ideas or actions that would help

provide transparency on diversity practices, potential biases, and other DEI matters that are proving ever-important to the investing public.

[1] [SEC Asset Management Advisory Committee – Report and Recommendations on Diversity and Inclusion in the Asset Management Industry, July 7, 2021.](#)

[2] *Id.* at 1-2.

[3] *Id.* at 2.

[4] *Id.* at 8.

[5] *Id.* at 9.