



February 26, 2019

Representative Joyce Beatty
Chairwoman
Subcommittee on Diversity and Inclusion
U.S. House Committee on Financial Services
2303 Rayburn House Office Building
Washington, DC 20515

Representative Ann Wagner
Ranking Member
Subcommittee on Diversity and Inclusion
U.S. House Committee on Financial Services
2350 Rayburn Office Building
Washington, DC 20515

Dear Chairwoman Beatty and Ranking Member Wagner,

The Security Traders Association (“STA”)¹ is a grassroots industry organization comprised of 24 affiliates in the U.S. and Canada. STA members represent individuals employed in the financial services industry across varying business models. This broad-based membership, along with input from STA Advisory Committees, provides a unique perspective on market structure issues, events and trends. In response to the creation of the Subcommittee on Diversity & Inclusion (“Subcommittee”) and the February 27 hearing titled, “Diversity Trends in the Financial Services Industry,” we would like to make you aware of our STA Women in Finance, (“STA WIF”)² initiative and offer remarks based on our experiences since its formation in 2014.

First, STA would like to commend the creation of the Subcommittee on Diversity and Inclusion and we look forward towards achieving the goals of increasing the number of women and minorities working and achieving success in the financial services industry. STA believes the Subcommittee can play a constructive role in advancing conversations and decisive actions which improve the overall state of diversity in our industry. STA agrees with remarks that House Financial Services Committee Chairwoman Waters recently made before an audience at the Center for American Progress in Washington:

Diverse representation in these institutions, and particularly at the management level, is essential to ensure that all consumers have fair access to credit, capital, banking and financial services.

¹ STA is comprised of 24 affiliate organizations in the U.S. and Canada. STA members include individuals representing exchanges, ATSS and buy- and sell-side firms involved in the trading of securities.

<https://securitytraders.org/>

² <https://securitytraders.org/women-in-finance/>



About STA WIF

STA WIF is a committee under the umbrella of STA and is comprised of representatives from those STA affiliates with a Women in Finance initiative. At its inception, the STA WIF Committee believed that training and retaining women was an issue that needed to be addressed. The mission of STA WIF is to assist in the unique career development needs of women in the securities industry under a set of guiding principles and core actions. STA WIF leverages the established network, resources and values of STA to foster and create a culture of inclusion for women. STA WIF supports and co-markets with other women's organizations within the financial services industry to create a stronger presence and offer more networking opportunities.

Guiding Principles

Since its inception, STA WIF has stood by certain Guiding Principles that include but are not limited to:

- Designed under the premise that there has not been a better time for women in finance.
- Address the mentoring, networking, education and coaching needs of women.
- Engage men, since gender diversity strategies that engage men achieve meaningful results.

Core Actions

In addition to organizing and supporting educational and networking events across the network of STA affiliate organizations, other core actions include:

- Be a data center that provides a list of women thought leaders who can serve as panelists and/or speakers at STA events.
- Provide a national distribution platform that promotes networking events and women's participation as subject matter experts. **#PutHerOnThePanel**

Since STA WIF's inception, we have witnessed growth of women participation on panel discussions and affiliate boards. This growth was achieved by a disciplined approach to identify women candidates to be considered in such discussions and for such positions. While progress has been made, there is more that can and should be done.

Data

STA has long held the view that decisions need to be based on empirical data. Therefore, we are supportive of the Subcommittee's efforts in gathering data on diversity through a variety of means like the February 27 hearing and recommend this be a core function.



Including Men in the Conversation

A successful diversity strategy is a culture shift within an entire organization. Most diversity strategies focus on women-only initiatives or workplace harassment training. It has been our experience that corporations who engage men in their gender diversity strategy achieve better results.

Barrier to Re-Entry – Primary Childcare Providers

When STA WIF was formed, we believed that an unreasonable barrier to re-enter the financial services industry existed for individuals with a prolonged absence. This unreasonable barrier was due to a combination of two factors: (i) an individual’s license to practice automatically expires after a two-year lapse in association with a member firm; and (ii) previously registered individuals are not permitted to take continuing education while away from the industry. These combined factors – lapses in licenses and continuing education – needed to be addressed in unison in order eliminate what STA believed was a flawed policy that impacted qualified individuals, in particular those who were primary childcare providers.

STA notes that FINRA has taken meaningful steps towards addressing these contributing factors. Specifically, effective October 8, 2018, FINRA instituted the Securities Industry Essential (“SIE”)³ Exam. The SIE carries attributes that address some of the concerns expressed in our June 19, 2017 letter⁴. Individuals do not require a sponsoring firm in order to take the SIE, and a passing grade is valid for four (4) years as opposed to the two (2) year term for a Series 7 license. While individuals are still required to satisfy all other conditions of registration to practice, having passed an SIE exam provides employers with a reasonable expectation that the potential hire will obtain the additional conditions of registration and be able to practice.

It is also worth highlighting that the ability for persons to take the SIE without the requirement of a sponsoring firm further empowers individuals in their entry into the financial services industry.

STA believes that the next contributing factor which needs to be addressed is continuing education. When individuals seek to re-enter our industry after a prolonged absence, they face an unreasonable challenge, in part because they are uninformed on current practices. The financial services industry is a fast-evolving sector impacted by regulatory and competitive forces. In our November 2018 letter⁵ STA recommended that the Continuing Education Council pursue allowing previously registered individuals to maintain their qualification status while away from the industry.

³ <http://www.finra.org/industry/essentials-exam>

⁴ STA June 19, 2017 letter to Jennifer Piorko Mitchell, Office of the Corporate Secretary, FINRA
<https://securitytraders.org/wp-content/uploads/STACommentLetterFINRAEngagementInitiatives.pdf>

⁵ STA November 5, 2019 letter to Jennifer Piorko Mitchell, Office of the Corporate Secretary, FINRA
<https://securitytraders.org/wp-content/uploads/ContinuingEdFINAL.pdf>



Conclusion

STA and the STA WIF Committee welcome any opportunity to discuss the importance of diversity and inclusion within financial services with you or members of the Subcommittee.

Sincerely yours,

A handwritten signature in blue ink that reads "Doug Clark".

Doug Clark
Chairman of the Board

A handwritten signature in blue ink that reads "James Toes".

James Toes
President & CEO

A handwritten signature in blue ink that reads "Kate McAllister".

Kate McAllister
STA WIF Co-Chair

A handwritten signature in blue ink that reads "Julie H. Andress".

Julie Andress
STA WIF Co-Chair

The logo for STA WIF (State Tax Association Women in Finance) features the letters "STA" stacked above the letters "WIF" in a blue, serif font.