FIA EPTA

EUROPEAN PRINCIPAL TRADERS ASSOCIATION

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FIA EPTA response to the Financial Conduct Authority Consultation Paper on Diversity and Inclusion in the Financial Sector - Working Together to Drive Change

The FIA European Principal Traders Association (FIA EPTA) appreciates the opportunity to provide its feedback to the Financial Conduct Authority (FCA) Consultation Paper (CP23/20***) on Diversity and inclusion in the financial sector – working together to drive change.

FIA EPTA represents Europe's leading Principal Trading Firms. Our members are independent market makers and providers of liquidity and risk transfer for markets and end-investors across Europe, providing liquidity in all centrally cleared asset classes including shares, bonds, listed derivatives and ETFs. FIA EPTA works constructively with policymakers, regulators and other market stakeholders to ensure efficient, resilient and trusted financial markets in Europe. FIA EPTA members are proprietary trading firms that are not client-facing and and primarily deal with eligible counterparties or professional clients.

FIA EPTA members support the FCA's aims to improve diversity and inclusion in the financial sector; as it is an important component of creating sustainable financial markets. In addition, FIA EPTA members believe that supporting healthy work cultures, unlocking talent and creating an inclusive atmosphere within firms can further support the international competitiveness of the UK's financial services sector.

However, FIA EPTA members primarily focus this response on ensuring that the D&I framework proposed by the FCA is productive for all types and sizes of firms that are active in financial markets. FIA EPTA members hope to ensure that the D&I framework proposed does not amount merely to a check-the-box exercise mandating data that does not improve D&I in the financial sector. FIA EPTA members would ask the FCA to ensure that any final proposal is carefully calibrated to reduce the likelihood of unintended consequences that may be detrimental to the FCA's aims.

While we set out below a number of specific responses to the questions posed by the FCA in the CP, we note one overarching concern that we would wish to set out more generally. FIA EPTA members understand the initial rationale for the FCA setting the threshold for reporting at 251+ employees, as this aligns with the Companies Act 2006 definition of large companies. We note, in addition, that the specific disclosure and policies proposed by the FCA in the CP (1) require employees to provide certain information to their employer and (2) are intended to impact on firm's hiring decisions over time. However, given how both of these two aspects of the proposal may operate in practice, we believe that the threshold proposed by the FCA is likely to be too low and risks unintended consequences that are potentially contrary to many of the aims of the CP. For these reasons (as we will explain in more detail here), FIA EPTA members suggest increasing the proportionality threshold for identifying a large firm from firms with over 250 employees to firms with over 1,000 employees.

As the FCA acknowledges in the CP, it is reasonable to assume that in any firm some proportion of staff will prefer not to provide such information to their employer. This can be for reasons entirely unrelated to a firm's culture of inclusivity and can stem from employees' personal, familial, and social considerations as well as their personal preferences and/or cultural norms relating to how much personal information they share with any third parties. An employee's views can also be driven by the current political climate, in the UK or, for those who are not from the UK, in their country of origin. These considerations apply to all firms but have the potential to have a greater distorting effect on smaller firms' diversity data. As the reporting will be done on a percentage basis, a smaller firm's reported percentage demographics are influenced by a relatively small number of employees. For example, at a firm with 500 employees, if only 50 employees decline to share their ethnicity, there would be a 10% impact on the firm's demographic statistics. This makes the data unreliable and potentially misleading when compared to other financial institutions with a larger number of employees. In response to the FCA's specific questions, below we also discuss our concerns with the types of information and method of reporting that underscores the lack of reliability of the data, but these concerns are especially problematic for firms with fewer than 1,000 employees. UK financial institutions that have more than 1,000 employees would be far less impacted by employees who choose not to disclose their information and so their diversity information is likely to be less impacted by some staff choosing not to provide diversity data about themselves. We are particularly concerned with the public disclosure of data because we believe that the general public will not understand the inappropriateness of entity-to-entity comparisons.

The proposed proportionality threshold would mean that firms with fewer than 1,000 employees are disadvantaged upon external or FCA review of the reported data.

In addition, the disclosure and data collection requirements currently proposed by the FCA would be incredibly challenging for firms with fewer than 1,000 employees to meet. Many firms with more than 251 but fewer than 1,000 employees do not have the necessary systems, practices or personnel in place to thoughtfully deliver on the proposed reporting and strategy/target requirements, as many have relatively small HR functions, that already do very much with relatively few staff. On the other hand, firms with over 1,000 UK-based employees are typically large financial institutions already subject to the oversight of the Prudential Regulation Authority (PRA) and are also in some

instances public companies or the subsidiaries of public companies and therefore are frequently already subject to certain other demographic and diversity reporting requirements. As such, firms with over 1,000 UK-based employees have a more public profile and are likely to have the necessary systems, practices, or personnel in place to deliver on the proposed requirements. Many FIA EPTA members are active in the D&I space and already have many D&I initiatives, such as affinity groups and inclusive workplace training. Many FIA EPTA members also invest significant resources into D&I-related recruitment efforts. These initiatives do not necessarily lend themselves well to quantitative analysis in the form proposed by the FCA.

Furthermore, having smaller firms comply with the proposed target-setting requirements will likely yield unintended results. Firstly, a firm with fewer than 1,000 UK employees has a limited ability to set demographic targets when turnover and hiring on a raw number basis is more limited. Consequently, requiring firms with fewer than 1,000 UK employees to create percentage targets based on protected characteristics may have the unintended impact of deterring D&I progress because such quantitative targets will be especially challenging for smaller firms to achieve and can have distorting effects both on hiring practices and on staff's perception of the fairness of those practices. It is also likely that any such percentage targets will function more like illegal quotas. Indeed, rather than focusing on systematic changes that might promote D&I progress and encourage experimentation, the FCA's proposed requirements will lead firms to settle for achievable quantitative targets and omit more impactful D&I goals for fear of disclosure. Additionally, public disclosure of such percentage targets may also be misunderstood and expose such firms to allegations of discriminatory hiring or promotion practices in violation of the Equality Act 2010.

For these reasons, and as set out below, the proposed disclosure requirements on firms with less than 1,000 UK employees are unreasonably burdensome and may have the unintended consequence of inadvertently hampering progress toward impactful D&I goals. Consequently, FIA EPTA members propose that the FCA adjust its proportionality threshold for identifying a large firm from 250 employees to 1,000 employees. This adjustment would relieve the significant burden on smaller firms that do not have the necessary data-gathering systems in place and increase the usefulness and comparability of the disclosures.

Separately, to create trust and cooperation among employees, the data exercise should meet the highest levels of GDPR. Many firms have a small number of members on their boards. We encourage the FCA to provide firms with the flexibility to combine "Board" and "Senior Manager" categories in instances where the firm is concerned with the privacy of board members.

We also encourage the FCA to take into account that some firms that are headquartered outside the UK, for example, US or European-headquartered financial institutions, will most likely have to comply with other jurisdictional and cultural differences. Below we discuss concerns with the target-setting and D&I strategy proposals specifically, but jurisdictional differences will also have unintended consequences. While financial institutions outside the UK would not be included in the proposals, oftentimes personnel decisions are made outside of the UK and those institutions could be subject to local legal risk for setting the proposed types of D&I strategies or targets.

For example, a trading desk may have team members located in the UK and the US, under the same global manager. Setting hiring/promotion targets may impact the US members of the trading team, and expose the firm to the risk of US-related discrimination claims, particularly in light of the current environment in the US where "targets" are synonymous with "illegal quotas." We urge the FCA to consider omitting targets, but in the alternative, utilise a more universally acceptable framework, such as "goals."

Again, we appreciate the FCA's efforts to increase D&I within the financial sector and its consideration of FIA EPTA members' input; we welcome the opportunity to discuss further and provide additional input as required.

Below we include our responses to the questions posed.

Consultation Questions

1. To what extent do you agree that our proposals should apply on a solo entity basis?	FIA EPTA members agree with the FCA that the proposals should only apply on a solo entity basis. However, as discussed in our introductory statement, we do not believe this approach cures the concerns related to global employers.
2. To what extent do you agree with our proposed proportionality framework?	As discussed in more detail above in the introduction, FIA EPTA members would recommend that mandatory targets and disclosures would only be required for firms with over 1,000 employees. In addition, please below a summary of our introductory remark. FIA EPTA members understand the initial rationale for the FCA setting the threshold for reporting at 251+ employees, as this aligns with the Companies Act definition of large companies. We note, in addition, that the specific disclosure and policies proposed by the FCA in the CP (1) require employees to provide certain information to their employer and (2) are intended to impact on firm's hiring decisions over time. However, given how both of these two aspects of the proposal may operate in practice, we believe that the threshold proposed by the FCA is likely to be too low and risks unintended consequences that are potentially contrary to many of the aims of the CP. For these reasons (as we will explain in more detail

	here), FIA EPTA members suggest increasing the proportionality threshold for identifying a large firm from firms with 250+ employees to firms with 1,000+ employees. As the FCA acknowledges in the CP, it is reasonable to assume that in any firm some proportion of staff will prefer not to provide such information to their employer. This can be for reasons entirely unrelated to a firm's culture of inclusivity and can stem from employees' personal, familial, and social considerations as well as their personal preferences and/or cultural norms relating to how much personal information they share with any third parties. And their views can also be driven by the current political climate, in the UK or, for those who are not from the UK, in their country of origin. These considerations apply to all firms but have the potential to have a greater distorting effect on smaller firms' diversity data. As the reporting will be done on a percentage basis, a smaller firm's reported percentage demographics are influenced by a relatively small number of employees. For example, at a firm with 500 employees, if only 50 employees decline to share their ethnicity, there would be a 10% impact on the firm's demographic statistics. This makes the data unreliable and potentially misleading when compared to other financial institutions with a larger number of employees. In response to the FCA's specific questions, below we also discuss our concerns with the types of information and method of reporting that underscores the lack of reliability of the data, but these concerns are especially problematic for firms with fewer than 1,000 employees. UK financial institutions that have more than 1,000 employees would be far less impacted by employees who choose not to disclose their information and so their diversity information is likely to be less impacted by some staff choosing not to provide diversity data about themselves. We are particularly concerned with the public disclosure of data because we believe that the general public will not understand the inappropriateness of entity-to-entity comparisons. The proposed proportionality threshold would mean that firms with fewer than 1,000 employees are disadvantaged upon external or FCA review of the reported data. In addition, the disclosure and data collection requirements currently proposed by the FCA would be incredibly challenging for firms with fewer than 1,000 employees to meet. Many firms with more than 251 but fewer than 1,000 employees do not have the necessary systems, practices or personnel in place to thoughtfully deliver on the proposed reporting and strategy/target requirements, as many have relatively small HR functions, that already do very much with relatively few staff. On the other hand, firms

	with over 1,000 UK-based employees are typically large financial institutions already subject to the oversight of the Prudential Regulation Authority (PRA) and are also in some instances public companies or the subsidiaries of public companies and therefore are frequently already subject to certain other demographic and diversity reporting requirements. As such, firms with over 1,000 UK-based employees have a more public profile and are likely to have the necessary systems, practices, or personnel in place to deliver on the proposed requirements. Many FIA EPTA members are active in the D&I space and already have many D&I initiatives, such as affinity groups and inclusive workplace training. Many FIA EPTA members also invest significant resources into D&I-related recruitment efforts. These initiatives do not necessarily lend themselves well to quantitative analysis in the form proposed by the FCA. Furthermore, having smaller firms comply with the proposed target-setting requirements will likely yield unintended results. Firstly, a firm with fewer than 1,000 UK employees has a limited ability to set demographic targets when turnover and hiring on a raw number basis is more limited. Consequently, requiring firms with fewer than 1,000 UK employees to create percentage targets based on protected characteristics may have the unintended impact of deterring D&I progress because such quantitative targets will be especially challenging for smaller firms to achieve and can have distorting effects both on hiring practices and on staff's perception of the fairness of those practices. It is also likely that any such percentage targets will function more like illegal quotas. Indeed, rather than focusing on systematic changes that might promote D&I progress and encourage experimentation, the FCA's proposed requirements will lead firms to settle for achievable quantitative targets and omit more impactful D&I goals for fear of disclosure. Additionally, public disclosure of such percentage targets may also be misunderstood and expose such firms to allegations of discriminatory hiring or promotion practices in violation of the Equality Act 2010. For all of these reasons, and more listed below, the proposed disclosure requirements on firms with less than 1,000 UK employees are unreasonably burdensome and may have the unintended consequence of inadvertently hampering progress toward impactful D&I goals. Consequently, FIA EPTA members propose that the FCA adjust its proportionality threshold for identifying a large firm from 250 employees to 1,000 employees. This adjustment would relieve the significant burden on smaller firms that do not have the necessary data-gathering systems in place and increase the usefulness and comparability of the disclosures.

3. Are there any divergences between our proposed regulatory framework and that of the PRA that would create practical challenges in implementation?	Most FIA EPTA members are not under the supervision of the PRA. However, if the FCA and/or PRA decide to make adjustments after this consultation period, the FCA and PRA should seek to address any divergences.
4. To what extent do you agree with our definitions of the terms specified?	FIA EPTA members believe that more clarity is needed here. The definition of "discriminatory practices" appears to expand the characteristics protected under the Equality Act 2010. To avoid confusion, FIA EPTA members hope that the FCA will align the "characteristics" within the definition of "discriminatory practices" to be consistent with those protected under the Equality Act.
5. To what extent do you agree with the proposals to expand the coverage of non-financial misconduct in FIT, COCON and COND?	FIA EPTA members welcome the FCA's efforts to create more clarity around non-financial misconduct. In addition, FIA EPTA members believe that it would be beneficial if the FCA could provide more high-level guidance and examples, without being prescriptive. This is important as it also targets conduct that happens outside of the office that would otherwise not have a direct impact on the work performed by the employee. FIA EPTA members would like to emphasise that it should not be the responsibility of the employer to monitor an employee's personal views, freedom of expression and the use of social media by employees - especially if the views do not harm the firm and/or employees. Further, FIA EPTA members would welcome clarity confirming that the FCA intended to refer to severe "intimidating" behaviour including causing severe "distress to a fellow member of the workforce." Without the qualification of "severe", this is otherwise too low of a threshold for a Conduct Rule Breach.
6. To what extent do you agree with our proposals on data reporting for firms with 250 or fewer employees, excluding limited-scope	We refer to our introductory statement and our response to the proportionality question (Q.2) where FIA EPTA members suggest increasing the proportionality threshold for identifying a large firm from firms with 250+ employees to firms with 1,000+ employees.

SMCR firms?	
7. To what extent do you agree with our proposals on D&I strategies?	In addition to our comments regarding the proportionality threshold and our concerns with unintended consequences for firms that operate outside of the UK, FIA EPTA members suggest that the FCA creates more flexibility within its requirements for D&I strategies. For instance, making a strategy "measurable" is potentially limiting. Such metrics do not necessarily support the development of an inclusive workplace or relevant initiatives. Indeed, the impact of D&I efforts is not well-assessed in employee survey data and some smaller firms may be at a nascent stage in the development of their D&I strategies, such that disclosed metrics might disrupt experimentation. In addition, employee surveys in smaller firms (those with more than 251 employees, but less than 1000) can skew very quickly if only a relatively small number of staff chose not to participate. In addition, FIA EPTA members suggest that disclosures of D&I strategies should be provided to the FCA on request or publicly disclosed on a firm's website on a voluntary basis only. We also encourage the FCA to take into account that some firms that are headquartered outside the UK, for example, US or European-headquartered financial institutions, will most likely have to comply with other jurisdictional and cultural differences. Oftentimes personnel decisions are made outside of the UK and those institutions could be subject to local legal risk for setting the proposed types of D&I strategies or targets.
8. To what extent do you agree with our proposals on targets?	Please refer to our introductory statement for further details. and our response to question 2 in connection with this question for further details. Briefly, FIA EPTA members believe that the threshold of 251 employees is set too low and we suggest that a threshold of at least 1,000 employees would be a more appropriate threshold for mandatory targets. Especially for smaller firms, setting these targets has the high potential of encouraging positive or negative discriminatory practices that are prohibited under the Equality Act.

	Again, FIA EPTA members are concerned with global firms that will have to reconcile the FCA's requirements with other jurisdictional limitations. It would be helpful if the FCA could create flexibility so that firms can evaluate their own needs (global v. regional strategies). For example, a trading desk may have team members located in the UK and the US, under the same global manager. Setting hiring/promotion targets may impact the US members of the trading team, and expose the firm to the risk of US-related discrimination claims. Finally, as "targets" is a term that may constitute illegal quotas in other jurisdictions, FIA EPTA members would suggest using language that is more universal, particularly in light of the current environment in the US where "targets" are synonymous with "illegal quotas." We urge the FCA to consider omitting targets, but in the alternative, utilise a more universally acceptable framework, such as "goals."
9. To what extent do you agree with the date of the first submission and reporting frequency?	FIA EPTA members believe that the proposed timeline is insufficient. Providing 12 months from the publication of the rules to submit the first report does not allow for adequate time to build out new systems for collecting employee data and reporting. FIA EPTA members suggest that the first submission should be 24 months after the publication of the rules. As this is new terrain for firms and employees, it should not be rushed; firms will also need to educate their employees and staff about the purpose and use of this data. Employees and staff may be apprehensive about the collection of their personal data and it may take time for firms to set the right tone and messaging for firm employees and staff. In addition, FIA EPTA members believe that proportionality would be appropriate here, we would suggest a 1,000-employee threshold for a 24-month deadline from the publication of the rules. Firms with over 1,000 employees largely have these systems already built and are accustomed to similar reporting. This would be akin to the Senior Manager & Certification Regime ("SMCR") rollout. SMCR was launched in

	2016, initially applying to banks, building societies, credit unions and PRA-designated investment firms. Insurers were brought fully into the regime in December 2018, and a year later, it was extended to cover all solo-regulated firms in 2019. If the FCA is determined to keep to 12 months after the publication of the rules as the first moment to collect data, we would suggest that the FCA start with a trial period of 24 months for non-public disclosures directly to the FCA as it gives firms time to get adjusted to this exercise and also helps the FCA to review if the reporting needs any recalibration.
10. To what extent do you agree with the list of demographic characteristics we propose to include in our regulatory return?	FIA EPTA members believe there is more clarity needed in the mandatory and voluntary demographic characteristics overview. We suggest that the FCA start with non-public disclosures in connection with this data reporting exercise or give the option to voluntarily make public disclosures. With regard to "ethnicity" categories, FIA EPTA members note that many employers globally have moved to a data collection process for ethnicity that permits employees to select each ethnicity that they identify with and offer more categories than the FCA proposes. Many employees avoid selecting "Mixed or multiple ethnic groups" or "Other ethnic groups" because such designations are non-inclusive and disempowering. This leads to inaccurate data and more employees selecting "Prefer not to say." FIA EPTA members believe that Religion and Disability or long-term health condition(s) should not be mandatory categories. Most firms do not collect data regarding an employee's religion and doing so would be viewed as invasive. Additionally, asking these questions in the first place, much less the external reporting aspect of the data collection, will likely increase an employee's likelihood of selecting "prefer not to say" to other demographic questions. Lastly, as discussed in more detail above, FIA EPTA proposes that where the size of an entity's board would lead to others being able to easily identify each Board member, entities be permitted to combine

	the "Board" with the "Senior Leadership" reporting into one category.
11. To what extent do you agree that reporting should be mandatory for some demographic characteristics and voluntary for others?	FIA EPTA agrees that some demographic characteristics should be voluntary, including religion and disability.
12. Do you think reporting should instead be mandatory for all demographic characteristics?	No, reporting should not be mandatory for all demographic characteristics.
13. To what extent do you agree with the list of inclusion questions we propose to include in our regulatory return?	FIA EPTA members agree with the FCA that demographic characteristics alone do not tell the whole story of how firms approach D&I. However it is important that each firm develops its own methods for assessing its inclusion efforts that are tailored to its culture. Consequently, we urge the FCA to allow for tailored flexibility in connection with inclusion metrics. Indeed, inclusion questions by their very nature cannot be one-size-fits-all. FIA EPTA members believe the FCA should consider requiring employers as part of their D&I strategies to develop their own inclusion questions, instead of requiring them to utilize the prescriptive questions set out in the CP. Consistent with a reasonable proportionality threshold, the FCA could require employers to share their questions and results with the FCA. Many large employers already use well-researched and vetted questions to survey their employees and utilizing the FCA questions would feel strange for the average employee and potentially be a step back for these employers. For example, firms that are mature in their approach to employee surveys ask some of the same questions over the period of several years so that they can gauge employee changes in sentiment. Removing the flexibility to ask appropriate questions of their workforce would throw away all that effort and impact that firm's internal D&I metrics. Other employers, especially smaller employers, have never surveyed their employees in this way and need the ability to experiment and determine effective language and strategies. Permitting firms more flexibility in developing their own questions, tailored to their cultures, the initiatives they have already launched, and

	their global workforces, will lead to better overall D&I results. In the absence of permitting employers to create their own useful and tailored questions, the FCA should allow firms to map similar questions that would better resonate with their own cultures. The FCA should not mandate that firms pose these exact questions to their employees when many firms have put a huge amount of effort and expense into developing effective employee surveys and measuring changes over time. We are particularly concerned with the FCA's question regarding an individual experiencing counter-inclusive incidents. This question is too vague and contains no severity standard - at one point or another every human has experienced a workplace conflict that felt non-inclusive. Indeed, being omitted from an email or meeting one time, without a connection to a protected characteristic, would be put on equal footing with the experience of being repeatedly subjected to racial slurs. The question would arguably put a firm on notice of non-inclusive behaviour, but if an employee indicated in the survey that they have experienced such incidents, the firm would not be able to investigate. Meanwhile, the solicitation of a response to this question might give the employee the impression that the firm is on notice of the reported behaviour. This question would not help the employer or the FCA understand whether a firm has an inclusive culture. Instead, it would create confusion for employees who may be experiencing discriminatory behavior, and create an inaccurate perception of a firm's culture. Finally, such a statistic will readily be misused by employees' counsel seeking to demonstrate that a firm's culture has supported discriminatory behaviour, increasing a firm's legal risk. If the FCA insists on its own prescriptive question, FIA EPTA members anticipate a high likelihood that employees will select 'prefer-not-to-say.' This will inevitably create unreliable results that don't reflect the true sentiment of employees. Regardless of whether the FCA mandates its prescriptive questions, FIA EPTA members believe that firms should not be required to publicly disclose responses to employee surveys. First, the prescribed

	questions are imprecise and will likely not align with most employer cultures. Second, the expectation by the FCA that it can conduct apples-to-apples comparisons of firms' inclusion survey responses is misguided because some firms have never sent such questions to their employees and others have done so with different, robust questions. Finally, FIA EPTA members believe that, if there is any disclosure of an employer survey, such reporting must meet the highest standard of GDPR and again propose combining 'Board' and 'Senior Managers.'.
14. To what extent do you agree with our proposals on disclosure?	As discussed above, FIA EPTA members believe that public disclosure should only be required for firms that have over 1,000 employees. At a lower threshold, a small number of employees can make up a significant percentage of an entity and will create distorted results. In addition, the granular metrics required for disclosures will create privacy concerns for Board members, given their small number. FIA EPTA members believe that the public will not seek to contextualize the data which could lead to incorrect views of firms which could harm the overarching goals of the aims of the FCA and the UK Government. The public will naturally seek to make apples-to-apples comparisons - leading to a misunderstanding about the data and the positive or negative inferences that can be drawn. This could also harm the attractiveness of the UK for firms to set up offices or grow beyond the proportionality threshold. Additionally, as discussed in response to Q10 above, given the non-inclusive nature of certain demographic categories, the data provided will not accurately represent the demographics of the workforce. Consequently, the public may draw inaccurate conclusions about the make-up of a workforce or the psychological safety and culture of a workplace. As discussed above, public disclosures of targets could encourage firms to violate the Equality Act and/or expose firms to legal risk. As we are seeing in the US, we anticipate that employees' counsel will use this data to incorrectly argue that an employer is engaging in discriminatory practices.

	If the FCA insists on public disclosure, FIA EPTA members believe that the FCA should wait four years after it has seen the outcome of the private FCA disclosures before requiring public disclosure. As discussed above, we have concerns relating to the reliability of the data reporting. Reviewing several rounds of disclosure will permit the FCA to ensure the usefulness of the data gathering and public reporting. Additionally, the preliminary FCA disclosure will permit employers to build their systems and enhance employee education, further improving the quality of any data. Under such a schedule, we still recommend a staggered approach for compliance, similar to the SMCR (please see Q9).
15. To what extent do you agree that disclosure should be mandatory for some demographic characteristics and voluntary for others?	FIA EPTA members agree that it is beneficial to have mandatory and voluntary demographic characteristics, keeping in mind our response to Q10 relating to moving religion and disability to the voluntary category and our concerns relating to the proportionality threshold. FIA EPTA members believe that Religion and Disability or long-term health condition(s) should not be mandatory categories. Most firms do not collect data regarding an employee's religion and doing so would be viewed as invasive. Additionally, asking these questions in the first place, much less the external reporting aspect of the data collection, will likely increase an employee's likelihood of selecting "prefer not to say" to other demographic questions.
16. Do you think disclosure should instead be mandatory for all demographic characteristics?	No.
17. To what extent do you agree that a lack of D&I should be treated as a non-financial risk and addressed accordingly through a firm's governance structures?	FIA EPTA members believe that the board of a firm, including its senior managers, should have responsibility for delivering results and identifying barriers to change. If change is to be embedded in a firm's culture it needs to be supported and promoted at all levels. This also means that firms should have a clear allocation of responsibilities on diversity and inclusion measures and it should not be solely

	treated as an HR matter.
18. Do you have any comments on the cost-benefit analysis?	N/A.