

SECURITIES WEEK

cies before proposals are submitted to the SEC.

Moreover, the letter added, the SEC should direct SROs when making rule filings to take a reasonable compliance approach when they discover an inconsistency or non-conformity with existing rules of other SROs.

On a related subject, the SIA said SROs also should be directed to implement a formal mechanism that ensures they thoroughly deliberate the practical economic and administrative impacts of proposed rules.

It recommended this analysis be a prerequisite to filing a rule revision with the commission, and that the degree of this impact should be stated at that time.—*JH*

RBC DAIN RAUSCHER CREATES DIVERSITY PROGRAM, APPOINTS DIRECTOR

In a reflection of the changing face of the securities industry—both for customers and employees—RBC Dain Rauscher, in Minneapolis, Minn., has hired Wanda Brackins as its new director of diversity, a spokesman said last week.

The position is a new one, the spokesman said, and reflects a drive by the firm to try to recruit brokers and executives who are races other than white.

“It’s in recognition of just how this business is changing as America changes,” the spokesman said.

Brackins comes to the firm from Peoplesoft, where she had been the human resources program director, and director of diversity and work life.

The spokesman said the firm had been putting together a diversity program headed by Andre Lewis, who is the head of the diversity foundation at the firm.

“We’ve been going to things like the Black MBA Conference, and the Hispanic MBA Conference,” the spokesman said. “We’ve been trying to raise our profile in the recruiting business, in recognition of how this business has changed. It’s no longer a white, male business. It’s all cultures, all ethnic groups. There’s money where it was previously never tapped into before. And we’re looking for employees, not just clients. We want to have as diverse a workforce as we possibly can.”

The spokesman said he does not know how many employees will be in the department of diversity at this time.

Bill Singer, partner at Gusrae, Kaplan & Bruno, in New York, said that over the past few years Wall Street has generally had human resource areas pushing for diversity. He said some of this was in response to the efforts made by Jesse Jackson’s Rainbow/PUSH Coalition, which tried to pressure firms into hiring more minorities.

Even so, Singer said, the fact is, 90% of the time when an African-American is hired—for a regulatory agency or a firm—it is a black woman who is put into HR, or personnel.

“The problem is promotions,” he said. “Blacks are hired as support staff. The trading rooms tend to be lily-white and all men. When you hire women you get the ‘Boom-boom’ room, and blacks tend to be the first ones laid off.”

Still, Singer said it’s good news that a major firm is undertaking to start a diversity department, and hire a more diverse workforce. Although it’s a shame, he said, at the same time that non-discriminatory business practices are not so ingrained into firms that such steps are not necessary.

Jenice Malecki, a securities attorney, in New York, said that she suspects firms, such as RBC, that make concentrated pushes to hire more minority brokers are looking to make inroads into the largely untapped minority investment markets of the U.S.

She said that “one big problem” with this is that minority brokers often generate automatic trust in their clients from the communities they represent, thus making it incredibly easy to hoodwink them.

“It happens a lot with Russian brokers,” she said.

The spokesman for RBC agreed that the minority investment market holds a lot more room for growth than the largely mature investment market for white males.

He said that in researching this new diversity program he discovered that the way brokers find clients has changed nation-wide.

“It used to be, in the distant past, that brokers joined the country-club,” he said. “That’s where the money was. Now it’s not that different from the millionaire next door. There is money in all kinds of ethnic groups. And white males are not necessarily that easy to get access to. The industry has been slow to this.”

The spokesman added that all firms are starting to wake up to the fact that tomorrow’s business, and today’s, lies in reaching out to the traditionally ignored minority market, and that RBC is seeking to carve out a niche in advance of the deluge that is sure to come.

“It’s hard to get an edge when you’re competing with some of the biggest firms in the world,” he said. “And in addition it’s the right thing to do.”—*DS*

AUTOMATION, SUPERVISION LOOKED TO AS KEY FOR AVOIDING COMPLIANCE TROUBLE AT SIA CONFERENCE

Firms need smart, automated compliance systems partnered with thorough supervision in order to avoid regulatory trouble later, said Jesse Hill, general partner, compliance, at Edward Jones, and Thomas Wagner, director of surveillance, at RBC Dain Rauscher.

The pair spoke at the Securities Industry Association’s 2004 Technology Management Conference in New York last week,