

## **SEDI as Defined by the U.S. Treasury Department**

SEDI business means a business that:

- If privately owned, 51 percent is owned by one or more socially and economically-disadvantaged individuals;
- If publicly owned, 51 percent of the stock is owned by one or more socially and economically-disadvantaged individuals; and
- In the case of a mutual institution, a majority of the Board of Directors, account holders, and the community which the institution services is predominantly comprised of socially and economically disadvantaged individuals.
- “Socially and economically disadvantaged individuals” is defined by reference to section 8 of the Small Business Act (15 U.S.C. 637) and the regulations thereunder. This definition includes the following:
  - Socially disadvantaged individuals are those who have been subjected to racial or ethnic prejudice or cultural bias because of their identity as a member of a group without regard to their individual qualities.
  - Economically disadvantaged individuals are those socially disadvantaged individuals whose ability to compete in the free enterprise system has been impaired due to diminished capital and credit opportunities as compared to others in the same business area who are not socially disadvantaged.