

Proposal: 1410 (7100-AD69) - Incentive-Based Compensation Arrangements

Description: Joint notice proposing rules to implement section 956 of the Dodd-Frank Act. The proposed rule would require the reporting of incentive-based compensation arrangements by a covered financial institution and prohibit incentive-based compensation arrangements at a covered financial institution that provide excessive compensation or that could expose the institution to inappropriate risks that could lead to material financial loss.

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Comment ID: 80824

From: Americans for Financial Reform

Subject: Incentive-Based Compensation

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Comments:

May 31, 2011

Ben Bernanke  
20th Street and Constitution Avenue N.W.  
Washington, DC 20551

Dear Bernanke,

America paid a terrible economic price because of irresponsible risk-taking by Wall Street executives. Those executives took those risks because they knew that they could walk away with billions of dollars in bonuses and stock options and never pay for the long-term consequences of their actions. We need tough rules so that Wall Street pay packages don't encourage short-term risk taking.

Your rules should require at least a five year deferral period for executive bonuses at big banks, ban executive hedging of their pay packages, and require specific details from banks on precisely how they ensure that executives will share in the long-run risks created by their decisions. It should apply to the full range of important financial institutions, and draw in all the key executives at those companies.

Once this rule is passed, only you will know the details of its enforcement. But it's important for the public to know the progress you are making on this vital issue. You should report back to the public annually with a detailed report on progress in creating accountability for Wall Street pay.

Referencing Docket No.'s:

OTS: RIN 155-AC49  
OCC: RIN 1557-AD39  
Fed: RIN 7100-AD69  
SEC: RIN 3235-AL06  
FHFA: RIN 2590-AA42  
FDIC: RIN 3064-AD56

Sincerely,

Ms. Renee Schafer