

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: 80802

From: Richard Stallman

Subject: Incentive-Based Compensation

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Comments:

The goal is to assure that banks don't profit by market manipulation or fraud. One idea to discourage market manipulation would be to block bank employees from selling their stock options until ten years after they leave the bank. They might then hesitate to take big risks. Their involvement in a fraud admitted by the bank, even through a non-prosecution agreement, could cause the stock options to be forfeit. That would discourage fraud.

These ideas could complement other suggestions, such as adjusting bonuses based on the bank's safety index.

Richard Stallman