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May 27, 2011

Jennifer J. Johnson
Secretary
Board of Governors of the
Federal Reserve System
20th St. and Constitution
Avenue, NW.
Washington, DC 20551

VIA ELECTRONIC SUBMISSION

Re: FRB Docket No. R-1410 and RIN No. 7100-AD69

Dear Sirs:

This letter is in response to the request for comments on the proposed rule for "Incentive Based Compensation Arrangements" as defined in section 956(e) of the Dodd-Frank Act.

We understand the need for the Board to review and monitor the incentive practices of covered financial institutions to prevent inappropriate risk taking; however, there are several areas of the proposed rule where we would like to provide comments. These areas are as follows:

- Incentive-Based Compensation/Excessive Compensation
- Reporting Requirements
- Effective Date

Incentive-Based Compensation/Excessive Compensation

We agree that incentive-based compensation arrangements should be subject to corporate governance that provides for ongoing oversight by the board of directors or a committee of the board of directors. It is also important to have a "principle-based" approach in the final rule for incentive-based compensation rather than prescriptive rules. If an overly rigid or a uniform approach is used, unique factors impacting individual companies will thus be ignored. It is important for each company to have a level of flexibility in establishing compensation structures based on their size, competition and overall strategic planning related to retention of management.

In regards to excessive compensation, we were asked to provide comments related to the seven standards that the Board will consider when making a determination as to whether an incentive compensation arrangement provides excessive compensation. This list does appear to be inclusive of many of the factors that are considered when compensation strategies are discussed (i.e. condition of financial institution, comparable compensation practices at comparable institutions). The final standard on the list provides the Board broad discretion in considering any other factors that they determine to be relevant. It is important that the final rules explicitly reference mitigating factors that the Board should consider in making such determinations. Specifically, the Board should be willing to consider factors that impact one organization versus another. For example, the quality of the workforce and the ability to retain top talent is imperative to the success of our organization. Mitigating factors that include a review of promotion structure, retention strategies as well as training philosophies impact how our organization views our compensation arrangements.

Reporting Requirements

The proposed rule would require that a covered financial institution submit a report annually in a format specified by the Board that describes the structure of the covered financial institution's incentive-based compensation arrangement for covered persons. It is stated that this report should provide a "clear narrative description" as well as a "succinct" description of the compensation arrangements. We would recommend that an annual certification provided by the board of directors or a committee of the board of directors be provided instead of the annual "report." This certification would state that the institution has done what is proposed and the documentation would remain at the institution and would be made available to the regulator to review/examine. This process would show that the institution is certifying that it is complying and would allow for greater confidentiality of records. Assuming that an annual report remains a requirement of the proposed rule, we would like to be provided with clarity as to what level of detail would be required. After the specific requirements are provided, an additional comment period would be appropriate.

Effective Date

The proposed rule states that it will be effective six months after the publication of the final rule in the Federal Register, with annual reports due within 90 days of the end of each covered financial institution's fiscal year. Assuming that the final rules are published in 2011 and the corresponding reports would not be required until the end of 2012, we would not see an issue in complying with the effective date as proposed. This assumes that the reporting requirements are clear and reasonable. If the reporting requirements have not been clearly defined, the effective date should be reviewed and correspond appropriately with the requirements. It is also recommended that the rule should not be retroactive for grants of incentive compensation. The rule should only cover future incentive awards following the effective date. That is, the rules should clarify that they only apply to awards granted after the effective date.

Thank you for your consideration.

Sincerely,

Gretchen R. Morrison
Senior Vice President