Regulation JJ, Incentive-Based Compensation Arrangements (Docket No R-1410).

On October 27, 2014, representatives of Americans for Financial Reform ("AFR") and two of their member organizations (jointly, the "AFR representatives") met with Board staff and discussed the proposed rule on incentive-based compensation arrangements. The AFR participants attending the meeting were Marcus Stanley, Policy Director for AFR, Sarah Anderson of the Institute for Policy Studies, and Bartlett Naylor of Public Citizen. Board staff attending the meeting were Michael Solomon, Suzanne Williams, Teresa Scott, Daniel Abramowitz, Joe Maldonado, Rebecca Zak, and Lori Beal from the Division of Banking Supervision and Regulation and Michael Waldron from the Legal Division.

The AFR representatives made four principal proposals. First, they stated that they believed there should be restrictions on equity-based incentive compensation, reducing or eliminating such compensation in favor of cash or debt instruments. Second, they stated that the proposed minimum 3-year ratable deferral of 50 percent of incentive compensation was insufficient. In their view, a 3-year requirement would not cover the length of a business cycle, and they would prefer a significantly longer period with a significant majority of deferred compensation deferred for the full period. Third, they believe that a broader group of employees should be subject to mandatory deferral than those identified in the proposal. Fourth, they would like any hedging by a recipient of incentive compensation to be banned, even if purchased from a third party and paid for by the recipient. The AFR representatives indicated that they would be in favor of a reproposal of the rule if necessary to achieve these goals.