

American Investment Council

NPR on Incentive-Based Compensation Arrangements (Dodd-Frank Act Section 956)

(Docket No. R-1536)

On September 19, 2016, Jason Mulvihill, General Counsel of the American Investment Council (“AIC”), and Elizabeth Pagel Serebransky, Kenneth Berman, Rebecca Silberstein, and Alison Buckley-Serfass of Debevoise & Plimpton, LLP met with staff from the agencies that issued the NPR. The following agency representatives were present in person or by phone at the meeting: Melissa Lisenbee, Debra Peery and Alison MacDonald from the Office of the Comptroller of the Currency; Nefretete Smith, Annmarie Boyd and Catherine Topping from the Federal Deposit Insurance Corporation; Mary Pat Fox, Carol Connelly and Lindsay Simmons from the Federal Housing Finance Agency; and Kristy Von Ohlen, Alpa Patel, Sirimal Mukherjee, Emily Rowland, and Kevin Schopp from the Securities and Exchange Commission. Attendees from the Federal Reserve Board were Joe Maldonado and Timothy Geishecker from the Division of Banking Supervision and Regulation, and Michael Waldron from the Legal Division.

The AIC representatives discussed issues raised in their comment letter on the proposal, primarily the treatment of “carried interest” paid by private equity firms. The AIC representatives discussed how carried interest works in practice and expressed their view that carried interest payments do not encourage inappropriate risk-taking, trigger a material risk of loss to firms, or create systemic risk, and that carried interest payments should not be treated as incentive-based compensation as they are akin to dividends and equity appreciation on equity interests.

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