November 29, 2011

TO: The Executive Secretary Section
FDIC Legal Division

FROM: Daniel Lonergan, Counsel
Legal Division

SUBJECT: Telephone Discussion with Mercer to discuss their comment letter submitted on Incentive-based Compensation Arrangements NPR, RIN 3064–AD56

On February 7, 2011, the FDIC approved proposed rules ("NPR") to implement section 956 of the Dodd-Frank Wall Street Reform and Consumer Protection Act. This interagency document was subsequently formally approved by the other Agency-participants (the Board of Governors of the Federal Reserve, the Office of the Comptroller of the Currency, the Securities and Exchange Commission, the National Credit Union Administration, and the Federal Housing Finance Agency) and the Notice of Proposed Rulemaking was proposed jointly in the Federal Register. 76 Fed. Reg. 21170 (April 14, 2011). Public comment was solicited until May 31, 2011.

The proposed rule would require the reporting of incentive-based compensation by a covered financial institution and prohibit incentive-based compensation arrangements that provide excessive compensation or that could expose the institution to inappropriate risks.

On November 4, 2011, representatives from the FDIC spoke on the telephone with two representatives of Mercer, a compensation consultant who had previously submitted a comment letter on the above proposed rule. These representatives, Mr. William Ferguson, and Mr. Stephen Brown, were familiar with the NPR and the comment letter that was submitted by their organization to the FDIC and the other Agencies who jointly published the April 2011 proposal.

Generally, participants addressed the content of Mercer's comment letter, and Mercer's representatives answered questions and provided clarifying information with respect to the identified compensation model that was described in Mercer's letter.

Participants:

William H. Ferguson	Mercer
Stephen Brown	Mercer
George Parkerson	FDIC, RMS
Daniel Lonergan	FDIC, Legal