



Comptroller of the Currency
Administrator of National Banks

Washington, DC 20219

February 23, 2010

Cass R. Sunstein
Administrator
Office of Information and Regulatory Affairs
Washington, DC 20530

Dear Mr. Sunstein:

Pursuant to Office of Management and Budget (OMB) regulations at 5 C.F.R. § 1320.13, the Office of the Comptroller of the Currency (OCC) requests emergency OMB approval by March 4, 2010, of the attached information collection titled "Guidance on Sound Incentive Compensation Policies."

The OCC has determined that:

- (1) The collection of information is needed prior to the time period established under 5 C.F.R. Part 1320;
- (2) The collection of information is essential to the mission of the agency;
and
- (3) The OCC cannot reasonably comply with normal clearance procedures under 5 C.F.R. Part 1320 because public harm is reasonably likely to result if normal clearance procedures are followed. The OCC was only recently invited to join in issuance of the guidance, preventing it from following normal clearance procedures. Moreover, immediate clearance will serve the public by ensuring the prompt improvement of incentive compensation practices in the financial services industry.

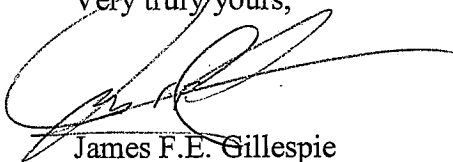
Incentive compensation practices in the financial services industry contributed to the financial crisis that began in 2007. Bank employees too often were rewarded for increasing short-term revenue or profit without adequate regard to the risks taken to achieve those results. These practices exacerbated the risks and losses at a number of banking organizations and resulted in the misalignment of the interests of employees with the long-term safety and soundness of their organizations. It is urgent that incentive compensation practices be brought under control through supervisory action.

This incentive compensation guidance will promote the prompt improvement of incentive compensation practices in the banking industry. It also is necessary to fulfill the commitment made at the G-20 meeting in September 2009 by the President and the Department of the Treasury to implement the Financial Stability Board's Compensation Principles.

The Board of Governors of the Federal Reserve System (FRB) issued the guidance in proposed form in October 2009¹ and is now prepared to issue it in final form. Just recently, the FRB invited the OCC to join in the issuance of the final guidance so that the guidance would apply to OCC-supervised banks as well as to the bank holding companies supervised by the FRB. Failure to issue the guidance jointly would weaken the supervisory expectations for banking organizations and could create the opportunity for regulatory arbitrage in compensation practices at the bank level. Due to the expedited timeframe set for issuance of the guidance, the OCC was not able to solicit comment. However, the OCC has taken into consideration the comments received by the FRB.

Therefore, the OCC requests emergency OMB approval of this collection. The OCC believes that immediate collection of this information is in the best interests of the United States, the national banking system, and the public. The OCC also requests a waiver of a *Federal Register* publication for emergency clearance. Of course, the renewal procedure will involve *Federal Register* notice and public comment. The OCC will consider carefully all comments received to determine if revision to the information collection is warranted.

Very truly yours,



James F.E. Gillespie
Deputy Chief Counsel

¹ 74 FR 55227 (October 27, 2009).