



Office of Thrift Supervision

Department of the Treasury

1700 G Street, N.W., Washington, DC 20552 • (202) 906-6000

June 2, 2010

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

Dear Mr. Sunstein:

Pursuant to the Office of Management and Budget (OMB) regulations at 5 C.F.R. § 1320.13, the Office of Thrift Supervision (OTS) requests an OMB emergency review and approval by June 8, 2010, for the attached information collection titled “Sound Incentive Compensation Guidance.”

The OTS 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 OTS 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 OTS 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. Financial institution 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 financial institutions and resulted in the misalignment of the interests of employees with the long-term safety and soundness of their financial institutions. 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 financial institution 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 on October 27, 2009 (74 FR 55227) and is now prepared to issue it in final form. The FRB invited the OTS to join in the issuance of the final guidance so that the guidance would also apply to OTS supervised financial institutions. The OTS published a 60-Day Federal Register Notice on April 29, 2010 (75 FR 22679) and has not received any comments. Failure to issue the guidance jointly would weaken the supervisory expectations for financial institutions in the United States.

Therefore, the OTS requests an emergency approval of this collection. The OTS believes that immediate collection of this information is in the best interests of the United States, thrift financial institutions, and the public.

Very truly yours,

Ira L. Mills
Paperwork Clearance Officer
Office of Chief Counsel