



Federal Deposit Insurance Corporation

550 17th Street NW, Washington, D.C. 20429-9990

Legal Division

June 21, 2010

Ms. Shagufta Ahmed  
OMB Desk Officer  
Office of Management and Budget  
New Executive Office Building  
Washington, DC 20503

Dear Ms. Ahmed:

Pursuant to the Office of Management and Budget (OMB) regulations at 5 C.F.R. § 1320.13, the FDIC requests an OMB emergency review and approval by 9:00 a.m. on June 21, 2010, for the attached information collection titled "Sound Incentive Compensation Guidance."

The FDIC 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 FDIC 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 FDIC only recently determined 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.

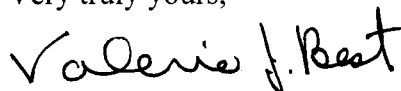
The Board of Governors of the Federal Reserve System (FRB) issued the guidance in proposed form on October 27, 2009 (74 FR 55227) and is now prepared to issue it in final form. The FRB invited the Office of the Comptroller of the Currency (OCC) to join in the issuance of the final guidance so that the guidance would also apply to OCC-supervised banks as well as to the bank

holding companies supervised by the FRB. Likewise, the FRB invited the Office of Thrift Supervision (OTS) to join in the issuance of the final guidance so that the guidance would also apply to OTS supervised financial institutions. Both the OCC and OTS sought, and were granted, emergency OMB approval.

By joining the FRB, OCC, and OTS, in issuing the Guidance jointly, the FDIC believes the supervisory expectations for banking organizations would be strengthened and the opportunity for regulatory arbitrage in compensation practices at the bank level would be diminished.

Therefore, the FDIC requests an emergency approval of this collection. The FDIC 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,

A handwritten signature in black ink that reads "Valerie J. Best". The signature is written in a cursive style with a large initial "V".

Valerie J. Best  
Supervisory Counsel  
(Assistant Executive Secretary)