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FDIC Approves Rules to Implement Dodd-Frank Limits on Incentive Pay Risk at Financial Institutions



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The Federal Deposit Insurance Corporation issued new regulations that would create a framework for implementing and enforcing Section 956 of the *Dodd-Frank Wall Street Reform and Consumer Protection Act*. The intent is to control risk related to the use of incentive compensation arrangements (ICAs) for executives at covered financial institutions with consolidated assets of at least $1 billion.

Among the new requirements and restrictions:

- Prohibition of ICAs to covered individuals that are considered to encourage inappropriate risk
- Mandatory deferral and enhanced oversight for institutions with assets greater than $50 billion
- Annual disclosure of the structure of ICAs
- Policies and procedures to enforce Section 956

About the Author

Deb advises on executive compensation from a legal and regulatory perspective, including securities disclosure, tax and governance matters, contract negotiation, and reasonableness opinion letters.

About Pearl Meyer

Pearl Meyer is the leading advisor to boards and senior management helping organizations build, develop, and reward great leadership teams that drive long-term success. Our strategy-driven compensation and leadership consulting services act as powerful catalysts for value creation and competitive advantage by addressing the critical links between people and outcomes. Our clients stand at the forefront of their industries and range from emerging high-growth, not-for-profit, and private organizations to the Fortune 500.

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