



Americans for Financial Reform
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October 19, 2015

Mr. Thomas J. Curry, Comptroller
Office of the Comptroller of the Currency
250 E Street SW
Washington, DC 20219

Mr. Jacob Lew, Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue NW
Washington DC 20220

The Honorable Martin Gruenberg, Chairman
Federal Deposit Insurance Corporation
550 17th Street Northwest
Washington, DC 20429

The Honorable Mary Jo White, Chair
Securities and Exchange Commission
100 F Street NE
Washington DC 20549

The Honorable Janet L. Yellen, Chair
Board of Governors of the Federal Reserve
System
20th Street and Constitution Ave., NW
Washington DC 20551

Dear Comptroller Curry, Chairman Gruenberg, Secretary Lew, Chair White, and Chair Yellen:

We are writing because we are concerned about the slow progress toward the implementation of Section 956(b) of the Dodd Frank Wall Street Reform and Consumer Protection Act, which prohibits large financial institutions from using compensation schemes that encourage excessive risk taking. We urge you to take action swiftly to re-propose a rule that will effectively address this crucially important issue.

Misaligned incentives in financial sector compensation figured at the center of the 2008 financial crisis. The Financial Crisis Inquiry Commission (FCIC) found that such incentives too often encouraged “big bets” and rewarded short-term gains without proper consideration of long-term consequences.¹ More than 80 percent of financial market participants agree that pay practices played a role in promoting excessive risk accumulation that led to the crisis.²

To address this, Congress mandated through Section 956(b) that your agencies “prohibit any types of incentive-based payment arrangement, or any feature of any such arrangement, that the regulators determine encourages inappropriate risks”. Congress further stipulated that this rule be implemented no later than nine months after the enactment of the law in July 2010.

¹ Financial Crisis Inquiry Commission, “[Financial Crisis Inquiry Report](#)”, February 25, 2011.

² Financial Stability Forum, “[FSF Principles for Sound Compensation Practices](#)”, April 2, 2009. See page 4, footnote 2, for a review of these surveys.

It has now been more than five years since Dodd-Frank was signed into law, and more than four years since this deadline passed. But this mandate still has not been implemented. While a rule was proposed in 2011, the proposal was seriously inadequate, and would not have significantly changed existing Wall Street pay practices.³

In September 2014, AFR and member organizations wrote a detailed letter calling on you to re-propose and complete a strong rule implementing Section 956.⁴ Since that time, certain regulators have indicated that the agencies are working on a new version of the rule to re-propose for comment.⁵ Yet there is still no new proposal and there has been no firm indication as to when one will be released.

This rule is one of the major pieces of unfinished business from the Dodd Frank act. There is a broad consensus on the importance of properly aligning compensation incentives, so the continued delay in putting in place adequate safeguards on financial sector pay is particularly disappointing.

We urge you to rapidly complete and release for comment a new rule proposal that will effectively implement Section 956 of the Dodd-Frank Act.

Sincerely,

AFL-CIO
Americans for Financial Reform
AFSCME
As You Sow
Center for Popular Democracy
Communications Workers of America
Consumer Federation of America
Green America
Institute for Policy Studies
National People's Action
Public Citizen
U.S. PIRG

³ Americans for Financial Reform, "[Comment Letter to Agencies on Implementation of Dodd-Frank Section 956](#)", September 18, 2014

⁴ Ibid.

⁵ Mcgrane, Victoria and Andrew Ackerman, "[U.S. Regulators Revive Work on Incentive-Pay Rules](#)", Wall Street Journal, February 16, 2015.

Following are the partners of Americans for Financial Reform.

All the organizations support the overall principles of AFR and are working for an accountable, fair and secure financial system. Not all of these organizations work on all of the issues covered by the coalition or have signed on to every statement.

- AARP
- A New Way Forward
- AFL-CIO
- AFSCME
- Alliance For Justice
- American Income Life Insurance
- American Sustainable Business Council
- Americans for Democratic Action, Inc
- Americans United for Change
- Campaign for America's Future
- Campaign Money
- Center for Digital Democracy
- Center for Economic and Policy Research
- Center for Economic Progress
- Center for Media and Democracy
- Center for Responsible Lending
- Center for Justice and Democracy
- Center of Concern
- Center for Effective Government
- Change to Win
- Clean Yield Asset Management
- Coastal Enterprises Inc.
- Color of Change
- Common Cause
- Communications Workers of America
- Community Development Transportation Lending Services
- Consumer Action
- Consumer Association Council
- Consumers for Auto Safety and Reliability
- Consumer Federation of America
- Consumer Watchdog
- Consumers Union
- Corporation for Enterprise Development
- CREDO Mobile
- CTW Investment Group
- Demos
- Economic Policy Institute
- Essential Action
- Green America
- Greenlining Institute
- Good Business International

- Government Accountability Project
- HNMA Funding Company
- Home Actions
- Housing Counseling Services
- Home Defenders League
- Information Press
- Institute for Agriculture and Trade Policy
- Institute for Global Communications
- Institute for Policy Studies: Global Economy Project
- International Brotherhood of Teamsters
- Institute of Women's Policy Research
- Krull & Company
- Laborers' International Union of North America
- Lawyers' Committee for Civil Rights Under Law
- Main Street Alliance
- Move On
- NAACP
- NASCAT
- National Association of Consumer Advocates
- National Association of Neighborhoods
- National Community Reinvestment Coalition
- National Consumer Law Center (on behalf of its low-income clients)
- National Consumers League
- National Council of La Raza
- National Council of Women's Organizations
- National Fair Housing Alliance
- National Federation of Community Development Credit Unions
- National Housing Resource Center
- National Housing Trust
- National Housing Trust Community Development Fund
- National NeighborWorks Association
- National Nurses United
- National People's Action
- National Urban League
- Next Step
- OpenTheGovernment.org
- Opportunity Finance Network
- Partners for the Common Good
- PICO National Network
- Progress Now Action
- Progressive States Network
- Poverty and Race Research Action Council
- Public Citizen
- Sargent Shriver Center on Poverty Law
- SEIU
- State Voices
- Taxpayer's for Common Sense
- The Association for Housing and Neighborhood Development

- The Fuel Savers Club
- The Leadership Conference on Civil and Human Rights
- The Seminal
- TICAS
- U.S. Public Interest Research Group
- UNITE HERE
- United Food and Commercial Workers
- United States Student Association
- USAction
- Veris Wealth Partners
- Western States Center
- We the People Now
- Woodstock Institute
- World Privacy Forum
- UNET
- Union Plus
- Unitarian Universalist for a Just Economic Community

List of State and Local Partners

- Alaska PIRG
- Arizona PIRG
- Arizona Advocacy Network
- Arizonans For Responsible Lending
- Association for Neighborhood and Housing Development NY
- Audubon Partnership for Economic Development LDC, New York NY
- BAC Funding Consortium Inc., Miami FL
- Beech Capital Venture Corporation, Philadelphia PA
- California PIRG
- California Reinvestment Coalition
- Century Housing Corporation, Culver City CA
- CHANGER NY
- Chautauqua Home Rehabilitation and Improvement Corporation (NY)
- Chicago Community Loan Fund, Chicago IL
- Chicago Community Ventures, Chicago IL
- Chicago Consumer Coalition
- Citizen Potawatomi CDC, Shawnee OK
- Colorado PIRG
- Coalition on Homeless Housing in Ohio
- Community Capital Fund, Bridgeport CT
- Community Capital of Maryland, Baltimore MD
- Community Development Financial Institution of the Tohono O'odham Nation, Sells AZ
- Community Redevelopment Loan and Investment Fund, Atlanta GA
- Community Reinvestment Association of North Carolina
- Community Resource Group, Fayetteville A
- Connecticut PIRG
- Consumer Assistance Council
- Cooper Square Committee (NYC)

- Cooperative Fund of New England, Wilmington NC
- Corporacion de Desarrollo Economico de Ceiba, Ceiba PR
- Delta Foundation, Inc., Greenville MS
- Economic Opportunity Fund (EOF), Philadelphia PA
- Empire Justice Center NY
- Empowering and Strengthening Ohio's People (ESOP), Cleveland OH
- Enterprises, Inc., Berea KY
- Fair Housing Contact Service OH
- Federation of Appalachian Housing
- Fitness and Praise Youth Development, Inc., Baton Rouge LA
- Florida Consumer Action Network
- Florida PIRG
- Funding Partners for Housing Solutions, Ft. Collins CO
- Georgia PIRG
- Grow Iowa Foundation, Greenfield IA
- Homewise, Inc., Santa Fe NM
- Idaho Nevada CDFI, Pocatello ID
- Idaho Chapter, National Association of Social Workers
- Illinois PIRG
- Impact Capital, Seattle WA
- Indiana PIRG
- Iowa PIRG
- Iowa Citizens for Community Improvement
- JobStart Chautauqua, Inc., Mayville NY
- La Casa Federal Credit Union, Newark NJ
- Low Income Investment Fund, San Francisco CA
- Long Island Housing Services NY
- MaineStream Finance, Bangor ME
- Maryland PIRG
- Massachusetts Consumers' Coalition
- MASSPIRG
- Massachusetts Fair Housing Center
- Michigan PIRG
- Midland Community Development Corporation, Midland TX
- Midwest Minnesota Community Development Corporation, Detroit Lakes MN
- Mile High Community Loan Fund, Denver CO
- Missouri PIRG
- Mortgage Recovery Service Center of L.A.
- Montana Community Development Corporation, Missoula MT
- Montana PIRG
- New Economy Project
- New Hampshire PIRG
- New Jersey Community Capital, Trenton NJ
- New Jersey Citizen Action
- New Jersey PIRG
- New Mexico PIRG
- New York PIRG
- New York City Aids Housing Network

- New Yorkers for Responsible Lending
- NOAH Community Development Fund, Inc., Boston MA
- Nonprofit Finance Fund, New York NY
- Nonprofits Assistance Fund, Minneapolis M
- North Carolina PIRG
- Northside Community Development Fund, Pittsburgh PA
- Ohio Capital Corporation for Housing, Columbus OH
- Ohio PIRG
- OligarchyUSA
- Oregon State PIRG
- Our Oregon
- PennPIRG
- Piedmont Housing Alliance, Charlottesville VA
- Michigan PIRG
- Rocky Mountain Peace and Justice Center, CO
- Rhode Island PIRG
- Rural Community Assistance Corporation, West Sacramento CA
- Rural Organizing Project OR
- San Francisco Municipal Transportation Authority
- Seattle Economic Development Fund
- Community Capital Development
- TexPIRG
- The Fair Housing Council of Central New York
- The Loan Fund, Albuquerque NM
- Third Reconstruction Institute NC
- Vermont PIRG
- Village Capital Corporation, Cleveland OH
- Virginia Citizens Consumer Council
- Virginia Poverty Law Center
- War on Poverty - Florida
- WashPIRG
- Westchester Residential Opportunities Inc.
- Wigamig Owners Loan Fund, Inc., Lac du Flambeau WI
- WISPIRG

Small Businesses

- Blu
- Bowden-Gill Environmental
- Community MedPAC
- Diversified Environmental Planning
- Hayden & Craig, PLLC
- Mid City Animal Hospital, Pheonix AZ
- UNET

