

United States Senate

March 22, 2023

The Honorable Gary Gensler, Chair
U.S. Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

The Honorable Todd M. Harper, Chairman
National Credit Union Administration
1775 Duke Street
Alexandria, VA 22314

The Honorable Jerome H. Powell, Chair
Board of Governors of the Federal Reserve
System
20th Street and Constitution Avenue, NW
Washington, DC 20551

The Honorable Sandra L. Thompson,
Director
Federal Housing Finance Agency
400 7th Street SW
Washington, DC 20024

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

The Honorable Michael J. Hsu, Acting
Comptroller of the Currency
Office of the Comptroller of the Currency
400 7th Street, SW
Washington, DC 20219

Dear Chair Gensler, Chair Powell, Chairman Gruenberg, Chairman Harper, Director Thompson,
and Acting Comptroller Hsu:

I write to you today to urge swift and long overdue implementation of Section 956 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (Dodd-Frank) regarding incentive-based compensation arrangements. Of the nearly 400 rules in Dodd-Frank, few placed deadlines on the regulators. However, Congress did mandate deadlines for certain rules, including Section 956, which was designed to combat incentive compensation arrangements that might encourage “inappropriate” risks at financial institutions. The deadline for finalizing Section 956 was May 2011. However, it’s been over twelve years since the passage of Dodd-Frank, yet this rule remains unimplemented.

Section 956 of Dodd-Frank was intended to require financial regulators to quickly and collaboratively issue rules requiring financial institutions to disclose any incentive-based executive compensation arrangements that encourage excessive risk-taking at financial institutions or that may lead to financial loss. The recent bank failure of Silicon Valley Bank and reported bonuses issued to its leadership further underscore the urgency and importance of this rule’s implementation. Given how incentive-based compensation can continue to lead to certain financial institutions and professionals taking excessive and reckless risks, implementation of this long-delayed rule is an important reform to ensure reckless financial risks and financial mismanagement do not put our banking system at risk.

Although various attempts have been made to move the rulemaking forward, Section 956 has remained stalled for too long. Addressing commonsense financial regulation is essential to

supporting families in Michigan and across the U.S., growing our economy, and creating jobs. Please consider advancing regulations as swiftly and collaboratively as possible. I appreciate your leadership and I remain committed to working to ensure financial regulators have the necessary tools to keep our economy stable and growing.

I thank you for your consideration and response.

Sincerely,

A handwritten signature in black ink, appearing to read "Gary C. Peters". The signature is fluid and cursive, with the first name "Gary" being the most prominent.

Gary C. Peters
United States Senator