



## News

### Michael Morehead and Timothy Sullivan Co-Author Article, "Proposed Rules on Incentive-Based Compensation Arrangements"

February 10, 2011

Under Section 956 of the Dodd-Frank Wall Street Reform and Consumer Protection Act (the "Dodd-Frank Act"), various federal agencies must issue rules which will require the reporting of incentive-based compensation arrangements by covered financial institutions (specified institutions with consolidated assets of more than \$1 billion) and prohibit incentive-based compensation arrangements at covered financial institutions that (i) provide excessive compensation; or (ii) that could expose the institution to inappropriate risks that could lead to a material financial loss.

On February 7, 2011, the FDIC issued a proposed rule (the "Proposed Rule"). Comments are due within 45 days of the publication of the rules in the Federal Register. The other Agencies must approve the Proposed Rule before it is published in the Federal Register.

The Proposed Rule would be effective six months after publication of the final rule in the Federal Register, with annual reports due within 90 days of the end of each covered financial institution's fiscal year.

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