

# ELC

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## **FEDERAL RESERVE BOARD – INCENTIVE COMPENSATION GUIDANCE**

We had been expecting new regulatory standards from the Federal Reserve Board, and they were released yesterday. A copy of the proposed guidance on Sound Incentive Compensation Policies is attached. Regrettably, these proposed standards will apply to community banks and go far beyond the so called large complex banking organizations.

We fully expect that these guidelines will be implemented shortly after the 30 day comment period, given the current political and economic environment. The standards will fundamentally alter how incentive compensation programs are designed and managed in the banking industry.

We will be submitting comments to the Federal Reserve Board, addressing some of the unintended consequences which flow from the proposed guidance. At the same time, we will be designing tools and methods to assist community banks satisfying these inevitable standards efficiently and effectively.

**For more information on this or other employment compliance issues, please call, or visit our website.**

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