

MEMORANDUM

TO: Incentive-based Compensation Arrangements Reproposal File (S7-07-16);
Liquidity Risk Management Programs Proposal File (S7-16-15);
Use of Derivatives by Registered Investment Companies and Business
Development Companies Proposal File (S7-24-15)

FROM: John C. Cook
Senior Special Counsel, Division of Economic and Risk Analysis

DATE: August 18, 2016

RE: Meeting with Americans for Financial Reform

On August 15, 2016, Mark Flannery (Chief Economist, Division of Economic and Risk Analysis (“DERA”)), Christof Stahel (Assistant Director, DERA), and John Cook (Senior Special Counsel, DERA) met with Marcus Stanley (Policy Director, Americans for Financial Reform) and Lisa Gilbert (Director – Congress Watch, Public Citizen). The parties discussed how the institutional history of covered institutions, principal-agent and moral hazard problems specific to covered institutions, and developing research on equity-based compensation might inform the Commission’s economic analysis of the interagency reproposal on incentive-based compensation arrangements.

The parties also discussed (i) the Commission’s proposal on liquidity risk management programs and swing pricing; and (ii) the Commission’s proposal relating to the use of derivatives by registered investment companies and business development companies.