

9 April 2011

Dear Mary Schapiro, Chairman, Securities and Exchange Commission and Elizabeth M. Murphy, Secretary, Securities and Exchange Commission, Ms. Casey, Ms. Walter, et Messrs. Aguilar and Paredes, Commissioners, Securities and Exchange Commission,

I have two brief comments as to the proposed Rule.

First, the definition of “excessive compensation” is a problematic one, as it presumes there are comparable people to each worker whose compensation is analysed. However, at the highest levels of the organizations to which the rule applies, each case is likely to be *sui generis*. A person may be appropriately compensated (i.e. the person’s marginal wage is very close to the person’s marginal contribution to the firm), but may appear overcompensated when compared to his “peers,” due to sample error or factors that correctly affect Mr. A’s compensation without affecting Mr. B’s.

Second, the proposed rule does little to examine or analyse the most important aspect of a compensation scheme: how well-aligned the worker’s incentives are with shareholders’ interests. The Agencies should solicit information that would tend to indicate whether or not the positive correlation between the employee’s compensation and returns to shareholders is at a desirable level. Determining this correlation seems at the heart of the objectives of § 956. Further, the Agencies may want to create a presumption that is tiered between two classes of compensation. For instance, for there to be a presumption that stock options, stock grants, and other types of equity-linked compensation offer good alignment between worker and shareholder interests, while other types of compensation (large bonuses for meeting arbitrary net revenue or client retention goals) may be more suspect.

Thank you, Madam Chairman and Commissioners several, for this opportunity to comment on the proposed Rule.

Sincerely,

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