



September 14, 2015

Mr. Brent J. Fields
Secretary
United States Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549-1090

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Re: File Number S7-12-15; Responses to Select Request for Comments to the Proposed Listing Standards for Recovery of Erroneously Awarded Compensation

Dear Mr. Fields:

This letter sets forth the comments of Steven Hall & Partners regarding the proposals of the United States Securities and Exchange Commission (the "Commission") relating to the Listing Standards for Recovery of Erroneously Awarded Compensation, as set forth in Release No. 33-9861 (July 1, 2015) (the "Proposing Release").

Steven Hall & Partners ("SH&P") is a nationally recognized compensation consulting firm headquartered in New York, focusing on executive compensation, board remuneration and related corporate governance matters. SH&P was formed in 2005 and is comprised of highly experienced compensation professionals with experience and expertise in the areas of accounting, regulatory and shareholder relations issues. We serve clients of varying size in a range of industries; this diversity of exposure coupled with our expertise forms the foundation for our comments.

We agree that companies should recover excess compensation erroneously paid due to inaccurate accounting. We believe recovery policies should follow a principles-based approach that considers the relevant facts and circumstances, which are fair to shareholders and executives and are reasonable and manageable from an administrative perspective.

Our comments reflect our position that the final rules should be fair to both shareholders and executives and that in cases where amounts of excess compensation cannot be accurately calculated, the board of directors should maintain its ability to exercise discretion to achieve outcomes in the best interest of shareholders. In our view, the robust reporting required on clawback-related decisions, especially the use of discretion, is sufficient to ensure that the board exercises this discretion wisely. Furthermore, we believe shareholders have sufficiently powerful recourse to express their displeasure with the use of discretion though say on pay and director election votes should they disagree with the board's actions.

In our view, when the amount of overpayment can be accurately determined, companies should be required to recover those amounts. Regardless of reason or fault, these amounts were not earned by executives and should be returned to the company and its shareholders. In cases when incentive compensation is based on performance metrics that cannot be accurately recalculated, such as stock price or total shareholder return, we believe the board of directors should use its discretion to determine the amounts to be recovered based on their assessment of the facts and circumstances. Lastly, we believe it is essential that disclosure relating to recovery policies is comprehensive and easy to understand. Companies should be required to very clearly disclose the recovery policy and amounts subject to recovery, including details regarding any use of board discretion.

We believe that with clear disclosure, shareholders possess sufficient tools to hold directors accountable to permit the use of discretion in the recovery policy. It is our experience that major shareholders are sophisticated investors who are well versed in corporate governance and executive compensation matters and do not hesitate to voice their concerns. These investors have the ability to use the say on pay vote to voice their displeasure with either the compensation program or compensation-related decisions made at the board level. In more serious situations, shareholders have the ability to withhold or vote “no” for some or all directors they believe are not acting in their best interest. Finally, in the most extreme of egregious instances, shareholders can take legal action against the board.

We recognize the language of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 gave the Commission little leeway in the regulations included in the Proposing Release, however we believe the Commission’s decision to expand the scope to include requirements to adjust compensation amounts determined based on a stock price was overly prescriptive. This requirement creates significant issues with regards to recalculation of awards granted in both the affected financial period as well as awards made in adjacent years. Furthermore, this practice replaces the use of discretion by the board of directors, who are charged with acting in the best interest of shareholders, with imperfect estimates of the effect a financial restatement might have had on historical stock prices.

We respectfully request your consideration of the following comments in connection with the Proposing Release.

Awards Included in the Clawback Policy

Awards Granted, Vested or Earned Based on Attainment of any Financial Reporting Measure

In our opinion, incentive-based compensation, whether cash, equity or other form, that is granted, vested or earned based on financial reporting measures should be recalculated after a financial restatement and excess compensation should be returned to the company. This is fair to both shareholders and executives as the excess compensation amounts can be accurately calculated.

We believe companies should be permitted to adjust the amount of excess incentive-based compensation recovered under the policy by netting incentive-based

compensation overpayments with incentive-based compensation underpayments that result from restating financial statements for multiple periods during the three-year recovery period. This is fair to both shareholders and executives and is consistent with the “no fault” mandate of the rule.

Awards Granted, Vested or Earned Based on Stock Price or Total Shareholder Return

We believe incentive-based compensation granted, vested or earned based on stock price or total shareholder return should be subject to recovery at the discretion of the board of directors. We believe the multitude of variables that affect the movement of a company’s stock price are too numerous to accurately calculate or estimate an adjusted historical price based solely on a financial restatement. Directors are elected to use their best judgment and act in the best interest of shareholders. We believe this includes situations where the amount of excess compensation cannot be accurately calculated.

Use of Discretion by the Board of Directors

As we detailed above, we believe the board of directors should have discretion with regard to awards that are granted, vested or earned based on metrics that cannot be accurately recalculated, including stock price and total shareholder return. Additionally, we believe that directors should have the ability to revisit their use of discretion, both positive and negative, on past incentive-based compensation awards subject to recovery. The use of discretion is based on the facts and circumstances available to directors at the time they approve the compensation. In our opinion, directors should have the ability to revisit those previous decisions with the new financial information available.

Compensation Subject to the Recovery Policy

In our opinion, only incentive-based compensation granted, vested or earned by individuals that were executive officers of the company during the financial period that was restated should be subject to the recovery policy. We do not believe it is fair to recover compensation granted, vested or earned during the year affected by the restatement if the employee was not an executive officer at any point during that year.

Thank you for the opportunity to comment.

Respectfully submitted,

Steven Hall & Partners