

# VIRGINIA BANKERS ASSOCIATION

Elizabeth Murphy, Secretary  
U. S. Securities and Exchange Commission  
100 F Street, NE  
Washington, DC 20549-1090

Re: File Number S7-31-10, Shareholder Approval of Executive  
Compensation and Golden Parachute Compensation

Dear Ms. Murphy:

I am writing to comment on the above proposal implementing Section 951 of the Dodd-Frank Wall Street Reform and Consumer Financial Protection Act (“The Act”) dealing with “say-on-pay” and related executive compensation issues (the “say-on-pay requirements”). The VBA represents the interests of approximately 140 commercial banks and savings institutions doing business in the Commonwealth. Many of our members are publicly-traded small banking companies that will be disproportionately affected by this proposal.

In this regard, subsection (e) of Section 951 authorizes the Commission to exempt an issuer or a class of issuers from the say-on-pay requirements. In exercising this authority, the Commission is directed to give special consideration to any disproportionate burdens placed on small issuers. The VBA urges the Commission to exercise this express authority by exempting publicly-traded small banking companies from the say-on-pay requirements.

We note that the say-on-pay requirements were included in the Act in response to executive compensation practices at large publicly-traded companies. During the debate in Congress on this issue, no one suggested executive compensation practices at community banks were a problem, or otherwise that shareholders needed a say in compensation practices at such banks. Again, larger companies were the focus. That is precisely why the Act gives the Commission the authority to exempt small issuers disproportionately impacted.

We would emphasize that our community banks are operating under a crushing regulatory burden. In the two years preceding the enactment of the Dodd-Frank Act, there were over 50 new rules and guidance documents issued by the federal banking agencies. And several hundred new regulations will be issued under the Act in the next few years. Our banks are simply overwhelmed by regulatory burden, and it will only get worse.

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We would also point out that our community banks have mostly local individual shareholders. These shareholders do not necessarily rely on, nor understand, certain Commission reports in making investment decisions. Indeed, we are very concerned that local bank shareholders would find the new information in the proxy misleading or confusing. The say-on-pay requirements do not fit the small bank model.

Moreover, small banking companies executive compensation practices are already subject to extensive federal banking laws. These laws promote safe and sound compensation practices. Additional protections of the kind embodied in the say-on-pay requirements are simply unnecessary.

For the foregoing reasons, we would urge the Commission to exempt small banking companies from the say-on-pay requirements.

Sincerely,

A handwritten signature in blue ink that reads "Bruce T. Whitehurst". The signature is written in a cursive, flowing style.

Bruce T. Whitehurst  
President & CEO