From: John Gau

Subject: Incentive-Based Compensation

Comments:

I and my relatives have been adversely impacted by the economic collapse of 2008. Like many in my baby-boom generation, I have no defined benefits but depend on my 401K and IRA savings to last through my remaining years.

While the market has made some recovery, I fear lack of reform may cause another collapse.

Wall Street greed and pay incentives were a major cause of the recession. One way to change the incentives so they don't collapse our economy again would be for regulators to use a *safety index* for incentive compensation, instead of a profit index.

Currently, most bankers receive stock options. So if they can generate more profits, the stock price goes up, and their options become more valuable.

Instead, what if they used the bank's bond price, which measures the overall ability of the bank to repay its own debt? Another measure of bank stability is the spread on credit default swaps (the insurance-like policies that are essentially bets, where one gambler bets with another that a particular firm will fail). The closer a bank comes to failing (such as in failing to pay of its bond debt), the bigger the spread on credit default swaps.

Thank you for considering my comment,

John Gau