



November 22, 2021

Ms. Vanessa Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549

Re: Reopening of Comment Period for Listing Standards for Recovery of Erroneously Awarded Compensation (File No. S7-12-15); 86 FR 58232

Dear Ms. Countryman:

The U.S. Chamber of Commerce's Center for Capital Markets Competitiveness ("CCMC") appreciates this opportunity to provide comments on the 2015 proposed rulemaking from the Securities and Exchange Commission ("SEC" or "Commission") to implement the provisions of Section 954 of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 ("Dodd-Frank Act"). ("Proposal")¹ Attached to this letter are comments the CCMC submitted to the SEC in September 2015 regarding the Proposal.²

As outlined in our previous comments, we raise concerns that the Proposal, in its current form, is needlessly complex and overly prescriptive. CCMC believes that properly calibrated stock exchange listing standards are an integral component of good corporate governance at America's publicly listed companies, and executive compensation clawbacks are a means to help drive good governance practices if done in a balanced and responsible manner.

As a footnote to the notice of the reopening of the comment period on the Proposal points out, the number of publicly traded companies that have adopted a clawback compensation policy has increased by almost 106% since the SEC first issued the Proposal in 2015. Companies have, as a matter of good governance, developed rigorous policies that have enabled effective clawbacks in the intervening period since 2015 without formal action from the Commission. Moreover, policies have been fine-tuned to meet company practices and circumstances. Considering these developments, we encourage the SEC to take an approach to its responsibilities under Section 954 that maintains flexibility for companies that have developed effective policies; the SEC should not needlessly override effective clawback compensation processes.

¹ Release No. 34- 75342 (July 14, 2015)

² Also available: <https://www.sec.gov/comments/s7-12-15/s71215-29.pdf>

We also encourage the SEC not to undermine the integrity of current practices by expanding the reach of clawback policies to executives without direct responsibility over the financial reporting process. If the SEC expands the definition of an executive in this regard, the effect may cause practices to become less rigorous and more drawn out, thereby becoming less effective. Further, the Commission should carefully consider the chilling effects such an approach could have on companies, particularly smaller ones, being able to hire qualified personnel and management. The ability to attract and retain talent is paramount to creating diligent and properly functioning financial reporting practices, and the SEC's actions on clawbacks should be careful not to jeopardize company resources in this manner.

Finally, we urge the SEC to appreciate additional changes in the financial reporting environment since 2015. Improvements in existing checks and balances – such as board governance, audit committee oversight, and company systems of internal control over financial reporting – along with increased regulatory scrutiny by the SEC and Public Company Accounting Oversight Board (“PCAOB”) have occurred and act to help mitigate the likelihood of misstatements in financial statements filed with the Commission. The SEC should examine the 2015 Proposal against these developments and calibrate any rulemaking to reflect these considerations.

The Chamber and its membership remains ready to assist the SEC in finalizing a Section 954 rulemaking.

Sincerely,

A handwritten signature in black ink, appearing to read 'T. Quaadman', with a long, sweeping horizontal stroke extending to the right.

Tom Quaadman
Executive Vice President
Center for Capital Markets Competitiveness
U.S. Chamber of Commerce