June 15, 2010

Secretariat of the Basel Committee on Banking Supervision
Bank for International Settlements
CH-4002, Basel, Switzerland

Re: *Principles for enhancing corporate governance*

Thank you for the opportunity to provide comments on the March 2010 consultative document referenced above. I commend the Basel Committee on Banking Supervision for this important work and the recommended changes.

In particular, I think that Principle 11 is especially important. I think it is important that Principle 11 make clear that executive compensation should also be on a similar basis. This is important because if executive compensation is not aligned on a similar risk basis with the same principles, individual employees may/will feel coerced to act in the accordance with the executives' performance metrics despite the stated compensation methodology for their own pay. Aligning executive compensation in a similar way can be done. I have implemented programs of this kind and explain how to implement them in *Economic Value Management: Applications and Techniques* (John Wiley and Sons, 2002).

One other recommendation: The *FSF Implementation Standards* are quite specific in certain respects and although I agree with most of what is suggested, I believe that the remaining issues with them will be discovered over time. Therefore in outlining Principles, I would not recommend the requirement of the specifics of the implementation standards, but instead keep the principles at the level of principles.

If you have any questions on my comments, please let me know.

With best regards,
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