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Cornell University

Elizabeth M. Murphy, Secretary
Securities and Exchange Commission
Washington, DC

May 31, 2011

Re: File # S7-12-11 Incentive-Based Compensation Arrangements

This following is a supplement to the comment I previously submitted dated May 27, 2011.

I endorse the comment regarding the use of personal hedging previously submitted by Senators Robert Menendez, Frank Lautenberg and Jeff Merkley and which was received in your office on April 5, 2011.

Anyone involved in an incentive-based compensation arrangement at a financial institution should be prohibited from engaging in personal hedging or similar activities including insurance that could change the outcomes of their incentive-based compensation arrangement. As the Senators say, “the use of hedging takes the ‘incentive’ out of incentive-based compensation.”

Sometimes hedging and similar derivative related activities can improve the risk-return profile of an investment. An executive who believes hedging is appropriate in connection with an investment should make such a recommendation to the financial institution. That way, both the executive and the institution would benefit from the change.

An institution that finds its ability to attract talented executives is hindered by incentive-based compensation arrangements that require the executive to bear losses and well as gains should consider using other compensation systems.

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