

[Company Name]
[Street Address]
[City, State, Zip Code]

[Date]

To the Board of Directors and Compensation Committee,

Subject: Advisory Regarding Executive Compensation Clawback Policy Compliance

This letter serves to provide formal guidance regarding the implementation and oversight of executive compensation clawback policies in alignment with current regulatory requirements and corporate governance best practices.

1. Regulatory Compliance

In accordance with the Dodd-Frank Wall Street Reform and Consumer Protection Act and subsequent exchange listing standards, the company is required to maintain a policy for the recovery of incentive-based compensation. This applies to all executive officers in the event of a material financial restatement, regardless of individual fault or misconduct.

2. Scope and Triggering Events

The policy should clearly define triggering events, including:

- Material non-compliance with financial reporting requirements.
- Errors in financial statements that require correction in a subsequent period.
- (Optional) Specific instances of ethical misconduct or detrimental conduct that result in financial or reputational harm.

3. Covered Compensation

The clawback provision should apply to all incentive-based compensation-including cash bonuses, stock options, and performance-based restricted stock units-received during the three completed fiscal years preceding the date the company is required to prepare a restatement.

4. Enforcement and Disclosure

The Compensation Committee must ensure that:

- Recovery of funds is pursued diligently unless such recovery is deemed impracticable by legal or regulatory standards.
- The policy is filed as an exhibit to the company's annual report.
- Standard employment contracts and award agreements are updated to incorporate these recovery terms by reference.

5. Recommendation

We recommend a formal review of the existing "Clawback Policy" document to ensure it reflects the "no-fault" recovery standard required by recent SEC mandates. Adherence to these guidelines is critical to maintaining investor confidence and ensuring long-term fiscal accountability.

Sincerely,

[Your Name/Signature]
[Your Title/Organization]
[Contact Information]