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Law Now: “Proposal for largest banks to reveal the pay of 8 "top" earners” (12/12/11)

Law Now “High Pay Commission Report” (22/11/11)

Law Now “New ABI Guidelines on Executive Pay Published” (30/09/11)

Law Now “Discussion paper on quoted company pay for directors” (20/09/11)

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Topics covered:

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Governance and risk management

FRC: Update for directors of listed companies: responding to increased country and currency risk in financial reports

The update is designed to be relevant to annual and half-yearly financial reports issued by companies in the UK listed on a regulated market in the coming months. It aims to draw together directors’ attention to some of the more significant issues they may need to consider in the context of increased country and currency risk. (20/01/11)
http://www.frc.org.uk/images/uploaded/documents/Update%20for%20Directors%20Jan%2012%20FINAL2.pdf

Guidelines Monitoring Group: Private Equity Monitoring Group on transparency and disclosure

This is the fourth annual report of the Guidelines Monitoring Group, which was established by BVCA to monitor conformity with the Walker Guidelines. This provides a summary of the private equity industry's conformity with the Guidelines. It is noted that the findings of this year's review identified a higher level of overall compliance with the Guidelines than in previous years. (20/12/11) http://walker-gmg.co.uk/sites/10051/files/gmg-dec11.pdf (NB: over 30 pages long)

FRC: Developments in corporate governance 2011

FRC has published its first analysis of how the UK Corporate Governance Code for listed companies, revised in 2010, and the UK Stewardship Code for investors, launched in the same year. FRC proposes to make a limited number of changes to the codes at their next revision, which subject to consultation will take effect from 1 October 2012, including requirements for companies to articulate their policies for board diversity. It notes: "changes will be specifically targeted at strengthening the current framework rather than changing it, and our aim will be then to leave both codes unchanged for a further two years", adding "the onus is on companies and shareholders to continue demonstrating that a code-based approach can change behaviour and drive up standards". (14/12/11)
http://www.frc.org.uk/images/uploaded/documents/Developments%20in%20Corporate%20Governance%2020116.pdf (NB: over 30 pages long)

FSA: The failure of the Royal Bank of Scotland

FSA's Board has published the above-mentioned report, which concludes that the bank's failure ultimately resulted from poor decisions made by the RBS management and Board, but notes that "deficiencies in the global capital regime and liquidity regulations made the crisis much more likely. In addition, flaws in the FSA's supervisory approach provided insufficient challenge to RBS". The report details why FSA's Enforcement Division concluded that there was not sufficient evidence to bring enforcement action which has a reasonable chance of success in Tribunal or court proceedings. Adair Turner notes that the regulator was "too focused on conduct regulation at the time and its prudential supervision of major banks was inadequate. The FSA operated a flawed supervisory approach which failed adequately to challenge the judgement and risk assessments of the management of RBS. This approach reflected widely held, but mistaken assumptions about the stability of financial systems and existed against a backdrop of political pressures for a 'light touch' regulatory regime. The Report describes a historic approach to supervision, and one that has been radically reformed since 2007. The FSA is a different organisation now. We have more resources, better skills, a more intensive approach and far greater focus on capital, liquidity and asset quality ... The creation of the PRA, focused exclusively on prudential issues rather than spanning both prudential and conduct concerns, and of the FPC, will ensure that focus on prudential and systemic risks is maintained even when most of the world assumes, as it did before the crisis, that prudential risks are low". Adair Turner recommends that major bank acquisitions should in future, require explicit regulatory approval and also calls for a public debate about changes to rules, laws or remuneration policies which would ensure that bank executives and directors face personal consequences as a result of bank failure ("an automatic incentives-based approach involving either rules which automatically ban senior executives and directors of failed banks from future positions of responsibility, or major changes to remuneration to ensure that a very significant proportion of pay is deferred and forfeited in the event of failure. There are important pros and cons of these different ways forward, and complex and important legal issues which would need to be considered. But by one means or another, there is a strong argument for new rules which ensure that bank executives and boards place greater weight on avoiding failure"). FSA intends to publish a DP on the options in the New Year". (12/12/11) http://www.fsa.gov.uk/pages/Library/Communication/PR/2011/110.shtml
http://www.fsa.gov.uk/pubs/other/rbs.pd f (NB: over 450 pages long)

FSA: Letter from Adair Turner to Andrew Tyrie re RBS report

FSA has published the text of the covering letter dated 11 December 2011 which Adair Turner sent to Andrew Tyrie, chairman of TSC with the report. He raises issues regarding ""appropriate future arrangements for public reports", including timing of reports where there are also enforcement investigations and the appropriate authority to decide whether the circumstances justify a public report. He argues that "these issues merit careful debate by Parliament during the passage of the forthcoming Financial Services Bill. So do the issues regarding the rules relating to individual liability for failure which I raise in my Foreword to the report". Adair Turner also notes that he is attending an evidence session with TSC on 18 January 2012.. (12/12/11) http://www.fsa.gov.uk/pubs/other/tyrie_11dec11.pdf

TSC: Evidence to TSC by Bill Knight and Sir David Walker, specialist advisers to the Committee in relation to the report by FSA into the failure of the Royal Bank of Scotland

The evidence by special advisers to TSC notes changes in the FSA Report made at their request and draws special attention to certain matters relevant to future policy: CEO's responsibility for delegation; regulation of banking acquisitions; the relationship between the supervisor and the board and senior executive of a major financial institution and industry expertise on the board of PRA. (12/12/11) http://www.parliament.uk/documents/commons-committees/treasury/RBS%20Evidence%20to%20TSC%20from%20BK%20and%20SDW.pdf

FRC: Priority sectors for 2012/13

FRC has announced that its review activity in 2012/13 will focus on commercial property, retail and support services and that reports and accounts will continue to be selected from across the full range of companies within its remit, including large private companies, and may be selected for review on the basis of company specific factors. It will pay particular attention to the reports and accounts of companies whose shareholders have raised concerns about governance or where there have been specific complaints. It will continue to liaise with FSA, particularly in relation to financial service companies including banks. The focus will be on disclosures relating to the reporting of risks, including principal risks and uncertainties and risks arising from financial instruments. (12/11/11) http://www.frc.org.uk/frrp/press/pub2670.html

NAPF: Corporate governance policy and voting guidelines

The document is intended to assist investors in their interpretation of the provisions of the UK Corporate Governance Code when assessing a company's compliance with it. (29/11/11)
http://www.napf.co.uk/PolicyandResearch/DocumentLibrary/~/media/Policy/Documents/0201_Corporate_Governance_Policy_Voting_Guidelines_Nov_2011_COMPLETE.ashx (NB: over 30 pages long)

FSA: Enhancing frameworks in the standardised approach to operational risk – policies and document

FSA has now published finalised guidance. This guidance focuses attention on the importance of appropriate operational risk policies and documentation and their management as part of TSA frameworks. (8/11/11)
http://www.fsa.gov.uk/pubs/guidance/fg11_21.pdf

OFT: Audit services

OFT has referred the market for the supply of statutory audit services to large companies in the UK to the CC for further investigation. The decision to make a market investigation reference follows a public consultation which closed in September. OFT notes that it believes that a CC inquiry has the potential to address UK-specific competition concerns that may not be within the scope of the EU's current work on this topic. (21/10/11)
http://www.oft.gov.uk/shared_oft/business_leaflets/enterprise_act/oft511.pdf

BIS/BERR/FRC: Proposals to reform FRC

This consultation proposes the refocusing and streamlining of FRC. Stakeholders are invited to comment on whether the scope of FRC's regulatory activities should be narrowed to focus on areas of greatest concern to the operation of the capital markets and, in particular, on the following proposals: that FRC should set standards of governance, accounting, audit and actuarial work in the interests of investors in the corporate sector, and focus monitoring and enforcement activity primarily on publicly-traded and the largest private companies; and narrow the scope of FRC's accountancy disciplinary arrangements. The consultation also proposes reinforcing the FRC's independence by providing it with the power to require a Recognised Supervisory Body to impose sanctions on an audit firm and/or individual auditor in respect of poor quality work; and the ability to make its own rules for disciplinary arrangements in relation to accountants, without needing to obtain the agreement of the accountancy professional bodies. The consultation also proposes replacing FRC's existing seven operating bodies with two Board Committees which will separately focus on Codes/Standards and on Conduct. Responses are required by 10 January 2012. The intention is to implement the changes, guided by the responses to the consultation, in April 2012. (18/10/11) http://www.frc.org.uk/images/uploaded/documents/FRC%20reforms%20condoc.pdf (NB: over 40 pages long)

FRC: Gender diversity and the UK Corporate Governance Code

FRC has announced its decision to amend the UK Corporate Governance Code to strengthen the principle on boardroom diversity which was first introduced into the Code in June 2010. This will require listed companies to report annually on their boardroom diversity policy, including gender, and on any measurable objectives that the board has set for implementing the policy and the progress it had made in achieving the objectives. This follows a consultation, which was supported by the vast majority of respondents. The changes will be incorporated in an updated version of the Code to be published in 2012, following consultation on proposed changes to other parts of the Code, but companies are encouraged to apply and report

on the diversity additions to the Code with immediate effect, (11/10/11)
http://www.frc.org.uk/images/uploaded/documents/Feedback%20Statement%20on%20Boardroom%20Diversity%20October%202011.pdf

ABI: Board effectiveness and principles of executive remuneration

ABI has announced the publication of a new report on board effectiveness and revised its principles of remuneration. The first of these focuses on succession planning, board evaluation and diversity and highlights existing best practice amongst FTSE 350 companies. Key principles of the remuneration guidance show that company boards should: support appropriate reward for exceptional performance; strongly resist any payment for failure; understand that excessive or undeserved remuneration undermines the efficient operation of the company and argues that companies should not engage in "crude benchmarking" when seeking to justify remuneration increases. (28/09/11)
http://www.abi.org.uk/Media/Releases/2011/09/UK_boardrooms_given_clear_guidance_on_executive_pay_and_effective_performance.aspx http://www.ivis.co.uk/PDF/ABI_1684_v6_CS4.pdf (NB: over 50 pages long)
http://www.ivis.co.uk/PDF/ABI%20Principles%20of%20Remuneration290911.pdf

FRC: Financial Reporting Review Panel Annual Report

FRC has published the above, which is based on findings from the Panel's review of reports and accounts in the year to 31 March 2011. It found the general quality of corporate reporting to be good, but continues to have concerns about the quality of reports and accounts of some smaller listed and AIM quoted companies. However, it also noted widespread improvement in the description of principal risks and uncertainties in the business review included within the directors' report. (28/09/11) http://www.frc.org.uk/images/uploaded/documents/FRRP%20AR%20FINAL%20for%20web1.pdf (NB; over 30 pages long)

EBA: Guidelines on internal governance

EBA has published the above, which aims to enhance and consolidate supervisory and improve the implementation of internal governance arrangements. Taking into account the results of a 2008 CEBS survey and the recent work done by other European and international bodies on corporate governance, EBA has consolidated and updated its former guidelines on internal governance into the present paper. New chapters have been added on the transparency of the corporate structure, the role, tasks and responsibilities of the supervisory function and on IT systems and business continuity management. The guidelines repeal the 2010 High Level Principles for Risk Management, the 2009 High Level Principles for Remuneration Policies and Section 2.1 of the 2006 Guidelines on the Application of the Supervisory Review Process under Pillar 2. EBA expects competent authorities to implement the guidelines and to incorporate them within their supervisory procedures by 31 March 2012. (27/09/11)
http://www.eba.europa.eu/cebs/media/Publications/Standards%20and%20Guidelines/2011/EBA-BS-2011-116-final-(EBA-Guidelines-on-Internal-Governance)-(2)_1.pdf (NB: over 90 pages long)

BIS/BERR: The future of narrative reporting

The consultation paper describes a new reporting framework for UK companies. It will comprise a strategic report containing key messages about the company, including the company's strategy, results, risks and remuneration supported by detailed information in an Annual Directors' Statement. The consultation asks for views on the new framework, the proposed changes to disclosure requirements and the cross-cutting issues of audit, assurance, guidance and enforcement. Responses are required by 25 November 2011. (19/09/11) http://www.bis.gov.uk/assets/biscore/business-law/docs/f/11-945-future-of-narrative-reporting-consulting-new-framework.pdf (NB: over 50 pages long)

BIS/BERR: Speech by Vince Cable at the International Corporate Governance Network's Annual Conference (13 September 2011)

Topics include: the EC green paper on corporate governance in Europe; Stewardship Code; Kay Review; narrative reporting and exec pay. (19/09/11) International Corporate Governance Network - Annual Conference 2011 | News | BIS

BERR/BIS: The Kay review of UK equity markets and long-term decision making

The Kay review is intended to consider the ways in which the mechanisms of control and accountability provided by UK equity markets, and the behaviour of the agents in that process, affect the performance of UK business. The review will give particular emphasis to the ability of managers to focus on the actions needed to enhance the long term competitiveness of UK based firms and achieve the best long term returns for UK savers. A call for evidence has now been published, with responses required by 18 November 2011. It is intended that an interim report will be published in February 2012, which will describe preliminary findings and possible recommendations. There will then be a further opportunity for comment before a final report is published in July 2012. (15/09/11) http://www.bis.gov.uk/assets/biscore/business-law/docs/k/11-1286-kay-review-call-for-evidence

FRC: Effective company stewardship - next steps/ Boards and risk - a summary of discussions with companies, investors and advisers

The first item outlines the responses FRC has received to the recommendations in its "Effective Company Stewardship" paper and, following consideration of these responses, it summarises the actions the FRC intends to take, specifically on narrative reporting, strategy and risk, the role of the audit committee and the role of auditors. Among the specific proposals, FRC is suggesting that the audit committee should report to the whole board and, after that report has been accepted by the whole board of directors, it should be published in full in the company's annual report and proposes to consult on revisions to the UK Corporate Governance Code. The second paper provides a synopsis of FRC's series of meetings earlier this year and is described as "is an attempt to capture contributions from companies, investors and advisers in the belief that these may be helpful to other companies in thinking about their own approaches to risk". (1/09/11)
http://www.frc.org.uk/images/uploaded/documents/ECS%20Feedback%20Paper%20Final1.pdf
http://www.frc.org.uk/images/uploaded/documents/Boards%20and%20Risk%20final1.pdf

FSA: Enhancing frameworks in the standardised approach to operational risk – policies and documentation

Further to the guidance note published in early 2011, FSA has published the text of new guidance as a consultation. This new guidance focuses attention on the importance of appropriate operational risk policies and documentation and their management as part of TSA frameworks. Responses are required by 10 August 2011. (13/07/11) Proposed 'Dear CEO' letters providing guidance on issues relating to remuneration http://www.fsa.gov.uk/pubs/guidance/gc11_17.pdf

FRC: Annual Report & Accounts 2010/11

FRC has published its annual report, which reviews its work on corporate governance. (6/07/11)
http://www.frc.org.uk/images/uploaded/documents/FRC%20annual%20report%202010-11%20final2.pdf (NB: over 50 pages long)

Non-exec directors

FSA: Non-exec directors

FSA held a conference for NEDs on 6 December 2011. It has published the text of two of the speeches given at this conference (by Clive Adamson and Nausicaa Delfas). Clive Adamson's keynote speech considers how FSA is developing its approach to NEDs and the implications of FCA's intended approach. Nausicaa Delfas's speech looks at why delivering fair customer outcomes is important; FSA's expectations of NEDs in delivering fair customer outcomes and the nature of the interaction and engagement that can be expected of FSA in its supervision. On 7 December, FSA issued a consultation guidance paper, aimed at assisting NEDs in the understanding of their role in ensuring customers are treated fairly within their firms. The guidance proposes that amongst the issues that NEDs should consider are: taking a strategic view to treatment of their customers; being confident that the firm is identifying, monitoring and mitigating risk to its customers; having the right mix of skills on the board and the right information to be able to constructively challenge the executive; and supporting a culture within the firm that takes into account fair treatment of customers. Responses were originally required by 18 January 2012, but the closing date for responses was subsequently changed to 3 February 2012. (7/12/11) FSA sets out its expectations of non-executive directors in managing risks to retail customers
http://www.fsa.gov.uk/pages/Library/Policy/guidance_consultations/2011/11_30.shtml
http://www.fsa.gov.uk/pubs/guidance/gc11_30.pdf NED conference; Delivering Fair Treatment for Consumers of Financial Services. (Clive Adamson's speech) Non-Executive Directors: Responsibilities to retail customers of financial services . (Nausicaa Delfas' speech)

Remuneration and bonuses

HoC/BIS/BERR: Executive remuneration

In a statement to HoC on 23 January 2012, Vince Cable set out Government proposals with regard to the above, which will include greater transparency; more shareholder powers, such as the introduction of binding votes, more diverse boards and remuneration committees; and best practice led by the business and investor community. His speech to the Social Market Foundation on 24 January 2012 (fourth link below) also sets out details. The Government also intends to ask FRC to look at clawback provisions for all quoted companies. In addition, BIS/BERR has published a summary of responses to the September 2011 discussion paper. There was general support with regard to transparency on how decisions are made on remuneration and with regard to the role of remuneration consultants. With regard to shareholder/employee engagement, a majority were against a binding vote on the remuneration report as it is currently structured. A majority opposed having shareholders or employees on the remuneration committee. It is noted that there was "some scepticism that more regulation was needed when greater clarity and good shareholder and company practice would be most effective". (24/01/12) Government action on executive pay | News | BIS http://www.publications.parliament.uk/pa/cm201212/cmhansrd/cm120123/debtext/120123-0001.htm#12012313000002 http://www.bis.gov.uk/assets/biscore/business-law/docs/e/12-564-executive-remuneration-discussion-paper-summary-responses http://nds.coi.gov.uk/content/detail.aspx?NewsAreaId=2&ReleaseID=422961&SubjectId=2

FSA: General guidance on proportionality - the Remuneration Code (SYSC 19a) & Pillar 3 disclosures on remuneration (BIPRU 11)

FSA has published this document which provides general guidance given by FSA under s157(1) FSMA, relating to the Remuneration Code and the requirement to make Pillar 3 disclosures in relation to remuneration (in accordance with BIPRU 11 of the FSA Handbook). (19/12/11) http://www.fsa.gov.uk/pubs/guidance/fg11_22.pdf

HMT: Bank executive remuneration disclosure - consultation on draft regulations

Alongside the Project Merlin announcements in February 2011, the Government announced that it would consult on a mandatory requirement, from 2012, for large UK banks to publish pay details of their highest paid senior executive officers. This consultation sets out the Government's proposals in more detail. The proposals would extend transparency arrangements at large banks by requiring the eight highest-paid non-board executives to disclose their remuneration arrangements. (the disclosures will not include executives on the main board of a UK bank, as their remuneration agreements must already be disclosed). Although banks will not be required to publish the name or title of the recipient, disclosure must include the pay of each individual, split up into fixed, variable, deferred variable, long term incentive scheme vestings, pension accruals, joining benefits and severance benefits. The proposals will effect around15 banks, including the largest UK banks and the UK banking operations of large foreign banks. The consultation includes draft legislation. Responses are required by 14 February 2012. (6/12/11) http://www.hm-treasury.gov.uk/d/condoc_bank_executive_remuneration_disclosure_6122011.pdf (NB: over 50 pages long)

High Pay Commission: Cheques with balances: why tackling high pay is in the national interest

The final report of the Commission has set out a number of recommendations with regard to exec pay. Among these, it recommends that execs should be paid basic salaries salary, with remuneration committees electing to award one additional performance-related element only where it is absolutely necessary; that companies publish an anonymised list of their top ten highest paid employees outside the boardroom; that remuneration reports should be presented in a standardised format, incorporating and moving beyond best practice; that fund managers and investors disclose how they vote on remuneration and that a permanent body be established on a social partnership basis, much like the Low Pay Commission, by government. (22/11/11) http://highpaycommission.co.uk/wp-content/uploads/2011/11/HPC_final_report_WEB.pdf (NB: over 30 pages long)

TUC: Fund manager voting survey 2011

TUC's annual survey of the voting and engagement records and processes of institutional investors found that remuneration reports drew the greatest opposition from institutional investors, but bank remuneration reports were widely supported. It was also noted that there had been further progress in the disclosure of voting records, but the quality of information varied, with several fund managers only disclosing votes against and abstentions, and others only providing headline statistics. (17/11/11) http://www.tuc.org.uk/tucfiles/137/FundManagerSurvey2011.pdf (NB: over 80 pages long)

FSA: Remuneration - proportionality guidance - proposal to change the boundary between Tiers 2 & 3 for banks and building societies

In this guidance consultation, FSA proposes a change to the boundary between tiers 2 and 3 for banks and building societies to raise it from £50m capital resources to £100mn for banks and building societies, aligning it with the corresponding boundary for BIPRU 730K firms (a full scope BIPRU investment firm). Responses are required by 28 November 2011. (28/10/11) Remuneration - Proportionality Guidance - Proposal to Change the Boundary Between Tiers 2 & 3 for Banks and Building Societies http://www.fsa.gov.uk/pubs/guidance/gc11_25.pdf

FSA: "Buy out" awards to new staff

FSA has published finalised guidance with regard to the position where, in broad terms, a firm is hiring a new staff member (X) and is seeking to 'buy out' an existing award of deferred variable remuneration made by X's previous employer. (18/10/11) http://www.fsa.gov.uk/pubs/guidance/fg11_18.pdf

FSB: 2011 Thematic review on compensation - peer review report

FSB has published the follow-up peer review report on compensation practices, which assesses progress made both by national authorities and by significant financial institutions in implementing the FSB Principles for Sound Compensation Practices and their Implementation Standards. Since last year's peer review, an additional seven jurisdictions have implemented all 9 Principles and 15 Standards, bringing the total to 13 of the 24 FSB member jurisdictions, while five other jurisdictions have implemented all but one or two Standards. The peer review also collected and analysed information from a sample of 66 banks and broker dealers identified by FSB member jurisdictions as significant for the purposes of this review. The 20 large internationally active firms in the sample were found to have made progress in implementing the Principles and Standards and their compensation practices appear, on average, to be broadly consistent with nearly all elements of the Principles and Standards. FSB notes that more work is necessary to achieve sound compensation practices and cites concerns on differences in the way that jurisdictions have implemented Standards 6-9 (pay structures), 11 (guarantees) and 14 (hedging) as well as in the identification of material risk takers. The report contains six recommendations to support advancement of the implementation of the FSB Principles and Standards by national authorities and firms in order to effectively impact firms' behaviour and risk-taking incentives: (12/11/10)
http://www.financialstabilityboard.org/press/pr_111011a.pdf
http://www.financialstabilityboard.org/publications/r_111011a.pdf (NB: over 80 pages long)

FSA: Remuneration – finalised guidance

Further to its April 2011 guidance consultation, FSA has now finalised the guidance and sent "Dear CEO" letters to firms which contain information on defining Code Staff; using long-term incentive plans; and using non-share instruments in variable remuneration. (5/10/11) Links for Tier 1 firms: http://www.fsa.gov.uk/pubs/guidance/fg11_16_remuneration_t1.pdf
http://www.fsa.gov.uk/pubs/guidance/fg11_16_rps_questionnaire_tier1.doc
http://www.fsa.gov.uk/pubs/guidance/fg11_16_remuneration_rps_tables_tier1.xls Link for Tier 2:
http://www.fsa.gov.uk/pubs/guidance/fg11_16_remuneration_t234.pdf

ABI: Board effectiveness and principles of executive remuneration

ABI has announced the publication of a new report on board effectiveness and revised its principles of remuneration. The first of these focuses on succession planning, board evaluation and diversity and highlights existing best practice amongst FTSE 350 companies. Key principles of the remuneration guidance show that company boards should: support appropriate reward for exceptional performance; strongly resist any payment for failure; understand that excessive or undeserved remuneration undermines the efficient operation of the company and argues that companies should not engage in "crude benchmarking" when seeking to justify remuneration increases. (28/09/11)
http://www.abi.org.uk/Media/Releases/2011/09/UK_boardrooms_given_clear_guidance_on_executive_pay_and_effective_performance.aspx http://www.ivis.co.uk/PDF/ABI_1684_v6_CS4.pdf (NB: over 50 pages long)
http://www.ivis.co.uk/PDF/ABI%20Principles%20of%20Remuneration290911.pdf

BIS/BERR: Executive remuneration

Further to the BIS/BERR October 2010 consultation "A Long Term Focus for Corporate Britain" and subsequent conversations with industry, this discussion paper puts forward a variety of measures intended to promote a clearer and stronger link between executive remuneration and company performance, and empower shareholders. The paper looks at the role of shareholders in holding companies to account on pay; considers the broader issue of shareholder engagement and whether shareholders could be more directly involved in appointing non-executive directors that they feel would hold companies to account on their behalf; discusses the role and membership of the remuneration committee; proposals put forward by stakeholders on how remuneration could be simplified and more clearly linked to performance and looks at work undertaken on the trends in quantum and structure of remuneration and the links to performance. Responses are required by 25 November 2011. (19/09/11) http://www.bis.gov.uk/assets/biscore/business-law/docs/e/11-1287-executive-remuneration-discussion-paper.pdf (NB: over 40 pages long)

FSA: Proposed “Dear CEO” letters providing guidance on issues relating to remuneration

FSA has published guidance consultation with regard to FSA's plans for monitoring implementation of the Remuneration Code during the coming remuneration round. There are two versions of the letter - the version for firms in Tier 1 (second link below) sets out a detailed approach to monitoring their implementation of the Code, including the need for firms to submit a Remuneration Policy Statement (RPS) within a given timeframe. The version for firms in tiers 2, 3 and 4 (third link below) sets out a less onerous approach. The RPS template for these firms has already been consulted on and is being issued in final form on the guidance website. In the case of a small number of tier 2 firms, supervisors are likely to tailor the assessment approach more closely to the firm, taking account of its business model and risk profile. An annex to the “Dear CEO” letters contains the following proposed items of guidance; definition of '"Code Staff'; long-term incentive plans and structure of alternative instruments. Responses are required by 2 September 2011. (5/08/11) Proposed 'Dear CEO' letters providing guidance on issues relating to remuneration http://www.fsa.gov.uk/pubs/guidance/gc11_19_remuneration_t1.pdf
http://www.fsa.gov.uk/pubs/guidance/gc11_19_remuneration_t234.pdf
http://www.fsa.gov.uk/pubs/guidance/gc11_19_rps_questionnaire_tier1.doc (RPS template for Tier 1 firms)
http://www.fsa.gov.uk/pubs/guidance/gc11_19_remuneration_rps_tables_tier1.xls (Code staff list for Tier 1 firms)

FSA: Remuneration Code (SYSC 19A)

FSA has finalised its text in respect of the above (originally consulted on in April 2011) and has published the following, all available for download via the following link: full text of the finalised guidance; template for self-assessment of compliance with Remuneration Code (for firms in proportionality Tier 2) ; Code staff lists; template for self-assessment of compliance with Remuneration Code (for firms in proportionality Tiers 3 and 4); retention periods; guaranteed variable remuneration and an FAQ. (5/08/11) Finalised guidance

EBA: Guidelines for data collection on bank remuneration practices

EBA has published two consultation papers on guidelines for data collection on bank remuneration practices. EBA, after discussion with its Banking Stakeholder Group, is proposing two guideline documents for a common approach across the EU for remuneration data collection, via templates to be used by financial institutions for reporting to their national supervisors. Responses are required by 2 September 2011. The documents are available via the following link. (28/07/11)
http://www.eba.europa.eu/News--Communications/Year/2011/EBA-cp46-and-cp47-guidelines-on-bank-remuneration.aspx

FSA: Proposed guidance on 'buy out' awards to new staff

FSA has published proposed guidance in relation to the above which relates to the position where, in broad terms, a firm is hiring a new staff member (X) and is seeking to ‘buy out’ an existing award of deferred variable remuneration made by X's previous employer. Responses are required by 4 August 2011. (7/07/11)
http://www.fsa.gov.uk/pages/Library/Policy/guidance_consultations/2011/11_14.shtml
http://www.fsa.gov.uk/pubs/guidance/gc11_14.pdf

BIS: Pillar 3 disclosure requirements for remuneration

BIS notes that its Pillar 3 disclosure requirements on remuneration add greater specificity to the disclosure guidance on this topic that was included in the supplemental Pillar 2 guidance issued in July 2009. The proposals cover the main components of sound remuneration practices and take full account of FSB's Principles for Sound Compensation Practices and their related Implementation Standards. (1/07/11) http://www.bis.org/publ/bcbs197.pdf

Archived material on the sector is available via the following links: January-June 2009, July-December 2009, January-December 2010 and January-July 2011.

Updated 26/01/12