

7. Finance: Sound Compensation

Commitment [#92]:

“We reaffirmed the importance of fully implementing the FSB’s standards for sound compensation.”

Seoul Summit Document

Assessment:

Country	Lack of Compliance	Work in Progress	Full Compliance
Argentina	-1		
Australia			+1
Brazil		0	
Canada			+1
China		0	
France			+1
Germany			+1
India		0	
Indonesia		0	
Italy			+1
Japan			+1
Korea			+1
Mexico			+1
Russia		0	
Saudi Arabia			+1
South Africa	-1		
Turkey		0	
United Kingdom			+1
United States		0	
European Union			+1
Average Score		+0.45	

Background:

During the 2009 G20 London Ministerial Meeting, G20 Finance Ministers and Central Bank Governors acknowledged the role that compensation strategies in significant financial institutions played in promoting the accumulation of risks that led to the global financial crisis and called on the Financial Stability Board to develop comprehensive proposals to develop a framework on corporate governance and compensation practices. G20 Finance Ministers and Central Bank Governors have specifically urged that the practices should align with the following FSB principles:

- greater disclosure and transparency of the level and structure of remuneration for those whose actions have a material impact on risk taking;
- global standards on pay structure, including on deferral, effective clawback, the relationship between fixed and variable remuneration, and guaranteed bonuses, to ensure compensation practices are aligned with long-term value creation and financial stability; and

- corporate governance reforms to ensure appropriate board oversight of compensation and risk, including greater independence and accountability of board compensation committees.⁹¹⁶

On 25 September 2009, the FSB released FSB Principles for Sound Compensation Practices – Implementation Standards document to submit to the Pittsburgh Summit for leaders for review.⁹¹⁷

The FSB outlined seven main standards for implementation which include governance, compensation and capital, pay structure and risk alignment, disclosure, and supervisory oversight. Under the governance standard, the FSB advises that significant financial institutions should establish a remuneration committee to govern the structure and organisation of the compensation system’s design and operation on behalf of the board of directors. Under the compensation and capital standard, the FSB recommends that total variable compensation should not limit the firms’ abilities to strengthen their capital base and that national supervisors should set a limit on the percentage of variable compensation of the total net revenues when it is inconsistent with the maintenance of a sound capital base. The pay structure and risk alignment standard will require financial institutions to take into account for a range of risks when determining the size of the variable compensation pool and its allocation. Disclosure standard will require financial institutions to produce an annual report on compensation that shall be available to the public. And under the supervisory oversight standard, requires national supervisors to ensure effective implementation, monitoring, and oversight practices and to coordinate internationally to ensure that the standards are implemented across jurisdictions.⁹¹⁸

At the G20 Pittsburgh Summit, leaders acknowledged that reforming compensation policies and practices is an essential part of increasing financial stability and resilience and called on firms across the nations to implement the sound compensation practices.⁹¹⁹ During the G20 Toronto Summit, the leaders noted that implementation of the FSB standards for sound compensation was not yet complete and encouraged all countries and financial institutions to fully implement the FSB principles.⁹²⁰ In November 2010, the leaders reaffirmed their commitment to fully implementing the practices while at the G20 Seoul Summit.

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”⁹²¹

⁹¹⁶ G20 Banking Statement, G20 Information Centre (Toronto) 5 September 2009. Date of Access: 9 February 2011 <http://www.g20.utoronto.ca/2009/2009banking0905.html>

⁹¹⁷ FSB Principles for Sound Compensation Practices, Financial Stability Board (Basel) 25 September 2009. Date of Access: 9 February 2011.

http://www.financialstabilityboard.org/publications/r_090925c.pdf?frames=0

⁹¹⁸ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹¹⁹ G20 Leaders Statement: The Pittsburgh Summit, G20 Information Centre (Toronto) 24-25 September 2009. Date of Access: 9 February 2011. <http://www.g20.utoronto.ca/2009/2009communique0925.html>

⁹²⁰ The G20 Toronto Declaration, The G20 Research Group (Toronto) 26 June 2010. Date of Access: 9 February 2011. <http://www.g20.utoronto.ca/2010/to-communique.html>

⁹²¹ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

Commitment Features:

The commitment calls for implementation of FSB standards for sound compensation. The FSB Principles for Sound Compensation Practices consist of 15 implementation standards and 9 principles, which cover areas including governance, compensation and capital, pay structure and risk alignment, disclosure, and supervisory oversight.⁹²² In order to fully implement the standards, members are required to approve new directives, regulations, laws, or amendments that enforce significant financial institutions to adopt the principles and standards.

Given that the commitment has been agreed upon back in 2009 and reiterated over the subsequent summits, members are required to fully implement all five standards in order to register a full compliance. Only new amendments that have been implemented post Seoul Summit will be scored. Members who have already implemented all standards will register a score of +1.

Scoring Guidelines:

-1	Member makes minimal progress in closing gaps in implementation of the FSB's 15 standards and 9 principles for sound compensation
0	Member partially implements the FSB standards for sound compensation by implementing all but one or two of the 15 standards and 9 principles, OR member makes significant progress toward closing gaps in implementation.
+1	Member fully implements all 15 standards and 9 principles for sound compensation.

Argentina: -1

Argentina has not complied with its commitment to fully implement FSB standards for sound compensation, as reaffirmed in the G20 Seoul Summit in November 2010.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that 'significant gaps remains in Argentina' with respect to implementation of the 9 Principles and 15 Standards for sound compensation and implementation.⁹²³

On 6 May 2010, the Central Bank announced an agreement for the collaboration of the Superintendencia de Financial and Exchange Entities (SEFyC) with the Argentine Federation of Professional Councils of Economic Sciences (FACPCE), in a Study Commission in order to develop a plan to implement the International Financial Reporting Standard.⁹²⁴ The agreement also stated that a Technical Committee would be established, and that it would be responsible for elaborating and supervising the implementation of the standards.⁹²⁵

On 18-19 February 2011 in Paris, the representation of Argentina participated in the meeting of Finance Ministers and Central Bank Governors, where the joint communiqué was released by all members urging all jurisdictions to "fully implement the FSB principles and standards on sounder

⁹²² FSB Principles for Sound Compensation Practices Financial Stability Board (Basel) 25 September 2009. Date of Access: 9 February 2011. http://www.financialstabilityboard.org/publications/r_090925c.pdf

⁹²³ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹²⁴ Acuerdo de Colaboración Entre la Superintendencia de Entidades Financieras y Cambiarias (SEFyC) y la Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE), Central Bank of the Republic of Argentina (Buenos Aires) 6 May 2010. Date of Access: March 26 2011. http://www.bcra.gob.ar/pdfs/acuerdos/ACUERDO_FACPCE_SEFyC.pdf

⁹²⁵ Acuerdo de Colaboración Entre la Superintendencia de Entidades Financieras y Cambiarias (SEFyC) y la Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE), Central Bank of the Republic of Argentina (Buenos Aires) 6 May 2010. Date of Access: March 26 2011. http://www.bcra.gob.ar/pdfs/acuerdos/ACUERDO_FACPCE_SEFyC.pdf

compensation practices agreed by the G20 Leaders in Pittsburgh” and called on the FSB “to undertake ongoing monitoring in this area and look forward to receiving the results of a second thorough FSB peer review midyear to identify remaining gaps.”⁹²⁶

The Central Bank of Argentina has not taken any concrete actions towards the implementation of FSB standards for sound compensation since the G20 Summit in November 2010. Therefore, Argentina has not fully complied with its commitment to continue implementing FSB standards for sound compensation and registers a score of -1.

Analyst: Nerin Ali

Australia: +1

Australia has received a score of +1 for implementing components of all five standards for sound compensation.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Australia had fully implemented all but one of the 9 Principles and 15 Standards for sound compensation and implementation.⁹²⁷ However, the Annex to the report notes that the remaining standard, Standard 10, might not be applicable to the case of Australia since Australia has not had to bail out any domestic financial institutions.⁹²⁸

The Reserve Bank of Australia introduced a financial regulatory structure in July 1998, including the transfer of responsibility for the supervision of banks to a new integrated regulator, the Australian Prudential Regulation Authority (APRA), and the establishment of a Payments System Board in order to safeguard financial stability.⁹²⁹

On 30 March 2010, the Financial Stability Board issued a Peer Review Report of Principles and Standards endorsed by G20 leaders at the London Summit in April 2009 and in Pittsburgh in September 2009. In terms of supervisory oversight, Australia was deemed to have performed “substantial supervisory activity to communicate to institutions expectations with respect to compliance with the Principles and Standards or the respective national rules, and to determine the status of compliance.”⁹³⁰ In terms of compensation and capital, Australia is “implementing the FSB Principles and Standards by way of a mix of enforceable rules and supervisory oversight” within the context of already-existing corporate governance standards; requiring “board attestations to be submitted to the relevant national authorities in their new rules as required under Standard 1.”⁹³¹ In terms of pay structure and risk alignment, Australia has incorporated in their regulatory and supervisory frameworks the requirement that compensation be aligned with prudent risk-taking, with the “requirement that compensation outcomes be symmetric with risk outcomes is a regular feature of existing regulatory and supervisory frameworks on

⁹²⁶2011 G20 Financial Ministerial Communiqué, G20 Information Center (Toronto) 19 February 2011. Date of Access: 26 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

⁹²⁷ Thematic Review on Compensation, Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹²⁸ Thematic Review on Compensation, Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹²⁹ About Financial Stability, Reserve Bank of Australia (Sydney) 2011. Date of Access: 31 March 2011. <http://www.rba.gov.au/fin-stability/about.html>.

⁹³⁰ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹³¹ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

compensation”); allowing a transitional period in relation to existing labour contracts until such time as they are due for renewal, or the end of March 2013, depending on whichever is sooner.⁹³²

In terms of disclosure, Australia has introduced new rules to implement Principle 9 and Standard 15 to supplement existing public disclosure requirements, including compensation rules.⁹³³ On 15 February 2011, the FSB released a Report of the Financial Stability Board to G20 Finance Ministers and Central Bank Governors, indicating the progress in implementation of G20 recommendations for strengthening financial stability. Australia has a country peer review scheduled for 2011, further strengthening the country’s adherence to international supervisory and regulatory standards.⁹³⁴

On 21 September 2011, an FSB peer review of Australia noted changes that have been made since the launch of its Financial Sector Assessment Program (FSAP) in 2006. Since then, the Australian government has implemented automatic stabilizers and proactive policy measures to serve as a bulwark against the global financial crisis risk, supported also by a sound regulatory and supervisory framework as embodied in the Council of Financial Regulators’ structured coordination process.⁹³⁵

Additionally, significant progress has been made in failure resolution and crisis management through the development of a crisis management framework, the establishment of a deposit guarantee Financial Claims Scheme (FCS), the strengthening of resolution powers, and the improvement in crisis management coordination with New Zealand. In terms of banking supervision, the APRA has continued to promote effective risk management practices and strong capital reserves, monitor the liquidity adequacy of Authorised Deposit-taking Institutions (ADIs), improved stress test capabilities, as well as enhanced coordination and information sharing with the Australian Transaction Reports and Analysis Centre (AUSTRAC) and its on-site verifications.⁹³⁶

On 23 September 2011, the Reserve Bank of Australia released a Financial Stability Board Review that focused on the sovereign debt sustainability crisis in Europe, and the subsequent spillovers to bank funding markets outside the euro zone. The Review states that the Australian banking system remains relatively stable and capable in coping with market strains due to the strengthening of its liquidity, funding, and capital positions in recent years. The APRA recently published a consultative document on how it intends to implement the Basel III bank capital and liquidity reforms, and has proposed a faster timetable for adoption of the new global minimum capital standards than required under the Basel III rules. At the same time, the international regulatory reform agenda has focused on developing a policy framework that will not only identify systematically important financial institutions (SIFIs) on a global scale, but also to enhance authorities’ abilities to resolve distressed SIFIs. Australia remains active in these international discussions, and has recently introduced legislation into Parliament that would

⁹³² Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹³³ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹³⁴ Progress in the Implementation of the G20 Recommendations for Strengthening Financial Stability, Financial Stability Board (Basel) 15 February 2011. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_110219.pdf

⁹³⁵ Peer Review of Australia, Financial Stability Board (Basel) 21 Sept 2011. Date of Access: 12 October 2011. http://www.financialstabilityboard.org/publications/r_110926b.pdf

⁹³⁶ Peer Review of Australia, Financial Stability Board (Basel) 21 Sept 2011. Date of Access: 12 October 2011. http://www.financialstabilityboard.org/publications/r_110926b.pdf

permit deposit-taking institutions to issue covered bonds, as well as permanently arranged for the Financial Claims Scheme to be put in place. To this extent, the Council of Financial Regulators (CFR) has examined various issues in Australia related to the regulation and crisis management arrangements for financial market infrastructures.⁹³⁷

Hence, Australia has been awarded +1 for full implementation of FSB standards.

Analyst: Vanessa Cheng

Brazil: 0

Brazil has received a score of 0 for partially implementing the FSB standards for sound compensation.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Brazil had fully implemented all of the 9 Principles and all but two of the 15 Standards for sound compensation and implementation.⁹³⁸ However, the Annex to the report notes that the remaining standard, Standard 10, might not be applicable to the case of Brazil since Brazil has not had to bail out any domestic financial institutions.⁹³⁹

In September 2010, the G20 Commitments Progress Table issued by the European Commission indicated that Brazil has begun implementing Basel II in 2005, noting that full implementation should take place no later than 2012. There is no Deposit Guarantee Scheme or insurance arrangement, but a draft law on cross-border crisis management is in place.⁹⁴⁰ On 25 November 2010, the National Monetary Council issued Resolution CMN 3921 on compensation policies for financial institutions' managers. The FSB Monitoring Progress document for March 2011 declares that this resolution is compliant with the FSB Principles for Sound Compensation Practices.⁹⁴¹ As for accounting standards, Brazilian-listed companies and banks are required to publish their financial statements starting with reporting periods ending in 2010.⁹⁴²

On 30 March 2010, the Financial Stability Board issued a Peer Review Report of Principles and Standards endorsed by G20 leaders at the London Summit in April 2009 and in Pittsburgh in September 2009. In terms of supervisory oversight, Brazil has had close dialogue with the industry and reviews of firms' practices, including on-site visits.⁹⁴³ In regards to payout structures, Brazil had incorporated specific minimum expectations for amounts to be deferred, as

⁹³⁷ Financial Stability Review 2011, Reserve Bank of Australia (Sydney) 23 Sept 2011. Date of Access: 13 October 2011. <http://www.rba.gov.au/publications/fsr/2011/sep/pdf/overview.pdf>

⁹³⁸ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹³⁹ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁴⁰ G20 Commitments Progress Table, European Commission (Brussels) September 2010. Date of Access: 1 April 2011. http://ec.europa.eu/commission_2010-2014/barnier/docs/news/2010/g20_roadmap/101001-impl-table_en.pdf

⁹⁴¹ FSB- G20 - MONITORING PROGRESS – Brazil September 2010, Financial Stability Board (Basel) 1 March 2011. Date of Access: 16 October 2011. http://www.financialstabilityboard.org/publications/r_110401c.pdf

⁹⁴² G20 Commitments Progress Table, European Commission (Brussels) September 2010. Date of Access: 1 April 2011. http://ec.europa.eu/commission_2010-2014/barnier/docs/news/2010/g20_roadmap/101001-impl-table_en.pdf

⁹⁴³ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

well as specified the deferral period under Principle 7.⁹⁴⁴ Brazil's proposed regulations are along the lines of deferred compensation to be "dependent on the firm's long-term value creation," and for the compensation awarded in either shares or something else in equal standing to represent "at least 50% of the total amount of variable compensation awarded to the professionals."⁹⁴⁵

In 2001 and 2009, reforms of the Corporations Law improved minority shareholders rights as well as standards for disclosures, while in December 2009 the Securities and Exchange Commission established a wide-ranging set of disclosure rules with Instruction No. 480 taking effect in January 2010. All these acts were expected to result in "monumental" reform corporate governance practices in Brazil.⁹⁴⁶

On 21 September 2011, the FSB released the 2011 Thematic Review on Compensation that identified Brazil's introduction of new national frameworks since the March 2010 Review, where all but two of the Standards have been implemented and are to come into force in 2012. Brazil introduced a national framework for compensation practices at all firms, but with policies that apply only to board members and top executives; they do not see compensation practices as a significant source of risk within their financial system due to ownership of banks by a single or small majority of shareholders. Furthermore, Brazil has undertaken industry surveys to assess progress at firms, in which they have identified labour laws as a key constraint.⁹⁴⁷

Hence, Brazil has been awarded a score of 0 for its progress toward meeting FSB standards for sound compensation and implementation.

Analyst: Vanessa Cheng

Canada: +1

Canada has fully complied with its commitment to fully implement the FSB standards and principles for sound compensation into the domestic compensation practices.⁹⁴⁸ According to the Financial Stability Peer Review, Canadian Securities Administrators (CSA) administer supervisory guidance and oversight to implement the FSB sound compensation principles and standards in all five areas including governance, compensation and capital, pay structure and alignment, disclosure, and supervisory oversight into national regulation.⁹⁴⁹

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Canada had fully implemented all of the 9 Principles and 15 Standards for sound compensation and implementation.⁹⁵⁰

⁹⁴⁴ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁴⁵ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁴⁶ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁴⁷ 2011 Thematic Review on Compensation, Financial Stability Board (Basel) 21 Sept 2011. Date of Access: 13 October 2011. http://www.financialstabilityboard.org/publications/r_111011a.pdf

⁹⁴⁸ Thematic Review on Compensation – Peer Review, Financial Stability Board (Basel) 30 March 2010. Date of Access: 20 March 2010.

http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁴⁹ Thematic Review on Compensation – Peer Review, Financial Stability Board (Basel) 30 March 2010. Date of Access: 20 March 2010.

http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁵⁰ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

In regards to institutional coverage, Canada applies all five FSB principles to all financial institutions and all five principles and fifteen standards to six large banking institutions and three insurance conglomerates.⁹⁵¹

On 19 November 2010, the Canadian Securities Administrators (CSA) proposed amendments to Form 51-102F6 *Statement of Executive Compensation* that are to take effect for the 2012 proxy season, requiring companies to comply for financial years ending on or after 31 October 2011.⁹⁵² The proposed amendments will require companies to provide disclosure of the fair value of share-based awards, explain how compensation policies take risk into account, limit circumstances in which companies can avoid disclosing performance targets, disclose risk accounted for in compensation practices, the level of compensation expertise that the Compensation Committee members have, whether executives and directors are permitted to hedge their equity-based compensation and other securities, and disclose fees paid to compensation consultants for executive compensation.⁹⁵³ The members of the Compensation Committee are also required to be independent and non-executive directors.⁹⁵⁴

Hence, Canada receives a score of +1 for fully adopting the FSB principles on sound compensation and taking a proactive stance on encouraging all jurisdictions to adhere to FSB principles.

Analysts: Kamil Wolski and Sophie Langlois

China: 0

China has partially complied with its commitment to implement FSB standards for sound compensation. Chinese authorities have implemented the FSB standards for sound compensation in regards to governance, pay structure and risk alignment compensation and capital, disclosure, and supervisory oversight.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that China had fully implemented all of the 9 Principles and all but two of the 15 Standards for sound compensation and implementation.⁹⁵⁵

In April 2010, the China Banking Regulatory Commission (CBRC) issued Supervisory Guidelines on Compensation Practices of Commercial Banks requiring the banking industry to

⁹⁵¹ Thematic Review on Compensation – Peer Review, Financial Stability Board (Basel) 30 March 2010. Date of Access: 20 March 2010.

http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁵² CSA propose amendments to executive compensation disclosure, Canadian Securities Law (Toronto) 19 November 2010. Date of Access: 20 March 2011.

<http://www.canadiansecuritieslaw.com/2010/11/articles/continuous-timely-disclosure/csa-propose-amendments-to-executive-compensation-disclosure/>

⁹⁵³ Changes to Executive Compensation Disclosure in Canada, Thompson Reuters (New York) 7 December 2010. Date of Access: 20 March 2011. <http://www.complinet.com/dodd-frank/news/analysis/article/changes-to-executive-compensation-disclosure-in-canada.html>

⁹⁵⁴ Executive Compensation Principles, Canadian Coalition for Good Governance (Toronto) 2009. Date of Access: 20 March 2011

http://www.ccg.ca/site/ccgg/assets/pdf/2009_Executive_Compensation_Principles.pdf

⁹⁵⁵ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

adopt new regulation.⁹⁵⁶ The Supervisory Guidelines closely align with the principles and standards outlined by the FSB. Under Article 5 of the Supervisory Guidelines, the CBRC limits variable compensation to a fixed amount so as to not limit any firm's capital base.⁹⁵⁷ Article 22 of the Supervisory Guidelines provides for banks to report their disclosure practices, fully in compliance with FSB standards.⁹⁵⁸ The FSB has noted that the Supervisory Guidelines include specific guidelines regarding deferral amounts and deferral periods, as per the FSB requirements.⁹⁵⁹

According to the 2010 FSB Report on Progress since the Washington Summit, the CBRC has conducted two ad hoc assessments on implementation of Principles for Sound Compensation Practices by Small & Medium-Sized Commercial Banks and urged every bank to comply with the Principles.⁹⁶⁰ Additionally, the CBRC encourages the establishment of appropriate and effective performance assessment and incentive mechanisms, and has issued the Code of Corporate Governance for Securities Firms (Provisional) and the Regulations on Supervision over Securities Firms, which stipulate the remuneration system of securities and futures financial institutions in line with the FSB Principles for Sound Compensation Practices and Implementation Standards. The CBRC has adopted a series of measures to regulate the compensation management procedures and performance assessment in insurance companies.⁹⁶¹

Hence, China is awarded a score of 0 for progress toward meeting FSB requirements for sound compensation and implementation.

Analyst: Brandon Bailey

France: +1

France has fully complied with its commitment to implement the Financial Stability Board's standards for sound compensation.

The FSB Thematic Peer Review on Compensation of October 2011 indicates that France has enforced regulatory approaches towards all FSB principles and standards on sound compensation in the banking sector.⁹⁶² It highlights that France has undertaken a regulatory approach to enforcing the FSB principles and standards.

According to the FSB Thematic Peer Review on Compensation, France has imposed minimum requirements for Standards 6 to 9, which target disclosure requirements concerned with

⁹⁵⁶ G20 Commitments Progress Table, European Commission (Brussels) September 2010. Date of Access: 24 March 2011. http://ec.europa.eu/commission_2010-2014/barnier/docs/news/2010/g20_roadmap/101001-impl-table_en.pdf.

⁹⁵⁷ Supervisory Guidelines on Compensation Practices, China Banking Regulatory Commission (Beijing) 10 April 2010. Date of Access: 22 March 2011. <http://www.cbrc.gov.cn/english/home/jsp/docView.jsp?docID=20100318BF85212411002720FF85059A28185100>.

⁹⁵⁸ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 23 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf.

⁹⁵⁹ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 23 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf.

⁹⁶⁰ FSB-G20 Monitoring Progress – China September 2010, Financial Stability Board (Basel) March 2011. Date of Access: 1 April 2011. http://www.financialstabilityboard.org/publications/r_110401e.pdf

⁹⁶¹ FSB-G20 Monitoring Progress – China September 2010, Financial Stability Board (Basel) March 2011. Date of Access: 1 April 2011. http://www.financialstabilityboard.org/publications/r_110401e.pdf

⁹⁶² 2011 Thematic Review on Compensation: Peer Review Report, Financial Stability Board (Basel) 7 October 2011. Date of Access: October 11 2011. http://www.financialstabilityboard.org/publications/r_111011a.pdf

remuneration structures, as opposed to a more flexible approach, which accounts for differences in business models and risk.⁹⁶³

In January 2011, the Banking and Financial Regulation Act created the Financial Regulation and Systemic Risk Council mandated with assessing financial and systemic risks and facilitating cooperation between authorities.⁹⁶⁴ On the European level, France is subject to Capital Requirements Directive III (CRD III) and is subject to its remuneration requirements that go beyond the FSB principles and standards.⁹⁶⁵

Therefore, France receives a score of +1 for implementing a regulatory approach and satisfying FSB standards and principles on sound compensation.

Analysts: Mila Khodskaya and Sophie Langlois

Germany: +1

Germany has fully complied with its commitment to implement the Financial Stability Board's standards for sound compensation.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Germany had fully implemented all of the 9 Principles and 15 Standards for sound compensation and implementation.⁹⁶⁶ Further, in December 2009, the Federal Financial Supervisory Authorities (BaFin) published new requirements for remuneration policies of banks and insurers for the banking and the insurance sector.⁹⁶⁷ The new provisions incorporate the FSB principles for sound compensation.⁹⁶⁸

The legislative amendments allowed the Ministry of Finance to transform the BaFin circulars into ministerial ordinances and the new law implements FSB-Standard 3 which allows the supervisory authority to limit variable compensation when it is inconsistent with the maintenance of a sound capital base.⁹⁶⁹

Thus, Germany receives a score of +1.

Analysts: Mila Khodskaya and Robert Schuster

⁹⁶³ 2011 Thematic Review on Compensation: Peer Review Report, Financial Stability Board (Basel) 7 October 2011. Date of Access: October 11 2011.

http://www.financialstabilityboard.org/publications/r_111011a.pdf

⁹⁶⁴ Progress since the Washington Summit in the Implementation of the G20 Recommendations for Strengthening Financial Stability, Report of the Financial Stability Board to G20 Leaders. (Basel) 8 November 2010. Date of access: 8 October 2011

http://www.financialstabilityboard.org/publications/r_101111b.pdf

⁹⁶⁵ FSB-G20 Monitoring Progress – France, Financial Stability Board (Basel) 11 April 2011. Date of Access: 14 May 2011. http://www.financialstabilityboard.org/publications/r_110401f.pdf

⁹⁶⁶ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁶⁷ FSB-G20 Monitoring Progress – Germany, Financial Stability Board (Basel) 11 April 2011. Date of Access: 14 May 2011. http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁹⁶⁸ FSB-G20 Monitoring Progress – Germany, Financial Stability Board (Basel) 11 April 2011. Date of Access: 14 May 2011. http://www.financialstabilityboard.org/publications/r_110401g.pdf

⁹⁶⁹ FSB-G20 Monitoring Progress – Germany, Financial Stability Board (Basel) 11 April 2011. Date of Access: 14 May 2011. http://www.financialstabilityboard.org/publications/r_110401g.pdf

India: 0

India has partially complied with its commitments fully implement the Financial Stability Board's standards for sound compensation.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that India was 'making progress toward closing significant implementation gaps identified in the last thematic review' of implementation of the 9 Principles and 15 Standards.⁹⁷⁰

In India, regulations or supervisory guidance to curb risky compensation provided by large financial institutions to their employees are under consideration.⁹⁷¹ Requirements with respect to board members' compensation have been incorporated into law for all listed companies in India.⁹⁷²

Most FSB members have incorporated the requirement that compensation be aligned with prudent risk-taking in their regulatory and supervisory frameworks, though differences remain in approach, emphasis and degree of detail.⁹⁷³ However this is not an area currently addressed in India, though possible measures are under consideration.⁹⁷⁴ India is also considering incorporating Standard 14 on hedging strategies and insurance in their compensation regulations and supervisory activities.⁹⁷⁵

India has partially complied with its commitments fully implement the Financial Stability Board's standards for sound compensation and thus receives a score of 0.

Analyst: Shyama Talukdar

Indonesia: 0

Indonesia has partially complied with its commitments to fully implement the Financial Stability Board's standards for sound compensation.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Indonesia was 'making progress toward closing significant implementation gaps identified in the last thematic review' of implementation of the 9 Principles and 15 Standards.⁹⁷⁶

Regulations or supervisory guidance to curb risky compensation provided by large financial institutions to their employees are under consideration in Indonesia.⁹⁷⁷ Most FSB members have

⁹⁷⁰ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁷¹ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁷² Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁷³ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁷⁴ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁷⁵ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁷⁶ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁷⁷ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

incorporated in their regulatory and supervisory frameworks the requirement that compensation be aligned with prudent risk-taking, though differences remain in approach, emphasis and degree of detail.⁹⁷⁸ This is not an area currently addressed in Indonesia, though possible measures are under consideration.⁹⁷⁹

The first Code of Good Corporate Governance was developed under the Indonesian National Committee for Corporate Governance, which was established in 1999 through a ministerial decree. The Committee was replaced in 2004 by the NCG, and a new Code of Good Corporate Governance was issued in 2006.⁹⁸⁰ The code is voluntary but companies are urged to adopt it. Indonesia introduced a wide range of reform measures to improve information disclosure to shareholders and the public, including the quarterly submission of financial reports. Under Indonesia's dual board system of corporate governance boards, the Board of Commissioners has supervisory and advisory duties, whereas the Board of Directors performs the executive roles.⁹⁸¹ Independent directors are required on boards of listed companies in Indonesia. Furthermore, Indonesia requires that independent commissioners account for at least 30 percent of the total number of board members.⁹⁸² However, Indonesia does not have any laws that specify the rules for shareholder approval of the appointment of directors or commissioners. There is no separation of management from the owners, or appointment of professional managers.

India has partially complied with its commitments to fully implement the Financial Stability Board's standards for sound compensation and thus receives a score of 0.

Analyst: Shyama Talukdar

Italy: +1

Italy has fully complied with its commitment to implement FSB standards for sound compensation.

The October 2011 peer review report Thematic Review on Compensation Practices released by the FSB noted that Italy was one of 13 FSB jurisdictions that had fully implemented all 9 Principles and 15 Standards for sound compensation and implementation.⁹⁸³

The FSB's 27 January 2011 peer review of Italy noted that Italian policy priority has recently emphasized oversight and monitoring of liquidity and funding risks. The FSB has noted Italy has implemented a "prudent regulatory and supervisory stance."⁹⁸⁴

⁹⁷⁸ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁷⁹ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

⁹⁸⁰ Indonesia: Principles of Governance, The Financial Standards Foundation (New York) March 2011. Date of Access: 9 October 2011 <http://www.developing8.org/wp-content/uploads/icp.pdf>

⁹⁸¹ Indonesia: Principles of Governance, The Financial Standards Foundation (New York) March 2011. Date of Access: 9 October 2011 <http://www.developing8.org/wp-content/uploads/icp.pdf>

⁹⁸² Indonesia: Principles of Governance, The Financial Standards Foundation (New York) March 2011. Date of Access: 9 October 2011 <http://www.developing8.org/wp-content/uploads/icp.pdf>

⁹⁸³ Thematic Review on Compensation: Peer Review Report. Financial Stability Board (Basel) 11 October 2011. Date of Access 18 October 2011. http://www.financialstabilityboard.org/publications/r_111011a.pdf

⁹⁸⁴ Peer Review of Italy, Financial Stability Board (Basel) 27 January 2011. Date of Access: 24 March 2011. http://www.financialstabilityboard.org/publications/r_110207b.pdf

In a general overview of sound compensation implementation leading up to the Seoul Summit, the FSB had noted Italy had conducted a review of significant financial institutions against FSB principles and standards, and made recommendations for improvement where necessary.⁹⁸⁵

On 24 February 2011, the Commissione Nazionale per le Società e la Borsa (CONSOB) issued a set of interim recommendations regarding disclosure on remuneration.⁹⁸⁶ This followed an Italian Legislative Decree, issued on 30 December 2010, that called for a “systematic definition of the regulation on transparency of remuneration.”⁹⁸⁷ As of now, a long-term systematic implementation plan has yet to be prepared or applied.

Italy has made efforts to coordinate supervisory practices internationally, particularly within the EU and with the permission of the European Council.⁹⁸⁸ However, the Bank of Italy has not been given authority to remove directors or senior officers, which falls short of implementing suggestions from the Capital Requirements Directive III regarding remuneration policies of banks.⁹⁸⁹

Italy has fully complied with the FSB recommendations on sound compensation practices. It has taken steps toward implementing standards for pay structure and risk alignment, disclosure, and supervisory oversight. Therefore, Italy is awarded a score of +1.

Analyst: Brandon Bailey

Japan: +1

Japan has fully complied with its commitment to implement the FSB Principles and Standards. Japan’s Financial Services Agency (FSA) has selected a supervisory approach to the implementation of these standards.⁹⁹⁰

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Japan was one of 13 FSB jurisdictions that had fully implemented all of the 9 Principles and 15 Standards for sound compensation and implementation.⁹⁹¹

The National Diet of Japan had initiated policies in line with all five FSB standards before the Seoul Summit took place.^{992,993} Japanese firms are required to have a supervisory board

⁹⁸⁵ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 23 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf.

⁹⁸⁶ Communication n. DEM/11012984, Commissione Nazionale per le Società e la Borsa (Rome) 24 February 2011. Date of Access: 19 March 2011. <http://www.consob.it/mainen/documenti/english/resolutions/c11012984e.pdf>.

⁹⁸⁷ Communication n. DEM/11012984, Commissione Nazionale per le Società e la Borsa (Rome) 24 February 2011. Date of Access: 19 March 2011. <http://www.consob.it/mainen/documenti/english/resolutions/c11012984e.pdf>.

⁹⁸⁸ Peer Review of Italy, Financial Stability Board (Basel) 27 January 2011. Date of Access: 24 March 2011. http://www.financialstabilityboard.org/publications/r_110207b.pdf.

⁹⁸⁹ Peer Review of Italy, Financial Stability Board (Basel) 27 January 2011. Date of Access: 24 March 2011. http://www.financialstabilityboard.org/publications/r_110207b.pdf.

⁹⁹⁰ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 7 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁹¹ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁹² Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

comprised mostly of non-executive members to ensure proper conformity to the FSB and the FSA.⁹⁹⁴

On 12 September 2010, the FSA announced it would implement a minimum level of capital each Japanese bank is required to hold at all times in order to alleviate financial stress periods.⁹⁹⁵ The FSA also has the authority to ensure banks limit variable compensation when it is inconsistent with the maintenance of said capital base.⁹⁹⁶

On 26 March 2010, the FSA also took steps to change the pay structure of large firms.⁹⁹⁷ No specific numbers have been released but the Japanese government has stated that a “substantial portion” of variable compensation for executives must be awarded in shares. The government is also inducing firms to increase the deferred portion of variable compensation where it lies below 40-60 per cent.⁹⁹⁸

On 31 March 2010, Japan’s FSA also implemented new regulations for the disclosure of remuneration. Any companies with executives making over YEN100 million (USD1.25 million) must disclose a yearly report with the details on compensation.⁹⁹⁹

On 1 April 2010, the FSA implemented its revised supervisory guidelines. The guidelines refer specifically to the supervision of all Japanese financial institutions, including international firms. They focus on the clarification of management policies, responsibility allocation, risk management, and compensation structure.¹⁰⁰⁰

Japan has completely implemented the FSB Standards for Sound Compensation. Thus, Japan has been awarded of a score of 1.

Analyst: Enko Koceku

Korea: +1

Korea has fully complied with its commitments to fully implement the Financial Stability Board’s standards for sound compensation.

⁹⁹³ Progress in the Implementation of the G20 Recommendations for Strengthening Financial Stability. Financial Stability Board (Switzerland) 15 February 2011. Date of Access: 24 March 2011.

http://www.financialstabilityboard.org/publications/r_110219.pdf

⁹⁹⁴ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁹⁵ FSA Newsletter No. 88 2010. Financial Stability Board (Japan) 18 January 2011. Date of Access: 26 March 2011. <http://www.fsa.go.jp/en/newsletter/2010/07.pdf>

⁹⁹⁶ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2011. Date of Access: 7 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁹⁷ FSA Newsletter No. 84 2010. Financial Services Agency (Japan). 9 June 2010. Date of Access: 27 March 2011. <http://www.fsa.go.jp/en/newsletter/2010/03.pdf>

⁹⁹⁸ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2011. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

⁹⁹⁹ Japan to require disclosure of executive pay. Reuters (United States) 16 February 2010. Date of Access 25 March 2011. <http://www.reuters.com/article/2010/02/16/japan-compensation-idUUSTOE61F04O20100216>

¹⁰⁰⁰ FSA Newsletter No. 84 2010. Financial Services Agency (Japan). 9 June 2010. Date of Access: 27 March 2011. <http://www.fsa.go.jp/en/newsletter/2010/03.pdf>

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Korea was one of 13 FSB jurisdictions that had fully implemented all of the 9 Principles and 15 Standards for sound compensation and implementation.¹⁰⁰¹

In Korea, FSB sound compensation standards are applied to all financial institutions, including insurance companies, investment firms and asset management companies.¹⁰⁰² The Committee on Corporate Governance was formed in South Korea in March 1999 to develop and publish the Code of Best Practice for Corporate Governance, which is benchmarked against the Organization for Economic Cooperation and Development Principles of Corporate Governance.¹⁰⁰³

The Code which was subsequently revised in 2003, the Securities and Exchange Act of 1962, and the Commercial Code, "provide a solid foundation for corporate governance".¹⁰⁰⁴ The Financial Investment Services and Capital Markets Act consolidated six different laws, including the Securities and Exchange Act, and became effective on February 4, 2009.¹⁰⁰⁵

Korea has fully complied with its commitments to fully implement the Financial Stability Board's standards for sound compensation thus has been awarded a score of +1.

Analyst: Shyama Talukdar

Mexico: +1

Mexico has fully complied with the commitment to fully implement FSB standards for sound compensation, as reaffirmed in the G20 Seoul Summit in November 2010.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Mexico was one of 13 jurisdictions that had fully implemented all of the 9 Principles and 15 Standards for sound compensation and implementation.¹⁰⁰⁶

Prior to the Seoul Summit, Mexico had already implemented measures in compliance with the FSB standards. On 28 July 2010, the President of Mexico Felipe Calderón established the Financial System Stability Council in direct compliance with the G20 commitment.¹⁰⁰⁷

On 6 October 2010, the Bank of Mexico's financial stability board formally began operations.¹⁰⁰⁸ Its functions include identifying risks to the system, making recommendations on macro-

¹⁰⁰¹ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

¹⁰⁰² Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 9 October 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

¹⁰⁰³ Compensation Strategies at Financial Companies, Korea Capital Market Institute (Seoul) November 2010. Date of Access: 9 October 2011 www.ksri.org/publish/down_nomember.asp?idx=564

¹⁰⁰⁴ Compensation Strategies at Financial Companies, Korea Capital Market Institute (Seoul) November 2010. Date of Access: 9 October 2011 www.ksri.org/publish/down_nomember.asp?idx=564

¹⁰⁰⁵ Compensation Strategies at Financial Companies, Korea Capital Market Institute (Seoul) November 2010. Date of Access: 9 October 2011 www.ksri.org/publish/down_nomember.asp?idx=564

¹⁰⁰⁶ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

¹⁰⁰⁷ México Presenta Consejo de Estabilidad, CNN Expansión.com (Mexico City) 28 July 2010. Date of Access: 25 March 2011. <http://www.cnnexpansion.com/economia/2010/07/28/mexico-economia-calderon-estabilidad-cnn>

¹⁰⁰⁸ Interview with Agustín Carstens, Central Banking Publications (London) 18 November 2011. Date of Access: 27 March 2011. <http://www.banxico.org.mx/publicaciones-y-discursos/discursos-y-presentaciones/discursos/%7B99C0013D-9603-4C9A-2F5C-E9B872C4D955%7D.pdf>

prudential policies and regulations to maintain stability, as well as, “actively participating in international groups working under the aegis of the Financial Stability Board.”¹⁰⁰⁹

On 18 November 2010, the Governor of the Central Bank of Mexico Agustín Carstens reiterated the importance of the role of the Financial System Stability Council as a “structure through which you could have formal coordination of policy between the financial authorities.”¹⁰¹⁰ The council is made up of “members of the Bank of Mexico, Ministry of Finance, Deposit Insurance Institute, Pension Fund Supervisor, Insurance Supervisor and the Banking and Securities Supervisor who will meet at least once a quarter.”¹⁰¹¹

On 18-19 February 2011, during the 2011 G20 Finance Ministerial Meeting, the Finance Ministers and Central Bank Governors reaffirmed commitment to FSB standards.¹⁰¹² Mexico has continued to implement the initiatives and measures established prior to the G20 Summit in November in compliance to FSB standards.

Therefore, Mexico has fully complied with its commitment to continue implementing FSB standards for sound compensation, which it reaffirmed in the G20 Seoul Summit and has been awarded a score of +1

Analyst: Nerin Ali

Russia: 0

Russia has partially complied with the commitment on implementing the FSB’s standards for sound compensation.

On 5 January 2011, Russian President signed a law requiring state enterprises to create supervisory boards overseeing compensation systems’ design and usage of companies’ profits for paying compensations.¹⁰¹³ This action is in line with the FSB recommendations on governance.

On 17 February 2010, Russian President charged the Government to make decisions aimed at aligning of compensation systems in banks and companies with the government participation in accordance with the FSB standards.¹⁰¹⁴ Following this instruction, on 22 December 2010, the Russian Government approved general approaches to developing compensation systems in banks and companies with the government participation, implying limitations on compensation in such

¹⁰⁰⁹ Interview with Agustín Carstens, Central Banking Publications (London) 18 November 2011. Date of Access: 27 March 2011. <http://www.banxico.org.mx/publicaciones-y-discursos/discursos-y-presentaciones/discursos/%7B99C0013D-9603-4C9A-2F5C-E9B872C4D955%7D.pdf>

¹⁰¹⁰ Interview with Agustín Carstens, Central Banking Publications (London) 18 November 2011. Date of Access: 25 March 2011. <http://www.banxico.org.mx/publicaciones-y-discursos/discursos-y-presentaciones/discursos/%7B99C0013D-9603-4C9A-2F5C-E9B872C4D955%7D.pdf>

¹⁰¹¹ Interview with Agustín Carstens, Central Banking Publications (London) 18 November 2011. Date of Access: 27 March 2011. <http://www.banxico.org.mx/publicaciones-y-discursos/discursos-y-presentaciones/discursos/%7B99C0013D-9603-4C9A-2F5C-E9B872C4D955%7D.pdf>

¹⁰¹² 2011 G20 Financial Ministerial Communiqué, G20 Information Center (Toronto) 19 February 2011. Date of Access: 26 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

¹⁰¹³ Law to improve efficacy and transparency of state corporations, Office of the President (Moscow) 5 January 2011. Date of Access: 4 April 2011. <http://eng.kremlin.ru/acts/1594>.

¹⁰¹⁴ The List of Instructions following the Meeting of the Presidential Council for the Financial Market Development is Approved, Office of the President (Moscow) 17 February 2010. Date of Access: 4 April 2011. <http://kremlin.ru/news/6889>.

institutions during financial distress and obliging such institutions to include information about compensations in their annual reports.¹⁰¹⁵

On 30 December 2008, the Russia Central Bank issued the ordinance requiring setting the procedure for credit institutions to present to the Bank authorized representatives information about their compensation practices.¹⁰¹⁶ This action is in line with the FSB recommendations on supervisory oversight.

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, Russia, under the auspices of the G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”¹⁰¹⁷

Russia has taken measures to implement 4 of the 5 FSB’s standards for sound compensation. Thus it has been awarded a score of 0.

Analyst: Andrey Shelepov

Saudi Arabia: +1

Saudi Arabia has fully complied with its commitment to implement the FSB standards for sound compensation, as reaffirmed in the G20 Seoul Summit in November 2010.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that Saudi Arabia was one of 13 FSB jurisdictions that had fully implemented all of the 9 Principles and 15 Standards for sound compensation and implementation.¹⁰¹⁸

On 31 October 2010, the Governor of the Saudi Arabian Monetary Agency Mohammed Bin Sulaiman Al Jassar reiterated the importance of remuneration reforms in the banking sector as addressed by the FSB agenda, and cited the longstanding “proactive attitude of the Saudi Arabian Monetary Agency.”¹⁰¹⁹ He referred specifically to measures such as “capping the remunerations for boards of directors and their audit committees, encouraging banks to set remuneration committees.”¹⁰²⁰

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, Saudi Arabia, under the auspices of the G20 members, urged all jurisdictions to “fully

¹⁰¹⁵ On Approval of General Approaches to Unification of Remuneration Systems in Banks and Companies with Governmental Stake by the Government of the Russian Federation, Russian Ministry of Economic Development (Moscow) 19 January 2011. Date of Access: 4 April 2011.

http://www.economy.gov.ru/minec/activity/sections/instdev/doc20110119_06.

¹⁰¹⁶ The Bank of Russia Bulletin №8 (1099), Bank of Russia (Moscow) 9 February 2009. Date of Access: 4 April 2011. <http://cbr.ru/Publ/Vestnik/ves090220011.zip>.

¹⁰¹⁷ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

¹⁰¹⁸ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

¹⁰¹⁹ Speech of H.E. Dr. Mohammed Bin Sulaiman Al Jassar Governor of SAMA at the Kuwait Financial Forum, Saudi Arabian Monetary Agency (Riyadh) October 31 2010. Date of Access: March 27 2011. <http://www.sama.gov.sa/sites/samaen/News/Pages/SpeechAtKuwait.aspx>

¹⁰²⁰ Speech of H.E. Dr. Mohammed Bin Sulaiman Al Jassar Governor of SAMA at the Kuwait Financial Forum, Saudi Arabian Monetary Agency (Riyadh) October 31 2010. Date of Access: March 27 2011. <http://www.sama.gov.sa/sites/samaen/News/Pages/SpeechAtKuwait.aspx>

implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”¹⁰²¹

Saudi Arabia has continued to implement the initiatives and measures established prior to the G20 Summit in November in compliance with FSB standards. Therefore, Saudi Arabia has fully complied with the commitment and receives a score of +1.

Analyst: Nerin Ali

South Africa: -1

South Africa has partially complied with its commitment to implement the FSB standards for sound compensation, as reaffirmed in the G20 Seoul Summit in November 2010.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that South Africa was one of two remaining FSB jurisdictions where ‘significant gaps remain’ in implementation of the 9 Principles and 15 Standards for sound compensation and implementation.¹⁰²²

The March 2010 FSB Thematic Review on Sound Compensation Practices indicated that regulatory or supervisory guidance is still in the preparatory stage in South Africa.¹⁰²³ The Review also indicates that South Africa is planning a self-assessment with respect to the Principles and Standards.¹⁰²⁴ Additionally, South Africa has not incorporated hedging strategies and insurance in its compensation regulation activities.¹⁰²⁵

Hence, South Africa receives a score of 0 for taking steps towards adopting initiatives in line with the FSB principles and standards on sound compensation.

Analysts: Mila Khodskaya and Vanessa Cheng

Turkey: 0

Turkey has partially complied with its commitment to fully implement the FSB standards for sound compensation.

On 30 March 2010 the Financial Stability Board issued a Peer Review Report of Principles and Standards endorsed by G20 leaders at the London Summit in April 2009 and in Pittsburgh in September 2009. Turkey intends on addressing payout structures in their regulation and supervisory activities as they currently do not do so.¹⁰²⁶ Deferral arrangements are also under

¹⁰²¹ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

¹⁰²² Thematic Review on Compensation, Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

¹⁰²³ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

¹⁰²⁴ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

¹⁰²⁵ Thematic Review on Compensation, FSB (Basel) 30 March 2010. Date of Access: 25 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

¹⁰²⁶ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0, 12.

consideration.¹⁰²⁷ As for the compensation framework, Turkey's banks' compensation programs currently do not have any guaranteed bonuses, or they have been limited to one year.¹⁰²⁸

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, Turkey, under the auspices of the G20 members urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”¹⁰²⁹

On 21 September 2011, the FSB released the 2011 Thematic Review on Compensation that anticipated Turkey's new national frameworks to come into force in 2012. However, Turkey has not specified the requirements that apply to firms in laws and regulations as they are issued by supervisors, and has also not fully implemented the Practices and Standards of existing industry practices, despite planning to conduct a survey on this matter in 2012. The national supervisory authority (BRSA) published a supervisory guidance on compensation on 9 June 2011, formally adopting compensation standards but allowing for flexibility in implementation. Nevertheless Turkey has been considered a “late mover” country due to results on firm level implementation.¹⁰³⁰

Hence Turkey has been awarded a score of 0 for partial implementation of FSB standards.

Analyst: Vanessa Cheng

United Kingdom: +1

The United Kingdom has fully complied with its commitment to implement FSB standards for sound compensation.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that the United Kingdom was one of 13 FSB jurisdictions that had fully implemented all of the 9 Principles and 15 Standards for sound compensation and implementation.¹⁰³¹

Prior to the Seoul Summit, the UK Financial Services Authority in (FSA)'s Remuneration Code applied to only the largest banks and building societies.¹⁰³² On 17 December 2010, the FSA published an updated Remuneration Code applying to 2700 firms including all banks and building societies.¹⁰³³ The updated Remuneration Code aims to align remuneration policies in the

¹⁰²⁷ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0, 12.

¹⁰²⁸ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0, 12.

¹⁰²⁹ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

¹⁰³⁰ Thematic Review on Compensation, Financial Stability Board (Basel) 30 March 2010. Date of Access: 31 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf?frames=0

¹⁰³¹ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

¹⁰³² FSA publishes revise Remuneration Code, Financial Services Authority (London) 17 December 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/180.shtml>.

¹⁰³³ FSA publishes revise Remuneration Code, Financial Services Authority (London) 17 December 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/180.shtml>.

EU to apply practices that are ‘consistent with effective risk management’ and includes guaranteed bonuses in line with FSB standards.¹⁰³⁴

As dictated by the FSB guidelines, the FSA Remuneration Code directs that at least 50 per cent of variable remuneration should consist of shares and be subject to an appropriate retention period.¹⁰³⁵

Under the updated Remuneration Code, firms are required to submit a detailed annual report on compensation including remuneration and pay-outs. The most important firms are mandated to submit their first report before December 2011.¹⁰³⁶ In November 2010, the FSA released a set of proposals designed to adhere to the Capital Requirements Directive and FSB standards.¹⁰³⁷ On 16 November 2010, the FSA announced changes to mortgage sales, requiring disclosure of how intermediaries are paid.¹⁰³⁸

On 13 December 2010, FSA CEO Hector Sants outlined the creation of the Prudential Regulation Authority (PRA) and other reforms to supervisory practices.¹⁰³⁹ The PRA requires supervisors to consider risk, capital, and liquidity in making judgments.¹⁰⁴⁰ In their 2011-2012 Business Plan, the FSA announced plans to “embed” their supervisory approach by enforcing new requirements on risk governance and controls beginning in May 2011, and by ensuring the revised European Code on remuneration has been rigorously applied since its implementation on 1 January 2011.¹⁰⁴¹

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, the United Kingdom, under the auspices of the G20 members, urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”¹⁰⁴²

¹⁰³⁴ FSA publishes revise Remuneration Code, Financial Services Authority (London) 17 December 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/180.shtml>.

¹⁰³⁵ FSA publishes revise Remuneration Code, Financial Services Authority (London) 17 December 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/180.shtml>.

¹⁰³⁶ FSA publishes revise Remuneration Code, Financial Services Authority (London) 17 December 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/180.shtml>.

¹⁰³⁷ Implementing CRD3 requirements on the disclosure of remuneration, Financial Services Authority (London) November 2010. Date of Access: 21 March 2011. http://www.fsa.gov.uk/pubs/cp/cp10_27.pdf.

¹⁰³⁸ FSA recommends changes to mortgage sales to achieve a sustainable mortgage market, Financial Services Authority (London) 16 November 2010. Date of Access: 19 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/164.shtml>.

¹⁰³⁹ FSA Chief Executive outlines progress in reforming supervisory practices, Financial Services Authority (London) 13 December 2010. Date of Access: 21 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/174.shtml>.

¹⁰⁴⁰ FSA Chief Executive outlines progress in reforming supervisory practices, Financial Services Authority (London) 13 December 2010. Date of Access: 21 March 2011. <http://www.fsa.gov.uk/pages/Library/Communication/PR/2010/174.shtml>.

¹⁰⁴¹ Business Plan 2011/12, Financial Services Authority (London) 2011. Date of Access: 21 March 2011. http://www.fsa.gov.uk/pubs/plan/pb2011_12.pdf.

¹⁰⁴² Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

The United Kingdom has implemented the FSB standards for sound compensation in regards to governance, compensation and capital, pay structure and risk alignment, disclosure, and supervisory oversight. Therefore, the United Kingdom is awarded a score of +1 for full compliance.

Analysts: Brandon Bailey and Sophie Langlois

United States: 0

The United States has partially complied with its commitment to implement the FSB standards for sound compensation. The commitments to these principles have been reaffirmed but not much has been done to strengthen and actively enforce these standards.

The October 2011 Thematic Review of Compensation Practices peer review report released by the FSB noted that the United States had fully implemented all but one of the 9 Principles and 15 Standards for sound compensation and implementation.¹⁰⁴³

The United States has continued to put into effect the reforms and principles set out in the Dodd-Frank Wall Street Reform and Consumer Protection Act of July 2010. On the U.S. Securities and Exchange Commission website, there is a list of numerous accomplishments which have been achieved to date.¹⁰⁴⁴ These include corporate governance and disclosure, auditing, oversight of investment advisers and broker-dealers, and other categories of recent accomplishments. In addition, there are various planned steps which are outlined for subsequent months in 2011, showing a commitment to continue implementing the standards set out in the Dodd-Frank Act.¹⁰⁴⁵

In a report on 8 November 2010, the Financial Stability Board highlighted “Progress since the Washington Summit in the Implementation of the G20 Recommendations for Strengthening Financial Stability.” This report noted that some FSB members are currently examining the features of United States legislative changes in order to ensure that they can successfully propose “harmonizing legislative changes in their jurisdictions,” or rely on the suggestions of the FSB to determine whether or not legislative changes are necessary.¹⁰⁴⁶

On 18-19 February 2011, during the meeting of Finance Ministers and Central Bank Governors in Paris, the United States, under the auspices of the G20 members, urged all jurisdictions to “fully implement the FSB principles and standards on sounder compensation practices” and called on the FSB to “undertake ongoing monitoring in this area.”¹⁰⁴⁷

¹⁰⁴³ Thematic Review on Compensation. Financial Stability Board (Switzerland) 30 March 2010. Date of Access: 27 March 2011. http://www.financialstabilityboard.org/publications/r_100330a.pdf

¹⁰⁴⁴ Implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act, U.S. Securities and Exchange Commission (Washington D.C.) 18 March 2011. Date of Access: 26 March 2011. <http://www.sec.gov/spotlight/dodd-frank.shtml>

¹⁰⁴⁵ Implementing the Dodd-Frank Wall Street Reform and Consumer Protection Act – Accomplishments, U.S. Securities and Exchange Commission (Washington D.C.) 18 March 2011. Date of Access: 26 March 2011. <http://www.sec.gov/spotlight/dodd-frank/accomplishments.shtml>

¹⁰⁴⁶ Progress since the Washington Summit in the Implementation of the G20 Recommendations for Strengthening Financial Stability: Report of the Financial Stability Board to G20 Leaders, Financial Stability Board (Washington D.C.) 8 November 2011. Date of Access: 26 March 2011. http://www.financialstabilityboard.org/publications/r_101111b.pdf

¹⁰⁴⁷ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>

Although meaningful steps have been taken to incorporate the Dodd-Frank Act into the financial reporting system, there are still aspects of the FSB standards for sound compensation, most notably disclosure, which need to be implemented in the United States.¹⁰⁴⁸ Therefore, the United States has been given a score of 0 with regards to its commitment to apply all of the FSB standards for sound compensation.

Analysts: Tara Stankovic and Robert Schuster

European Union: +1

The European Union has fully complied with its commitment to implement the FSB standards and principles for sound compensation.

The EU took a regulatory approach by preparing the Directive 2010/76/EU of the European Parliament and the Council that amended previous directives (2006/48/EC and 2006/49/EC) in regards to supervision of remuneration policies.¹⁰⁴⁹ The final legislative act was prepared on 24 November 2010 and published in the Official Journal on 14 December 2010, entering into force on 15 December 2010. Its official purpose is to strengthen rules for capital requirements and remuneration in credit institutions and investment firms.¹⁰⁵⁰

The Directive 2010/76/EU (the Directive) introduces a requirement that the remuneration policies of financial institutions be subject to supervisory oversight.¹⁰⁵¹ This obliges supervisory authorities to perform regular compliance checks in regards to remuneration policies for the risk management of financial institutions. Moreover, supervisors may request financial institutions to take actions in order to rectify identified issues. In cases of non-compliance, they have the power to penalise financial institutions or impose other measures for breach of the Directive.¹⁰⁵²

The Directive also validly obliges credit institutions and investment firms to develop and practise compensation policies that are in line with sound and effective risk management, that do not encourage excessive risk-taking and that value their long-term goals.¹⁰⁵³

The variable part of remuneration should constitute a balanced and flexible portion of total compensation. Its substantial portion should be deferred in time and must not only be in cash but also consist of shares, share-linked instruments or other equivalent non-cash instruments. Guaranteed bonuses should be prohibited as they are inconsistent with the pay-for-performance rule.

According to the Directive, financial institutions must make sure the total variable remuneration does not adversely impact the strength of their capital base. In cases of exceptional government

¹⁰⁴⁸ 2011 Thematic Review on Compensation, Financial Stability Board (Basel) 7 October 2011. Date of Access: 13 October 2011. http://www.financialstabilityboard.org/publications/r_111011a.pdf.

¹⁰⁴⁹ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

¹⁰⁵⁰ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

¹⁰⁵¹ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

¹⁰⁵² The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

¹⁰⁵³ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

intervention, priority has to be directed towards enhancing the sound nature of their capital base, and any variable remuneration elements should remain in line with the idea of strong capital.¹⁰⁵⁴

The Directive also strengthens the requirements of disclosure and imposes transparency towards the market in relation to remuneration within credit institutions and investments firms. For example, information regarding remuneration practices and compensation of staff whose professional activities have a material impact on the risk profile should be disclosed to all stakeholders (shareholders, employees, general public etc).¹⁰⁵⁵

The FSB Thematic Peer Review on Compensation of October 2011 indicates that the Capital Requirements Directive III has caused a convergence towards a rules-based regulatory approach within the European Union relating to FSB principles and standards on sound compensation.¹⁰⁵⁶

On 4 May 2011, the European Commission created the EU corporate governance framework, also known as the Green Paper, which assesses the effectiveness of the current framework in place and calls on feedback and input from interested parties for future improvement on current practices and regulations.¹⁰⁵⁷

Moreover, on 18-19 February 2011 in Paris, the representation of European Institutions participated in the meeting of Finance Ministers and Central Bank Governors, where a joint communiqué was released by all members (including the EU): “We urge all jurisdictions to fully implement the FSB principles and standards on sounder compensation practices agreed by the G20 Leaders in Pittsburgh and call on the FSB to undertake ongoing monitoring in this area and look forward to receiving the results of a second thorough FSB peer review midyear to identify remaining gaps.”¹⁰⁵⁸

Therefore, the European Union has been awarded a score of +1 for taking active steps in implementing the FSB standards and thus complying with the G20’s and FSB’s principles on sound compensation.

Analyst: Kamil Wolski and Sophie Langlois

¹⁰⁵⁴ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

¹⁰⁵⁵ The Legislative Observatory, European Parliament (Brussels), Date of Access: 22 March 2011 <http://www.europarl.europa.eu/oeil/FindByProcnum.do?lang=en&procnum=COD/2009/0099>

¹⁰⁵⁶ 2011 Thematic Review on Compensation: Peer Review Report, Financial Stability Board (Basel) 7 October 2011. Date of Access: October 11 2011. http://www.financialstabilityboard.org/publications/r_111011a.pdf

¹⁰⁵⁷ Green Paper: The EU corporate governance framework. (Brussels) May 4 2011. Date of access: October 9 2011. http://www.ecgi.org/commission/documents/eu_corporate_governance_framework_5apr2011_en.pdf

¹⁰⁵⁸ Communiqué by the G20 Finance Ministers and Central Bank Governors, G20 Information Centre (Toronto) 18-19 February 2011. Date of Access: 20 March 2011. <http://www.g20.utoronto.ca/2011/2011-finance-110219-en.html>