

Press release

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Ref: 15/2018
7 May 2018

FSB publicly consults on recommendations for compensation data reporting to address misconduct risk

The Financial Stability Board (FSB) today published a public consultation on [*Recommendations for consistent national reporting of data on the use of compensation tools to address misconduct risk*](#). Collecting and evaluating compensation data on a regular basis can provide both firms and supervisors with important insights into the effectiveness of compensation programmes and potential areas of weakness. Currently the gathering and analysis of compensation data varies significantly across jurisdictions and firms.

The Recommendations seek to assist national supervisory authorities from all financial sectors by enhancing their capacity to consider and monitor the effectiveness of compensation tools and other mechanisms in promoting good conduct and addressing misconduct risk.

The proposed data set included in the Recommendations is designed to help firms and supervisors answer a number of important questions, including whether governance and risk management processes surrounding compensation:

- appropriately include conduct considerations in the design of their compensation and incentive systems, including the setting of individual goals, ex ante performance measurement mechanisms and ex post compensation adjustments;
- support the effective use of compensation tools to help promote good conduct or to remediate individual conduct that is not in line with the firm's expectations, including holding individuals accountable for any misconduct that occurs;
- promote wider risk management goals, including for conduct issues, consistent with the firm's strategy and risk tolerance; and
- support the effective identification of emerging misconduct risks and where appropriate, review use of incentive systems and compensation decisions in response to conduct incidents to ensure alignment of incentives, risk and reward.

The FSB welcomes comments and responses to the questions set out in the consultative document by Friday 6 July 2018. Responses will be published on the FSB website unless respondents expressly request otherwise.

The FSB has also published today a [summary note](#) of an industry workshop organised last December as part of the FSB's work to develop the Recommendations. The FSB also welcomes any feedback on topics discussed at the workshop that are included in the summary note, also by Friday 6 July 2018.

Notes to editors

The consultation is an element of the FSB's [2015 Workplan on Measures to Reduce Misconduct Risk](#) to promote incentives for good behaviour through:

- standards and codes of behaviour, such as the [FX Global Code](#), and reforms to benchmark-setting practices;
- the [toolkit of measures to address misconduct in wholesale markets](#) developed by the International Organization of Securities Commissions, based on national approaches;
- [FSB guidance](#) on the use of compensation tools to promote good conduct; and
- a recently published [toolkit to strengthen governance frameworks to mitigate misconduct risk](#).

The most [recent update on progress](#) under the overall Workplan on Measures to Reduce Misconduct Risk was delivered to the Hamburg G20 Summit in July 2017.

The FSB has been established to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The FSB also conducts outreach with 65 other jurisdictions through its six regional consultative groups.

The FSB is chaired by Mark Carney, Governor of the Bank of England. Its Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website, www.fsb.org.