

# Directors' Report – Remuneration Report for the financial year ended 31 March 2011 continued

## 2 However, some remuneration-related challenges need to be addressed

Following on from 2010, there has been a continued focus on executive remuneration both in Australia and across the world. The following table demonstrates the extent of global regulation:

### 2.1 Continued focus on governance by Governments and regulators

Jurisdiction	Regulator	Details of Review
<b>Global</b>		
Global – Member states	Basel Committee on Banking Supervision	– Basel Committee on Banking Supervision issued the Consultative Document – Pillar 3 disclosure requirements for remuneration in December 2010
<b>Australia</b>		
Australia	Australian Government	– In April 2010, Australian Government issued its response to the Final Productivity Commission Report on Executive Remuneration in Australia (released December 2009) – An Exposure Draft and amended Exposure Draft of the Corporations Amendment (Improving Accountability on Director and Executive Remuneration) Bill 2011 were released in December 2010 and February 2011 respectively – Treasury Discussion Paper on Clawback of Director and Executive Remuneration in the Event of a Material Misstatement was issued in December 2010
Australia	APRA	– Implementation of final APRA Prudential Standard APS 510 in April 2010
Australia	Corporations and Markets Advisory Committee (CAMAC)	– CAMAC published an Information Paper on Executive Remuneration – the structure and content of executive remuneration arrangements and reporting on executive remuneration arrangements
<b>EMEA</b>		
European Economic Area	European Parliament	– The European Parliament approved amendments to the Capital Requirements Directive (CRD) in relation to bankers' remuneration (CRD III)
European Economic Area	European Banking Authority (formerly Committee for European Banking Supervisors (CEBS))	– In October 2010, the CEBS published draft guidelines on Remuneration Policies and Practices regarding the remuneration aspects of the CRD III legislative resolution on the implementation of the Basel III agreement on solvency
United Kingdom	Financial Services Authority (FSA)	– The FSA published the draft Remuneration Code in August 2010 – In December 2010, the FSA published the Final Remuneration Code (the Code) including prescriptive remuneration and governance principles to implement the CRD III and CEBS guideline – In April 2011, the FSA published further guidance on the implementation of the Code
Switzerland	Swiss Financial Market Supervisory Authority	– Draft circular setting minimum standards on the design, implementation and disclosure of remuneration systems in financial institutions
France	French Government	– Parts of the CRD III incorporated into French law and the Ministry of Finance Regulations
Germany	German Government and BaFin	– New federal legislation implementing the remuneration provisions in CRD III through the German Remuneration Code
<b>United States</b>		
United States	United States Government	– The Dodd-Frank Wall Street Reform and Consumer Protection Act was signed into law. Provisions relate to executive compensation and corporate governance – say on executive pay, new compensation committee requirements, clawback, additional compensation disclosures and enhanced corporate governance – The Special Master for Troubled Asset Relief Program (TARP) Executive Compensation announced the conclusion of his review of executive pay, making voluntary proposals recommended for wide adoption – In January 2011, the Securities and Exchange Commission (SEC) adopted final rules implementing Section 951 of the Dodd-Frank Act, relating to shareholder approval and disclosure of executive compensation and 'golden parachute' compensation arrangements
United States	Seven US federal regulatory agencies including the SEC	– Draft rules were proposed to implement s956 of the Dodd-Frank Act (prohibits incentive-based compensation arrangements that encourage inappropriate risk taking by covered financial institutions and are deemed to be excessive, or that may lead to material losses)
<b>Asia</b>		
Hong Kong	Hong Kong Monetary Authority	– Principles-based guidance on remuneration and governance was announced which follows the Financial Stability Board (FSB) Standards closely
Singapore	Monetary Authority of Singapore	– Consultation paper was issued incorporating the FSB principles for sound compensation practices
China	China Banking Regulatory Commission	– Supervisory guidelines on compensation of commercial banks was proposed which is largely compliant with FSB principles
Korea	Financial Supervisory Service	– Compensation and corporate governance guidelines were issued which are broadly in line with FSB principles
Japan	Financial Services Agency	– Indications are that Japan will follow FSB principles