

FINANCIAL SERVICES ACT 2010

EXPLANATORY NOTES

COMMENTARY ON SECTIONS AND SCHEDULES

Remuneration of executives of authorised persons

Section 4: Executives' remuneration reports

58. This section gives the Treasury the power to make regulations requiring the preparation of a report disclosing information on the remuneration paid to officers and employees of a person who is an authorised person under FSMA and to others with a specified connection to the authorised person. Quoted companies are already required to produce and publish a directors' remuneration report detailing all monies paid to executive and non-executive directors. This section gives the Treasury power to expand the disclosure regime beyond quoted companies, and to employees who are not directors.
59. *Subsection (1)* gives the Treasury power to make regulations on executive remuneration reports.
60. *Subsection (2)* defines "executive remuneration report" for the purposes of this section.
61. *Subsection (3)* lists the type of persons who can be considered to be executives for the purposes of the executives' remuneration report. They include any individual who has a connection with the authorised person which is specified in the regulations made by the Treasury. *Subsection (4)* provides further information on who may fall into this last category and makes it clear that the Treasury is able to require the disclosure of information in relation to remuneration given to individuals providing services to an authorised person who are not employees of that person.
62. *Subsection (5)* means that the Treasury can make regulations imposing disclosure requirements on a class of authorised person defined in the regulations. "Authorised person" is a term which encompasses a wide range of financial institutions and individuals in the financial services industry. Regulations may be made in relation to one or more sections of the financial services industry.
63. *Subsection (6)* provides that regulations made under this section must be made using the affirmative resolution procedure.