



# Financial Services Remuneration

## The new challenges

Cavendish Conference Centre, London W1

At the beginning of October, the FSA published its finalised guidance on the Remuneration Code, setting out the Authority's plans for monitoring implementation of the Code until and during the 2011/12 annual remuneration round.

For both Tier One and Tier Two, Three and Four firms, the guidance includes information about how the remuneration policy relates to risk assessment, ICAAP and European Central Bank policy on data collection. Most importantly, it gives an indication of the supervision process that will come into play and how this will work in terms of Arrow visits.

Meanwhile, on 21st July, the Alternative Investment Fund Managers Directive (AIFMD) entered into force and member states have two years to implement its provisions. The AIFMD will impose restrictions on the structure and form of remuneration that a relevant firm can provide to certain categories of its employees. Whether or not particular AIFM employees are affected will depend largely on their impact on the risk profile of the AIFM. However, in broad terms this will include senior management, risk takers and those in control functions.

Nor should financial institutions and fund managers think that these are the only parts of their organisations which tightening remuneration policy will affect. Many politicians and other stakeholders see the incentives offered to sales staff as key mover behind the irresponsible inflation of executive pay. The provisions under TCF (Treating Customers Fairly) relating to sales standards in Retail Distribution Review, for instance, will have kickback effect on compensation and reward far beyond the IFAs.

This conference will embrace all these issues. Its sessions will tackle the probable detail of the scrutiny and enforcement of the FSA code and present the experience of firms that exists to date. They will examine the implementation of the AIFMD and how this and the FSA code will affect asset managers, hedge funds and investors. They will look at sales incentives and the RDR. They will also seek to assess the consequences of these developments on employment law, the long term incentive policies of financial services firms and therefore on their strategies and business models.

The sessions will be as follows:

- Keynote address
- The FSA Remuneration Code: scrutiny and enforcement
- The experience of implementing the FSA Code
- Employment law issues
- The challenges for asset managers and investors
- The AIFM and its implications for remuneration
- Sales incentives
- The future of compensation for financial services companies

This event should be attended by the senior management of all financial institutions, particularly chief operating officers, heads of compensation, benefits and reward, heads of human resources, heads of internal audit, heads of compliance, legal, tax specialists, in-house counsel and their legal and financial advisers. This should also include chief operating officers of hedge funds and their HR advisers.

### Chairmen

**Morning: Oliver Lodge**, Managing Director, OWL Consulting Ltd

**Afternoon: Paul Fontes**, Partner, Eversheds LLP

### Speaker panel

**Richard Burger**, Partner, Regulatory Practice, RPC LLP  
**Caroline Carter**, Partner, Ashurst LLP  
**Janet Cooper**, Partner, Tapestry Compliance LLP  
**Tom Gosling**, Partner, PricewaterhouseCoopers LLP  
**Julian Ingleby**, Vice President, McLagan and former Head of Executive Reward, RBS  
**Nigel Mills**, Director, MM & K  
**David Paterson**, Head of Corporate Governance, NAPF  
**Katie Russell**, Senior Associate, Herbert Smith LLP

**John Terry**, Partner, PricewaterhouseCoopers LLP  
**Robert Talbut**, Chief Investment Officer, Royal London Asset Management  
**Randal Tajer**, Head of Compensation and Benefits, Nomura  
**Lex Verweij**, Head of Europe, McLagan  
**Sam Whitaker**, Counsel, Shearman & Sterling LLP  
**Andrew Wylie**, Partner, Nabarro LLP  
**Alistair Woodland**, Partner, Clifford Chance LLP

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Founded in 1966, McLagan is a global management consulting firm that focuses exclusively on the financial services industry. Their compensation consulting services help their clients align pay systems with their business and human resource strategies.

While the scope of this work varies, we are skilled at working with organisations to:

- Provide data supported compensation advisory services to senior management and their board of directors
- Better understand the relationship between compensation costs and key business metrics (AUM, revenues and profits) and how this compares with peer firms
- Design annual, long-term, and sales incentive plans
- Interpret and respond to increasingly complex remuneration regulations

As part of AON Hewitt we are uniquely equipped to help our clients in the financial sector design, execute and govern remuneration in an increasingly regulated and global environment. McLagan works with nearly all financial sector companies around the world from offices in the US, Europe and Asia.

## Forthcoming events

### **City Week 2012: The International Financial Services Forum - Opportunities and Challenges in a Rapidly Changing Global Marketplace**

**Monday, 6th to Wednesday, 8th February 2012**

**Queen Elizabeth Conference Centre, London SW1**

Building on the success of last year's inaugural event, which attracted more than 650 delegates from 40 countries, City Week is now firmly established as the premier international event of its kind. *CityWeek 2012* will bring together senior representatives from both the providers and users of international financial services worldwide in order to discuss the key challenges facing the industry globally. It consists of three days of cutting edge conferences and seminars, exclusive social gatherings and both formal and informal networking events.

#### **Confirmed speakers include:**

**Rt Hon William Hague MP**, Foreign Secretary

**Mark Hoban MP**, Financial Secretary to the Treasury

**Hector Sants**, Chief Executive of the FSA and Chief Executive Designate of the Prudential Regulatory Authority

**Jin Liqun**, Chairman of Supervisory Board, China Investment Corporation

**Vitor Constancio**, Vice President, European Central Bank

**Jim O'Neill**, Chief Economist, Goldman Sachs

**Chris Salmon**, Executive Director for Banking Services and Chief Cashier, Bank of England

**David Wootton** (candidate to be the next Lord Mayor of the City of London)

**John Nelson**, Chairman Designate, Lloyd's of London

**Verena Ross**, Chief Executive of the European Securities Market Association

**Paulo De Sousa Oliveira**, Chief Executive, BRAIN (Brazil Investments and Business)

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## Conference Programme

**08:15 Coffee and registration**

**08:55 Morning chairman's opening remarks**

**Oliver Lodge**, Managing Director,  
OWL Consulting Ltd

**09:00 Public policy and executive remuneration in the financial services industry**

**Speaker to be confirmed**

**09:30 The FSA Remuneration Code: drafting a compliant remuneration statement**

**Katie Russell**, Senior Associate,  
Herbert Smith LLP

**10:00 The FSA Remuneration Code: scrutiny and enforcement**

**Caroline Carter**, Partner, Ashurst LLP

**10:30 Morning coffee**

**10:50 The experience of implementing the FSA Code:**

**I) Alistair Woodland**, Partner, Clifford  
Chance LLP

**II) Janet Cooper**, Partner, Tapestry  
Compliance LLP

**Julian Ingleby**, Vice President, McLagan  
and former Head of Executive Reward, RBS

**11:40 The experience of implementation**

**Lex Verweij**, Head of Europe, McLagan

**12:10 Employment law issues**

**Paul Fontes**, Partner, Eversheds LLP

**12:40 Lunch**

**13:50 The challenges for asset managers and investors**

**Nigel Mills**, Director, MM & K

**David Paterson**, Head of Corporate  
Governance, NAPF

**Robert Talbut**, Chief Investment Officer,  
Royal London Asset Management

**John Terry**, Partner,  
PricewaterhouseCoopers LLP

**14:40 The AIFMD and its implications for remuneration**

**Andrew Wylie**, Partner, Nabarro LLP

**15:10 Afternoon tea**

**15:25 Sales incentives**

- the 'route of all evil'
- impact of the Retail Distribution Review

**Richard Burger**, Partner, Regulatory  
Practice, RPC LLP

**15:55 The future of compensation for financial services companies**

Consequences of developments for  
strategy, the business model and long  
term incentive plans

**Presentation**

**Tom Gosling**, Partner,  
PricewaterhouseCoopers LLP

**Panel discussion**

**Randal Tajer**, Head of Compensation and  
Benefits, Nomura

**Lex Verweij**, Head of Europe, McLagan  
**Sam Whitaker**, Counsel, Shearman &  
Sterling LLP

**16:45 Afternoon chairman's closing remarks**

**Paul Fontes**, Partner, Eversheds LLP

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