

FINANCIAL SERVICES ACT 2010

EXPLANATORY NOTES

COMMENTARY ON SECTIONS AND SCHEDULES

Remuneration of executives of authorised persons

Section 5: Executives' remuneration reports: supplementary

64. This section details supplementary provisions in relation to section 4.
65. *Subsection (1)* makes it clear that the Treasury can make provision regarding the information which is required to be included, the manner in which the information is presented, and what information has to be audited.
66. *Subsection (2)* provides that the Treasury may require the executive remuneration report to contain any information corresponding to information which quoted companies could be required to include in directors' remuneration reports by regulations made by the Secretary of State under section 421 of the Companies Act 2006. The requirements for directors' remuneration reports are currently set out in Schedule 8 to the [Large and Medium-sized Companies and Groups \(Accounts and Reports\) Regulations 2008 \(S.I. 2008/410\)](#). The Treasury may also require the disclosure of comparative information, such as the ratio between the highest and lowest paid employees.
67. *Subsection (3)* provides that the Treasury can require executive remuneration reports to be filed with registrars of companies or the FSA, and provides that the FSA may publish reports filed with it.
68. *Subsection (4)* provides that regulations made by the Treasury may apply any provisions made in or under the Companies Act 2006 in respect of directors' remuneration reports to executive remuneration reports, with appropriate modifications. Under *subsection (5)* this includes provisions creating offences for failure to comply with the requirements for directors' remuneration reports. However, it also makes it clear that the Treasury may not impose stricter penalties for offences applied to executive remuneration reports than the original offence in relation to directors' remuneration reports.
69. Under *subsection (6)* the Treasury may provide that any requirements imposed on authorised persons in the regulations are to be treated as requirements imposed on that person under FSMA. The result of such a provision would be that, if the authorised person contravened a requirement under the regulations, the disciplinary powers of the FSA under FSMA would apply, and the FSA would be able to take action against the authorised person in question.
70. *Subsection (7)* defines terms in sections 4 and 5 for the purposes of these sections.