

## Banking - Norway

### Regulator proposes new bank remuneration rules

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The Financial Supervisory Authority has proposed to amend Norway's capital requirements regulations by incorporating provisions on remuneration and bonuses in financial institutions. The regulator considers that measures to counter remuneration arrangements which increase risk in the financial markets are an important part of the international industry regulation.

The proposal contains regulations for banks, other financial institutions, investment services firms and management firms for securities funds. Among other things, it imposes requirements to publish details of the remuneration of directors and officers who may have an impact on the risk profile of their institution.

The general publication requirements include:

- information on the adoption of remuneration principles, including bonus schemes;
- the principles for such remuneration and information on the connection between remuneration and results; and
- criteria for allocation.

Larger banks would be required to appoint a compensation committee, which would make all decisions on compensation.

The regulator has also issued guidelines for remuneration and compensation schemes which, among other things, require that (i) a minimum of 50% of bonuses consist of shares or similar instruments connected with the institution, and (ii) at least 40% of bonuses be withheld for a minimum of three years. If a bonus is considered particularly significant in size, a minimum of 60% must be withheld. Bonuses may be paid only if they are consistent with the financial situation of the institution and are considered reasonable in relation to both the entity's results and the employee's performance. If the institution reports a decline in its results, this will result in a considerable reduction in bonuses.

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