



To Fast Facts List:

## **Fast Facts: EXECUTIVE COMPENSATION**

### ***Changes Made Post-Crisis***

**FACT:** 100% of surveyed Roundtable companies reported that their executive compensation practices had been significantly reformed since 2008, according to a 2011 Financial Services Roundtable membership survey.

**FACT:** Every single surveyed Roundtable company reported that they had a compensation committee at the Board level.

**FACT:** Surveyed companies reported many other executive compensation reforms they had undertaken over the last three years, all without legislative or regulatory requirement, including:

- **Instituting maximum payout caps** (87% of companies)
- **Having clawback provisions in place** (83% of companies)
- **Improving risk management** (77% of companies)
- **Introducing new performance metrics** (69% of companies )
- **Restricting stock awards** (52% of companies )
- **Instituting new performance reviews** (45% of companies )
- **Creating stock holding requirements** (41% of companies )
- **Developing new bonus formulas** (38% of companies )
- **Increasing base salary and linked performance to stock** (31% of companies )

**FACT:** [The Federal Reserve released its horizontal review of incentive compensation practices](#) in October 2011, as mandated by the Dodd-Frank Act. The Federal Reserve concluded that large banking organizations have indeed made *significant progress* toward enhancing their incentive compensation arrangements.

**FACT:** In its study, [the Federal Reserve concluded that:](#)

- The largest banks are already at or above Dodd-Frank proposed guidelines for executive compensation (to defer 50% for 3 years);
- Senior executives have more than 60% of their incentive compensation deferred on average;
- Some of the most senior executives have more than 80% deferred;
- Deferral periods generally range from three to five years, with three years the most common.

# THE FINANCIAL SERVICES ROUNDTABLE



## *Financing America's Economy*

As always, please do not hesitate to contact Abby McCloskey, Director of Research at the Financial Services Roundtable, at [abbyresearch@fsround.org](mailto:abbyresearch@fsround.org), or Scott Talbott, Senior Vice President of Government Affairs, at [scott@fsround.org](mailto:scott@fsround.org).