

Oversight committee puts bank pay and bonuses in the spotlight

With the recent announcement that Bank of Ireland have appointed from within the organisation an internal candidate as Chief Executive, Mr. Richie Boucher, it is timely that an independent committee established by the Government to monitor the remuneration packages for Senior Executives of Ireland's Banks is finalising the report.

Under the Credit Institutions (Financial Support) Act, 2008 ("the Act") the Minister for Finance, Brian Lenihan formed the Covered Institution Remuneration Oversight Committee ("CIROC") to review the pay and bonus structures at each of the six Covered Institutions covered under the €400 billion state guarantee, to report back to the Minister with a set of recommendations.

CIROC comprises three members appointed by the Minister and each Institution must prepare a plan to structure the remuneration packages of directors and executives to ensure compliance with the Act. The Covered Institutions are also prohibited from providing "Golden Parachutes" i.e. termination payments to their Directors for the duration of the Scheme.

An institution in the scheme had six weeks in which to report to CIROC on executive remuneration and bonuses including share options if applicable. Where the Minister considers that Covered Institution has not complied with the Act's requirements, CIROC may direct the Covered Institution to amend the remuneration plan to ensure compliance is achieved.

After consideration of the Report by the Cabinet, the Minister will bring forward proposals regarding remuneration and bonuses (including share options) for senior management.