Vol 20 No 8 **September 2009**

it's our business

newspad of the Employee Share Ownership Centre

Economic crisis hits Eso, but good news for EMI

The number of companies using UK mainstream approved all-employee share schemes fell last year by ten percent, according to the Office of National Statistics.

During the tax year ended April 5, 2008, the number of companies using SAYE-Sharesave schemes fell from 780 to 700, while the number using the Share Incentive Plan (SIP) declined from 940 to 860, said ONS.

Overall, the number of companies using either SAYE-Sharesave or SIP, or both, slumped from 1530 in the financial year 2006-07 to 1380 in 2007-08. The fall in take-up of the discretionary company share option plan (CSOP) between the two years was much steeper - a 23 percent decline in the number of companies using CSOP from 2450 to 1880 by April last year, when the financial crisis, the decisive factor in the Eso slump, had taken hold:

• Share prices collapsed dramatically, pushing many SAYE option contracts deeply underwater (ie the market share price fell far below the original option strike price, making it pointless to pour more savings into the original contracts)

• Tens of thousands of employee shareholders became ex-participants when they lost their jobs, either through company closures or payroll cuts

• The Treasury and HMRC slashed bonus savings rates as the Bank of England base rate plummeted in the wake of the crisis, making it much less attractive to save in a SAYE Sharesave scheme.

But there were some rays of sunshine amid the gloom, especially for the restricted stock options based Enterprise Management Incentive (EMI) scheme.

Firstly, the number of UK companies offering any kind of tax advantaged employee share scheme rose during the same year from 10840 to 11330, a new record. This was due to the soaring popularity of the EMI, which was being operated by **9110** companies in April last year, one thousand more than the number of company users in the preceding year.

Secondly, the government announced a change in the EMI rules whereby a qualifying company's activities will no longer have to be wholly or mainly in the UK. From next year, a qualifying company will be only required to have a permanent establishment in the UK, which will help SMEs with substantial overseas activities to recruit highly skilled UK-based staff. It will allow UK tax-paying staff of overseas SMEs that have a permanent workforce in the UK to benefit from EMI. The change will appear in the Finance Bill 2010 and should take effect from 6 April. Thirdly, the European Commission has finally agreed to grant EMI State Aid approval until April 2018.

Moreover, on the broader canvas, the tide could be about to turn, suspects Judith Greaves, head of tax at Pinsent Masons. "We are seeing companies looking again at existing HMRC approved plans and implementing new ones with a view to giving employees the opportunity to benefit from the tax reliefs available. My impression is

From the Chairman

Unsurprisingly, recently released official statistics reveal that the take-up levels in the major UK approved employee share ownership schemes are under pressure due to the credit crunch and subsequent economic crisis. Both the older SAYE-Sharesave share options based scheme and its newer cousin, the share based Share Incentive Plan (SIP), are losing participants. As numbers dip, it becomes proportionally more expensive for companies to carry on operating the schemes, no matter how committed employers may feel about the Eso concept. What's to be done?

It's high time the government stepped in to safeguard the future of broad-based employee share ownership and that does not necessarily mean having to forgo vast amounts of taxpayers' cash.

Two things to do now are to allow employee share scheme participants a longer holiday from savings contributions, especially for SAYE-Sharesave contracts, and to permit SIP participants to cash in their shareholdings with full tax relief after three, instead of five years, as at present.

The Centre would like to hear from members what else they would like to see done at official level to maintain and ultimately boost employee share ownership.

As I mentioned last month, the government's share options based Enterprise Management Incentive scheme for SMEs was a creative masterstroke, which has enabled thousands of small companies to hang onto clever talent, by incentivising them without draining vital corporate cash reserves.

Malcolm Hurlston

that many companies believe share incentives continue to play a very important part in their plans for the future."

As market sentiment improved during the most recent quarter (Q2-09), some employers have started to feel more comfortable about the medium-term outlook for share prices and more ready to look again at employee share scheme provision.

There was no disguising a slump in the popularity of SAYE-Sharesave last year. Only 520,000 employees received options in SAYE schemes during 2007/08, down from a peak of 1.3m who were awarded SAYE options in 2001/02, according to ONS. Only 300,000 employees exercised their SAYE Sharesave options last year, compared to 400,000 in the previous year. The cost of income tax relief to the Treasury of Sharesave dived from £310m in 2006-7 to just £130m in 2007-8.

The number of employees who were awarded, or bought, shares in the SIP fell last year too, from 3.88m (06/07) to 3.03m (07/08). The statistics suggest that tens of thousands of SIP participants may have lost money last year (on paper at least) because whereas 380 companies issued partnership shares, which employees had to buy, only 200 companies issued free SIP shares, while 240 issued matching shares. In addition, redundancy and/or company takeover increased the number of SIP participants who potentially faced losses on foreshortened schemes.

The Centre believes the Government should do more to boost take up of the schemes, including improving the very low interest rate cuts they now offer on employee savings. The Centre has been pressing ministers to allow SAYE participants to take up to a full year's holiday from an existing savings contract, in view of the growing number of financially hard-pressed UK households. At present, participants are barred from further contributions in a specific SAYE scheme once they have not saved for six consecutive months.

The recession could not halt the spectacular rise of the EMI – no fewer than 2830 companies granted fresh EMI options during the year ended April 5 (07) to a total of 26,400 employees, by no means all of whom were senior executives. The number of employees who exercised outstanding EMI options rose to 8,800 during the year, compared to 7,400 in the previous year. The average value of the shares over which EMI options were granted rose to £300m or £11,500 per head, said ONS and the tax relief granted in 2007/08 under EMI amounted to £240m. Only relatively small companies can qualify for the EMI scheme, because they must have a Gross Asset Value of not more than £30m. The maximum value of the pool of outstanding EMI options a qualifying company is allowed to use is £3m and individuals can hold no more than £120,000 worth of unvested EMI option holdings. Under standard approved Eso tax treatment, the employee pays income tax and NI contributions on any gain, whilst the employer pays NI contributions too, but under EMI, both employees and employers are exempt from this tax liability.

Sharesave allows employees of qualifying companies to save up to £250 a month for three/five or seven years. At contract maturity, employees can use the money they have saved to take up their share options at the original strike price – discounted by up to 20 percent of the market price. If employees decide not to buy the shares, because their options remain under water, they can get their money back, with tax-free interest added.

EMI admin moves to Nottingham

The administration of Enterprise Management Incentives and Venture Capital schemes has been transferred from Cardiff to Nottingham. The new address and contact details for Small Company Enterprise Centre administration office are: Small Company Enterprise Centre HM Revenue & Customs, 1st Floor Ferrers House, Castle Meadow Road, Nottingham NG2 1BB Telephone: 0115 974 1250 Fax: 0115 974 2954

On the move

David Pett has retired from Centre member law firm Pinsent Masons after 26 years and is setting up an independent practice to advise on all aspects of employee incentives. His practice will be known as *David Pett & Co* and has been granted regulatory approval. His office is in the Colmore Plaza building in Birmingham city centre. Judith Greaves has taken over the reins as head of share plans at Pinsents, following David's departure and she will remain based in Leeds.

Pinsents has regained its number one ranking in Hemscott's latest quarterly table of law firms by number of AIM Clients. Pinsents has 55 AIM clients, five more than DLA Piper and Lawrence Graham, who are in equal second place. Pinsent Masons was also ranked top in the Industrial Clients section with 21 clients.

Heat rises over bankers' bonuses

The UK's political parties were unusually united in their condemnation of the Financial Services Authority for having allegedly let the bankers off the hook over their controversial bonus reward packages. The FSA ceo Hector Sants came in for a media mauling after the Authority toned down many of its earlier proposals for taming 'excessive' bonus rewards in the banking sector. Chancellor of the Exchequer, Alistair Darling, said the continued paying of banking bonuses was unacceptable in the current climate and that the government would change the law and "toughen things up" with new rules that would cover the whole banking system, and not just banks bailed out by the taxpayer. Under Treasury plans, the FSA would have new powers to rein in bonuses. Large City bonuses should be outlawed in banks that have received any government guarantee, according to shadow chancellor, George Osborne, who implied during a *Guardian* interview that a future Tory government would act to curb pay excesses across the financial services industry. "It is totally unacceptable for bank bonuses to be paid on the back of taxpayer guarantees," he said. "It must stop." Most banks had benefited from programmes such as the Bank of England special liquidity scheme and various lending guarantees that have together put an estimated £1.2 trillion of public money at risk to support the banking system. "These banks need to live in the real world, where the UK is in a deep recession, and where the taxpayer has spent billions of pounds, not just bailing out failed banks, but also underpinning the rest of the banking system," he said. "There are hundreds of billions of pounds of guarantees in existence: guarantees provided by the taxpayer to all banks, to guarantee inter-bank lending and the like. The reason those guarantees are in place is not so the bankers can pay themselves large bonuses.

• The pressure group Compass, a coalition of campaigners, union leaders and academics, urged the government to set up a body to monitor 'excessive' pay. It suggested imposing a maximum pay ratio, where the top earner at a company would never earn more than a certain multiple of the lowest earner.

• The Association of British Insurers believes the voluntary code of conduct proposed by seven leading pay consultants to curb excesses falls short of what is required and fails to acknowledge potential conflicts of interests. The ABI said it would call for a more aggressive stance when it publishes its official response to the Walker Review.

• Executives at Britain's top companies last year still received cash bonuses exceeding 50 percent of the maximum sum possible, despite the downturn, the Financial Times reported. It cited a report by Hewitt New Bridge Street, which revealed that although almost 90 percent of the FTSE 100 firms suffered share price declines last year, 20 percent of them awarded 90 percent of maximum bonuses. David Tankel at Hewitt said the picture again raised the question of whether pay and performance were properly linked. He added that if companies continued to pay hefty bonuses despite expected declines in financial performance, investors might challenge bonus structures and insist on greater disclosure.

• Directors of the Royal Bank of Scotland were criticised for paying a £7m 'golden hello' to hire a star banker in the latest reward controversy. RBS, rescued by a massive public bailout, offered the multi-million pound one-year guaranteed pay and bonus deal to poach bond trader Antonio Polverino from US rival Merrill Lynch. The signing-on fee of another senior RBS employee was unveiled too: Brian Hartzer, poached from Antipodean bank ANZ to become ceo of RBS's UK retail and wealth divisions, was awarded 4.8m shares to replace incentives forfeited on leaving his former employer. This included 2m shares, currently worth almost £1m. These have no performance conditions outstanding and will start vesting from next October. In addition, he has been awarded 2.8m shares, with performance conditions attached, currently worth £1.3m. These will vest on 17 August, 2012.

• The ceo of Barclaycard, Antony Jenkins, was paid several million pounds in compensation for not receiving a promotion that he had been promised, revealed The Times. Jenkins was poached from Citigroup in early 2006 to run Barclaycard. At the time, he was promised a role on Barclays' executive committee, which comprises its most senior directors, but that never happened.

• In the US, Bob Benmosche, the new ceo of the taxpayer-supported insurer AIG, is to receive an annual salary of $7m, comprising $3m in cash and $4m in fully vested AIG shares. He will be eligible for a potential performance-related bonus of $3.5m, to be paid in shares vesting over several years. He will not get any severance pay, whatever the reason for his eventual departure.

The FSA admitted that it had watered down planned reforms to the bonus culture at banks for fear of an exodus of City talent.

• In contrast to earlier proposals, the regulator will allow banks to pay bonuses even when loss-making, provided the bonus is justified on other grounds. The idea of linking bonuses to the overall performance of a company, rather than the division in which the banker is employed, has been dropped.

• Another requirement that two-thirds of bonuses be deferred for three years, to align pay with performance, is now only an 'objective.' The regulator is no longer insisting that the majority of bonus payouts to individuals at firms will have to be deferred. It has instead changed the provision to 'guidance'.

• The regulator said the key change would be the removal of non-UK firms from the scope of the rules unless they are part of a group that contains UK banks and building societies that have total regulatory capital exceeding £1bn. As a result of this change, only 26 firms will be affected by the new rules, compared to 47 under the proposals set out in March.

• The FSA revealed that there would be a two month delay in implementing the new rules to 1 January 2010 as firms had complained of a lack of clarity about what they would be expected to do.

The policy document said the changes were due to: "concerns the code could have adverse competitive implications for the UK as a financial centre if regulators in other countries did not implement similar or even identical principles". However, an FSA spokesman said senior staff' at important institutions, including bankers below board level, will be subjected to the original rule, including three-year deferrals. "Our view is that this has not substantially changed," she said, adding the alterations were made to allow banks flexibility when setting pay for junior employees. Despite the differences between the final rules and March's consultation, the high-level principle of aligning risk and rewards remained intact, the FSA claimed. Multi-year guaranteed bonuses will be outlawed and remuneration committees will have to use risk-adjusted returns when calculating awards, in place of earnings per share.

The 26 banks, building societies and broker-dealers judged to be systemically important have until the end of October to submit their pay policy for clearance by the FSA. The rules take effect on January 1. The industry widely welcomed the announcement.

The **Turner Report** had suggested that bonuses should be deferred in order to reward long-term success instead of short-term risk-taking. It conceded that regulators' failure in the past to consider the effect of banks' remuneration on their risk-taking had been a mistake that had contributed to the financial crisis.

The **Walker Review of Corporate Governance** recommended in July that for both highly-paid executives and executive directors at least one half of variable remuneration offered in any financial year should be a long term incentive scheme, with vesting subject to a performance condition, with half of the award vesting after not less than three years and the remainder after five years. Short-term bonus awards should be paid over a three-year period with not more than one-third paid in the first year. Walker proposed that the vast majority of the recommendations should be enforced through inclusion in the Combined Code, said Clifford Chance.

The FSA will start scrutinising the way bankers are paid in general. "One of the measures we're announcing is a requirement for all UK banks to produce for us a clearly articulated pay policy and we will sign off on that," Mr Sants said. But as long as the overall remuneration policy was acceptable, the FSA would not be concerned with the question of individual staff payments. He said that as long as the overall amounts going on bonuses were not too much, the amount going to any individuals would be a matter for shareholders or the government. However, Sants said that he would not expect banks to agree year-on-year guaranteed staff bonuses.

One idea gaining ground was that banking executives should be required to commit a substantial proportion of their remuneration to buying shares in the bank at the prevailing market rate and keeping them for three years - instead of being awarded cash bonuses and additional free share options.

Almost 5,000 Wall Street bankers received bonuses of $1m or more in 2008, even though the wider economy suffered its worst year in almost seven decades. A scathing report into reward practices among America's largest banks found that US$32.6bn was paid out to staff at the nine banks which received $125bn of capital injections from the US Treasury last October. Andrew Cuomo, New York State's Attorney General, whose office compiled the report, alleged that there was no clear rhyme or reason to the way banks pay their employees. Around 4,800 bankers, traders and specialists received bonuses of $1m or more, often at banks with the biggest losses, the report revealed. Merrill Lynch, which was taken over by Bank of America on January 1, paid out $3.6bn in bonuses (including $1m+ bonuses to 700 employees), even though it lost $27.6bn last year. Goldman Sachs, criticised for the size of its potential 2009 bonus pot, paid out $4.82bn of bonuses, including 953 payments of at least $1m, last year. Mr Cuomo, who sent the report to the Congressional committee - which is already exploring Bank of America's purchase of Merrill Lynch and its $3.6bn bonus payments, said that bank pay has become unmoored from performance. Cuomo examined nine banks, their earnings, how much they received from the government and how much is shared with employees. "When the banks did well, their employees were paid well. When the banks did poorly, their employees were paid well. And when the banks did very poorly, they were bailed out by taxpayers and their employees were still paid well," he said.

The largest companies who received federal bailouts, including AIG, Bank of America, Citigroup and General Motors, gave US 'Compensation Czar' lawyer Kenneth Feinberg details of their top 25 earners' pay packages. He has 60 days to review them and can set pay guidelines if they breach his as yet unspecified parameters.

President Nicolas Sarkozy issued a stern warning to French banks over banking bonus packages. A political row erupted when his left-wing opponents said BNP Paribas' plan to pay large sums to its staff showed the government had failed to get a grip on the sector in the wake of the credit crunch. BNP received a €5.1bn loan to see it through the economic crisis, and its plan to pay huge bonuses has fuelled public anger while the dole queues continue to rise. France has championed new guidelines on bankers' perks – as agreed in outline by G20 leaders in April. But Banque de France chief Christian Noyer said the BNP Paribas plan had not breached the rules on incentives agreed at the London G20 summit. "From what we know so far, yes, in effect, it's in line with the G20 rules and we'll check this carefully," he told reporters. In April, the leaders of the world's biggest economies agreed to reform the bonus culture in banks which is seen as having fuelled a wave of risky derivatives trading in the run-up to the global credit crunch. Bonuses must no longer be guaranteed over several years and must be closely linked to the bank's overall performance, while their payment should be spaced out to take into account the lifetime of the financial instrument traded.

As the G20 summit loomed, President Sarkozy tried to get German Chancellor Angela Merkel to agree a united front on the bonuses issue. But Merkel is reluctant to see a cap being imposed on trader and executive bonuses. PM Gordon Brown said that bonuses should be geared to long-term success and should be clawed back if the performance proved to be illusory.

Newsflash: All three (Brown, Merkel & Sarkozy) signed a joint letter to other G20 leaders - ahead of the summit - setting out common ground between them, which includes a possible cap on the total amount - but not individual levels - of bonuses paid out by each bank every year.

Once the new principles were in force within the G20 nations, any bank which did not 'play by the rules' should have its licence to operate withdrawn by all member states, added the letter.

CONFERENCES & EVENTS

Esop Awards dinner – October 20: There are three finalists vying for the accolade of 'Best International Employee Share Ownership Plan 2009 Award' winner in the main category - for companies with more than 1,500 employees. The companies short-listed are Diageo; RSA (formerly Royal Sun Alliance) advised by Equiniti and finally SERCO, which is advised by Linklaters. Its all-employee plan is administered by Equiniti. The winners and runners up will be announced during a Centre black-tie reception and dinner at the Oriental Club, London W1 on Tuesday 20 October. The Guest of Honour will be Shadow Treasury minister Mark Hoban MP. The 2009 entries were examined by a panel of judges led by Centre chairman Malcolm Hurlston. Telecity, whose lead adviser is Capita Share Plan Services, will receive its award certificate for winning the Esop Award SME section for the second year running. To book your place - or a full table for your organisation - at the awards dinner, please contact Anna Burgess, the Centre's Deputy Director, at 020 7436 9936 or email her at: aburgess@hurlstons.com. Co-sponsorship opportunities are still available for this event.

Share schemes for SMEs conference – **November 24**: The Esop Centre, in association with the Genesis Initiative, will hold a one-day share schemes conference in London for small & medium size busineses (SMEs) on Tuesday November 24. Centre member law firm Travers Smith has kindly offered to host this event in its HQ building at: 10 Snow Hill, London, EC1A 2AL This conference will commence at 0900 hrs and will run until 16.45. The Genesis Initiative speaks for 800,000 small enterprises. The speakers include : **Colin Kendon**, Bird & Bird; **Mahesh Varia**, Travers Smith; **Catherine Gannon**, Gannons; **Guy Abbiss**, Abbiss Cadres; **Maoiliosa O'Culachain**, Global Shares; **David Craddock**, D. Craddock Consultancy Services; **Robert Postlethwaithe**, Postlethwaite & Co; **Sara Cohen**, Lewis Silkin and **Malcolm Hurlston**, chairman, Esop Centre. The Centre members' delegate fee to attend this event is £350 (+VAT). This fee covers lunch, tea and coffee during networking breaks, admission to conference sessions, and a bound delegate handbook. Please contact Anna Burgess if you wish to co-sponsor this event. Anna's phone number is as above, or email her at: aburgess@hurlstons.com. To book, please contact esop@hurlstons.com. In your email please include the names and contact details for each delegate and an invoice will be issued. Alternatively you can phone us on 0207 436 9936.

An apppeal for speakers has been launched for the World Centre's Eleventh Global Employee Equity Forum, which takes place on **Thursday February 4** and **Friday February 5** next year at the **Steigenberger Belvedere Hotel** in **Davos**. Among the early confirmations as speakers in Davos were David Pett and Malcolm Martin from Australia, who thinks the Oz selectors picked the wrong bowlers for the recent Ashes tour. Please visit the Centre website for more details: www.hurlstons.com/esop and click onto 'events' and 'news.'

The Centre's 22nd annual conference takes place on **Thursday July 8 and Friday July 9** (2010) in the **Majestic Hotel, Cannes**. Please contact Fred Hackworth by email: fhackworth@hurlstons.com if you wish to speak at either (or both) event(s) and if you wish to co-sponsor part of the conference.

COMPANIES

Societe Generale again invited employees to buy its shares at a favourable price - Euros 27 per share - and 59,000 out of 174,000 eligible present and past employees from 62 countries subscribed a total Euros 291m. This year employees in 14 additional subsidiaries were given the chance to subscribe for the first time. In France itself 73 percent of those eligible to participate did so. More than 82,000 past and present Societe Generale employees are company shareholders, holding 8.2 percent of the total issued stock. This makes Soc Gen the fourth highest employee shareholding company within the French CAC40.

Trustees attack UK-Liechtenstein tax info exchange

A row broke out after HMRC signed a deal with Liechtenstein to start exchanging information about an estimated £3bn worth of offshore accounts held there by about 5,000 British investors. They will be offered the chance to volunteer details of their accounts in return for penalties capped at ten percent of tax evaded over the past decade. HMRC said that those who failed to make a full disclosure would have their accounts closed down and risk losing all their savings. "Those who have been evading UK tax on assets held in Liechtenstein banks must now settle with us," said HMRC permanent secretary for tax, Dave Hartnett. Liechtenstein came under pressure last year after a 'deep throat' sold the German government a list of citizens whom it did not know had money deposited there.

But some in Liechtenstein's financial sector were very critical of the deal, which went further than the tax agreements the Alpine state has made with Germany and the US. "What we seek is a level playing field for all countries and that's why we oppose the agreement," said Clemens Laternser, deputy md of the Liechtenstein Trustees Association. "It goes beyond the OECD standards on tax transparency and we don't see the point of it. Why should Liechtenstein give more than other countries are prepared to give?" he demanded.

Even so, the scope of the proposed information exchange is limited, because Liechtenstein will not be handing over account holders' bank details to the UK authorities. It has agreed only to ask uncooperative UK investors to move their money elsewhere. Banks and financial intermediaries in Liechtenstein will be obliged to identify UK resident clients (individuals and companies), who will then have 18 months to prove they are/are not UK residents, are fully UK tax compliant, or have notified their intention to make and in due course have made full disclosure under the Liechtenstein Disclosure Facility. If those terms are not met, the banks will need to stop acting on their behalf, explained Alvarez & Marsal Taxand.

Meanwhile, HMRC won a court order to force more than 300 banks to hand over details of UK based customers with offshore accounts. It is trying to recoup £500m of unpaid tax from offshore investors during the next four years. Mr Hartnett urged those with unpaid tax liabilities to make a full disclosure during the New Disclosure Opportunity (NDO), otherwise the Revenue would use information provided by the 300 banks to pursue people who continued to flout UK tax laws. Under NDO rules, people who make a complete and accurate disclosure will qualify for a reduced ten percent penalty on unpaid tax liability. HMRC would not reveal the banks' identities, but said they were "foreign banks and smaller British banks".

Switzerland signed a deal with the US tax authorities on behalf of Swiss banking giant UBS, which will hand over the details of 4,450 accounts held by US citizens with UBS in Switzerland. These accounts once held $18bn in assets, though many may already have been closed down by UBS under pressure from the US, which claimed that some account holders were guilty of major tax evasion. About 150 US citizens who have bank accounts with UBS were already being investigated for suspected tax evasion. Their names and account details were given to the US tax authorities earlier by UBS after months of negotiations. But the US Internal Revenue Service later said that it wanted far more names and pursued UBS (and its US clients) and another, as yet unnamed, Swiss bank over the identities of up to 52,000 wealthy US clients alleged not to have paid due tax to the IRS. However, UBS and the Swiss government won a significant concession, because the *final* agreement allows American UBS Swiss account holders to appeal to Switzerland's Federal Administrative Court against the projected unveiling of their identities and bank account details to the IRS.

After the initial US/Switzerland agreement last January to increase the amount of tax information they share, in order to crack down on tax evasion, hundreds of US account holders at UBS and other Swiss banks have voluntarily come forward to the IRS under an amnesty programme that requires payment of taxes and penalties as an alternative to prison.

Swiss banking secrecy appeared to crumble further when the French Budget minister Eric Woerth claimed he had a list of 3000 French people who had bank deposits in Switzerland totalling £3bn: what their account details were and how much money was deposited in each of them. His ministry hinted that most of the info had come from two unnamed banks with branches in France. The Association of Foreign Banks in Switzerland was sceptical about whether or not the two banks had broken Swiss banking security laws. However, the two banks would be caught by the French law that demands notification and identification of all French clients who make transfers overseas of more than Euros 10,000.

Mr Woerth announced that those named had until December 31 this year to 'regularise' their tax positions with the French Fisc in return for reduced tax penalties. Meanwhile, Italy was rolling out its third tax amnesty in nine years.

Last Spring, leaders of the G20 nations reached an historic agreement, aimed at forcing every country classed as a 'tax haven' to exchange tax information on request. The impact of falling tax revenues in the wake of the crisis was enough to galvanize G20 into action.

Final salary pensions winding up

The financial crisis fallout is forcing an increasing number of UK companies to close their expensive defined benefit pension schemes in favour of cheaper pension arrangements, new research has found. Half of UK companies expect to have closed their defined benefit (DB) schemes -- which guarantee a level of pension linked to their final salary -- to all employees by 2012, a survey by pension consultants Watson Wyatt showed. "More and more employers are taking a long, hard look at the risks they run through their pension schemes and saying: 'enough is enough'," said Rash Bhabra, head of corporate consulting at Watson Wyatt. "What was once seen as the nuclear option is starting to become the norm," he added. The one million employees still in DB schemes may have to rely on defined contribution or DC schemes, where they have to deal with the significant investment and mortality risks that employers used to bear, Watson Wyatt said. Falling equity markets, increasing longevity and new regulation have accelerated the trend of UK companies closing their expensive DB schemes in favour of cheaper DC schemes. Recently, IBM said it planned to close its final salary pension in the UK. Oil giant BP has said it would close its final salary scheme for new UK employees joining the company after April 2010, while Barclays said it would freeze its final salary pension scheme for UK staff. WW said its findings were based on more than 250 survey responses, which included many of the UK's largest employers.

The Accounting Standards Board published an amendment to FRS 20 (IFRS 2) 'Share-Based Payment' – dealing with group cash-settled share-based payment transactions. It clarified the scope of the standard and the accounting for group cash-settled share-based payment transactions in the individual financial statements of the company receiving the goods or services, when that company had no obligation to settle the share-based payments transaction. The amendment was similar to that issued by the International Accounting Standards Board (ASB) in June and maintains the equivalence between FRS 20 and IFRS 2. The ASB had issued a Financial Reporting Exposure Draft proposing the amendments in January last year and respondents in the UK and the Irish Republic supported the proposal to update the FRS. Entities are required to apply the amendments retrospectively for annual periods beginning on or after 1 January 2010.

The Employee Share Ownership Centre Ltd is a members' organisation which lobbies, informs and researches on behalf of employee share ownership.