



## Bonus buy-outs baffle bankers - The Times

By **Edward Fennell** - 2 July 2015

Sorting out the controversial matter of bankers' bonuses is never going to be simple and this has been borne out by the Financial Conduct Authority's and Prudential Regulation Authority's new rules on remuneration for the big beasts of the City.

Although the rules are pretty thorough they have, apparently, left unresolved the tricky question of how financial sector employers should treat bonus "buy-outs", according to GQ Employment Law, the specialist employment law firm.

Buy-outs are a way of compensating new hires for any unvested bonus which they are forced to leave behind when they move from their previous employer. The problem seems to be that a buy-out effectively undermines the use of deferred bonus payments which are applied if problems arise further down the line. Basically, by leaving one bank and collecting a compensation payment at a new bank all risk of subsequent adjustment back at the first bank is avoided.

No wonder then that the FCA and PRA are puzzling over how to deal with this.

If you are a subscriber to The Times, you can read the full article [here](#).