Hotline

Welcome to the June Hotline. All treasury professionals who are involved with the management of corporate treasury operations will find useful best practice and benchmarking information in the recent Ernst & Young survey on Treasury Operations conducted with the Association of Corporate Treasurers (ACT). Copies of the survey results are now available for download online at **www.treasurers.org**. For those looking to enhance their individual skills, the ACT is now launching its autumn programme of treasury training events. There are courses covering all the core areas of treasury knowledge, with a range of experience levels to suit all staff from treasury analyst up to the senior executive. Highlights for June include introductions to financial instruments accounting (10 June) and interest rate risk management (25 June). For more details, visit the Training area of the ACT website or contact mrahman@treasurers.co.uk. If you have any comments on any of the topics covered in Hotline, please contact technical@treasurers.co.uk. ■ *Sheelagh Killen, Technical Editor. skillen@treasurers.co.uk.*

RISK MANAGEMENT

Force majeure

The ACT believes that documentation, not legislation, will be key to corporates protecting their interests in the event of a major disruption to the UK financial markets.

In its response to HM Treasury's Green Paper on Operational Disruption (see April 2003 Hotline, p11), the ACT warned that the introduction of new legislation giving powers of intervention to government in the event of an emergency in the financial markets could damage the UK's reputation as a financial centre. Such a move could increase political risks of doing business in the UK, potentially be disregarded by EU and other overseas courts and lead to increased uncertainty. It might also cause the introduction of new systemic risks. If an interventionist approach was to be taken, it would need to be part of a joint initiative either across the EU or the G10 nations.

Instead, the ACT was of the opinion that the authorities should concentrate resources on educating corporate customers to the potential impacts of operational disruption and on encouraging them to ensure that documentation for their financial transactions adequately covered such eventualities. To this end, the ACT emphasised the importance of exchange and clearing rules dealing with operational disruption in a comprehensive and consistent manner. Corporate treasurers were also urged to regularly review bilateral contractual agreements. ■

*To view the ACT press release, visit **www.treasurers.org/technical/papers/disruptionpr.cfm** or, to download the pdf of the full consultation comment, go to **www.treasurers.org/technical/papers/resources/greenpaper-disruption.pdf**.*

US DERIVATIVES ACCOUNTING

FAS 133 updated

The Financial Accounting Standards Board (FASB) has issued Statement No. 149, an Amendment of Statement 133 on *Derivative Instruments and Hedging Activities*.

The Statement amends and clarifies accounting for derivative instruments, including certain derivative instruments embedded in other contracts, and for hedging activities under FAS 133. The amendments are intended to improve financial reporting by requiring that contracts with comparable characteristics be accounted for similarly. In particular, this Statement clarifies under what circumstances a contract with an initial net investment meets the characteristic of a derivative as discussed in Statement 133. In addition, it set outs the circumstances in which a derivative containing a financing component warrants special reporting in the statement of cashflows. Statement 149 amends certain other existing pronouncements. Those changes will result in more consistent reporting of contracts that are derivatives in their entirety or that contain embedded derivatives that warrant separate accounting. **www.fasb.org**. ■ *DB*

FINANCIAL ACCOUNTING

Beneficial interests

The Accounting Standards Board (ASB) has published a Discussion Paper exploring how the Statement of Principles can be best applied to 'Public Benefit Entities', which includes the charitable sector.

The Discussion Paper suggests that in many cases the fundamentals of accounting are the same as for profit-oriented entities although, in some areas, re-expression of the principles is required. Chairman of the ASB's Public Sector and Not-for-Profit Committee (PSNC), John Smith, commented that the Paper represents "a significant step forward by redefining the genre as 'Public Benefit Entities' and harmonising their financial reporting with the standards adopted by PLCs. We hope that the responses to this consultation will prove useful in helping us to develop guidance on applying accounting standards for Public Benefit Entities."

Comments on the Discussion Paper are requested by 1 August 2003. Copies of the document are available for £10 post-free from ASB Publications, 145 London Road, Kingston Upon Thames, Surrey, KT2 6SR (020 8247 1264). **www.asb.org.uk**. ■

Sharing opinions

The International Accounting Standards Board (IASB) has made available on its website copies of consultation comments received in response to its exposure draft ED2: *Share-based Payment*. The responses, which include that of the ACT, can be viewed at **www.iasb.org.uk**. ■

The press release and consultation paper issued by the ACT on FRED 31/ED2 on share-based payment can also be reviewed at ***www.treasurers.org/technical/papers/index.cfm#share-based***.

CORPORATE GOVERNANCE

Not for turning

ACT Chief Executive, Richard Raeburn, has urged the Financial Reporting Council (FRC) to stand firm in the face of recent opposition to the implementation of the findings of the Higgs and Smith Reports.

The recommendations contained in Derek Higgs' review of the role and effectiveness of non-executive directors and Sir Robert Smith's report on audit committees are to be introduced by the FRC into a revised version of the Combined Code. The proposals, which are undergoing a final consultation phase (see February 2003 Hotline, p11) have attracted criticism in recent weeks, including some adverse comment from other professional bodies including the Institute of Chartered Accountants in England and Wales (ICAEW). According to the ACT, "the FRC should seek to take constructive comments on the proposals generally, provided they do not re-open the main conclusions of the reviews. A robust attitude to preserving the main conclusions is desirable."

In particular, the ACT underlined its disagreement with a number of the ICAEW's consultation comments dated 1 April 2003, including the proposals for:

- the abolition of regular meetings of non-executive directors;
- the deletion from the revised Code of specific encouragement to ensure adequate executive representation on the Board;
- a broader wording of the provisions designed to ensure that directors disclose any potential conflicts of interest; and
- the deletion of references to management's responsibility in regard to the provision of "accurate, timely and clear" information.

However, the ACT and the ICAEW did find agreement on the level of detail to be reflected in the Combined Code. Both bodies looked for the Code to be published with the balance more on the principles and less on the detail. "The detail can so easily be seen as rules for box ticking rather than intelligent, good faith, application", reflected Richard Raeburn.

The ACT also added to its earlier consultation submissions on the Higgs and Smith Report by advising the FRC to allow more time for a further consultation phase on the final text by postponing implementation of the revised Code to July 2004. Reservations were also expressed on the proposed prohibition of the Chairman from chairing the Appointments Committee. Other ACT comments on the proposed draft of the Combined Code included views on public announcements regarding the resignation of directors, the facilitation of contact between directors and senior professional staff within the organisation and the independence of the company secretary and the head of internal audit. ■

The ACT press release on the FRC consultation can be accessed at ***www.treasurers.org/technical/papers/frcpr.cfm****, with the full text of the submission in pdf format at* ***www.treasurers.org/technical/papers/resources/frcresponse.pdf****.*

This month in treasury

TECHNICAL AREA	WHAT'S HAPPENING?	WHAT NOW?	WHAT NEXT?
■ FOR INFO			
CORPORATE GOVERNANCE	**ACT stands by Higgs.** ACT encourages FRC to resist major change to governance findings	**Read all about it.** See the item in Hotline or visit **www.treasurers.org** for the press release and consultation comment	**Looking back.** For more on governance issues, review the February 2003 Spotlight in *The Treasurer*
RISK MANAGEMENT	**ACT opposes interventionism.** ACT response to HM Treasury Green Paper on Operational Disruption	**More detail.** See the item in Hotline or visit **www.treasurers.org** for the press release and full text response	
EQUITY FINANCE	**UITF proposes treatment for treasury shares.** UITF draft Abstracts issued	**Comment.** If you have a view on the proposals, contact technical@treasurers.co.uk	**ACT event.** Look out for a forthcoming ACT conference on strategic opportunities offered by the new treasury shares regime
FINANCIAL ACCOUNTING	**IASB/ASB latest.** Updates on share-based payment and accounting for the not-for-profit sector	**Hotline.** See this month's Hotline or visit **www.asb.org.uk** and **www.iasb.org.uk**	**Working Group.** To review the ACT response on FRED 31/ED2 visit **www.treasurers.org**
DERIVATIVES ACCOUNTING	**FAS 133 under scrutiny.** FASB announces amendments to US derivatives accounting standard	**Find out more.** Visit **www.fasb.org** for more details	

EQUITY FINANCE

Accounting for treasury shares

The Urgent Issues Task Force (UITF) has now published its proposals for amendments to UK GAAP to take account of the new UK regime for treasury shares. The new regime will commence from 1 December 2003.

The UITF has issued for discussion a draft Abstract (Information Sheet 59) which sets out the requirement that treasury shares be accounted for as a deduction from shareholders' funds, rather than recorded as an asset. This is consistent with current international standards as described in IAS 32 *Financial Instruments: Disclosure and Presentation* and Statement of Interpretation (SIC) 16. A second draft Abstract (Information Sheet 60) covers proposed amendments to Abstract 13 *Accounting for ESOP Trusts* to ensure consistency of treatment between treasury shares and an entity's own shares held by an ESOP trust. The draft Abstract also contains a small consequential amendment to Abstract 17 *Employee Share Schemes*.

Copies of the Information Sheets can be downloaded from the ASB website at http://www.asb.org.uk/publications/publication414.html. Comments are invited by 19 June 2003 and treasurers' views are welcome at technical@treasurers.co.uk. ■

For an introductory overview of the new treasury shares regime, see Treasury Essentials, April issue, p17.

ACT WORKING GROUP CONTACTS

Euro Cash Pooling
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Ratings – SEC report
technical@treasurers.co.uk
Share Options
stephenpugh@economist.com
Pensions
technical@treasurers.co.uk
Derivatives Accounting
technical@treasurers.co.uk
Financial System Contingency planning
brian.welch@treasuryconsultancy.co.uk

For comments on Hotline or News please contact Sheelagh Killen at **technical@treasurers.co.uk**

News

TREASURY EDUCATION

ACT/ACCA alliance

The ACT is pleased to announce its strategic alliance with the Association of Chartered Certified Accountants (ACCA).

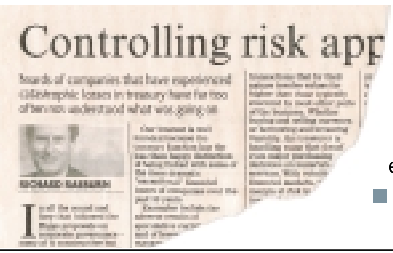
Under the agreement there will be a fast track route into ACT membership for ACCA Affiliates and Members, as material covered in the ACCA syllabus will not be re-examined by the ACT. As accountants, ACCA members automatically receive exemptions from four of the six AMCT papers. Now they will receive a further half paper exemption enabling them to sit one three-hour paper in Money Management and one abbreviated one-and-a-half hour paper in Corporate Finance and Funding.

This accelerated route is open to ACCA registered Affiliates and Members qualified in paper 14 (Financial Strategy) under the old ACCA syllabus, which was introduced in 1994, and paper 3.7 (Strategic Financial Management) under the new syllabus introduced in December 2001. ■

For further information please contact the ACT's education department on fasttrackhelp@treasurers.co.uk or +44 (0)20 7213 9728 or visit ***http://www.treasurers.org/qualifications/amctfasttrack.cfm****.*

See also Good news for treasury professionals*, p14.*

ACT in the news


Controlling risk app

An article by Richard Raeburn, Chief Executive of the ACT, on *Controlling Risk Appetite*, appeared in the *Financial Times*, Appointments section, on 1 May. In the article, Raeburn argues that it is essential for treasurers to be able to look to non-executive directors as a part of the control process.

■ *The article is available in full at* ***www.treasurers.org****.*

ACT TREASURERS' CONFERENCE 2004

By treasurers for treasurers

The ACT has announced that it will be launching a major treasury conference in Spring 2004. The conference is designed by treasurers, for treasurers, to shape the future of the treasury profession. It will address key issues that affect the treasury function and provide you with the perfect opportunity to listen to industry experts and network with peers.

With an established network of treasury, risk and cash management professionals, the ACT is ideally placed to develop and deliver a truly innovative programme. To register interest either as a delegate, sponsor, exhibitor or speaker simply email mrahman@treasurers.co.uk or call +44 (0)20 7213 9728. ■

CORRECTION

In the May issue of *The Treasurer*, we managed to get a couple of names and pictures mixed up. To clarify, **Jake Smith** of HSBC, who wrote the article *Online FX – STeP this way* (p26) is pictured left. **Gary Walker** of Wragge & Co., who wrote *Master Class in ISDA* (p17), is pictured right. Our apologies to both authors and our readers for any confusion.

CO-ORDINATION CENTRES

New rules

The European Commission has partly approved new rules for co-ordination centres, which will replace the existing scheme that was declared incompatible with the common market. The cost-plus method of determining the centres' taxable income and the way it will be applied have been agreed in principle. The Commission says the cost-plus method does not involve state aid – as the centres' taxable income is calculated on the basis of all their operating costs, to which an appropriate mark-up rate is applied – and cannot *per se* result in tax reductions.

But the Commission also expressed concerns over the apparent exemption from tax in Belgium of special advantages granted to co-ordination centres by other firms in the group. Such advantages (payment for services rendered by the centre at more than their market value, for example) are as a rule taxed automatically where the company receiving them is subject to the normal tax arrangements. The Commission also has doubts over the compatibility of the exemptions from withholding tax and registration duty on capital transfers to which only co-ordination centres (or the groups to which they belong) are entitled.
http://europa.eu.int. ■

PENSIONS

New guidelines for trustees

The Occupational Pensions Regulatory Authority (OPRA) has issued new guidelines for trustees of company-sponsored pension funds in the UK. OPRA says the guidelines, which come in a series of leaflets, mirror the move towards a new kind of regulation, with greater emphasis on education and support for trustees to ensure employer-based pension schemes are administered smoothly and efficiently.

The guidelines follow recommendations made in the Pensions Act 1995. Trustees new to the scene can glean advice on subjects such as what their roles demand, how to decide what is a suitable investment, and – unlikely these days – what should a trustee do if the scheme has a surplus? "A scheme is in surplus if its assets are more than its liabilities (usually assessed by an actuary). If the surplus goes beyond a certain level, you may have a duty to reduce it," warns an optimistic OPRA. **www.opra.gov.uk.** ☐*bfinance*

WORKING CAPITAL MANAGEMENT

More control please

Treasurers are confounded by their lack of influence over working capital procedures, according to a survey by Bank of America Global Treasury Services (GTS). Those treasurers who felt their company's working capital procedures were sub-standard associated that with a lack of influence by treasury over the payables, receivables and inventory processes, the survey found. In order to improve working capital management, more commitment from senior management will be needed, according to respondents.

One way to increase board awareness and win support for new projects may be through the implementation of new metrics to measure and demonstrate performance.

However, the survey found that the idea of basing incentives on liquidity metrics is not universal – 31% of treasurers said their company levied capital charges on inter-company lending, and only 45% tied cashflow targets to bonus calculations.
www.bankofamerica.com. ■

FORTHCOMING EVENTS

REGIONAL GROUPS

4 June 2003, 18.30, **South West**, Economic update.
Speaker: Mark Berrisford, HSBC. Venue: Arval PHH, PHH Centre, Windmill Hill, Swindon.

9 June 2003, 18.30, **Midlands**, FX structuring/risk management, hedging instruments and the euro.
Speaker: Richard Copper, Royal Bank of Scotland. Venue: Nationwide Building Society, Northampton.

12 June 2003, **London City**, Managing client relationships in a tight credit environment.
Speaker: Alan Thomas & Colin Smith. Venue: HSBC.
More details to be confirmed.

3 September 2003, 18.30, **South West**, Managing risk, Joint meeting with AIRMIC.
Venue: Royal Bank of Scotland Account Management Centre, 740 Waterside Drive, Aztec West, Bristol.

For more information, contact Anna McGee amcgee@treasurers.co.uk 020 7213 0719. Or check our website at **www.treasurers.org/members/region**

CONFERENCES & TRAINING

Workshop
5-6 June, **Treasury Security and Controls**

Training dates
11 June, **Principles of Currency Risk Management**
18 June, **International Payment and Collection systems**
19-20 June, **Corporate Governance and Risk Management**
20 June, **Introduction to Corporate Finance and Funding**
25 June, **Principles of Interest Rate Risk Management**

For further information contact Makayla Rahman mrahman@treasurers.co.uk.

In brief...

Citigroup Global Transaction Services has launched the latest version of CitiDirect Online Banking, with enhancements such as a web-based corporate banking and information delivery platform. CitiDirect clients can access netting, collections, liquidity management and multibank cash concentration services and initiate payment and trade transactions online. The system also supports WorldLink and the bank's CLS settlement services. **www.citigroup.com**. □

Siena, the TMS offered by **Eurobase Banking Solutions**, has a new web trading module that provides real-time online trading. It handles security, communication and web-specific data management using standard Siena software and has the added feature of load balancing software which ensures that the number of concurrent users is not limited by capacity constraints. **www.eurobase-systems.com**. □

The **Committee on Payment and Settlement Systems** (CPSS) has released the latest edition of its *Red Book*. The new edition is a further step in understanding the way payment systems, including securities settlement systems, work and contains significant revisions and enhancements on the previous edition. Coverage of segments and developments in payment systems and securities settlement systems has been broadened, and the new issue contains a chapter on international payment arrangements, in addition to individual country chapters. **www.bis.org**. □

FXall is adding functionality for money market instruments, and is launching an industry solution for prime brokerage. The first phase, which should be available in the Q3 this year, will allow users to confirm money market trades automatically within FXall's Settlement Center. The prime brokerage solution will provide real-time messaging through Trading Center and automatic notification of prime brokerage deals between banks through Settlement Center. **www.fxall.com**. □

Goldman Sachs Asset Management has launched a European version of its US Global Cash Services platform. The system offers a secure online centre for trading, reporting and research and can be integrated with a variety of in-house treasury systems. It gives clients access to institutional money market funds and direct fixed income securities. In addition, users can track online trades and real-time account information, integrate foreign exchange execution and trading, and connect to the bank's research and resources. **www.globalcash.gs.com**. □

The Loan Market Association (LMA) has launched a mark-to-market service for authorised members within the UK to request indicative average bid prices. It is accessible on the LMA website and will be available for UK institutions only for an initial three-month trial period. **www.lma.eu.com**. □

Principia Partners, which provides front-to-back office systems for global markets, has broadened its credit derivatives functionality. It now encompasses plain vanilla and exotic derivative instruments, including: credit default (CD) swaps, CD options, CD binary swaps, CD swaptions, credit-linked notes and basket credit derivatives. **www.ppllc.com**. □

Reuters has released the latest version of its Kondor+ risk management system, which includes an Open Trade function that lets users integrate third party and proprietary systems, including tailor-made modelling systems. **www.reuters.com**. □

Sophis has released Version 2.0 of VALUE, its fund and risk management solution for buy-side market participants, which includes enhanced fixed income and interest rate derivatives instrument coverage and real-time compliance management. It also offers automated reconciliation with administrators and prime brokers. **www.sophis.net**. □

SunGard Treasury Systems and **ABN AMRO** have set up an alliance to offer SunGard's corporate clients access to ABN AMRO cash management services. The partnership will offer users of SunGard systems straight-through processing of a range of payment and reporting services by integrating SunGard's eTreasury eXchange (eTX) secure messaging network with the ABN AMRO GlobalGateway service. **www.sungardtreasury.com**. **www.abnamro.com**. □

SOURCES

bfinance	www.bfinance.co.uk

The News section was compiled by Denise Bedell. Press releases should be addressed to mhenigan@treasurers.co.uk.

TREASURY MARKETPLACE

Good news for treasury professionals

Two new salary and compensation surveys for 2002 have been released, which both show positive results for the average UK corporate treasurer.

The first, from Robert Walters, found that the market for treasury professionals has not been as badly affected as other areas over the last few quarters. According to the firm, this is mainly because of the nature of treasury operations: small teams with specialist roles. The group says salary levels should remain stable with little growth in 2003, although exceptional candidates are still demanding a premium. Base salaries are lower for senior executives, but the overall package is improved with better share options, bonuses and employee benefits.

Cash management, treasury manager and treasury accountant level position are most in demand, and there is a constant demand for qualified accountants with the ability to implement the new accounting standards. The corporate market is still more buoyant than the investment banking market and candidates with corporate experience will find it easier than those with banking experience to secure a position in this current market. The group says most organisations are now looking at the ACT qualification as a standard: candidates should either be ACT qualified or be willing to take the exams. Practical experience, combined with professional qualifications is also still very much sought after.

A second survey by Greenwich Associates, focusing on compensation, found that for finance professionals in the UK, average total cash compensation increased 8%, from €118,000 to €128,000. And within the 531 cash management professionals surveyed in Europe, average total cash compensation increased nearly 5% from €95,000 in 2001 to €99,000 in 2002. The group says salary increases made up most of these increases, with average salaries rising by almost 6% from €77,000 to €82,000, while bonuses increased marginally from €17,000 to €18,000. Among the 190 cash management professionals surveyed in the UK, average total cash compensation increased nearly 7%, from €108,000 to €116,000. **www.robertwalters.com**. **www.greenwich.com**. ■

CAPITAL ACCORD

Basel II update

The third consultative paper on Basel II has now been issued by the Basel Committee on Banking Supervision. Comments received on the proposals will affect final modifications to the capital adequacy framework outlined in the accord. The consultation gives a summary of the framework and changes to the proposal since the last release. The committee is still aiming for a completion date in the fourth quarter of this year, and implementation in member countries by the end of 2006. Countries are already developing draft rules that would integrate Basel capital standards with national capital regimes. Comments on the paper must be in by 31 July 2003. **www.bis.org**. ■

PAGE 15

CARILLION AD

LETTERS

RAMP

I read with interest the various articles on Risk Management in the May edition (particularly those by Luca Giuliani of PricewaterhouseCoopers, p36 and Mark Bayley of London & Continental Railways, p39) and thought I would draw the following item to your attention.

Risk Analysis and Management for Projects (RAMP) is a process which has been developed by a joint working party of the actuarial and civil engineering professions, for the purpose of evaluating and controlling risk in major projects.

The parties involved include representatives of The Institution of Civil Engineers, the Faculty of Actuaries and the Institute of Actuaries. The ACT has been invited to join this working party as RAMP evolves. RAMP has been recommended by HM Treasury as a tool for identifying and managing risk.

The RAMP process is concerned not only with the construction phase of a project, important though that is. It covers the entire life-cycle of the asset, with regular reviews at key points and a system for control of those risks which remain. It includes not only 'hard' projects involving the construction of a physical asset, but also 'soft' projects such as the acquisition of a business or the launch of a new product or service, or the running of an existing long term business activity.

Although RAMP was developed with major projects in mind, its principles are also applicable to smaller projects. The depth of analysis might well be curtailed for such projects, and simplifying assumptions may be made, but the thought process required is identical.

There are other similar risk processes being promulgated, for example, Risk Management Standard developed by three major risk organisations in the UK as explained in David Gamble's article in the December 2002 edition of *The Treasurer*. This is downloadable from AIRMIC's site **www.airmic.com**. In addition the ACT published *The Management of Corporate Risk – a framework for directors* back in 1998. Consequently, companies can choose from a variety of methodologies those which are most relevant to their situation.

My personal view is that any finance staff who are also involved with risk management activities outside treasury will benefit from looking at the RAMP handbook which is simple, logical and concise. More details on RAMP can be found on the official website **www.RAMPrisk.com** and details on how to purchase the RAMP handbook (cost £30) can be found there. ■

Yours faithfully
David Tilston, FCT
ACT Council Member and Chairman of the Education Committee

Value in risk

I thoroughly enjoyed Mr. Giuliani's *Causes for concern* in the May issue of *The Treasurer*, p36. It is interesting to see how our perceptions have evolved over time in response to events. I also enjoyed the attributes of a world class risk management culture. However, I think a couple of points alluded to in the article are worthy of expansion and greater emphasis. First, whether or not a risk should be managed depends on the cost of managing it and the harm to the firm of not managing it.

Some risk management is a good buy in the insurance, capital or derivatives markets, some is not. One of the ways treasurers earn their pay is in being able to make the judgement as to which risks can be shed cost-effectively and which should be retained. In addition, some risks simply are not significant enough to the firm to warrant management, even if marginally cost-effective.

Second, risk management must be cognisant of shareholders. They own the firm's stock because they want exposure to certain risks. For example, a shareholder of a commodity producer may want exposure to commodity prices, or a shareholder of a bank may want exposure to interest rate spreads. If we remove the risks by locking in prices or margins, we have merely turned our stocks into bonds, and this is not what the shareholder wanted. Management of the firm's primary business risk would likely lead to a clientele shift and share price underperformance.

Third, looking at risk holistically, there is a relationship between business risk and financial risk. A firm with high business risk can reduce its overall risk with a conservative capital structure; a firm with low business risk can afford to take on more financial risk. This is why oil exploration companies have little debt, and electric utilities have a lot. A firm with high business risk with an aggressive capital structure has a great overall risk and should command a high cost of equity and a lower share price, other things being equal. ■

C A Potter, FCT
Manager, Affiliate Finance, Exxon Mobil Corporation

Letters to the editor...

commenting on previous articles are always welcome. We also welcome opinion pieces or articles designed to stimulate debate among ACT members and other readers of *The Treasurer*. Contributions should be addressed to Mike Henigan, Managing Editor, at **mhenigan@treasurers.co.uk**. □

Percentages...

Share option plans continue to lead executive incentives. According to a share ownership and incentives survey by Pinsent Curtis Biddle, within the FTSE 350 the grant of executive share options remains the favoured form of share incentives. **www.pinsents.com**. □

UK companies not compliant. According to a global study by Greenwich Associates, most UK corporates are not compliant with international accounting standards requiring mark-to-market tracking of the value of interest-rate derivatives. While the US is at full compliance when it comes to FAS 133, its international equivalent, IAS 39, is less commonly practiced. **www.greenwich.com**. □*bfinance*

UK tops in transparency. According to a report by Standard & Poor's, corporate governance, transparency and disclosure of information is highest among corporates in the UK, the Netherlands and France. **www.governance.standardandpoors.com**. □