



Corporate Governance Report 2017

FMA Executive Board and Supervisory Board Report pursuant to
the Federal Public Corporate Governance Code (B-PCGK)

The Federal Public Corporate Governance (B-PCGK) passed by the Federal Government on 30 October 2012 was subjected to a review, in which several affected departments were involved, based on experiences gained in practice as well as new legal provisions. The amendments and supplements have been incorporated into the Public Corporate Governance Code 2017 (B-PCGK 2017). The B-PCGK was passed by the Federal Government on 28 June 2017 and applies from the 2017 financial year, with the aim of making corporate governance and supervision more transparent and verifiable as well as to clarify the role of the government and the entities of the government as stakeholders.

In accordance with point 3.4.3, the definition of “state-owned enterprises” also includes “public-law institutions (...) as defined in Article 126b of B-VG that are subject to supervision by the federal government”. Additionally, pursuant to point 4.1, the B-PCGK applies to state-owned enterprises with more than ten employees or annual income of EUR 300 000 unless such application is prevented by statutory regulations that are binding on the enterprise concerned. The Code contains rules that are mandatory, which are denoted by a "K", as well as "Comply or Explain" rules, denoted by a "C".

The Austrian Financial Market Authority (FMA) falls within the intended scope of the Code as envisaged by the Federal Government. The FMA’s statutory bodies avail themselves of this opportunity to commit to the terms of the B-PCGK in their area of responsibility insofar as the Code’s application is not limited by specific statutory rules, notably the Financial Market Authority Act (FMABG; Finanzmarktaufsichtsbehördengesetz).

1 DECLARATION BY THE EXECUTIVE BOARD AND SUPERVISORY BOARD OF THE FMA

1.1 DECLARATION

The Executive Board and Supervisory Board of the FMA, in their capacity as the FMA’s statutory bodies (management and supervisory body), commit to the principles enshrined in the B-PCGK and declare that, as of the end of the 2017 financial year, the applicable rules of the B-PCGK that are not superseded by provisions of the FMABG have been met in their respective areas of responsibility. The terms of the B-PCGK shall also be deemed to be observed provided that the reasons for any deviation are explained.

In keeping with this, the following deviation from an applicable C rule is explained and justified.

1.2 DEVIATION

Pursuant to C rule 8.3.3.1 a D&O liability insurance policy may be concluded for the members of the management body and/or the oversight body.

No D&O liability insurance policy has been concluded for the members of the Supervisory Board of the FMA.

2 DECLARATION BY THE EXECUTIVE BOARD AND SUPERVISORY BOARD OF THE FMA

2.1 THE FMA'S EXECUTIVE BOARD

The FMA is headed by Helmut Ettl, born on 23 August 1965, and Klaus Kumpfmüller, born on 29 November 1969.

Helmut Ettl was appointed for the first time on 14 February 2008 and reappointed on 14 February 2013. His current term of office ends on 13 February 2018. Helmut Ettl has been reappointed for a further term with effect from 14 February 2018. Klaus Kumpfmüller was appointed for the first time on 14 February 2013. His current term of office ends on 13 February 2018. Klaus Kumpfmüller has been reappointed for a further term with effect from 14 February 2018.

The appointment, term of office as well as the duties of the Executive Board of the FMA are described in Articles 5 to 7 FMABG.

Neither of the Executive Board Members perform any mandates in the oversight bodies of other entities.

In accordance with the legal mandate, the FMA has taken out an insurance policy for its bodies and employees. The policy terms do not include a deductible of “at least 10% of the claim up to a maximum of one and a half times the annual remuneration of the manager concerned” (K-8.3.3.2).

2.2 THE FMA'S SUPERVISORY BOARD

Composition of the Supervisory Board of the FMA:

<i>Vorsitzender</i> Mag. Alfred Lejsek (BMF)		
<i>Vorsitzender-Stellvertreter</i> Gouv. Univ.-Prof. Dr. Ewald Nowotny (OeNB)		
<i>Mitglieder</i>		<i>Kooptierte Mitglieder</i>
DI Dr. Gabriela De Raaij (OeNB)	MMag. Elisabeth Gruber (BMF)	WP Dr. Walter Knirsch (WKO)
Vize-Gouv. Mag. Andreas Ittner (OeNB)	Dr. Beate Schaffer (BMF)	Dr. Franz Rudorfer (WKO)

Mr. Lejsek, born in 1959, was appointed for the first time on 01 September 2001. His current term of office ends on 31 August 2021.

Prof. Nowotny (Governor, OeNB), born in 1944, was appointed for the first time on 12 September 2008. His current term of office ends on 31 August 2021.

Mr. Ittner (Vice Governor, OeNB), born in 1958, was appointed for the first time on 01 September 2001. His current term of office ends on 31 August 2021.

Dr. De Raaij, born in 1968, was appointed for the first time on 01 February 2014. Her current term of office ends on 31 August 2021.

Mrs. Gruber, born in 1967, was appointed for the first time on 18 September 2017. Her current term of office ends on 31 August 2021.

Mr. Perner, born in 1979, was appointed for the first time on 1 April 2014 and was a member of the FMA's Supervisory Board until 15 September 2017.

Dr. Schaffer, born in 1959, was appointed for the first time on 01 July 2013. His current term of office ends on 31 August 2021.

Co-opted Members:

Dr. Rudorfer, born in 1960, was co-opted on 05 October 2012, and has been part of the Supervisory Board ever since.

Dr. Knirsch, born in 1945, was co-opted on 06 September 2005, and has been part of the Supervisory Board ever since.

None of the members of the FMA's Supervisory Board is a member of a committee of the Supervisory Board of the FMA, as no supervisory board committees have been formed.

No professional indemnity insurance exists for the member of the supervisory board (cf. Chapter 1.2).

3 FUNCTIONING OF THE EXECUTIVE BOARD AND THE SUPERVISORY BOARD OF THE FMA

3.1 EXECUTIVE BOARD

In accordance with Article 5 para. 1 FMABG, the FMA Executive Board is a collegial body comprising two persons. Pursuant to Article 5 para. 2 of the FMA's Rules of Procedure, the Executive Board takes decisions by unanimous vote.

There is no provision for an allocation of responsibilities among the managers (K-15.2.3). In accordance with Article 3 of the FMA's Rules of Procedure and regardless of the deputising arrangements set out in these Rules, the Executive Board bears collective responsibility.

Article 10 para. 2 FMABG defines what activities and measures require the approval of the Supervisory Board.

3.2 SUPERVISORY BOARD

4 Supervisory Board meetings took place during 2017.

- 13 March 2017
- 31 May 2017
- 29 September 2017
- 30 November 2017

The focus of the activities of the Supervisory Board in 2017 at its meetings was as follows:

At every meeting a report was given pursuant to Article 6 para. 5 FMABG about the general performance of the financial market and the conduct of supervision during the reporting period.

These reporting points are addressed by the FMA's Quarterly Report and the corresponding fixed agenda points in the Supervisory Board meetings.

At every meeting a report was given pursuant to Article 16a para. 3 FMABG about the subject matters that have been audited and the findings of the Internal Auditors. The head of the Internal Audit attended the Supervisory Board meeting in March 2017.

Pursuant to Article 10 para. 2 FMABG the following require the approval of the Supervisory Board:

- The financial plan to be drawn up by the Executive Board including the investment and staff plan;
 The financial, investment and staff plan for 2018 pursuant to Article 17 FMABG was approved in the Supervisory Board meeting on 30 November 2017.
- Investments, which have not been authorised in the investment plan, as well as the taking out of loans which exceed EUR 75 000;
 In 2017, one investment pursuant to Article 10 para. 2 no. 2 FMABG was approved by the Supervisory Board in its meeting on 31 May 2017.
- The acquisition, disposal and encumbrance of real estate;
 No real estate was acquired or disposed of in 2017, and no encumbrance.
- The annual financial statement to be drawn up by the Executive Board;
 The audited annual financial statement was approved by the Supervisory Board in its meeting on 31 May 2017. In the meeting of the Supervisory Board on 30 November 2017 the appointment of the auditor for the annual financial statement and the calculation of the costs of the FMA pursuant to Articles 18 and 19 FMABG and for the balance sheet and the income statement of the Resolution Financing Arrangement pursuant to Article 123d para. 2 BaSAG in conjunction with Article 18 FMABG for the years 2018-2020 was proposed and approved.
- Rules of Procedure pursuant to Article 6 para. 2 FMABG and amendments thereto;
 An amendment to the Rules of Procedure was approved by the Supervisory Board in its meeting on 30 November 2017.
- The Compliance Code pursuant to Article 6 para. 2 and amendments thereto;
 An amendment to the Compliance Code was approved by the Supervisory Board in its meeting on 30 November 2017.
- The appointment of FMA employees to management functions directly subordinate to the Executive Board (second management level) as well as their dismissal and termination of employment;
 In the meetings of the Supervisory Board on 13 March 2017 and 31 May 2017 as well as by circular decision on 19 July 2017 proposals for the extension or appointment in management functions or management functions directly subordinate to the Executive Board were proposed and approved.
- The annual report to be drawn up pursuant to Article 16 para. 3;
 The Annual Report was approved by the Supervisory Board in April 2017.
- The conclusion of collective labour agreements and works agreements
 No collective labour agreements or works agreements were concluded during the course of 2017.

No member of the Supervisory Board failed to attend more than half of the meetings of the Supervisory Board during 2017.

4 REMUNERATION OF THE EXECUTIVE BOARD AND SUPERVISORY BOARD MEMBERS

The remuneration of the two Executive Directors of the FMA consists solely of fixed components (no variable components are budgeted) and amounted to EUR 263,589.90 before taxes per director and year in 2017.

The costs of contractual old-age pension contributions for the Executive Directors are EUR 21,087.22 per person.

Remuneration paid to the six voting members of the Supervisory Board (unchanged since the FMA was established in 2001) comes to a total of EUR 15,300.00 per annum. The amount can be broken down as follows:

- Chairperson: EUR 3,600.00
- Vice-Chairperson: EUR 2,900.00
- Member: EUR 2,200.00

The remuneration of the members appointed by the Oesterreichische Nationalbank is not paid to the members themselves but to the Oesterreichische Nationalbank, in accordance with the terms of their employment contracts. The members co-opted by the Austrian Economic Chambers do not receive any remuneration.

5 CONSIDERATION OF GENDER ISSUES

The FMA actively pursues an equality policy and is committed to equal opportunities regardless of an individual's gender, skin colour, nationality, political persuasion or sexual orientation. It works actively and on a sustained basis to ensure that its working environment is free from discrimination and conducive to equal opportunities, promoting a culture of recognition and mutual respect. Since 1 January 2014, the FMA has been subject to the rules of the Federal Law on the Equal Treatment of Men and Women (B-GIBG; *Bundesgleichbehandlungsgesetz*).

5.1 NON-DISCRIMINATION

In the application of the B-GIBG the plan regarding the promotion of women was finalised for 2017-2022 and is constantly monitored.

The B-GIBG targets gender equality both among staff members as well as for managerial positions. On the basis of the family-friendly working conditions at the FMA, the gender equality target for staff members has already been achieved in a stable manner for a long time.

The high proportion of women in managerial positions in the FMA, of 40%, is an encouraging signal that the FMA may be in a position in the near future to meet the target of gender equality in the filling of the managerial positions. Since it is currently not possible to predict which positions will require filling in the near future as well as the candidates (both male and female) who will apply for those positions, it is also therefore not possible to set a concrete date when the 50% target for women in managerial positions will be achieved. Progress is, however, continuously being made, by taking the following measures.

It is intended in the current plan for the promotion of women, when allocating thematic expertise, working in international committees and working groups that female employees working on a part-time basis are in particular considered. The measures that have been decided upon are being implemented involving colleagues from the specialist departments.

Over and above the requirements of the B-GIBG, the FMA also strives to maintain a proportion of over 50% of women in the Specialist Career Programme (*Fachkarriere*).

5.2 GENERAL GENDER ASPECTS

In terms of gender-neutral language all job advertisements, announcements and publications published by the FMA are either gender-neutrally formulated or contain a gender-neutrality disclaimer as applicable. All advertised positions explicitly welcome female applicants to apply.

5.3 PROPORTION OF WOMEN IN THE FMA EXECUTIVE BOARD AND SUPERVISORY BOARD AND IN EXECUTIVE POSITIONS

In accordance with Article 6 FMABG, the members of the FMA's Executive Board are appointed by the Federal President on the basis of proposals from the Federal Government. There are currently no women on the Executive Board.

The FMA's Supervisory Board is appointed by the Federal Minister of Finance pursuant to Article 8 FMABG, with the exception of the co-opted members. The Oesterreichische Nationalbank shall name persons for the function of deputy chairperson as well as two additional members of the Supervisory Board. In addition, the Supervisory Board shall co-opt two members named by the Austrian Economic Chambers; however, they shall have no voting right. As at 31 December 2017, the proportion of women on the Supervisory Board was approximately 40% (three women out of eight members).

As at 31 December 2017, 40% of all executive positions (including Executive Board members, Managing Directors of Departments, Heads of Divisions and Team Leaders) at the FMA are held by women. Across the FMA as a whole, women account for 55% of the staff.

In addition to, and irrespective of, the drawing up of the plan regarding the promotion of women pursuant to Article 11a B-GIBG, during the appointment process for senior management positions, attention is already paid to ensure that preference is given to female applicants holding the same level of qualifications as their male counterparts, since there is currently still a considerable gender imbalance at this level.

In this regard, the ratio of female to male applicants is disclosed to all employees of the FMA following each successful appointment of senior executives.

6 COMPATIBILITY OF CAREER AND FAMILY

The basic workandfamily ("*berufundfamilie*") audit certificate expired in October 2016. Following approval by the FMA Executive Board, the FMA initiated a re-auditing process directly thereafter.

In January 2017 the existing relevant issues for the audit process relating to family and management were discussed in a strategy workshop along with the strategic objectives and all areas requiring action from the previous audit.

In the subsequent audit workshop, held in April 2017, further measures and objectives were discussed and defined together with a selected group of staff members representing all the FMA's departments, and also involving the works council.

The list of objectives prepared at that workshop, which as the focus of the re-audit process form the material basis for being awarded the full "*workandfamily*" audit certificate, was presented to the Executive Board in August 2017 for approval, and was able to be submitted to the Audit Board following a positive appraisal by an external certification body. As a final step, the Audit Board awarded the full audit certificate.

The entire audit process was once again accompanied by the company KiBiS assuming the role of the auditor.

The FMA was presented with the full certificate at an awards ceremony on 14 November 2017 by the Austrian Minister for Families and Youth.

The full package of family-friendly measures contained in the list of objectives are to be implemented within the next three years.

7 EXTERNAL EVALUATION OF COMPLIANCE WITH THE RULES OF THE FEDERAL CORPORATE GOVERNANCE CODE

In November 2017, a legal practice was instructed by the FMA to evaluate the FMA's compliance with the Rules in the Public Corporate Governance Code.

According to the review performed by the external auditor, the FMA complied with the rules set out in the B-PCGK for the evaluation period from 1 January 2013 until 31 December 2017.