3. EXECUTIVE compensation, and especially the big bonuses that characterized Wall Street pay in recent years, has come in for a great deal of criticism as financial markets have melted down – particularly given the massive government aid many financial institutions have received. Bail-outs have frequently come with strings attached, limiting advising against lavish pay packages. But so far, little progress has been made on attempts to claw back bonuses already paid, to traders earning millions of dollars while their desks approached the precipice.

But on this score, UBS is proving itself quite innovative: 'Just as bonuses (Latin for "good") are paid out for good performance, maluses ("bad") will be meted out if the bank subsequently makes losses or if the employee misses performance targets, UBS said. The maluses could wipe out all previously agreed share bonuses and two thirds of all cash bonuses under stringent new rules designed to align the interests of executives and traders with those of shareholders.

I'd say that the primary result of such a rule would likely be the quick departure from UBS of anyone able to find work elsewhere, but the *Times* story quoted above notes that UBS is pulling out the legal stops to see if it can hand 'maluses' to employees who have already left the firm.