R

ecently, the Securities and Exchange Commission SEC, the authority from United States that oversees the financial institutions and other agents in the country has approved a rule related to companies whose financial statements are misleading and were supporting the bonus for high executives within the public companies. The SEC states about the rule: [*To adopt listing standards that require issuers to develop and implement a policy providing for the recovery of erroneously awarded incentive-based compensation received by current or former executive officers. The final rules require a listed issuer to file the policy as an exhibit to its annual report and to include disclosures related to its recovery policy and recovery analysis where a recovery is triggered. The Commission proposed compensation recovery rules in 2015 and reopened the comment period on the proposal in October 2021 and again in June 2022.*](https://www.sec.gov/news/press-release/2022-192)

Beyond the importance of the rule, which clearly increases the market confidence as the President Biden points out and the responsibility that overlies from the economic perspective of the accounting firms’ shoulders, there is an additional topic to analyze: “Ethical behaviors” within the financial world.

The key questions are: Are the agents and institutions around the globe “ethical enough” to face a daily routine that is always asking for solutions? What is the “ethic” being taught?

As the new rule exemplifies, there are always efforts from authorities and the academic world to solve ethical issues. Let’s take a look at another rule approved the SEC that is [clearly looking to increase the diversity within publicly traded companies](https://www.wsj.com/articles/nasdaqs-board-diversity-proposal-faces-sec-decision-11628242202). The rule, forces companies to include different type of executives based on their gender and origin. Is this enough to increase diversity? Is this new rule fair enough with the former executives?

And know the most controversial investigation conducted by the Wall Street Journal: [*“Federal officials working on the government response to Covid-19 made well-timed financial trades when the pandemic began—both as the markets plunged and as they rallied—a Wall Street Journal investigation found”.*](https://www.wsj.com/articles/covid-washington-officials-stocks-trading-markets-stimulus-11666192404) *Were the regulations enough to limits this trades?*

And finally, to not exclude mentioning the climate change and the new “era” of financing through green/blue bonds: *the green washing* that describes green financing provided to support environmental projects where the resources were allocated to projects [with different financial destinations.](https://www.wsj.com/articles/man-behind-earth-day-says-theres-too-much-greenwashing-11650662507) Again, are the regulations strong enough to tape down this unethical behaviors?

As an important conclusion, not everything that is under the law limit is ethical, so this gap is supporting [the legitimacy crisis](https://www.usatoday.com/story/money/business/2022/06/28/ey-fined-sec-ethics-exam-cheating/7758708001/) that the current system is facing. The way, and purpose, that ethics is being taught could be redefine by just accepting that this a subject that you can learn at home during the childhood and not from the codes of ethics that won´t never have an enough scope.

*Juan Carlos Bohórquez*