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Macquarie's Top Finance Executive to Exit Amid Executive Pay Uproar and Regulatory Scandals

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Macquarie Group's long-serving Chief Financial Officer (CFO) Alex Harvey is stepping down at the end of the year, marking a turning point for the Australian investment giant as it faces rising pressure from shareholders over high executive pay and persistent compliance failures.

Harvey's departure, set for December, ends a 28-year tenure with the company. The announcement was made as part of Macquarie's quarterly update ahead of its Annual General Meeting (AGM) in Sydney. The timing coincides with a wave of investor discontent, with the firm confronting what could be its first-ever "strike" vote, where at least 25% of shareholders reject the company's remuneration report. This would mark an unusual development, underscoring increasing concern over executive accountability.

The primary concern from shareholders stems from what many see as excessive executive pay in light of a series of regulatory breaches. Two major proxy advisory firms, CGI Glass Lewis and Ownership Matters, both of which guide institutional investors on governance issues, have criticized Macquarie's leadership for failing to adequately scale back bonuses and incentives, despite significant legal action by financial watchdogs.

The Australian Securities and Investments Commission (ASIC) has initiated legal proceedings against Macquarie Group in the New South Wales (NSW) Supreme Court, accusing the firm of misleading market operators by misreporting millions of short sales over 14 years, from 2009 to 2024. This latest suit brings the tally to four regulatory actions by ASIC against Macquarie-related entities since early 2023.

Earlier this year, ASIC also placed restrictions on Macquarie's Australian Financial Services License (AFSL) following compliance issues in its derivatives trading operations, which contributed to investor unease.. Despite these red flags, executive compensation has remained elevated, an issue that's now become impossible for shareholders to overlook.

At the center of the controversy is Shemara Wikramanayake, Macquarie's Chief Executive Officer (CEO) and the highest-paid corporate executive in Australia. In the fiscal year ending March 31, she earned $24.03 million, only slightly below the $25.3 million she received the previous year. Stuart Green, who leads Macquarie Bank, also drew scrutiny over his pay.

Ownership Matters said the firm's attempts to reduce payouts to both Wikramanayake and Green fell short, given the scope and seriousness of the regulatory issues. Meanwhile, CGI Glass Lewis labeled Macquarie's reaction to its compliance failures as lacking both in transparency and substance.

The situation has raised broader questions about corporate governance and accountability within Australia's financial sector. For years, Macquarie has been seen as a blue-chip player, often admired for its global reach and robust performance. But the recent string of legal challenges and the stubbornly high compensation levels have damaged that reputation.

As Macquarie prepares for its AGM, pressure is building for real reform, not just symbolic pay cuts or vague promises of improved compliance. Investors are demanding concrete action and greater alignment between executive rewards and long-term company responsibility. Whether the board listens or simply attempts to weather the storm remains to be seen.

With Harvey’s exit, the bank has an opportunity to reset its approach, potentially rebuilding credibility and addressing shareholder concerns.. If it fails to act decisively, more shareholder revolts may follow, further eroding investor trust in one of Australia’s most prominent financial institutions.