



BANK OF ENGLAND
PRUDENTIAL REGULATION
AUTHORITY



Consultation Paper | PRA CP17/14 • FCA CP14/19

CRD IV: data collection on remuneration practices

September 2014

Prudential Regulation Authority
20 Moorgate
London EC2R 6DA

Prudential Regulation Authority, registered office: 8 Lothbury, London EC2R 7HH.
Registered in England and Wales No: 07854923

Financial Conduct Authority
25 The North Colonnade, Canary Wharf
London E14 5HS



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Email: cp17_14@bankofengland.co.uk by 17 October 2014.

The Financial Conduct Authority (FCA) also asks for comments on this consultation paper by 17 October 2014. Comments can be sent using the form on the FCA website at: www.fca.org.uk/your-fca/documents/consultation-papers/cp14-19-response-form.

Or in writing to:

Rachel Davies
Policy Division
Financial Conduct Authority
25 The North Colonnade, Canary Wharf
London E14 5HS
Telephone: 020 7066 1000
Email: cp14-19@fca.org.uk

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You can download this consultation paper from the FCA website: www.fca.org.uk.

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1 Introduction

1.1 This consultation paper (CP) sets out proposed changes to the Prudential Regulation Authority (PRA) and the Financial Conduct Authority (FCA) remuneration data reporting requirements for banks, building societies, PRA-designated investment firms and IFPRU (Prudential Handbook for Investment Firms) investment firms (including other types of firms where they are included in the scope of consolidation of an institution for which data is to be collected).

1.2 The previous Capital Requirements Directive (CRD III) introduced requirements for Member States to collect data on remuneration practices and remit it to the European Banking Authority (EBA). In the United Kingdom, these requirements were implemented by the Capital Requirements (Amendment) Regulations 2012.⁽¹⁾ Following CP12/18,⁽²⁾ the Financial Services Authority (FSA) published a policy statement (PS) (PS12/18)⁽³⁾ which set out the FSA's approach.

On 16 July 2014, the EBA published revised guidelines on the:

- (i) data collection exercise regarding high earners; and
- (ii) remuneration benchmarking exercise.

1.3 In addition to changes to the content of the data collection, the guidelines on high earners have been updated to take account of the changes to the underlying legislative requirement, now set out in CRD IV.⁽⁴⁾ This requires competent authorities to collect information about high earners per 'institution' (ie a credit institution or investment firm including certain types of investment firms (ie IFPRU limited licence and IFPRU limited activity firms)) that were not previously included in the data collection.

1.4 The relevant provisions of CRD IV⁽⁵⁾ are:

- Article 75(1) which requires competent authorities to collect information on the Benchmarking of Remuneration trends and practices on remuneration benchmarking (benchmarking report); and
- Article 75(3) which requires the collection of information on the number of people that are remunerated with €1 million or more per financial year (high earners report).

The new EBA guidelines repeal those published on 27 July 2012.⁽⁶⁾ Member States are required to make every effort to incorporate the new guidelines into their supervisory procedures by 31 October 2014.

1.5 This CP sets out the PRA's and FCA's proposed amendments to its current approach to data collection of remuneration practices and the reporting requirements for firms as reflected in the new draft data templates that firms will be required to complete. The new provisions will be

incorporated in the Remuneration part of the PRA Rulebook and as amendments to the Supervision manual (SUP) in the FCA Handbook (SUP 16.17 (Remuneration Reporting) and associated forms/guidance notes).

1.6 Member States currently collect annually the benchmarking and high earners data from firms by 30 June and submit the aggregate data to the EBA by 31 August. The EBA publicly discloses the data on an aggregate Member State basis. In compliance with the new EBA guidelines, the PRA and FCA propose to use the new EBA templates. Data should relate to remuneration awarded for performance during the performance year preceding the year of submission of the information.

In respect of data to be collected for the 2013 performance year, the EBA guidelines specify that Member States are to submit the aggregate data in the new template format to the EBA by 30 November 2014. The PRA and FCA are required by the Financial Services and Markets Act 2000 (FSMA) to consult on any changes to their rules/guidance, and such a consultation could not be completed and the resultant rules introduced in time to meet this submission date for the 2013 data. Accordingly the data for the 2013 performance year will be sought from firms by way of a separate request prior to the final rules taking legal effect.

Summary of proposals

The Remuneration Benchmarking Information Report

1.7 The Benchmarking Report template has been revised to enable the collection of more detailed data, with additional business area data on remuneration broken down into different categories of staff and more information being disclosed about the form in which total fixed remuneration is delivered.

1.8 Currently, this is only covered by a PRA rule, as the scope makes the requirement unlikely to be applicable to FCA regulated firms. However, to ensure consistency and alignment between the PRA Rulebook and the FCA Handbook, the FCA is proposing to introduce the amended rule to mirror the PRA.

The High Earners Report

1.9 The PRA and FCA will revise their existing rules on the High Earners Report. The new rules will require those listed below to submit data on all the employees with total remuneration of €1 million or more in a financial year for all

(1) www.legislation.gov.uk/ukxi/2012/917/made/data.pdf.

(2) www.fsa.gov.uk/library/policy/cp/2012/12-18.shtml.

(3) www.fsa.gov.uk/library/policy/policy/2012/12-18.shtml.

(4) Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (referred to as the 'Capital Requirements Directive' or 'CRD IV').

(5) <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013L0036>.

(6) 'EBA Guidelines on the Remuneration Benchmarking Exercise' EBA/GL/2012/4 and 'EBA Guidelines on the Data Collection Exercise Regarding High Earners' EBA/GL/2012/5 published on 27 July 2012.

subsidiaries and branches within a group based in the European Economic Area (EEA) or an EEA branch of a firm with its head office outside of the EEA:

- banks;
- building societies;
- IFPRU investment firms (including IFPRU Limited Licence and IFPRU Limited Activity firms); and
- provided they are included in the scope of consolidation of an institution for which data regarding high earners is collect, a BIPRU firm, exempt CAD firm, a local and any other firm that is not a credit institution or an investment firm.

1.10 The High Earners Report template has been revised to introduce the collection of more detailed data with additional business areas added to ensure that the data is broken down into more categories of staff. Additional information about the amount of total variable remuneration and the form in which it is paid is now also required.

Next steps

1.11 The consultation closes on 17 October 2014. Views are invited on the issues raised in the CP including the detailed questions on the specific proposals. Please send your responses to:

- CP17_14@bankofengland.co.uk
- CP14-19@fca.org.uk

1.12 Following the consultation period, the PRA and FCA will publish a joint PS with final rules in November 2014. The timetable for implementing the reporting requirements is as follows:

| | |
|-------------------|---|
| 22 September 2014 | Publication of the CP. |
| 17 October 2014 | Firms to submit consultation responses by this date. |
| November 2014 | Publication of the PS. The new PRA Rulebook and FCA Handbook changes on remuneration reporting come into effect. |
| 30 November 2014 | Submission to the EBA by the PRA/FCA of the aggregated data collected for the remuneration benchmarking and high earners exercise for 2013. |

2 Reporting remuneration data

2.1 The PRA and FCA have taken into account the 'comply or explain' requirement which applies to EBA guidelines, together with the EU law requirement⁽¹⁾ on both competent authorities (ie PRA and FCA) to make every effort to comply with the

guidelines. The PRA and FCA have assessed the requirements and have concluded that the EBA guidelines for both the benchmarking and high earners exercise can and should be incorporated in full as the underlying requirement for the collection of both sets of remuneration data stems from CRD.

3 The reporting requirements

3.1 The remuneration data reporting requirements fall into two distinct data sets:

- the collection of data on the remuneration of employees by significant firms and their subsidiaries and branches (**Benchmarking Information Report**); and
- the collection of data on firms' employees with total annual remuneration of €1 million or more (or its equivalent in another currency), (**High Earners Report**) from:
 - (i) all institutions established in all EEA Member States, at the highest level of consolidation;
 - (ii) EEA branches of institutions that have their head office in a third country; and
 - (iii) only where they are included in the scope of consolidation of an institution for which data regarding high earners are collected, firms that are referred to in (b) and (c) of Article 4(2) of the Capital Requirements Regulation (CRR)⁽²⁾ (ie a BIPRU (Prudential Sourcebook for Banks, Building Societies and Investment Firms) firm, an exempt CAD firm, local firms), and any other firm that is not a credit institution or an investment firm.

Benchmarking Information Report

3.2 Article 75(1) of CRD IV imposes obligations on Member State competent authorities to collect information on remuneration practices from firms at consolidated level and significant subsidiaries to benchmark remuneration trends and practices. Member State competent authorities are to provide that information to the EBA for benchmarking at EEA level.

3.3 The updated templates for the remuneration benchmarking exercise introduce more detailed collection of remuneration data across a wider range of business areas, which should ensure a more effective analysis of benchmarking practices across different classes of staff.

Information to be submitted

3.4 The Remuneration Benchmarking Information Report will be an annex in SUP 16.17 of the FCA Handbook. In the case of the PRA, the obligation to report the data will be incorporated

(1) Article 16(3) of the EBA Regulation.

(2) <http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32013R0575>.

in the PRA Rulebook, and links will be provided to the template which will be available on the PRA website.

3.5 The report will require significant firms to provide 32 pieces of data on an aggregated anonymised basis split between eight business areas. Appendix 3 sets out the data inputs that firms will be required to provide on remuneration awarded to employees in the preceding financial year, by the firm and its subsidiaries and branches both inside and outside the EEA.

3.6 Firms should send the completed Remuneration Benchmarking Information Report electronically, in the format set out in SUP 16 Annex 32AR of the FCA Handbook or on the PRA website as an Excel spreadsheet to the designated PRA mailbox.

3.7 Firms should submit the data in euros. The exchange rate used by the Commission for financial programming and the budget for December of the reporting year should be used for the conversion of the consolidated figures to be reported.⁽¹⁾

Scope

3.8 The EBA guidelines state that competent authorities should select the institutions to participate in the exercise from those institutions that make up 60% of the total banking and investment services sector.⁽²⁾ For PRA regulated firms, the current scope of the remuneration benchmarking is unchanged, with significant banks, building societies and PRA-designated investment firms that have total assets of £50 billion or greater (where the PRA is the sole or lead regulator) subject to the exercise.

Respondents are asked to comment on:

Question 1 Do you agree with our proposed approach to incorporating the new EBA guidelines on the Remuneration Benchmarking exercise into PRA and FCA procedures?

High Earners Report

3.9 Article 75(3) of CRD IV imposes on Member State competent authorities obligations to collect data on the number of natural persons earning €1 million or more in a financial year ('high earners'). Once the competent authorities have received the information, a submission must be made to the EBA, which will publish the data on an aggregate Member State basis.

Information to be submitted

3.10 The High Earners Report will be an annex in SUP 16 of the FCA Handbook and in the case of the PRA, the reporting requirements will be incorporated into the PRA Rulebook. The report will require firms to provide 26 pieces of data on an aggregated anonymised basis, split between eight business areas. Appendix 4 sets out all the data inputs required under the new High Earners Report.

3.11 Firms should complete a separate data template for each remuneration bracket of €1 million. The High Earners Report should be completed electronically, in the format set out in SUP 16 Annex 34AR of the FCA Handbook or on the PRA website as an Excel spreadsheet and sent to the designated PRA or FCA mailbox.

Scope

3.12 The High Earners Report requires firms to disclose to the PRA or FCA aggregated anonymised data on all employees in the group regarding high earners from:⁽³⁾

- (i) all institutions (ie banks, building societies, PRA designated investment firms, IFPRU investment firms) at the highest level of consolidation as specified in the following paragraph;
- (ii) EEA branches of institutions that have their head office in a third country; and
- (iii) only where they are included in the scope of consolidation of an institution for which data regarding high earners are collected, firms that are referred to in (b) and (c) of Article 4(2) of the CRR (ie a BIPRU firm, an exempt CAD firm, local firms and any other firm that is not a credit institution or an investment firm).

3.13 Where competent authorities collect information at the highest level of consolidation as referred in the previous paragraph, this information should cover all subsidiaries and branches within a group established in the EEA as well as information for EEA branches of institutions that have their head office in a third country. Data regarding high earners in third countries should not be collected within this exercise, even if they relate to subsidiaries or branches of EEA groups.⁽⁴⁾

Respondents are asked to comment on:

Question 2 Do you agree with our proposed approach to incorporating the new EBA guidelines on the High Earners exercise into PRA and FCA procedures?

(1) http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm.

(2) National banking and investment services include local branches and subsidiaries considered in the consolidation scope of a parent undertaking from a Member State.

(3) Guideline 2, page 7 of 'Guidelines on the data collection exercise regarding high earners', 16 July 2014.

(4) Guideline 3, page 7 of 'Guidelines on the data collection exercise regarding high earners', 16 July 2014.

Appendices

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| 5 | PRA Statutory Instrument PRA Rulebook: CRR Firms Remuneration Reporting Requirements [Year] | |
| 6 | FCA Statutory Instrument Supervision Manual (Remuneration Reporting) Instrument 2014 | |

Appendix 1

Cost benefit analysis

1 When proposing new rules, the PRA and FCA are obliged (under sections 155 and 157 of FSMA 2000) to publish a CBA, unless the PRA and FCA consider that the proposals will give rise to no costs or to an increase in costs of minimal significance.

2 The CBA is structured as follows:

- PRA and FCA cost estimates to firms;
- PRA cost benefit analysis; and
- FCA cost benefit analysis.

PRA and FCA cost estimates for firms

3 The FSA undertook a cost survey in October 2011 when the EBA guidelines were initially implemented. That survey indicated that implementation would lead to incremental compliance costs for firms both initially as well as on a continuing basis.

4 The 2011 cost survey responses suggested that one-off compliance costs per firm to introduce the requirement to collect benchmarking remuneration data could range from £0 to £12,000, and annual costs per firm from £0 to £25,000. As the number of data fields has nearly doubled we have conservatively assumed that the costs of incorporating the more detailed information requirements in the new benchmarking data template form into the current reporting system will be 0–50% of the costs assessed on the 2011 cost survey. So allowing for inflation for 2012 and 2013⁽¹⁾⁽²⁾ these costs now become around £0 to £6,400 (£0 to £12,800 (50%)) and annual costs per firm from £0 to £13,300 (£0 to £26,600 (50%)). Approximately 60 firms (from around 20 groups) submitted benchmarking data to the PRA during the last data exercise. Across these firms the total one-off compliance costs could be up to approximately £106,300 with annual costs up to £212,600.

5 The cost survey responses suggest that one-off compliance costs per firm to introduce the requirement to collect high earners data could range from £0 to £40,000, and annual costs per firm from £0 to £80,000. For those firms subject to the previous high earners rule the proposal involves requesting more detailed information about high earners than previously, rather than introducing the requirement for the first time. Arguably a firm must already hold this more detailed information to enable that firm to provide the previous higher level reporting data. Conservatively, we have assumed that the costs of submitting the more detailed information on the required format will be 0–50% of the costs assessed on the 2011 cost survey. So allowing for inflation in 2012 and 2013 these costs now become around £0 to £21,300 (£0 to £42,600 (50%)) with annual costs per firm from around £0 to

£42,500 (£0 to £85,000 (50%)). Fewer than 100 firms submitted high earners data to the FCA during the last data exercise and a similar number submitted nil returns.

PRA Cost Benefit Analysis

Costs to the firms

6 The number of PRA-regulated firms subject to the new proposals will not change from the current annual benchmarking and high earners reporting regime. Given this, one-off implementation costs will be minimal as these firms already have the relevant systems in place.

7 The EBA, in its cost benefit analysis, concluded that there will be additional on-going costs. The number of data fields in the Benchmarking Information report and the High Earners Report has roughly doubled and in the High Earners report multiple forms will need to be submitted as the figures must be reported in payment brackets of €1 million. The reporting structure will also need to map data into the relevant staff category out of eight business areas rather than four. Consequently, there will be some additional on-going costs associated with the extra resource needed to collect more detailed information.

Direct costs to the PRA

8 The incremental costs to the PRA will be minimal.

Benefits

9 These proposals will enable the United Kingdom to meet the revised requirements set out in CRD IV and the EBA guidelines for Member States to collect data on remuneration practices and remit it to the EBA. In addition, more detailed information on remuneration practices may also help the PRA to be more effective in supervising firms' remuneration practices.

FCA cost benefit analysis

Incremental compliance costs to firms: benchmarking exercise

10 Firms that fall into the scope of the benchmarking exercise include all banks, building societies and investment firms with assets greater than £50 billion on an unconsolidated basis. This includes around fifteen of the largest UK-headquartered credit institutions (banks and building societies) and major foreign-owned firms. At present all these firms are dual regulated by both the PRA and FCA. The FCA does not envisage there being any solo-regulated firms caught by these requirements in the foreseeable future. Therefore no CBA has been conducted because we do not consider the proposal to reintroduce the benchmarking rule into the FCA Handbook will give rise to any costs to firms.

(1) Retail Prices Index for October 2012 3.2% and October 2013 3%.

(2) Retail Prices Index for 2012 3.2% and 2013 3%.

Incremental compliance costs imposed on firms: high earners exercise

11 Firms that now fall into the scope of the high earners exercise include banks, building societies and investment firms within the scope of CRD IV. Before 1 January 2014 some investment firms such as IFPRU limited licence firms and IFPRU limited activity firms were excluded from this requirement because of a more limited scope in CRD III. So a wider selection of firms will now be within the scope of the high earners exercise, although many of the firms in this expanded population will not have high earning staff for which remuneration will need to be reported. The new scope of firms subject to the FCA high earners rule is currently estimated as 1,000 solo regulated firms.

12 For these firms that are subject to the high earners exercise only since the introduction of CRD IV in 1 January 2014 costs will involve implementing the requirements for the first time. Therefore, updating the cost survey data from 2011 for inflation for 2012 and 2013 one-off costs maybe £0 to £42,500 and annual costs per firm from £0 to £85,000. However, based on the latest financial year information held, we expect around 800 firms will be submitting nil returns and as such will not be impacted by this rule. Hence across the remaining firms, the total one-off compliance costs could be up to £1.19 million, with annual costs up to £1.41 million.

13 Compliance with the new FCA high earners rule is likely to impose incremental costs on firms. Costs will differ depending on whether a firm is now included within scope of the rule:

- was previously within scope of the old high earners rule; and
- has staff with remuneration of €1 million or more.

Costs arise from the additional resources needed to gather and provide the relevant data to the FCA.

14 The cost of compliance to firms depends on a number of factors. For example, survey responses suggest that the exercise might have minimal or negligible costs for small firms that would only incur the 'cost of completing a nil return as they didn't have any high earners'.

Benefits of the EBA guidelines to FCA firms

15 Any benefits relevant to FCA objectives will arise indirectly from as yet unknown EU action and are highly uncertain at this point. We do not consider it proportionate to devote resources to assessing or quantifying those benefits for this reporting requirement that we are ourselves required to introduce.

Direct costs to the FCA

16 The incorporation of the EBA guidelines will require a reallocation of priorities for staff from a range of business areas within the FCA. The FCA's research suggests that the costs of incorporating the changes to the EBA guidelines will be absorbed into business as usual.

Appendix 2 Statutory obligations

Compatibility with PRA's general duties and regulatory principles

1 The PRA makes these rules in exercise of its general rule making power,⁽¹⁾ which is one of its general functions. When discharging its general functions, the PRA must, in so far as possible, act in a way which advances its general objective and which as a secondary objective facilitates competition, and it must have regard to the regulatory principles. This proposal aims to improve the quality of remuneration data provided by firms, thereby enabling more accurate judgements to be made about the alignment between risk and reward in firms. In this way, the proposal advances the PRA's objective to promote the safety and soundness of firms.

2 The PRA has a statutory requirement to consider how the proposal may affect mutuals.⁽²⁾ The proposal will apply to all firms, including mutuals which, the PRA considers, are unlikely to be affected any differently from other firms.

3 The PRA has considered its regulatory principles and concludes that the proposal is in line with the Regulatory Principles.⁽³⁾ In particular, the proposal, which imposes limited additional burdens on firms, is proportionate to the benefits and would not be expected to impact adversely on economic growth.

4 The PRA has given due weight to the interests of effective competition in evaluating and developing the proposals in this CP and believes they are not likely to have any impact on competition.

FCA

Compatibility with the FCA's general duties

5 This section sets out the FCA's view on how the consultation proposals and draft rules in this CP are compatible with certain requirements under FSMA, and its regulatory objectives set out in this section, and sections 1C, 1D and 1E of FSMA.

6 When consulting on new rules, the FCA is required by section 138I(2)(d) of FSMA to explain why it believes making the proposed rules are compatible with its strategic objective, advances one or more of its operational objectives, and has regard to the regulatory principles in section 3B of FSMA.

The FCA's objectives and regulatory principles

7 In discharging its general functions, the FCA's duty is, as far as is reasonably possible, to act in a way that is compatible with its strategic objective, to ensure that the relevant markets function well, and to advance one or more of its operational objectives.

8 The proposals set out in this CP will advance the FCA's operational objective of enhancing market integrity — protecting and enhancing the integrity of the UK financial system. They will also indirectly impact the FCA's third operational objective of delivering consumer protection by securing an appropriate degree of protections for consumers.

9 In enhancing market integrity, the FCA will be concerned with a number of things, including:

- the soundness, stability and resilience of the financial markets;
- combating market abuse; and
- the orderly operation of the financial markets.

10 To ensure that the relevant markets work well, the FCA focuses on delivering good market conduct.

11 The FCA aims to ensure that market infrastructure is sound and well run. To perform this role, the FCA looks at a wide range of behaviours that damage trust in the integrity of markets and becomes involved where it sees poor behaviour by the parties concerned that has a wider impact on trust in the integrity of markets.

12 In considering the proposals set out in this consultation, the FCA is required to consider the regulatory principles set out in section 3B of FSMA. The FCA has had regard to the eight regulatory principles which include efficiency and economy of FCA resources, proportionality and senior management responsibility. The FCA considers that all of the principles have been considered and that the proposals will have little or no impact on them.

Expected effect on mutual societies

13 The FCA is also required by section 138K(2) of FSMA to state its opinion on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.

14 The FCA does not expect the proposals in this paper to have a significantly different impact on mutual societies.

Equality and diversity

15 Neither the PRA nor the FCA may act in an unlawfully discriminatory manner. They are also required under the Equality Act 2010 to have due regard to the need to eliminate discrimination and to promote equality of opportunity in carrying out its policies, services and functions. As part of this the PRA and FCA assess the equality and diversity implications of any new policy proposals. It is their assessment that the proposals in this CP do not give rise to equality and diversity implications, but comments on this are invited nonetheless.

(1) Section 137G of FSMA.

(2) Section 138K(2) of FSMA.

(3) Section 3B of FSMA.

Appendix 3

Benchmarking Information Report

All new data input requests are highlighted in bold. Please note this is for reference only — firms should refer to the full tables and guidance notes when completing submissions.

| Data input no. | Information requested |
|---|--|
| Information on the remuneration of all staff | |
| 1. | Name of institution/group |
| 2. | Performance year for which the remuneration is awarded (Year <i>N</i>) |
| Business areas: (1) Management Body Supervisory function ^(a) (2) Management Body — Management function ^(b) (3) Investment banking (4) Retail banking (5) Asset management (6) Corporate functions (7) Independent Control functions (8) All other | |
| 3. | Total number of staff |
| 4. | Total number of staff in full time equivalents (FTEs) |
| 5. | Total net profit in Year <i>N</i> |
| 6. | Total remuneration |
| 7. | Total variable remuneration |
| Information on remuneration of identified staff | |
| Business areas: (1) Management Body Supervisory function (2) Management Body — Management function (3) Investment banking (4) Retail banking (5) Asset management (6) Corporate functions (7) Independent Control functions (8) All other | |
| 8. | Number of identified staff |
| 9. | Number of identified staff in FTEs |
| 10. | Number of identified staff in senior management positions |
| 11. | Total fixed remuneration |
| 12. | Total fixed remuneration in cash |
| 13. | Total fixed remuneration in shares and share-linked instruments |
| 14. | Total fixed remuneration in other types of instruments |
| 15. | Total variable remuneration |
| 16. | Total variable remuneration in cash |
| 17. | Total variable remuneration in shares and share-linked instruments |
| 18. | Total variable remuneration in other types of instruments |
| 19. | Total amount of variable remuneration awarded in Year <i>N</i> and deferred |
| 20. | Total amount of variable remuneration deferred in Year <i>N</i> in cash |
| 21. | Total amount of variable remuneration deferred in Year <i>N</i> in shares and share-linked instruments |
| 22. | Total amount of variable remuneration deferred in Year <i>N</i> in other types of instruments |
| 23. | Total amount of outstanding deferred variable remuneration awarded in previous periods and not in Year <i>N</i> |
| 24. | Total amount of explicit <i>ex-post</i> performance adjustment applied in Year <i>N</i> for previously awarded remuneration |
| 25. | Number of beneficiaries of guaranteed variable remuneration (new sign-on payments) |
| 26. | Total amount of guaranteed variable remuneration (new sign-on payments) |
| 27. | Number of beneficiaries of severance payments |
| 28. | Total amount of severance payments paid in Year <i>N</i> |
| 29. | Highest severance payment to a single person |
| 30. | Number of beneficiaries of contributions to discretionary pension benefits in Year <i>N</i> |
| 31. | Total amount of contributions to discretionary pension benefits in Year <i>N</i> |
| 32. | Total amount of variable remuneration awarded for multi-year periods under programmes which are not revolved annually |

(a) Members of the management body in its supervisory function; this includes non-executive directors of any board in the scope of consolidation according to Article 3(1)(8) of CRD IV.

(b) Members of the management body in its management function according to Article 3(1)(7) of CRD IV who have executive functions within the management body; this includes all executive directors of any board in the scope of consolidation.

Appendix 4

High Earners Report

All new data input requests are highlighted in bold. Please note this is for reference only — firms should refer to the full tables and guidance notes when completing submissions.

| Data input no. | Information requested |
|---|--|
| Information on the remuneration of high earners | |
| 1. | Name of institution/group |
| 2. | EEA Member State to which the data relates |
| 3. | Performance year for which the remuneration is awarded (Year <i>N</i>) |
| Business areas: (1) Management Body Supervisory function ^(a) (2) Management Body — Management function ^(b) (3) Investment banking (4) Retail banking (5) Asset management (6) Corporate functions (7) Independent Control functions (8) All other | |
| 3. | Number of individuals in senior management^(c) |
| 4. | Number of individuals in control functions^(d) |
| 5. | Number of other staff |
| 5. | Total number of high earners |
| 6. | Total number of high earners that are identified staff |
| 7. | Total fixed remuneration |
| 8. | Total fixed remuneration in cash |
| 9. | Total fixed remuneration in shares and share-linked instruments |
| 10. | Total fixed remuneration in other types of instruments |
| 11. | Total variable remuneration |
| 12. | Total variable remuneration in cash |
| 13. | Total variable remuneration in shares and share-linked instruments |
| 14. | Total variable remuneration in other types of instruments |
| 15. | Total amount of variable remuneration awarded in Year <i>N</i> and deferred |
| 16. | Total amount of variable remuneration deferred in Year <i>N</i> in cash |
| 17. | Total amount of variable remuneration deferred in Year <i>N</i> in shares and share-linked instruments |
| 18. | Total amount of variable remuneration deferred in Year <i>N</i> in other types of instruments |
| 19. | Number of beneficiaries of severance payments |
| 20. | Total amount of severance payments paid in Year <i>N</i> |
| 21. | Total amount of contributions to discretionary pension benefits in Year <i>N</i> |
| 22. | Total amount of variable remuneration awarded for multi-year periods under programmes which are not revolved annually |

Please note that the Data template to be separately completed for payment brackets of €1m to less than €2m, €2m to €3m etc.

(a) Members of the management body in its supervisory function; this includes non-executive directors of any board in the scope of consolidation according to Article 3(1)(8) of CRD IV.

(b) Members of the management body in its management function according to Article 3(1)(7) of CRD IV who have executive functions within the management body; this includes all executive directors of any board in the scope of consolidation.

(c) Senior management as defined in Article 3(9) of CRD IV.

(d) Control functions comprise control functions within the business units and the independent compliance, risk control and internal audit function.

PRA RULEBOOK: CRR FIRMS: REMUNERATION REPORTING REQUIREMENTS [YEAR]

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
 - (2) section 137T (General supplementary powers).
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: CRR Firms: Remuneration Reporting Requirements [YEAR]

- D. The PRA makes the rules in Annex A to this instrument.

Deletion

- E. The following Part of the PRA Handbook is deleted:

SUP 16.17: Remuneration reporting

Commencement

- F. This instrument comes into force on [DATE].

Citation

- G. This instrument may be cited as the PRA Rulebook: CRR Firms: Remuneration Reporting Requirements Instrument [Year].

By order of the Board of the Prudential Regulation Authority
[DATE]

Annex A

REMUNERATION REPORTING REQUIREMENTS

Chapter content

1. APPLICATION AND DEFINITIONS
2. APPLICATION DATES
3. REMUNERATION BENCHMARKING REPORTING REQUIREMENTS
4. HIGH EARNERS REPORTING REQUIREMENTS

Links:

- [EBA Guidelines on the data collection exercise regarding high earners](#)
- [EBA Guidelines on the remuneration benchmarking exercise](#)
- [\[links to templates on PRA website\]](#)

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

- (1) a *CRR firm* which:
 - (a) is a *CRR firm responsible for consolidation*; or
 - (b) is not, and does not have, an *EEA parent institution* or an *EEA parent financial holding company*; and
- (2) a *third country CRR firm* in relation to its activities carried on from an establishment in the *UK*.

1.2 In this Part, the following definitions shall apply:

accounting reference date

means

- (1) (in relation to a *body corporate* incorporated in the *UK* under the Companies Acts) the accounting reference date of that *body corporate* determined in accordance with section 391 of the Companies Act 2006; or
- (2) (in relation to any other body) the last day of its financial year.

consolidation group entity

means an *institution* or *financial institution* which is, in relation to a *CRR firm responsible for consolidation*:

- (1) the *CRR firm responsible for consolidation*;
- (2) a *subsidiary* of the *CRR firm responsible for consolidation*; or
- (3) a *subsidiary* of the *EEA parent financial holding company* or *EEA parent mixed financial holding company* by which the *CRR firm responsible for consolidation* is controlled.

CRR firm responsible for consolidation

means a *CRR firm* which is either:

- (1) an *EEA parent institution*; or
- (2) controlled by an *EEA parent financial holding company* or by an *EEA parent mixed financial holding company* and to which supervision on a consolidated basis applies in accordance with Article 111 of *CRD*.

high earner

means an *employee* (of any *consolidation group entity*) whose total annual *remuneration* is €1 million or more per year or its equivalent in another currency determined by reference to the conversion rate applicable to the corresponding *High Earners Report* under this Part.

High Earners Report

means the report by which a *firm* provides to the *PRA* the information required in Chapter 3.

material risk taker

means a member of *Remuneration Code Staff*, as described in SYSC 19A.3.4R.

Remuneration Benchmarking Information Report

means the report by which a *firm* provides to the *PRA* the information required in Chapter 2.

total assets

means:

- (1) in relation to a *CRR firm* or an *EEA Bank*, its total assets as set out in its balance sheet on the relevant *accounting reference date*; and
- (2) in relation to a *third country CRR firm*, the total assets of the *third country CRR firm* as set out in its balance sheet on the relevant *accounting reference date* that cover the activities of the branch operation in the *UK*.

- 1.3 Unless otherwise defined, any italicised expression used in this Part and in the *CRD* or *CRR* has the same meaning as in the *CRD* or *CRR*.

2 REMUNERATION BENCHMARKING REPORTING REQUIREMENT

- 2.1 This chapter applies to a *firm* to which this Part applies, which had *total assets* equal to or greater than £50 billion on an unconsolidated basis on the *accounting reference date* immediately prior to the *firm's* last complete financial year.
- 2.2 A *firm* must submit a *Remuneration Benchmarking Information Report* to the *PRA* annually.
- 2.3 The *firm* must provide to the *PRA*, by way of its *Remuneration Benchmarking Information Report*, the information disclosed in accordance with the criteria for disclosure established in points (g), (h) and (i) of Article 450(1) of the *CRR*.
- [Note: Art. 75(1) of the *CRD*]**
- 2.4 The *firm* must submit the *Remuneration Benchmarking Information Report* to the *PRA* within four months of the *firm's* *accounting reference date*.
- 2.5 A *firm* that is not, and does not have, an *EEA parent institution*, an *EEA parent financial holding company* or an *EEA parent mixed financial holding company* must complete that report on an unconsolidated basis in respect of *remuneration* awarded to *employees* of the *firm* in the last completed financial year.
- 2.6 A *firm* that is a *CRR firm responsible for consolidation* must complete that report on a consolidated basis in respect of *remuneration* awarded to all *employees* of all *consolidation group entities* in the last completed financial year.

- 2.7 The *firm* must ensure that the information in the *Remuneration Benchmarking Information Report* is denominated in euro, determined by reference to the [exchange rate used by the European Commission for financial programming and the budget for December of the reported year](#).

[Note: EBA/GL/2014/08]

3 HIGH EARNERS REPORTING REQUIREMENT

- 3.1 A *firm* must submit a *High Earners Report* to the *PRA* annually.
- 3.2 The *firm* must submit that report to the *PRA* within four months of the end of the *firm's* *accounting reference date*.
- 3.3 A *firm* that is not, and does not have, an *EEA parent institution*, an *EEA parent financial holding company* or an *EEA parent mixed financial holding company* must complete that report on an unconsolidated basis in respect of *remuneration* awarded in the last completed financial year to all *high earners* of the *firm* who mainly undertook their professional activities within the *EEA*.
- 3.4 A *firm* that is a *CRR firm responsible for consolidation* must complete that report on a consolidated basis in respect of *remuneration* awarded in the last completed financial year to all *high earners* who mainly undertook their professional activities within the *EEA* at:
- (1) the *EEA parent institution*, *EEA parent financial holding company* or the *EEA parent mixed financial holding company* of the *UK consolidation group*;
 - (2) each *consolidation group entity* that has its registered office (or if it has no registered office, its head office) in an *EEA State*; and
 - (3) each *branch* of any other *consolidation group entity* that is established or operating in an *EEA State*.
- 3.5 The *firm's High Earners Report* must report, in pay brackets of €1m, the number of *high earners*, including their job responsibilities, the business area involved and the main elements of salary, bonus, long-term award and pension contribution. The number of *high earners* must be reported as the number of natural persons, independent of the number of working hours on which their contract is based.

[Note: Art. 75(3) of the CRD]

- 3.6 The *firm* must ensure that the information in the *High Earners Report* is denominated in euro, determined by reference to the [exchange rate used by the European Commission for financial programming and the budget for December of the reported year](#).

[Note: EBA/GL/2014/07]

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SUPERVISION MANUAL (REMUNERATION REPORTING) INSTRUMENT 2014

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1)
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137H (General rules about remuneration);
 - (c) section 137T (General supplementary powers);
 - (f) section 139A (Power of the FCA to give guidance);and
 - (2) the other rule and guidance making powers listed in Schedule 4 (Powers exercised) to the General Provisions of the FCA’s Handbook.
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on *[date]*.

Amendments to the Handbook

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes in this instrument listed in column (2) below.

| (1) | (2) |
|--|---------|
| Senior Management Arrangements, Systems and Controls sourcebook (SYSC) | Annex A |
| Supervision manual (SUP) | Annex B |

Citation

- E. This instrument may be cited as the Supervision Manual (Remuneration Reporting) Instrument 2014.

By order of the Board of the Financial Conduct Authority
[date]

Annex A

Amendments to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC)

In this Annex, underlining indicates new text and striking through indicates deleted text.

19A.1 General application and purpose

...

Purpose

- 19A.1.6 G (1) ...
- (2) The *Remuneration Code* implements the main provisions of the *CRD* which relate to *remuneration*. The Committee of European Banking Supervisors published Guidelines on Remuneration Policies and Practices on 10 December 2010. Provisions of the Capital Requirements ~~(Amendment)~~ Regulations 2013~~2~~ (SI 2013~~2~~/9473115) together with the European Banking Authority's Guidelines to article ~~22(3) and (5) of the *Banking Consolidation Directive*~~ 75(1) and (3) of the *CRD* relating to the collection of *remuneration* benchmarking information and *high earners* information have been implemented through *SUP 16 Annex 33AR* and *SUP 16 Annex 34AR*. The Guidelines can be found at <http://www.eba.europa.eu/cebs/media/Publications/Standards%20and%20Guidelines/2012/EBA-GL-2012-04-GL-4-on-remuneration-benchmarking-exercise.pdf> and <http://www.eba.europa.eu/cebs/media/Publications/Standards%20and%20Guidelines/2012/EBA-GL-2012-05-GL-5-on-remuneration-data-collection-exercise.pdf> <http://www.eba.europa.eu/regulation-and-policy/remuneration/guidelines-on-the-remuneration-benchmarking-exercise> and <http://www.eba.europa.eu/regulation-and-policy/remuneration/guidelines-on-the-data-collection-exercise-regarding-high-earners>.
- (3) ...

Annex B

Amendments to the Supervision manual (SUP)

In this Annex, underlining indicates new text and striking through indicates deleted text.

SUP
16.17 Remuneration reporting

Purpose

- 16.17.1 G The purpose of this section is to ensure that the FCA ~~appropriate regulator~~ receives regular and comprehensive information about *remuneration* in a standard format to assist it to benchmark *remuneration* trends and practices and to collect *remuneration* information on *high earners*. It also takes account of the Capital Requirements (~~Amendment~~) Regulations 2013~~2~~ (SI 2013~~2~~/~~9173115~~) together with the European Banking Authority's Guidelines to article ~~22(3) and (5) of the Banking Consolidation Directive~~ 75(1) and (3) of the *CRD*.

Interpretation

- 16.17.2 R In this section "UK lead regulated group" means an FCA ~~UK~~ *consolidation group* that is headed either by an *EEA parent institution*, ~~or by an EEA parent financial holding company~~ or an *EEA parent mixed financial holding company*.

Remuneration Benchmarking Reporting Requirements

- 16.17.3 R (1) A firm to which this rule applies must submit a Remuneration Benchmarking Information Report to the FCA annually.
- A (2) The firm must complete the Remuneration Benchmarking Information Report in the format set out in SUP 16 Annex 33A R.
- (3) The firm must submit the Remuneration Benchmarking Information Report to the FCA within four months of the firm's accounting reference date.
- (4) A firm that:
- (a) is not part of a UK lead regulated group must complete that report on an unconsolidated basis in respect of remuneration awarded to employees of the firm in the last completed financial year;
 - (b) is part of a UK lead regulated group must not complete that report on either a solo consolidation basis or an unconsolidated basis. The firm must complete that report on a

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consolidated basis in respect of remuneration awarded to all employees in the UK lead regulated group in the last completed financial year.

(5) The firm must complete the Remuneration Benchmarking Information Report using accounting year-end amounts in euros determined, if necessary, by reference to the exchange rate used by the European Commission for financial programming and the budget for December of the reported year.

(6) This rule applies to:

(a) an IFPRU investment firm; and

(b) an overseas firm that:

(i) is not an EEA firm;

(ii) has its head office outside the EEA; and

(iii) would be an IFPRU investment firm, if it had been a UK domestic firm, had carried on all of its business in the United Kingdom and had obtained whatever authorisations for doing so as are required under the Act.

that

(c) is not, and does not have, an EEA parent institution, an EEA parent financial holding company or an EEA parent mixed financial holding company,

and that firm had total assets equal to or greater than £50 billion on an unconsolidated basis on the accounting reference date immediately prior to the firm's last complete financial year.

(7) This rule also applies to:

(a) an IFPRU investment firm; and

(b) an overseas firm that:

(i) is not an EEA firm;

(ii) has its head office outside the EEA; and

(iii) would be an IFPRU investment firm, if it had been a UK domestic firm, had carried on all of its business in the United Kingdom and had obtained whatever authorisations for doing so as are required under the Act.

that

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- (c) is part of a UK lead regulated group; and that *firm* had total assets equal to or greater than £50 billion on an unconsolidated basis on the accounting reference date immediately prior to the *firm's* last complete financial year.
- (8) In this rule “total assets” means
- (a) in relation to an *IFPRU investment firm*, its total assets as set out in its balance sheet on the relevant *accounting reference date*; and
- (b) in relation to an *overseas firm* in (7)(b) and (8)(b), the total assets of the *overseas firm* as set out in its balance sheet on the relevant *accounting reference date* that cover the activities of the branch operation in the *United Kingdom*.

High Earners Reporting Requirements

- 16.17.4 R (1) A *firm* to which this *rule* applies must submit a High Earners Report to the ~~appropriate regulator~~ FCA annually.
- (2) The *firm* must submit that report to the FCA ~~appropriate regulator~~ within four months of the end of the *firm's* *accounting reference date*.
- ...
- (4) A *firm* that is part of a UK lead regulated group must not complete that report on either a solo consolidation basis or an unconsolidated basis. The *firm* must complete that report on a consolidated basis in respect of *remuneration* awarded in the last completed financial year to all *high earners* who mainly undertook their professional activities within the *EEA* at:
- (a) the *EEA parent institution*, ~~or~~ *EEA parent financial holding company* or *EEA parent mixed financial holding company* of the UK lead regulated group; and
- ...
- (5) (a) The *firm* must complete a separate template, in the format set out in *SUP 16 Annex 34A R*, for each *EEA State* in which there is a *high earner*; and for each payment bracket of EUR 1 million. Those templates together form the ~~report~~ High Earners Report.
- (b) The number of *high earners* must be reported as the number of natural persons, independent of the number of working hours on which their contract is based.
- (6) ~~*High earners* who carried out their professional activities in an *EEA*~~

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~~State₂ should be classified under that EEA State.~~[deleted]

- (7) ~~High earners who carried out their professional activities in more than one EEA State should be classified under the EEA State where they mainly undertook their professional activities.~~[deleted].

...

- (9) The information in the High Earners Report must be denominated in euros determined, if necessary, by reference to the exchange rate used by the European Commission for financial programming and the budget for December of the reported year ~~conversion rate table specified from time to time by the European Banking Authority as applicable to that year's High Earners Report.~~

- (10) This rule applies to ~~a bank, building society and an IFPRU investment firm that:~~ is not, and does not have, an EEA parent institution, an EEA parent financial holding company or an EEA parent mixed financial holding company.

(a) ~~is not a IFPRU limited licence firm or a IFPRU4 limited activity firm; and~~

(b) ~~is not, and does not have, an EEA parent institution or an EEA parent financial holding company.~~

- (11) This rule also applies to ~~a bank, building society and an IFPRU investment firm that:~~ is part of a UK lead regulated group.

(a) ~~is not a IFPRU limited licence firm or a IFPRU limited activity firm; and~~

(b) ~~is part of a UK lead regulated group.~~

- (12) This rule also applies to a BIPRU firm, an exempt CAD firm, a local; or any other firm that is not a bank, a building society or an IFPRU investment firm,~~a IFPRU limited licence firm or a IFPRU limited activity firm:~~

...

(b) where that UK lead regulated group contains either:

(i) a bank, building society or an IFPRU investment firm that is not an IFPRU limited licence firm or an IFPRU limited activity firm; or

(ii) an overseas firm that;

...

would be a bank, building society or an IFPRU

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investment firm that is not a IFPRU limited licence firm or IFPRU limited activity firm, if it had been a *UK domestic firm*, had carried on all of its business in the *UK* and had obtained whatever authorisations for doing so as are required under the *Act*.

(13) This *rule* also applies to an *overseas firm* that:

...

(c) would be a ~~*bank, building society or an IFPRU investment firm that is not a IFPRU limited licence firm or IFPRU limited activity firm*~~, if it had been a *UK domestic firm*, had carried on all of its business in the *UK* and had obtained whatever authorisations for doing so as are required under the *Act*,

and either

(d) is not, and does not have, an *EEA parent institution*, ~~or~~ an *EEA parent financial holding company* or an *EEA parent mixed financial holding company*; or

...

The annexes listed below are deleted and not shown. They are replaced with new annexes where the new text is not underlined:

- *SUP 16 Annex 33AR* Remuneration Benchmarking Information Report.
- *SUP 16 Annex 33BG* Guidance notes for data items in *SUP 16 Annex 33AR*.
- *SUP 16 Annex 34AR* High Earners Report.
- *SUP 16 Annex 34BG* Guidance notes for data items in *SUP 16 Annex 34AR*.

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SUP 16 Annex 33AR Benchmarking Report

| | A | B |
|-----|--|---|
| 1.a | Name of institution/group: | |
| 1.b | Reference number of institution/group: | |
| 1.c | Financial year for which remuneration is awarded (Year N) | |
| 1.d | Is this report on behalf of a group? | |
| 1.e | EEA state to which the data relates | |
| 2 | Do you wish to submit a Nil return for the country selected? | |

Information on remuneration of identified staff

| | A | B | C | D | E | F | G | H |
|---|-----------------------------|------------|------------|---------|------------|-----------|-------------|-----------|
| | MB | MB | | | | | Independent | |
| | Supervisory | Management | Investment | Retail | Asset | Corporate | Control | |
| | Function | Function | Banking | Banking | Management | Functions | Functions | All other |
| 3 | Number of staff (headcount) | | | | | | | |
| 4 | Total number of staff (FTE) | | | | | | | |
| 5 | Total net profit in year | | | | | | | |
| 6 | Total remuneration | | | | | | | |
| | <i>Of which:</i> | | | | | | | |
| 7 | Variable remuneration | | | | | | | |

Business Areas

| | | | | | | | | |
|----|---|--|--|--|--|--|--|--|
| 8 | Members of management body (headcount) | | | | | | | |
| 9 | Number of identified staff (FTE) | | | | | | | |
| 10 | Number of identified staff in senior management positions | | | | | | | |
| 11 | Total fixed remuneration | | | | | | | |
| | <i>Of which:</i> | | | | | | | |
| 12 | Fixed in cash | | | | | | | |
| 13 | Fixed in shares and share-linked instruments | | | | | | | |
| 14 | Fixed in other types of instruments | | | | | | | |
| 15 | Total variable remuneration | | | | | | | |
| | <i>Of which:</i> | | | | | | | |
| 16 | Variable in cash | | | | | | | |
| 17 | Variable in shares and share-linked instruments | | | | | | | |
| 18 | Variable in other types of instruments | | | | | | | |
| 19 | Total amount of variable remuneration awarded in year which has been deferred | | | | | | | |
| | <i>Of which:</i> | | | | | | | |
| 20 | Deferred variable in cash for year | | | | | | | |
| 21 | Deferred variable in shares and share-linked instruments for year | | | | | | | |
| 22 | Deferred variable in other types of instruments in year | | | | | | | |

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Additional information regarding the amount of total variable remuneration

| | | | | | | | | | |
|----|---|--|--|--|--|--|--|--|--|
| 23 | Article 450h (iii) CRR - total amount of outstanding deferred variable remuneration awarded in previous periods and not in year | | | | | | | | |
| 24 | Total amount of explicit ex post performance adjustments applied in year for previously awarded remuneration | | | | | | | | |
| 25 | Number of beneficiaries of guaranteed variable remuneration (new sign-on payments) | | | | | | | | |
| 26 | Total amount of guaranteed variable remuneration (new sign-on payments) | | | | | | | | |
| 27 | Number of beneficiaries of severance payments | | | | | | | | |
| 28 | Total amount of severance payments paid in year | | | | | | | | |
| 29 | Highest severance payment to a single person in year | | | | | | | | |
| 30 | Number of beneficiaries of contributions to discretionary pension benefits in year | | | | | | | | |
| 31 | Total amount of contributions to discretionary pension benefits in year | | | | | | | | |
| 32 | Total amount of variable remuneration awarded for multi-year periods under programmes which are not revolved annually | | | | | | | | |

Information on identified staff remunerated EUR 1 million or more in year

Total remuneration - payment band:

| | | |
|----|--|--|
| 33 | EUR 1 million to below EUR 1.5 million | |
| 34 | EUR 1.5 million to below EUR 2 million | |
| 35 | EUR 2 million to below EUR 2.5 million | |
| 36 | EUR 2.5 million to below EUR 3 million | |
| 37 | EUR 3 million to below EUR 3.5 million | |
| 38 | EUR 3.5 million to below EUR 4 million | |
| 39 | EUR 4 million to below EUR 4.5 million | |
| 40 | EUR 4.5 million to below EUR 5 million | |
| 41 | EUR 5 million to below EUR 6 million | |
| 42 | EUR 6 million to below EUR 7 million | |
| 43 | EUR 7 million to below EUR 8 million | |
| 44 | EUR 8 million to below EUR 9 million | |
| 45 | EUR 9 million to below EUR 10 million | |
| 46 | Add further payment bands as appropriate | |

1) Financial year for which the remuneration is awarded

A *firm's* financial year should be designated by reference to the calendar year in which it ends. For example, if a *firm's* *accounting reference date* is 31 March 2013, the financial year that begins on 1 April 2013 and ends on 31 March 2014 will be the *firm's* 2014 financial year.

2) Consolidation

When reporting on a consolidated basis as a UK lead regulated group, *firms* should where possible treat the consolidation group as a single entity (i.e. line-by-line) rather than on an aggregation basis.

3) Reference year of data collected and currency conversion

- a) See SUP 16.17.3AR(5) which provides that *Firms* must report in euros. To convert into euros, *firms* must use the rates published by the European Commission for financial programming and budget for December of the reported year. The table is published on the European Commission's website:
http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm

The table contains monthly exchange rates. A list sorted by country name can be generated using the 'access by list of countries' function. *Institutions* should use the exchange rate applicable for the month in which the financial year ended. Figures should be reported in millions.

- b) Data should comprise both fixed and variable *remuneration* awarded for performance during the performance year preceding the year of submission of the information.
- c) *Remuneration* awarded based on multi-year accrual periods that do not revolve on an annual basis, i.e. where *institutions* do not start a new multi-year period every year, should be fully allocated to the performance year in which the *remuneration* was awarded, without consideration of the point in time when the variable *remuneration* is effectively paid. These amounts should be reported separately to allow a further analysis of fluctuations of the variable *remuneration* and should not be deducted from the amount of variable *remuneration* reported.
- d) The information to be provided on ex-post adjustments (which adjusts *remuneration* for crystallisation of specific risks events), including clawback and malus, refers to the application of these arrangements for *remuneration* already awarded. These amounts should be reported separately and should not be deducted from the amount of variable *remuneration* reported.
- e) Only the amounts of variable *remuneration* awarded in the performance year should be reported as deferred. Deferred variable *remuneration* for previous periods that has not yet vested should be reported separately.

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- f) Where numbers should be reported in terms of the headcount, the number of natural persons should be entered, independent of the number of working hours on which their contract is based. Where numbers should be reported in terms of the full-time equivalent, the number should be based on the percentage of time that a staff member is employed compared to a full-time contract.
- g) Staff should be classified under the function or business area where they carry out the predominant part of their business activities. The full amount of their *remuneration* awarded to that staff member within the group or *institution* should be reported under this function or business area.

4) Data elements

These are referred to by row first and then by column, so data element 2B will be in row 2 and column B.

5) Separate templates

Firms should submit a separate template for each *EEA Member State* where the group is operating.

6) Definitions

For the purpose of completing the form in *SUP 16 Annex 33AR*, the following terms are defined:

| Term | Definition |
|-------------------------|---|
| MB Supervisory Function | Members of the <i>management body in its supervisory function</i> ; this includes non-executive directors of any board in the scope of consolidation. |
| MB Management Function | Members of the <i>management body</i> in its management function who have executive functions within the management body; this includes all executive directors of any board in the scope of consolidation. |
| Investment Banking | Include corporate finance advice services, private equity, capital markets, trading and sales. |
| Retail Banking | Include total lending activity (to individuals and enterprises). |
| Asset Management | Include portfolio management, managing of <i>UCITS</i> and other forms of asset management. |
| Corporate Functions | All functions that have responsibilities for the whole <i>institution</i> at the consolidated level and for subsidiaries with such functions at the solo level, e.g. Human Resources, IT. |

Appendix 6

| Term | Definition |
|---|--|
| Independent Control Functions | Staff active in the independent risk management, compliance and internal audit functions as described in the EBA's guidelines on internal governance. Such reporting requirements should apply to these functions at the consolidated level and for subsidiaries with such functions at the solo level. |
| All Other | This column should include staff that cannot be allocated to one of the designated business areas. |
| Senior management | As defined in the <i>Glossary</i> that is those <i>persons</i> who are a natural person and who exercise executive functions in an <i>institution</i> and who are responsible and accountable to the management body for the day-to-day management of the <i>institution</i> . |
| Control Functions | Control functions comprise control functions within the business units and the independent compliance, risk control and internal audit function. |
| Identified Staff | Staff whose professional activities have a material impact on the <i>firm's</i> risk profile in accordance with Regulation (EU) 604/2014 (Regulatory technical standards to identify staff who are material risk takers). For data relating to the performance year 2013, identified staff are those whose professional activities have a material impact on the <i>firm's</i> risk profile in accordance with <i>SYSC 19A.3.4R</i> . |
| Fixed remuneration | Fixed <i>remuneration</i> includes payments, proportionate regular (non-discretionary) pension contributions or benefits (where they are without consideration of any performance criteria). |
| Variable remuneration | Variable <i>remuneration</i> includes additional payments or benefits depending on performance or, in exceptional circumstances, other contractual elements but not those which form part of routine employment packages (such as healthcare, childcare facilities or proportionate regular pension contributions). Both monetary and non-monetary benefits should be included. Amounts should be reported gross, without any reduction due to the application of the discount rate for variable <i>remuneration</i> for the categories of total variable <i>remuneration</i> , variable in cash, variable in shares and share-linked instruments, and variable in other types of instruments. |
| Variable remuneration in other types of instruments which has | Cash and instruments in accordance with Commission Delegated Regulation (EU) No 527/2014 (Regulatory technical standards specifying the classes of instruments |

Appendix 6

| Term | Definition |
|---|--|
| been deferred | that adequately reflect the credit quality of a firm as a going concern and are appropriate to be used for the purposes of variable remuneration). |
| Deferred variable remuneration in other types of instrument | Instruments in accordance with Commission Delegated Regulation (EU) No 527/2014 (Regulatory technical standards specifying the classes of instruments that adequately reflect the credit quality of a firm as a going concern and are appropriate to be used for the purposes of variable remuneration). |
| Deferred remuneration | Should be determined with reference to <i>SYSC 19A.3.49R</i> . Amounts should be reported gross, without any reduction due to the application of the discount rate for deferred variable <i>remuneration</i> for the categories of total deferred variable <i>remuneration</i> , deferred variable in cash, deferred variable in shares and share-linked instruments, and deferred variable in other types of instruments. |
| Discretionary pension benefits | As defined in the <i>Glossary</i> with reference to article 4(1)(73) of the <i>EU CRR</i> which means enhanced pension benefits granted on a discretionary basis by a <i>firm</i> to an <i>employee</i> as part of that <i>employee's</i> variable <i>remuneration</i> package, which do not include accrued benefits granted to an <i>employee</i> under the terms of the company pension scheme. |

7) Specific guidance on data fields

| Field | Guidance | |
|--|-----------------------|---|
| Information on remuneration of identified staff | | |
| 3A–H | Number of staff | The number of staff should be reported as a headcount figure and be based on year end numbers. |
| 4A–H | Total number of staff | The total number of staff should be expressed in full time equivalents (FTE) and be based on year end numbers. |
| 6A–H | Total remuneration | The total <i>remuneration</i> figure (fixed and variable) awarded in the <i>remuneration</i> year expressed per function. |
| 7A–H | Variable remuneration | The total variable <i>remuneration</i> awarded in the <i>remuneration</i> year expressed per function. |

Appendix 6

| Field | Guidance |
|---|--|
| Business Areas | |
| 8A–B Members of management body | The number of management body members should be reported as a headcount figure and be based on year end numbers. |
| 9C–H Number of identified staff | The total number of staff should be expressed in full time equivalents (FTE) and be based on year end numbers. |
| 10 C– H Number of identified staff in senior management positions | The number of identified staff in senior management positions should be reported as a headcount figure and be based on year end numbers. |
| 11A– 18H Fixed remuneration Variable remuneration | Deferred fixed and variable <i>remuneration</i> should not be included in these fields. |
| 19A– 22H Deferred remuneration | Includes deferred variable <i>remuneration</i> . |

Additional information regarding the amount of total variable remuneration

| | |
|---|--|
| 23A– H Total amount of outstanding deferred variable remuneration | This position includes the deferred variable <i>remuneration</i> which was awarded in previous periods and which has not yet vested. Amounts should be reported gross, without any reduction due to the application of the discount rate for deferred variable <i>remuneration</i> . |
| 24A– H Total amount of explicit ex post performance adjustments applied in year | Expressed as a monetary value. Explicit ex post performance adjustment in accordance with <i>SYSC 19A.3.51R</i> and <i>SYSC 19A.3.51AR</i> . |
| 25A– H Number of beneficiaries of guaranteed variable remuneration (new sign-on payments) | Expressed as number of individuals |

Appendix 6

| Field | Guidance |
|--|---|
| 26A– H Total amount of guaranteed variable remuneration (new sign-on payments) | Expressed as a monetary value. Guaranteed variable <i>remuneration</i> in accordance with <i>SYSC 19A.3.40R</i> . |
| 28A– H Severance payments | The total monetary value of severance payments in the financial year. |
| 30A– H Number of beneficiaries | The total number of beneficiaries expressed as individuals. |
| 31A– H Total amount of contributions to discretionary pension benefits in year | The total amount of contributions should be provided in Euros. |
| 32A– H Variable remuneration for multi-year periods which are not revolved annually | See Guidance note 3)(c). |

Supplementary Information

| | |
|--------------------------------------|---|
| 33A Staff categorised as ‘all other’ | For staff included in column H ‘all other’, <i>institutions</i> must provide explanatory text including the business area in which those staff sit. |
|--------------------------------------|---|

Information on identified staff remunerated EUR 1 million or more in year

| | |
|--|--|
| 34A– XA Total remuneration payment band | The number of identified staff within each pay bracket should be expressed in headcount figures. Further brackets should be added in ranges of EUR 1 million where needed. |
|--|--|

Appendix 6

SUP 16 Annex 34AR High Earners Report

| | A | B |
|-----|--|---|
| 1.a | Name of institution/group: | |
| 1.b | Reference number of institution/group: | |
| 1.c | Financial year for which remuneration is awarded (Year N) | |
| 1.d | Is this report on behalf of a group? | |
| 1.e | EEA state to which the data relates | |
| 2 | Do you wish to submit a Nil return for the country selected? | |
| 3 | Payment bracket | |

Business Areas

| | A | B | C | D | E | F | G | H |
|----|---|------------|------------|---------|------------|-----------|-------------|-----------|
| | MB | MB | | | | | Independent | |
| | Supervisory | Management | Investment | Retail | Asset | Corporate | Control | All other |
| | Function | Function | Banking | Banking | Management | Functions | Functions | |
| 4 | Number of individuals in senior management | | | | | | | |
| 5 | Number of individuals in control functions | | | | | | | |
| 6 | Number of other staff | | | | | | | |
| 7 | Total number of High Earners | | | | | | | |
| 8 | <i>Of which:</i> Identified Staff | | | | | | | |
| 9 | Total fixed remuneration | | | | | | | |
| 10 | <i>Of which:</i> Fixed in cash | | | | | | | |
| 11 | Fixed in shares and share-linked instruments | | | | | | | |
| 12 | Fixed in other types of instruments | | | | | | | |
| 13 | Total variable remuneration | | | | | | | |
| 14 | <i>Of which:</i> Variable in cash | | | | | | | |
| 15 | Variable in shares and share-linked instruments | | | | | | | |
| 16 | Variable in other types of instruments | | | | | | | |
| 17 | Total amount of variable remuneration awarded in year which has been deferred | | | | | | | |
| 18 | <i>Of which:</i> Deferred variable in cash for year | | | | | | | |
| 19 | Deferred variable in shares and share-linked instruments for year | | | | | | | |
| 20 | Deferred variable in other types of instruments in year | | | | | | | |

Additional information regarding the amount of total variable remuneration

| | | | | | | | | |
|----|--|--|--|--|--|--|--|--|
| 21 | Number of beneficiaries of severance payments | | | | | | | |
| 22 | Total amount of severance payments paid in year | | | | | | | |
| 23 | Total amount of contributions to discretionary pension benefits in year | | | | | | | |
| 24 | Total amount of variable remuneration awarded for multi-year periods under programmes which are not revoked annually | | | | | | | |

Supplementary information

| | A |
|----|--|
| 25 | Please indicate the function of all staff who cannot be included in a business area above and are therefore categorised as 'all other' |

1) Financial year for which the remuneration is awarded

A *firm's* financial year should be designated by reference to the calendar year in which it ends. For example, if a *firm's* *accounting reference date* is 31 March 2013, the financial year that begins on 1 April 2013 and ends on 31 March 2014 will be the *firm's* 2014 financial year.

2) Consolidation

When reporting on a consolidated basis as a UK lead regulated group, *firms* should where possible treat the consolidation group as a single entity (i.e. line-by-line) rather than on an aggregation basis.

3) Currency

See *SUP 16.17.4R(9)* which provides that *Firms* must report in Euros. To convert into Euros, *firms* must use the rates published by the European Commission for financial programming and budget for December of the reported year. The table is published on the European Commission's website:

http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_en.cfm.

The table contains monthly exchange rates. A list sorted by country name can be generated using the 'access by list of countries' function. *Institutions* should use the exchange rate applicable for the month in which the financial year ended.

Figures should be reported in millions.

4) Information to be collected

- a) *High earners* should be classified under the *EEA State*, function or business area and responsibility where they carry out the predominant part of their business activities. The full amount of *remuneration* awarded to the relevant *high earner* within the group or *firm* should be reported under this *EEA state*, function or business area and responsibility.
- b) If the predominant areas for one *high earner* have the same weight, the *firm* should allocate the *high earner* and his *remuneration* taking into account the allocation of other *high earners*, so that the report best reflects the distribution of *high earners* within the *firm*.
- c) For each *high earner*, figures should only be reported once and the full amounts should be assigned to one *EEA state*, one function or business area and responsibility only.
- d) *High earners* who carry out professional activities both within and outside the *EEA* should be classified under an *EEA state* only if they carry the predominant part of their professional activities within the *EEA*. Otherwise, figures should not be reported.

5) Data elements

These are referred to by row first and then by column, so data element 2B will be in row 2 and column B.

6) Separate templates

Firms should submit a separate template for each *EEA Member State* where the group is operating.

7) Definitions

For the purpose of completing the form in *SUP 16 Annex 34AR*, the following terms are defined:

| Term | Definition |
|-------------------------------|---|
| MB Supervisory Function | Members of the <i>management body in its supervisory function</i> ; this includes non-executive directors of any board in the scope of consolidation. |
| MB Management Function | Members of the <i>management body</i> in its management function who have executive functions within the management body; this includes all executive directors of any board in the scope of consolidation. |
| Investment Banking | Include corporate finance advice services, private equity, capital markets, trading and sales. |
| Retail Banking | Include total lending activity (to individuals and enterprises). |
| Asset Management | Include portfolio management, managing of <i>UCITS</i> and other forms of asset management. |
| Corporate Functions | All functions that have responsibilities for the whole <i>institution</i> at the consolidated level and for subsidiaries with such functions at the solo level, e.g. Human Resources, IT. |
| Independent Control Functions | Staff active in the independent risk management, compliance and internal audit functions as described in the EBA's guidelines on internal governance. Such reporting requirements should apply to these functions at the consolidated level and for subsidiaries with such functions at the solo level. |
| All Other | This column should include staff that cannot be allocated to one of the designated business areas. |
| Senior management | As defined in the <i>Glossary</i> that is those <i>persons</i> who are a natural person and who exercise executive functions in an |

| Term | Definition |
|---|---|
| | <i>institution</i> and who are responsible and accountable to the management body for the day-to-day management of the <i>institution</i> . |
| Control Functions | Control functions comprise control functions within the business units and the independent compliance, risk control and internal audit function. |
| High Earners | As defined in the <i>Glossary</i> that is an <i>employee</i> whose total annual <i>remuneration</i> is EUR 1 million or more per year or its equivalent in another currency determined by reference to the conversion rate applicable to the corresponding High Earners Report under <i>SUP 16</i> . |
| Identified Staff | Staff whose professional activities have a material impact on the <i>firm's</i> risk profile in accordance with Regulation (EU) 604/2014 (Regulatory technical standards to identify staff who are material risk takers). For data relating to the performance year 2013, identified staff are those whose professional activities have a material impact on the <i>firm's</i> risk profile in accordance with <i>SYSC 19A.3.4R</i> . |
| Fixed remuneration | Fixed <i>remuneration</i> includes payments, proportionate regular (non-discretionary) pension contributions or benefits (where they are without consideration of any performance criteria). |
| Variable remuneration | Variable <i>remuneration</i> includes additional payments or benefits depending on performance or, in exceptional circumstances, other contractual elements but not those which form part of routine employment packages (such as healthcare, childcare facilities or proportionate regular pension contributions). Both monetary and non-monetary benefits should be included. Amounts should be reported gross, without any reduction due to the application of the discount rate for variable remuneration for the categories of total variable <i>remuneration</i> , variable in cash, variable in shares and share-linked instruments, and variable in other types of instruments. |
| Variable remuneration in other types of instruments | Instruments in accordance with Commission Delegated Regulation (EU) No 527/2014 (Regulatory technical standards specifying the classes of instruments that adequately reflect the credit quality of a firm as a going concern and are appropriate to be used for the purposes of variable remuneration). |
| Deferred variable remuneration in other types of instrument | |
| Deferred remuneration | Should be determined with reference to <i>SYSC 19A.3.49R</i> . |

| Term | Definition |
|--------------------------------|--|
| | Amounts should be reported gross, without any reduction due to the application of the discount rate for deferred variable <i>remuneration</i> for the categories of total deferred variable <i>remuneration</i> , deferred variable in cash, deferred variable in shares and share-linked instruments, and deferred variable in other types of instruments. |
| Discretionary pension benefits | As defined in the <i>Glossary</i> with reference to article 4(1)(73) of the <i>EU CRR</i> which means enhanced pension benefits granted on a discretionary basis by a <i>firm</i> to an <i>employee</i> as part of that <i>employee's</i> variable <i>remuneration</i> package, which do not include accrued benefits granted to an <i>employee</i> under the terms of the company pension scheme. |

8) Specific guidance on data fields

| Field | Guidance |
|--|---|
| 3B Payment bracket | Figures should be provided within value brackets of EUR 1 million (e.g. EUR 1 million to less than EUR 2 million, EUR 2 million to less than EUR 3 million etc.). |
| Business Areas | |
| 4A–6H Individuals | The numbers of staff in the categories should be expressed in full time equivalents (FTEs) and be based on year-end numbers. |
| 9A–16H Fixed remuneration Variable remuneration | Deferred fixed and variable <i>remuneration</i> should not be included in these fields. |
| 17A–20H Deferred remuneration | Includes deferred variable <i>remuneration</i> . |

Additional information regarding the amount of total variable remuneration

| | |
|--|---|
| 22A–H Severance payments | The total monetary value of severance payments in the financial year. |
| 24A–H Variable remuneration for multi-year periods which are not revolved annually | <i>Remuneration</i> awarded based on multi-year accrual periods that do not revolve on an annual basis, i.e. where <i>institutions</i> do not start a new multi-year period every year, should be fully allocated to the performance year in which the <i>remuneration</i> was awarded, without consideration of the point in time when the variable <i>remuneration</i> is effectively paid. These amounts should be reported separately to allow a further analysis of fluctuations of the variable |

Field**Guidance**

remuneration and should not be deducted from the amount of variable *remuneration* reported.

Supplementary Information

| | | |
|-----|----------------------------------|---|
| 25A | Staff categorised as 'all other' | For staff included in column H 'all other', <i>institutions</i> must provide explanatory text including the business area in which those staff sit. |
|-----|----------------------------------|---|