

Bank of England PRA

Appendices to CP14/23 – Pillar 3 remuneration disclosure

Consultation paper | CP14/23

July 2023

Draft for consultation



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1: PRA Rulebook: CRR Firms: Simpler Remuneration Disclosures Instrument [2023]

PRA RULEBOOK: CRR FIRMS: SIMPLER REMUNERATION DISCLOSURES INSTRUMENT [2023]

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); and
 - (3) section 192XA (Rules applying to holding companies).
- 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. Insofar as these rules are CRR rules within the meaning of section 144A (CRR rules) or 192XA (Rules applying to holding companies) of the Act, the PRA, when making the rules, had regard to and considered the matters specified in section 144C(1), (2) and (3) of the Act insofar as those sub-sections are applicable to these rules.
- D. In accordance with section 144C(3) and 144E of the Act the PRA consulted the Treasury about the likely effect of the rules on relevant equivalence decisions within the meaning of section 144C(4) of the Act.
- E. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority.
- F. After consulting the Financial Conduct Authority, the PRA published a draft of proposed rules in accordance with section 138J(1)(b) of the Act, accompanied by the information listed in section 138J(2) and the explanation referred to in section 144D of the Act (Explanation to accompany consultation on CRR rules).
- G. The PRA had regard to representations made.

PRA Rulebook: CRR Firms: Simpler Remuneration Disclosures Instrument [2023]

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

Commencement

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

Citation

- J. This instrument may be cited as the PRA Rulebook: CRR Firms: Simpler Remuneration Disclosures Instrument [2023].

By order of the Prudential Regulation Committee
[DATE]

Annex

Amendments to the Disclosure (CRR) Part

In this Annex new text is underlined and deleted text is struck through. The text being consulted on in this CP is highlighted yellow. Other text was consulted on in CP 4/23. The new text should be read in conjunction with the proposed Simpler Regime – General Application Part consulted on in CP 4/23 and the amendments to the Remuneration Part consulted on in CP 5/23.

1 APPLICATIONS AND DEFINITIONS

...

1.2 In this Part, the following definitions shall apply:

...

non-listed institution

means an institution that has not issued securities that are admitted to trading on a *regulated market*.

small CRR firm

has the meaning given in the Remuneration Part.

...

4 DISCLOSURE (PART EIGHT CRR)

Article 433A DISCLOSURES BY LARGE INSTITUTIONS

...

2. By way of derogation from paragraph 1, large institutions other than G-SIIs that are ~~non-listed institutions~~ *non-listed institutions* shall disclose the information outlined below with the following frequency:

(a) all the information required under this Part on an annual basis;

(b) the key metrics referred to in Article 447 on a semi-annual basis.

...

Article 433B DISCLOSURES BY SIMPLER-REGIME FIRMS, SIMPLER-REGIME CONSOLIDATION ENTITIES AND SMALL AND NON-COMPLEX INSTITUTIONS

1. *Simpler-regime firms* and *Simpler-regime consolidation entities* ~~Small and non-complex institutions~~ shall disclose the information outlined below with the following frequency:

(a) on an annual basis the information referred to in:

(i) ~~points (a), (e) and (f) of Article 435(1)[deleted];~~

(ii) point (d) of Article 438;

(iii) points (a) to (d), (h)(i) and (h)(ii)(h), and (i) of Article 450(1);¹

(b) on a semi-annual basis the key metrics referred to in Article 447.

2. By way of derogation from paragraph 1 of this Article, *Simpler-regime firms* ~~small and non-complex institutions~~ that are *non-listed institutions* are not required to make the disclosures specified in that paragraph. ~~non-listed institutions shall disclose the key metrics referred to in Article 447 on an annual basis.~~
3. In the period beginning with [date of commencement of this rule] and ending with [date 3 years after commencement of this rule], this Article as it stood immediately before [date of commencement of this rule] applies, with the modification in paragraph 4, to any institution that:
 - (a) was a small and non-complex institution immediately before [date of commencement of this rule] and continues to be so; and
 - (b) is not a *Simpler-regime firm* or a *Simpler-regime consolidation entity*.
4. The modification referred to in paragraph 3 is that for any institution subject to that paragraph that is a *small CRR firm* the disclosure required in relation to the information referred to in Article 450 is as follows:
 - (a) for a *non-listed institution*, no disclosure is required;
 - (b) otherwise, points (a)-(d), (h)(i) and (h)(ii) of Article 450(1).

Article 433C DISCLOSURES BY OTHER INSTITUTIONS

1. Institutions that are not subject to Article 433a or 433b shall disclose the information outlined below with the following frequency:
 - (a) all the information required under this Part on an annual basis;
 - (b) the key metrics referred to in Article 447 on a semi-annual basis;
 - (c) for such institutions that are *LREQ firms*, the information required under paragraphs (1)(a), (b) and (g), (2) and (3) of Article 451 on a quarterly basis.
2. By way of derogation from paragraph 1 of this Article, other institutions that are ~~non-listed institutions~~ *non-listed institutions* shall disclose the following information on an annual basis:
 - (a) points (a), (e) and (f) of Article 435(1);
 - (b) points (a), (b) and (c) of Article 435(2);
 - (c) point (a) of Article 437;
 - (d) points (c) and (d) of Article 438;
 - (e) the key metrics referred to in Article 447;
 - (f) points (a) to (d), (h) to (k) of Article 450(1).
3. Notwithstanding paragraphs 1 and 2, for institutions subject to this Article that are *small CRR firms*, the disclosure required in relation to the information referred to in Article 450 is as follows:
 - (a) for *non-listed institutions*, no disclosure is required;

¹ The text in sub-paragraph (iii) replaces the text that was consulted on in CP 4/23

(b) otherwise, points (a)-(d), (h)(i) and (h)(ii) of Article 450(1).

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2: PRA statutory obligations

The statutory obligations applicable to the PRA's policy development process are set out below. This CP explains the policy assessment of relevant considerations.

- **For rules instruments and UK Technical Standards Instruments:** Purpose of the policy proposals (FSMA s138J(2)(b)).
- **For rules instruments and UK Technical Standards Instruments:** Cost benefit analysis (FSMA s138J(2)(a) and (7)(a)); and an estimate of those costs and benefits (if reasonable) (FSMA s138J(8)).
- **For rules instruments and UK Technical Standards Instruments:** Analysis of whether the impact on mutuals is significantly different to the impact on other authorised firms (FSMA s138J(2)(c) and 138K).
- Compatibility with the PRA's primary objectives (FSMA s138J(2)(d)(i), 2B and 2C).
- Compatibility with the PRA's secondary competition objective (FSMA s138J(2)(d)(ii) and 2H(1)).
- Compatibility with the regulatory principles (FSMA s138J(2)(d)(ii), 2H(2) and 3B).
- Have regard to the HMT recommendation letters (BoE Act s30B).
- Have due regard to the public sector equality duty (Equality Act s149).
- Have regard, subject to any other requirement affecting the exercise of the regulatory function, to the principles of good regulation and when determining general policy or principles to the Regulators Code (Legislative and Regulatory Reform Act 2006 s21 & 22).
- Have regard, so far as consistent with the proper exercise of those functions, to the purpose of conserving biodiversity. Conserving biodiversity includes, in relation to a living organism or type of habitat, restoring or enhancing a population or habitat (Natural Environment and Rural Communities Act 2006, s40).
- **For rules instruments and UK Technical Standards Instruments:** Consultation of the FCA (FSMA s138J(1)(a)).
- **For UK Technical Standards Instruments only:** FSMA s138J(1)(a) is replaced with: consultation of the FCA and/or Bank, where that Regulator has an interest in the technical standards (FSMA s138P(4) and (5)).
- **For UK Technical Standards Instruments only:** notice given to HMT of the consultation on the UKTS ('best efforts' basis).
- For CRR rules only: subject to certain exceptions, have regard to:
 - relevant standards recommended by the Basel Committee on Banking Supervision from time to time
 - the likely effect of the rules on the relative standing of the United Kingdom as a place for internationally active credit institutions and investment firms to be

based or to carry on activities. For these purposes, the PRA must consider the United Kingdom's standing in relation to the other countries and territories in which, in its opinion, internationally active credit institutions and investment firms are most likely to choose to be based or carry on activities

- the likely effect of the rules on the ability of CRR firms to continue to provide finance to businesses and consumers in the United Kingdom on a sustainable basis in the medium and long term
 - the target in section 1 of the Climate Change Act 2008 (carbon target for 2050)
 - (s144C (1) & (2) FSMA – exceptions in s144E FSMA).
 - **For CRR rules only** – explanation of the ways in which having regard to the matters specified above has affected the proposed rules (s144D FSMA).
 - **For CRR rules only** – publication of a summary of the proposed CRR rules.
 - **For CRR rules only** – consideration and consultation with the Treasury about the likely effect of the rules on relevant equivalence decisions (s144C (3) & (4) FSMA).
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