

CRD IV: higher ratio (fix/variable remuneration) notification process for Identified Staff

Regulatory News Alert

4 February 2015

The CSSF issued on 13 January 2015 the **Circular 15/601** implementing a specific notification process to follow in the situation where the variable component of Identified Staff's total remuneration would exceed the 1:1 ratio.

Based on Article 94(1)(g)(ii) of Directive 2013/36/EU (CRD IV), the variable component of the total remuneration of staff members whose professional activities have a material impact on the risk profile of credit institutions and investment firms ("Identified Staff") shall not exceed 100 % of the fixed component (1:1 ratio).

However, each Member State may allow the concerned entities to approve internally a higher ratio between the fixed and variable components of remuneration, with a maximum of 200%.

Such an approval is subject in Luxembourg to specific conditions, e.g. shareholders' approval, as well as to a notification process formalised by the CSSF in its Circular 15/601 dated 13 January 2015. This notification process enters into force with immediate effect.

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