

Deloitte Banking Alert

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EBA: Consultation on Draft Guidelines on Remuneration

The EBA launched on the 30th of October, 2020 a public consultation on the revised Guidelines on sound remuneration policies.

The revision consists of taking into account the amendments introduced by CRD V regarding the institutions' sound remuneration policies, with a focus on the requirements specifying that remuneration policies should be gender neutral.

The consultation runs until 29 January 2021.

Highlights about the CP on draft guidelines on remuneration

The European Banking Authority expects from the institutions to apply the principle of equal pay for male and female workers in a consistent manner. Therefore, the revised Guidelines specify that institutions should implement a gender-neutral remuneration policy.

Moreover, the EBA will follow up on institution's practices with a report to be published within two years after the publication of the final guidelines.

Also, additional requirements will be applicable for the variable remuneration for staff whose professional activities have a material impact on the institution's risk profile (identified staff).

The revised Guidelines also specify all the requirements and the waivers which apply to institutions based on their total balance sheet and to staff with a low variable remuneration. The waivers only apply to the deferral arrangements and pay out in instruments.

The revised Guidelines also clarify how the remuneration framework applies on a consolidated basis to investment firms and other financial institutions that are subject to a specific remuneration framework (for example: firms subject to UCITS, AIFMD and MiFID) and are not any longer subject to the so called bonus cap.

The EBA has also revised the sections on severance payments and retention bonuses based on supervisory experience regarding cases of circumvention.

Conclusion

The EBA welcomes comments on the proposed amendments to the EBA Guidelines on sound remuneration policy until the 29th of January 2021.

For further questions regarding the aspects mentioned in this alert, please don't hesitate to contact us.



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Sources:

<https://eba.europa.eu/calendar/consultation-paper-draft-guidelines-sound-remuneration-policies-under-directive-201336eu>