



EBA/GL/2014/08

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# Guidelines

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on the remuneration benchmarking exercise

# EBA Guidelines on the remuneration benchmarking exercise

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## Status of these Guidelines

This document contains guidelines issued pursuant to Article 16 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (*‘the EBA Regulation’*). In accordance with Article 16(3) of the EBA Regulation, competent authorities and financial institutions must make every effort to comply with the guidelines.

Guidelines set out the EBA’s view of appropriate supervisory practices within the European System of Financial Supervision or of how Union law should be applied in a particular area. The EBA therefore expects all competent authorities and financial institutions to whom guidelines are addressed to comply with guidelines. Competent authorities to whom guidelines apply should comply by incorporating them into their supervisory practices as appropriate (e.g. by amending their legal framework or their supervisory processes), including where guidelines are directed primarily at institutions.

## Reporting Requirements

According to Article 16(3) of the EBA Regulation, competent authorities must notify the EBA as to whether they comply or intend to comply with these guidelines, or otherwise with reasons for non-compliance, by 16.09.2014. In the absence of any notification by this deadline, competent authorities will be considered by the EBA to be non-compliant. Notifications should be sent by submitting the form provided at Section 5 to [compliance@eba.europa.eu](mailto:compliance@eba.europa.eu) with the reference ‘EBA/GL/2014/08’. Notifications should be submitted by persons with appropriate authority to report compliance on behalf of their competent authorities.

Notifications will be published on the EBA website, in line with Article 16(3).

## Title I - Subject matter, scope and definitions

### 1. Subject matter and scope of these Guidelines

1.1. These Guidelines provide further details about:

- (a) the information to be submitted to the EBA regarding the benchmarking of remuneration trends and practices by competent authorities under Article 75(1) of Directive 2013/36/EU<sup>1</sup>;
- (b) the benchmarking of remuneration trends and practices at EEA level, the measures to be taken to ensure the consistency of the data collected for this purpose and the procedural involvement of competent authorities in the EBA's remuneration benchmarking exercise ('the exercise') under Article 75(2) of Directive 2013/36/EU.

1.2. These Guidelines are addressed to competent authorities.

1.3. The terms defined in Article 3 of Directive 2013/36/EU or Article 4 of Regulation (EU) No 575/2013<sup>2</sup> have the same meaning in these Guidelines.

### 2. Scope of institutions subject to the data collection

2.1. Competent authorities should ensure that the benchmarking of remuneration practices covers at least 60% of the financial sector formed by credit institutions and investment firms in their jurisdiction, expressed in terms of the aggregated total assets of institutions as of the end of the calendar year.

2.2. Where a coverage of 60% cannot reasonably be ensured by competent authorities, for example because the market is dominated by subsidiaries of EEA parent institutions located in a different Member State and these EEA parent institutions would not be included in the data reported according to the list of institutions provided by EBA, competent authorities may alternatively submit information for up to 20 of the largest individual institutions in their Member State.

2.3. Competent authorities may include, in their national benchmarking exercise, additional institutions for which they may deem it necessary to collect data on remuneration.

2.4. Competent authorities should inform the EBA annually about institutions that should be included in the EBA's benchmarking exercise. This can be done by informing the EBA about any changes compared to the previous year. Changes to the sample of institutions should be avoided as much as possible to ensure that the sample remains stable. Competent authorities should submit data for all institutions included in the list of institutions established by the EBA.

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<sup>1</sup> 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, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338).

<sup>2</sup> Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms and amending Regulation (EU) No 648/2012 (OJ L 176, 27.6.2013, p. 1).

2.5. Competent authorities that have included subsidiaries in the list of institutions should review the list provided by the EBA to ensure that the data are not part of any consolidated data that will be collected. If the subsidiary is included in the scope of consolidation of an institution included in the EBA's benchmarking exercise, the competent authority should ask the EBA to remove the subsidiary from the list of institutions so that data for this subsidiary is only submitted as part of the consolidated data collected.

### 3. Scope of consolidation and collection of data

3.1. Competent authorities should collect data at the highest level of consolidation as set out in Part One, Title II, Chapter 2, Section 1 of Regulation (EU) No 575/2013, i.e. at the EEA consolidated level, covering all subsidiaries and branches within a group, whether established in a Member State or in a third country. The scope of collecting data on remuneration should be the same as the scope for the application of the consolidated own funds requirements.

3.2. Competent authorities responsible for the supervision on an EEA-consolidated basis should collect the information described in these Guidelines from the institution that is responsible for meeting the requirements of Article 450 of Regulation (EU) No 575/2013 on a consolidated basis.

## Title II - Requirements regarding the format and frequency of the remuneration benchmarking exercise

### 4. Information to be collected and submission to the EBA dates

4.1. Competent authorities should collect the following financial year-end figures denominated in EUR from Institutions included in the exercise annually by 30 June:

- (a) the template provided in Annex 1 containing data regarding the remuneration of all staff;
- (b) the template provided in Annex 2 containing information on the remuneration of staff whose professional activities have a material impact on the institution's risk profile<sup>3</sup> (identified staff);
- (c) the template provided in Annex 3 containing information on identified staff remunerated EUR 1 million or more per financial year as referred to in Article 450(1)(i) of Regulation (EU) No 575/2013.

4.2. Competent authorities may collect additional data for their national benchmarking exercise.

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<sup>3</sup>See Regulation (EU) No 604/2014 ([http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL\\_2014\\_167\\_R\\_0003](http://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:JOL_2014_167_R_0003)) based on the EBA's draft Regulatory Technical Standards.

4.3. Competent authorities should submit the data required for the EBA's benchmarking exercise to the EBA by 31 August each year using the EBA remuneration benchmarking reporting system and following the specifications that the EBA provide for the use of this system.

## 5. Reference year of data collected and currency conversion

5.1. Data should comprise fixed and variable remuneration awarded for performance during the performance year preceding the year of submission of the information.

5.2. 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 financial 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 awarded and should not be deducted from the amount of variable remuneration reported.

5.3. The information to be provided on *ex post* adjustments, including clawback and *malus*, refers to the application of these arrangements for remuneration already awarded. These amounts should be reported separately<sup>4</sup> and should not be deducted from the amount of variable remuneration reported.

5.4. Only the amounts of variable remuneration awarded in the performance year that have been deferred should be reported as deferred remuneration. Deferred variable remuneration for previous periods that has not vested yet should be reported separately<sup>5</sup>.

5.5. Data should be submitted using accounting year-end figures in EUR. All amounts should be reported as full amounts, i.e. not rounded amounts, in euro (e.g. EUR 1 234 567 instead of EUR 1.2 million). Where remuneration is disclosed in a currency other than EUR, 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<sup>6</sup>.

5.6. 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 (e.g. 0.5 would be reported for a staff member who is working half-time).

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<sup>4</sup> These amounts are reported under 'Total amount of explicit *ex post* performance adjustment applied in year N for previously awarded remuneration'.

<sup>5</sup> These amounts are reported under 'Article 450(h)(iii) of Regulation (EU) No 575/2013; total amount of outstanding deferred variable remuneration awarded in previous periods and not in year N'.

<sup>6</sup> The EBA provides a link to the information on its website together with these Guidelines; the exchange rate can also be accessed under [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/infoeuro/infoeuro\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/infoeuro/infoeuro_en.cfm).

5.7. 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 remuneration awarded to that staff member within the group or institution should be reported under this function or business area.

## 6. Data quality

6.1. Competent authorities should check the completeness and plausibility of the data reported by each institution participating in the exercise.

6.2. To ensure the high quality of data, competent authorities should perform specific additional data quality checks where requested by the EBA.

## Title III- Transitional provisions and implementation

### 7. Repeal

The EBA Guidelines on the remuneration benchmarking exercise (EBA/GL/2012/04), published on 27 July 2012, are repealed with immediate effect.

### 8. Transitional arrangements

8.1. Competent authorities should collect data relating to the performance year 2013 from the institutions by a date that ensures that the data relating to the performance year 2013 are submitted to the EBA by 30 November 2014.

8.2. For the data relating to the performance year 2013, 'staff whose professional activities have a material impact on the institution's risk profile' are considered to be those described in Annex V, Section 11(23) of Directive 2006/49 as amended by Directive 2010/76/EU.

8.3. When data to be submitted for the performance year 2013 cannot be mapped into the functions and business areas specified in these Guidelines, institutions may report for 2013, using the templates included in these Guidelines, aggregated data for the functions of management body in its management function and management body in its supervisory function, corporate functions and independent control functions under the category 'all other'.

### 9. Date of application

Competent authorities should implement these Guidelines by incorporating them within their supervisory procedures by 31 October 2014. After that date, competent authorities should ensure that institutions comply with them effectively.

## Annex 1 – Information on remuneration for all staff

<b>Name of the institution/group:</b>								
<b>Performance year for which the remuneration is awarded (year N):</b>								
	<b>MB Supervisory function<sup>1</sup></b>	<b>MB Management function<sup>2</sup></b>	<b>Investment banking<sup>3</sup></b>	<b>Retail banking<sup>4</sup></b>	<b>Asset management<sup>5</sup></b>	<b>Corporate functions<sup>6</sup></b>	<b>Independent control functions<sup>7</sup></b>	<b>All other<sup>8</sup></b>
<b>Number of members (Headcount)</b>	#	#						
<b>Total number of staff in FTE<sup>9</sup></b>			#	#	#	#	#	#
<b>Total net profit in year N</b>	Full amount in euro (e.g. 123 456 789.00)							

<sup>1</sup> 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 Directive 2013/36/EU. Members should be assigned to this category taking into account point 5.7 of these guidelines. Attendance fees should be reported as remuneration.

<sup>2</sup> Members of the management body in its management function according to Article 3(1)(7) of Directive 2013/36/EU who have executive functions within the management body; this includes all executive directors of any board in the scope of consolidation.

<sup>3</sup> Including corporate finance advice services, private equity, capital markets, trading and sales.

<sup>4</sup> Including total lending activity (to individuals and enterprises).

<sup>5</sup> Including portfolio management, managing of UCITS and other forms of asset management.

<sup>6</sup> All functions that have responsibilities for the whole institution at the consolidated level and for subsidiaries with such functions at the solo level, e.g. Human Resources, IT.

<sup>7</sup> 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.

<sup>8</sup> Staff who cannot be mapped into one of the other business areas.

<sup>9</sup> The numbers of staff should be expressed in full time equivalents (FTEs) and be based on year-end numbers.



<b>(in EUR)<sup>10</sup></b>								
<b>Total remuneration (in EUR)<sup>11</sup></b>								
Of which: variable remuneration (in EUR) <sup>12</sup>								

<sup>10</sup> Net profits should be based on the accounting system used for regulatory reporting. For groups, it is the profit (or loss) based on the consolidated accounts.

<sup>11</sup> Total remuneration comprises the fixed and variable remuneration. The amounts of remuneration provided should be gross numbers, including all costs for the institutions, except mandatory contributions by the institutions to social security and comparable schemes.

<sup>12</sup> Variable remuneration 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.



## Annex 2 – Information on remuneration of identified staff

<b>Name of the institution/group:</b>								
<b>Performance year for which the remuneration is awarded (year N):</b>								
	<b>MB Supervisory function<sup>1</sup></b>	<b>MB Management function<sup>2</sup></b>	<b>Investment banking<sup>3</sup></b>	<b>Retail banking<sup>4</sup></b>	<b>Asset management<sup>5</sup></b>	<b>Corporate functions<sup>6</sup></b>	<b>Independent control functions<sup>7</sup></b>	<b>All other<sup>8</sup></b>
<b>Members (Headcount<sup>9</sup>)</b>	#	#						
<b>Number of identified staff in FTE<sup>10</sup></b>			#	#	#	#	#	#

<sup>1</sup> 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 Directive 2013/36/EU. Members should be assigned to this category taking into account point 5.7 of these guidelines. Attendance fees should be reported as remuneration.

<sup>2</sup> Members of the management body in its management function according to Article 3(1)(7) of Directive 2013/36/EU who have executive functions within the management body; this includes all executive directors of any board in the scope of consolidation.

<sup>3</sup> Including corporate finance advice services, private equity, capital markets, trading and sales.

<sup>4</sup> Including total lending activity (to individuals and enterprises).

<sup>5</sup> Including portfolio management, managing of UCITS and other forms of asset management.

<sup>6</sup> All functions that have responsibilities for the whole institution at the consolidated level and for subsidiaries with such functions at the solo level, e.g. Human Resources, IT.

<sup>7</sup> 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.

<sup>8</sup> Staff which cannot be mapped into one of the other business areas.

<sup>9</sup> Number of natural persons; year-end numbers.

<sup>10</sup> Staff whose professional activities have a material impact on the institutions risk profile according to Article 92(2) of Directive 2013/36/EU (identified staff); year-end numbers.

<b>Number of identified staff in senior management positions<sup>11</sup></b>			#	#	#	#	#	#
<b>Total fixed remuneration (in EUR)<sup>12</sup></b>								
Of which: fixed in cash								
Of which: fixed in shares and share-linked instruments								
Of which: fixed in other types instruments								
<b>Total variable remuneration (in EUR)<sup>13</sup></b>								
Of which: variable in cash								
Of which: variable in shares and share-linked instruments								

<sup>11</sup> Senior management as defined by point 9 of Article 3(1) of Directive 2013/36/EU; year-end numbers.

<sup>12</sup> Fixed remuneration includes payments, proportionate regular (non-discretionary) pension contributions, or benefits (where they are without consideration of any performance criteria).

<sup>13</sup> Variable remuneration 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 remuneration, variable in cash, variable in shares and share-linked instruments, and variable in other types of instruments.

Of which: variable in other types instruments <sup>14</sup>								
<b>Total amount of variable remuneration awarded in year N which has been deferred (in EUR)<sup>15</sup></b>								
Of which: deferred variable in cash in year N								
Of which: deferred variable in shares and share-linked instruments in year N								
Of which: deferred variable in other types of instruments in year N <sup>16</sup>								

<sup>14</sup> Cash or instruments in accordance with Article 94(1)(l) Directive 2013/36/EU.

<sup>15</sup> Deferred remuneration in accordance with Article 94(1)(m) of Directive 2013/36/EU. Amounts should be reported gross, without any reduction due to the application of the discount rate for deferred variable remuneration for the categories of total deferred variable remuneration, deferred variable in cash, deferred variable in shares and share-linked instruments, and deferred variable in other types of instruments.

<sup>16</sup> Instruments referred to in Article 94(1)(l)(ii) of Directive 2013/36/EU.

Additional information regarding the amount of total variable remuneration								
<b>Article 450 h(iii)CRR – total amount of outstanding deferred variable remuneration awarded in previous periods and not in year N (in EUR)<sup>17</sup></b>								
<b>Total amount of explicit <i>ex post</i> performance adjustment<sup>18</sup> applied in year N for previously awarded remuneration (in EUR)</b>								
<b>Number of beneficiaries of guaranteed variable remuneration (new sign-on payments)<sup>19</sup></b>								

<sup>17</sup> This position includes the deferred variable remuneration 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 remuneration.

<sup>18</sup> Explicit *ex post* performance adjustment in accordance with Article 94(1)(n) of Directive 2013/36/EU.

<sup>19</sup> Guaranteed variable remuneration in accordance with Article 94(1)(d) of Directive 2013/36/EU.

<b>Total amount of guaranteed variable remuneration (new sign-on payments) (in EUR)</b>								
<b>Number of beneficiaries of severance payments</b>	#	#	#	#	#	#	#	#
<b>Total amount of severance payments paid in year N (in EUR)</b>								
<b>Article 450 h(v) – Highest severance payment to a single person (in EUR)</b>								
<b>Number of beneficiaries of contributions to discretionary pension benefits in year N</b>	#	#	#	#	#	#	#	#
<b>Total amount of contributions to discretionary pension benefits (in EUR) in year N<sup>20</sup></b>								

<sup>20</sup> As defined under Article 3(53) of Directive 2013/36/EU.



Total amount of variable remuneration awarded for multi-year periods under programmes which are not revoked annually (in EUR)								
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## Annex 3 – Information on identified staff remunerated EUR 1 million or more per financial year

### Reporting under Article 450(1)(i) of Regulation (EU) No 575/2013

Total remuneration; payment band (in EUR)	Number of identified staff (headcount) <sup>1</sup>
1 000 000 to below 1 500 000	#
1 500 000 to below 2 000 000	#
2 000 000 to below 2 500 000	#
2 500 000 to below 3 000 000	#
3 000 000 to below 3 500 000	#
3 500 000 to below 4 000 000	#
4 000 000 to below 4 500 000	#
4 500 000 to below 5 000 000	#
5 000 000 to below 6 000 000	#
6 000 000 to below 7 000 000	#
7 000 000 to below 8 000 000	#
8 000 000 to below 9 000 000	#
9 000 000 to below 10 000 000	#
To be extended as appropriate, if further payment bands are needed.	#

<sup>1</sup> Number of natural persons within the category 'identified staff remunerated EUR 1 Million or more per financial year'.

