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**EBA**

EUROPEAN  
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## Public Hearing, 17 February 2022

Updated and new Guidelines on remuneration  
benchmarking and High Earners under CRD and IFD

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# EBA mandates under CRD and IFD

## CRD and IFD include separate mandates

### Art 75 CRD

- Benchmarking of **remuneration trends and practices at Union level** (including application of the newly introduced derogations) based on disclosures and benchmarking of the **gender pay gap**
- Article 94(1)(g) EBA to be informed about approved higher ratios (up to 200% between variable and fixed remuneration with shareholders approval), EBA to publish data on aggregate home Member State basis in a common reporting format
- **High Earner data** to be collected, broken down by business activity

### Art 34 IFD

- Benchmarking of **remuneration trends and practices at Union level (including application of derogations)** and benchmarking of the **gender pay gap**
- High Earner data to be collected, broken down by business activity

# Main updates remuneration benchmarking and HE

## Separate exercises under CRD and IFD

- GL on High earner data collection under CRD and IFD
- GL on remuneration, gender pay gap and higher ratio benchmarking CRD
- GL on remuneration and gender pay gap benchmarking under IFD

## Scope of application

- Competent authorities
- **New:** Institutions and investment firms directly addressed in the GL

## Main changes

- Revised data collection templates to match CRR changes, ITS on disclosure and IFD/IFR provisions on remuneration
- New templates
- Overall improvement of the clarity of instructions
- Provisions on data quality and validation rules

# GL on High Earners data collections under CRD and IFD



## HE data collection under CRD

- **Scope:** All institutions and a few large investment firms to which CRD provisions on remuneration apply
- Collection at the highest consolidated level (incl. also investment firms)
- Separation of staff in subsidiaries that follow a specific remuneration regime from other business areas (aim: avoid mixing of different frameworks)
- Annex I of the draft GL (aligned with the ITS on disclosure, but limited to the remuneration of the reported financial year, e.g. deferred bonuses of last years not collected, business areas defined in line with previous GL)

## HE data collection under IFD

- All investment firms that apply remuneration provisions under IFD (class 3 – individual small and non interconnected firms not covered)
- Collection at the highest consolidated level, in practice majority report on an individual basis – identification of IF that are subsidiaries of banks
- Annex II of draft GL (same structure as CRD GL, but data points adjusted to fit IFD remuneration requirements)
- Business areas defined mainly based on MiFID activities

# BUSINESS AREA BREAK DOWN



## CRD

MB Super- visory- function	MB Manage- ment- function	Invest- ment banking	Retail banking	Asset manage- ment	Corporate functions	Independent control functions	All other staff	All staff in subsidiaries subject to a specific remuneration framework
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## IFD

MB Supervisor y function	MB Managemen t function	Dealing on own account, underwriting and placing of instruments	Investment advice, order execution	Portfolio manage- ment	Operation of MTF/OTF	Independent control functions	All other staff
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# GL on remuneration and gender pay gap (and approved higher ratios) benchmarking

Separate GL under CRD and IFD to reduce complexity

## **Scope remuneration and gender pay gap benchmarking**

- Sample of institutions that covers 60% of each MS financial market
- Sample of investment firms that covers 50% of the MS financial market and at least the three largest investment firms (to whom the GL apply)

## **Limited to gender pay gap**

- CRD, where possible, at least 5 institutions (on an individual basis) in each of the following size categories in their Member State:
  - total assets up to EUR 5 bn;
  - total assets between EUR 5 bn and EUR 15 bn
  - total assets of EUR >15 bn or above.
- IFD, where possible, at least 5 small and 5 larger investment firms, criterium used is the availability of derogation in Article 32(4)(a) IFD (i.e. 100 mn total assets or implemented different thresholds)

## Simplified structure of remuneration data collection

CRD – main part of data collected as set out in ITS on disclosure (tables REM1 to REM5 will be collected and some limited additional information)

IFD – tables based on CRD tables, but aligned to IFD framework (different instruments for pay out and no restrictions on the ratio variable/fixed)

- Break down of data for the main bulk of information simplified (e.g. deferral, sign on bonus, severance pay etc), instead of business areas break down into:
  - Management Body supervisory function
  - Management Body management function
  - Other senior management
  - Other identified staff
- Only number of staff and total variable and fixed broken down by business area
- Specific table to collect data on the impact of waivers



# Gender pay gap: all staff and identified staff

## Representation of staff of different gender per quartile of remuneration level

Representation of male and female staff in each quartile of remuneration level	All male staff in percent of all staff	All female staff in percent of all staff	All male identified staff in percent based on all identified staff	All female identified staff in percent based on all identified staff
Quartile 1 (low)	Percentage (e.g. 42.43%)	Percentage	Percentage	Percentage
Quartile 2 (low to medium)	Percentage	Percentage	Percentage	Percentage
Quartile 3 (medium to high)	Percentage	Percentage	Percentage	Percentage
Quartile 4 (high)	Percentage	Percentage	Percentage	Percentage
Total staff/identified staff	Percentage	Percentage	Percentage	Percentage

## Gender pay gap based on the total gross remuneration

Total gross annual remuneration level	Gender pay gap of all staff, based on median	Gender pay gap of all staff, based on mean	Gender pay gap of identified staff, based on median	Gender pay gap of identified staff based on mean
Quartile 1 (low)	Percentage (e.g. 42.43%)	Percentage	Percentage	Percentage
Quartile 2 (low to medium)	Percentage	Percentage	Percentage	Percentage
Quartile 3 (medium to high)	Percentage	Percentage	Percentage	Percentage
Quartile 4 (high)	Percentage	Percentage	Percentage	Percentage
Total staff/identified staff	Percentage	Percentage	Percentage	Percentage

# Timeline

## Consultation paper published 21 January 2022

- End of consultation: 21 March 2022
- Implementation in EUCLID 3.2. – publication in September 2022
- First data collection high earner and remuneration benchmarking (including waivers) and approved higher ratios
  - from institutions/firms: 31 August 2023
  - from CAs: 31 October 2024
- Following **annual** data collections:
  - from institutions/firms: 31 May (higher ratio **only every 2 years**)
  - from CAs: 15 July
  - from CA: aggregated higher ratios: 31 August, **every 2 years**
- Gender pay gap: first collection of 2023 data in 2024 with the same reporting days (31 May/15 July), but only **every three years**

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