

# PS12/18

Financial Services Authority

## Data collection on remuneration practices



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This Policy Statement reports on the main issues arising from Consultation Paper 12/18 *Data collection on remuneration practices* and publishes final rules.

**Please address any comments or enquiries to:**

Deanne Jones  
Governance, Risk Management and Remuneration Team  
Financial Services Authority  
25 The North Colonnade  
Canary Wharf  
London E14 5HS

**Telephone:** 020 7066 3718

**Fax:** 020 7066 9738

**Email:** [cp12\\_18@fsa.gov.uk](mailto:cp12_18@fsa.gov.uk)

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# Abbreviations used in this paper

<b>ARD</b>	Accounting reference date
<b>BIPRU</b>	Prudential sourcebook for banks, building societies and investment firms
<b>CAD</b>	Capital Adequacy Directive
<b>CP</b>	Consultation Paper
<b>CRD3</b>	The latest amendments to the Capital Requirements Directive, Directive 2010/76/EU
<b>EEA</b>	European Economic Area
<b>EU</b>	European Union
<b>FCA</b>	Financial Conduct Authority
<b>FSA</b>	Financial Services Authority
<b>MiFID</b>	Markets in Financial Instruments Directive
<b>PRA</b>	Prudential Regulatory Authority
<b>PS</b>	Policy Statement
<b>SUP</b>	Supervisory Handbook
<b>SYSC</b>	Senior Management Arrangements, Systems and Controls



# 1

## Overview

### Purpose

- 1.1 In Consultation Paper 12/18 (CP12/18), we set out proposals for remuneration data reporting requirements for BIPRU firms and third-country BIPRU firms.
- 1.2 Directive 2010/76/EU (CRD3) introduced requirements for data collection on remuneration practices by Member State competent authorities and for transmitting such data to the European Banking Authority (EBA). In the UK, the Capital Requirements (Amendment) Regulations 2012 require the FSA to provide the EBA with remuneration data as set out in CRD3.
- 1.3 The EBA published guidelines on 27 July 2012<sup>1</sup> setting out its expectations on the contents of two remuneration data sets to be submitted by firms annually.
- 1.4 This Policy Statement (PS) reports on the responses we received to CP12/18 and the decisions we have made about our approach to data collection on remuneration practices and the reporting requirements for FSA-regulated firms. This PS relates to amendments to the Remuneration Code (SYSC 19A) and the Supervisory Handbook (SUP 16).

### Background

- 1.5 We consulted on two data items:
  - 1) The Remuneration Benchmarking Information Report – significant banks, building societies and investment firms, that have total assets of £50bn or greater, will be required to submit information on the structure of remuneration for its group.
  - 2) The High Earners Report – banks, building societies and investment firms, excluding solo BIPRU limited licence and solo BIPRU limited activity firms, will be required to submit data on all employees in the group (excluding subsidiaries and branches established outside the European Economic Area (EEA)) with total annual remuneration of €1m or more.

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1 [www.eba.europa.eu/News--Communications/Year/2012/EBA-publishes-Guidelines-to-streamline-data-collec.aspx](http://www.eba.europa.eu/News--Communications/Year/2012/EBA-publishes-Guidelines-to-streamline-data-collec.aspx)

- 1.6 We received six responses to our consultation from five financial institutions, and one trade association.
- 1.7 A list of respondents is provided in Annex 1.
- 1.8 The vast majority of respondents agreed with our approach to implementing the EBA Guidelines on both the Remuneration Benchmarking exercise and the High Earners exercise.
- 1.9 We have considered the comments received in the consultation process, as well as the need to ensure consistency with the two sets of guidelines published by the EBA on 27 July 2012 (discussed in further detail in the next section). Details of our policy response are set out in Chapter 2. In view of the largely positive response to our proposed implementation, we have made no significant changes to our proposals as set out in CP12/18. In summary, these are:
- In a change to our draft scope requirements for the Remuneration Benchmarking Information Report, we have excluded BIPRU limited licence firms and BIPRU limited activity firms from the exercise. However, if a BIPRU limited licence firm or BIPRU limited activity firm is in the same consolidation group as a firm that is within scope, then information about that BIPRU limited licence firm or BIPRU limited activity firm will need to be included in the Remuneration Benchmarking Information Reports of the firm that is in scope.
  - We recognise concerns from firms regarding the requirement to submit their data items annually within two months after the firm's accounting reference date (ARD). Firms advised that two months did not give them enough time to consolidate the financial data from all group entities and branches. Firms will now be required to submit their data items within four months of their ARD.

### Timing

- 1.10 Firms in scope of one or both of the data requests should ensure that they are in a position to submit the first sets of data by 31 December 2012. Further information on the process for submitting data can be found in Chapter 3.

### Structure of the paper

- 1.11 This PS is structured as follows:

**Chapter 2** sets out the feedback to our Consultation Paper (CP) questions.

**Chapter 3** provides information on the process to be followed for submitting data.

**Chapter 4** covers the financial years to be covered within reporting submissions.

**Annex 1** lists the respondents to CP12/18, excluding those who wished to remain anonymous.



**Annexes 2 and 3** set out the FSA data tables for collecting equality and diversity data.

**Appendix 1** contains the final handbook text.

**Appendix 2** sets out that the rule on Remuneration Benchmarking Information will have Prudential Regulatory Authority (PRA) only Handbook designation and the rule on Remuneration High Earners will have joint PRA and Financial Conduct Authority (FCA) Handbook designation.

### **Who should read this PS?**

- 1.12** This PS should be read by all FSA-authorised banks, building societies and Capital Adequacy Directive (CAD) investment firms. This audience corresponds to firms subject to the Markets in Financial Instruments Directive (MiFID), although exempt CAD firms, such as credit unions, are not included.
- 1.13** This PS may also be of interest to trade associations.

### **Next steps**

- 1.14** The key steps for implementation will be:
- a) 1 November 2012: Publication of this PS.
  - b) 1 November 2012: Handbook rules on remuneration reporting came into effect.
  - c) Beginning November 2012: Emails sent to firms in scope with instructions on how to submit data.
  - d) 31 December 2012: Deadline for submission of the first Remuneration Benchmarking Information Report and High Earners Report to the FSA.

# 2

## Analysis of responses received

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- 2.1 This chapter summarises the feedback we received to the questions posed in CP12/18. We were satisfied with the level of response received. Our respondents included five financial institutions, who are firms in proportionality level one for the purposes of the Remuneration Code (SYSC 19A) and one trade association. We outline the views of respondents on each question and set out our responses to these.

### Questions for consultation

- 2.2 In Chapter 3 of CP12/18, we set out our proposed approach to collecting data on the remuneration of employees by significant firms and their subsidiaries and branches (the 'Remuneration Benchmarking Information Report'). We asked.

*Q1: Do you agree with our proposed approach to implementing the EBA Guidelines on the Remuneration Benchmarking Exercise (EBA/GL/2012/4)?*

*Q2: Could the proposed timing for annual submission of the Remuneration Benchmarking Information Report and the financial year(s) covered therein raise difficulties for firms whose performance year end differs from their financial year end?*

- 2.3 The vast majority of respondents understood and agreed with our proposed approach, expressing commitment to complying with the EBA guidelines.

- 2.4 Three of the five financial institutions who responded expressed concerns regarding the requirement for firms to submit a Remuneration Benchmarking Information Report annually within two months after the firm's accounting reference date (ARD). One large firm advised that two months did not give them enough time to consolidate the financial data from all of its entities and branches. Two other firms commented that their variable remuneration awards are not normally finalised until around three months after their ARD, after the deadline for submission.
- 2.5 More than half of the financial institutions also commented on the number of requirements already in place for annual disclosure of remuneration and that the resource required for completing the reporting requirements is becoming more intense. They asked us to consider a consistent approach to avoid duplication.
- 2.6 One firm asked for further clarity to determine which financial years are to be covered within each annual submission.
- 2.7 None of the consultation responses received expressed concern to question 2.
- 2.8 We also received a few queries from BIPRU limited licence and BIPRU limited activity firms who asked us to clarify whether they were in scope of the rule requiring a Remuneration Benchmarking Information Report. The queries appeared to be in relation to how to assess a firm's total assets. This was because firms are in scope if they have total assets equal to or greater than £50bn on the accounting reference date immediately before the firm's last complete financial year. The rule on the High Earners Report specifically excludes BIPRU limited licence and BIPRU limited activity firms from scope unless they are included in the consolidation scope of a group that contains a firm that is subject to the rule requiring a High Earners Report. The trade association recommended that BIPRU limited licence and BIPRU limited activity firms should also be specifically excluded from the scope of firms subject to the rule requiring the Remuneration Benchmarking Information Report.
- 2.9 One large financial institution asked us to clarify whether only UK-based staff are in scope of the Remuneration Benchmarking Information Report.

### Our response

While some of the information requested in the EBA guidelines on the benchmarking exercise is not required by CRD3, we support the EBA's view that the additional data will support the provision of more meaningful results for the purposes of benchmarking remuneration data. The data will be used to reveal year-to-year evolutions at an EEA-wide level to point to differences on an EEA state basis.

***Data submission date***

We recognise the potential difficulty for firms to submit the Remuneration Benchmarking Information Report and High Earners Report two months following their ARD and appreciate the resource intensity of the process. In light of their concerns, we have changed our proposed approach. Firms will now be required to submit data four months after their ARD.

***Data duplication***

All firms within the scope of the remuneration code must collate their code staff list annually and update it appropriately. We review and discuss the code staff lists of Remuneration Code firms in proportionality level one on an annual basis. We appreciate the concerns highlighted by firms in proportionality level one regarding the similar nature of the EBA data requirement and the information requested in the templates for our annual review. Although similar, the EBA data goes wider in some respects and has to conform to a particular standard and format.

We will work with firms in scope of the Remuneration Benchmarking Information Report to identify where data duplication may exist in the information already submitted as part of their annual remuneration reviews. If relevant data has already been submitted in an appropriate form, we will not request it from firms in scope again. We will consider whether we can more closely align our Code Staff list with the data requested by the EBA.

***Financial years to be covered within reporting submissions***

Due to the differing ARDs of firms, we recognise the complexity of determining which data should be included within each submission. A firm that is in scope on the date the rules come into effect will be required to submit two Remuneration Benchmarking Information Reports by 31 December 2012: one for each of the previous two complete financial years that ended before the rules came into effect. After that date, firms are required to submit data annually four months after their ARD. To make this clearer, we have included a table in Chapter 4, which shows submission details by ARD.

***Scope***

We noted the queries from BIPRU limited licence and BIPRU limited activity firms about whether they were in scope of the rule requiring a Remuneration Benchmarking Information Report.

We have now specifically excluded BIPRU limited licence firms and BIPRU limited activity firms from the scope of firms required to submit a Remuneration Benchmarking Report, regardless of whether or not they are part of a consolidation group that includes a firm that is in scope of the requirement.

While they will not be required to submit a Remuneration Benchmarking Information Report, if a BIPRU limited licence firm or a BIPRU limited activity firm is within the consolidation scope of a group that contains a firm that is in scope, then remuneration benchmarking information from that BIPRU limited licence firm or BIPRU limited activity firm will need to be included in the Remuneration Benchmarking Reports of the firm that is in scope.

We have defined 'total assets' by reference to a firm's total assets as set out in its balance sheet on the relevant accounting reference date.

### ***Employees in scope of the reporting requirements***

Firms that are in scope and that are part of a UK lead regulated group will be required to complete the Remuneration Benchmarking Information Report on a consolidated basis, consolidated at the highest EEA level of consolidation. This means that remuneration benchmarking information from all subsidiaries and branches of the EEA consolidation group both inside and outside the EEA will need to be included. The reporting requirements are in relation to all staff firm-wide and to 'identified staff' (for UK firms, this relates to Remuneration Code Staff<sup>2</sup>).

- 2.10** In Chapter 3 of CP12/18, we set out our proposed approach to collecting data on firms' employees with total annual remuneration of €1m or more (or its equivalent in another currency), which will apply to a broader range of firms (the 'High Earners Report'). We asked:

**Q3:** *Do you agree with our proposed approach to implementing the EBA Guidelines on the Data Collection Exercise Regarding High Earners (EBA/GL/2012/5)?*

**Q4:** *Could the proposed timing for annual submission of the High Earners Report and the financial year(s) covered therein raise difficulties for firms whose performance year end differs from their financial year end?*

- 2.11** As in the case of questions one and two, the vast majority of respondents understood and agreed with our proposed approach expressing commitment to complying with the EBA guidelines.

- 2.12** In general, firms expressed the same concerns for question 3 as they had for question 1.

<sup>2</sup> Remuneration Code staff comprises categories of staff including senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the firm's risk profile. This should generally also include individuals who perform a significant influence function for the firm.

- 2.13** One firm asked for reassurance that the EBA will only disclose data on an aggregate Member State basis. They commented that this would be welcome to ensure the privacy and data protection of high earners in smaller branches or subsidiaries, where there may be few employees earning over €1m.

### Our response

As highlighted in our response to questions 1 and 2, we support the EBA's view that the data will support the provision of more meaningful results for the monitoring of remuneration practices.

As outlined above, firms expressed the same concerns for question 3 as they had for question 1, which has been covered in our response to questions 1 and 2.

#### *Disclosure*

In response to the query we received from one firm, the EBA confirmed in the EBA Guidelines on the Data Collection Exercise Regarding High Earners EBA/GL/2012/5 that the '.....data shall be disclosed by the EBA on an aggregate home Member State basis'.

#### *Employees in scope of the reporting requirements*

Firms that are in scope and that are part of a UK lead regulated group will be required to complete the High Earners Report at the highest EEA level of consolidation. This means that high earners data from all subsidiaries and branches of the EEA consolidation group operating in EEA states will need to be included.

## Equality and diversity data

- 2.14** In Chapter 3 of CP12/18, we described how as a public authority, we are required under equality legislation<sup>3</sup> to consider the potentially discriminatory impact of our regulatory proposals (the 'basic duty') and to demonstrate due regard in seeking opportunities to promote equality and diversity (the 'general duty').
- 2.15** As part of our commitment to fulfilling our public sector equality duty we also look to use relevant opportunities to gather equality and diversity data. Therefore we proposed to gather additional data on gender and race and ethnicity alongside the Remuneration Benchmarking Information Report and the High Earners Report. We highlighted that the additional data on gender and race and ethnicity will be a voluntary requirement for firms.

<sup>3</sup> The public sector equality duty under s149 of the Equality Act 2010 which came into force on 5 April 2011.

- 2.16** Only one of the five financial institutions did not anticipate any difficulty providing the information required.
- 2.17** Of the remaining four, one firm advised it has a project underway to collect equality and diversity data and it would review its position once the project is further advanced. The same firm also observed that gathering bare diversity statistics has the potential to create misleading disclosures capable of being misinterpreted and they urged caution in how this material is presented to the EBA.
- 2.18** Two firms highlighted that their ethnicity information is only submitted by employees on a voluntary basis, therefore their data is incomplete. Another firm advised that they do not gather such data globally and they did not believe the data will provide meaningful information that can drive the diversity and remuneration debate. They noted that earnings vary dramatically dependent on roles and geography.
- 2.19** The trade association commented that the Wholesale Markets Brokers' Association & London Energy Brokers' Association firms are not large enough to have statistically significant data.

### **Our response**

As part of our commitment to fulfilling our public sector equality duty and encouraging diversity, we will use this opportunity to gather equality and diversity data. We recognise that a firm's internal practices to collecting equality and diversity data may lead to data being incomplete. We encourage firms to review their internal practices to consider and take action around diversity in their own firms.

The equality and diversity data collection exercises are a voluntary requirement for firms to complete. The data will not be published nor shared with the EBA or any third party. We made reference to this point in paragraph 3.43 of CP12/18:

'...The equality and diversity data will be used to better inform equality assessments of our remuneration policies. It will be voluntary for firms to complete and is not considered a reporting requirement. We will use the information in aggregate only and it will not form any part of an assessment of an individual firm. We will not publish the equality and diversity data nor share it with the EBA or any third party.'

# 3

## Implementation

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- 3.1** This chapter provides more information about how we expect firms in scope of one or both of the Remuneration Benchmarking Information Report or High Earners Report to adhere to the requirements and the process they should follow to submit data.
- 3.2** In Appendix 1 to CP12/18, we set out our draft Handbook text, incorporating amendments to the Remuneration Code (SYSC 19A) and to the Supervisory Handbook (SUP 16). Having taken account of the responses to the CP, we have made the Handbook text attached in Appendix 1 to this PS. These rules came into effect on 1 November 2012.

### **What we will expect by the implementation date**

- 3.3** We recognise that the timeframes for making the first submission are short. Firms in scope of one or both of the data requests should ensure they are in a position to submit the first sets of data by 31 December 2012.

### **What the data will be used for**

- 3.4** The purpose of collecting the data for the Remuneration Benchmarking Information Report and High Earners Report will be to transmit the data to the EBA for the purposes outlined in the overview of this PS. We may also use the data for other regulatory purposes.
- 3.5** We will use the equality and diversity data to better inform equality assessments of our remuneration policies. We will use the information in aggregate only and it will not form any part of an assessment of an individual firm. We will not publish the equality and diversity data nor share it with the EBA or any third party.



## Remuneration Benchmarking Information Report

### Scope

- 3.6** Banks, building societies and investment firms with total assets as set out in its balance sheet on the relevant accounting reference date of £50bn or greater, where the FSA is the sole or lead regulator<sup>4</sup> in the EEA, should be subject to the remuneration benchmarking exercise.
- 3.7** In practice this includes UK headquartered institutions, and subsidiaries and branches of non-EEA headquartered firms based in the UK, that have total assets as set out in its balance sheet equal to or greater than £50bn on the accounting reference date immediately before the firm's last complete financial year<sup>5</sup>, and, in the case of groups, that have the FSA as the competent authority responsible for supervision at the highest EEA consolidation level of the group.
- 3.8** Firms that are not lead regulated by us are not required to report remuneration benchmarking information to us. This is because firms should complete and transmit the remuneration benchmarking information to the competent authority responsible for the exercise of supervision at the highest EEA level of consolidation of their group.

### Information to be submitted

- 3.9** The format of the Remuneration Benchmarking Information Report is an annex to SUP 16, a copy of which can be found in Appendix 1. It sets out the information that firms will be required to provide regarding remuneration awarded to employees in the preceding financial year, by the firm and its subsidiaries and branches both inside and outside the EEA.
- 3.10** Following the publication of this PS, we will email firms in scope with instructions on how to submit data.
- 3.11** Firms should send the completed Remuneration Benchmarking Information Report electronically, in the format set out in SUP 16 Annex 33AR, Remuneration Benchmarking Information Report, as an Excel spreadsheet to a designated FSA mailbox, which will be specified in the instructions provided in the email.
- 3.12** We recommend that submissions are password protected, with the password sent under separate email cover.

### Consolidation

- 3.13** Firms that are in scope and part of a UK lead regulated group will be required to complete the Remuneration Benchmarking Information Report on a consolidated basis, consolidated

<sup>4</sup> For the purposes of remuneration data collection, 'UK lead regulated group' means a UK consolidation group that is headed by an EEA parent institution or an EEA parent financial holding company.

<sup>5</sup> For example, a firm that has a 31 December 2012 accounting reference date that is due to report data by end April 2013 (refer to paragraph 3.18) would refer to total assets at 31 December 2011 to determine whether it is in scope.

at the highest EEA level of consolidation. This means that remuneration benchmarking information from all subsidiaries and branches of the EEA consolidation group both inside and outside the EEA will need to be included.

- 3.14** If a group includes more than one firm to which the rules apply, we have provided that a single Remuneration Benchmarking Information Report can be submitted on behalf of all such firms.
- 3.15** Firms that are in scope but not part of a UK lead regulated group will be required to complete the Remuneration Benchmarking Information Report on an unconsolidated basis.

### **Currency**

- 3.16** Firms will be required to complete the Remuneration Benchmarking Information Report in the currency of their annual audited accounts.

### **Frequency of reporting**

- 3.17** A firm that is in scope on the date the rules came into effect will be required to submit two Remuneration Benchmarking Information Reports by 31 December 2012. One for each of the previous two complete financial years that ended before the rules came into effect.
- 3.18** After that date firms will be required to submit a Remuneration Benchmarking Information Report annually within four months after the firm's accounting reference date (ARD).
- 3.19** The data will relate to awards for performance during the preceding financial year. Please refer to the table in Chapter 4 for more information about what financial year's data needs to be submitted.

### **Failure to submit reports**

- 3.20** As in SUP 16.3.14 R (1), if a firm does not submit a complete report by the date on which it is due, in accordance with the rules, the firm must pay an administrative fee of £250.

## **High Earners Report**

### **Scope**

- 3.21** All banks, building societies and investment firms within the scope of CRD3, (except for BIPRU limited licence firms and BIPRU limited activity firms that are not in the consolidation scope of a group that contains a firm that is subject to the high earners data collection exercise) are subject to the high earners data collection exercise.

3.22 In practice, this includes

- all FSA-authorised banks and building societies;
- all Capital Adequacy Directive (CAD) investment firms, excluding solo BIPRU limited licence firms and solo BIPRU limited activity investment firms (BIPRU limited licence and BIPRU limited activity firms are in scope if they are part of a consolidation group that includes a firm that is subject to the high earners data collection exercise, e.g. a bank or building society); and
- UK branches of firms whose home state is outside the EEA;

that, if part of a group, has the FSA as the competent authority responsible for supervision at the highest EEA consolidation level of the group.

3.23 Firms that are not lead regulated by us are not required to report high earners data to us. This is because firms should complete and transmit the high earners data to the competent authority responsible for the exercise of supervision at the highest EEA level of consolidation of their group.

### **Information to be submitted**

3.24 The format of the High Earners Report is an annex to SUP 16, a copy of which can be found in Appendix 1.

3.25 It sets out the data that firms in scope will be required to provide for employees awarded total annual remuneration of €1m or more (high earners).

3.26 The following sets out further proposed details regarding data submission.

- Each firm will be required to complete separate templates for each EEA member state in which the group is operating. This means that the template has to be filled in as many times as the number of EEA member states in which the group is operating (either as a branch or as a subsidiary) and where high earners can be found. Those templates together will form the High Earners Report.
- High earners will be classified under the EEA member state in which their professional activities are undertaken. High earners who carry out professional activities in more than one EEA member state are to be classified under the EEA member state where they mainly undertake their professional activities within the EEA. High earners who carry out professional activities inside and outside the EEA are to be classified under an EEA member state if they mainly undertake their professional activities within the EEA.

3.27 Following the publication of this PS, we will email firms in scope with instructions on how to submit data.

- 3.28** Firms should send the completed High Earners Report electronically, in the format set out in SUP 16 Annex 34AR, High Earners Report, as an Excel spreadsheet to a designated FSA mailbox, which will be specified in the instructions provided in the email.
- 3.29** We recommend that submissions are password protected with the password sent under separate email cover.
- 3.30** Firms that do not have any high earners in the EEA states where the group is operating are required to email a 'nil return' without the need to submit the data as set out in SUP 16 Annex 34AR, High Earners Report. Instructions on how to do so will be provided in the email referred to in paragraph 3.27.

### **Consolidation**

- 3.31** Firms that are in scope and that are part of a UK lead regulated group will be required to complete the High Earners Report at the highest EEA level of consolidation. This means high earners data from all subsidiaries and branches of the EEA consolidation group operating in EEA member states will need to be included in the High Earners Report. However, different from the normal consolidation scope as set out in the Banking Consolidation Directive (Directive 2006/48/EC), data from non-EEA branches and non-EEA subsidiaries of EEA parent undertakings is to be excluded from the High Earners Report.
- 3.32** If a group includes more than one firm to which the rules apply, we have provided that a single High Earners Report can be submitted on behalf of all such firms.
- 3.33** Firms that are in scope, but that are not part of a UK lead regulated group, will be required to complete the High Earners Report on an unconsolidated basis.

### **Currency**

- 3.34** The information in the High Earners Report will need to be submitted using accounting year-end numbers, denominated in EUR. If remuneration is awarded in a currency other than EUR, the rates published by the European Commission for financial programming and budget should be used to determine the EUR amount. The table is published on the European Commission's website.<sup>6</sup> The table contains monthly exchange rates. A list sorted by country name can be generated using the 'access by list of countries' function. Institutions should use the exchange rate applicable for the month in which the financial year ended.

### **Frequency of reporting**

- 3.35** A firm that is in scope on the date the rules came into effect will be required to submit two High Earners Reports by 31 December 2012. One for each of the previous two complete financial years that ended before the rules came into effect.

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<sup>6</sup> [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/inforeuro/inforeuro\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm)

- 3.36** Thereafter firms will be required to submit a High Earners Report annually within four months after the firm's accounting reference date.
- 3.37** The data will relate to awards for performance during the preceding financial year. Please refer to the table in Chapter 4 for more information about what financial year's data needs to be submitted.

### **Failure to submit reports**

- 3.38** As in SUP 16.3.14 R (1), if a firm does not submit a complete report by the date it is due, in accordance with the rules, the firm must pay an administrative fee of £250.

## **Equality and diversity data**

### **Scope**

- 3.39** In Chapter 2 of this PS we outlined that we will gather additional data on gender and race and ethnicity alongside the Remuneration Benchmarking Information Report and the High Earners Report. We also highlighted that the additional data on gender and race and ethnicity will be a voluntary requirement for firms.
- 3.40** Firms in scope of the rules requiring either the Remuneration Benchmarking Information Report or the High Earners Report should consider whether they are in a position to submit data voluntarily for either exercise alongside their submission for either exercise.

### **Information to be submitted**

- 3.41** The equality and diversity data tables can be found in Annexes 2 and 3. The annexes set out the information that firms may provide voluntarily regarding remuneration awarded to employees on the same timescale and scope of either the Remuneration Benchmarking Information Report or the High Earners Report.
- 3.42** For the High Earners exercise, equality and diversity data is not required to be submitted for each EEA member state in which the group is operating. This means that the equality and diversity data should only be submitted for high earners who mainly carry out their professional activities in the UK.
- 3.43** Following the publication of this PS, we will email firms in scope with instructions on how to submit data.
- 3.44** Firms should send the completed equality and diversity data tables electronically, in the format shown in Annexes 2 or 3, as an Excel spreadsheet to a designated FSA mailbox, which will be specified in the instructions provided in the email.

- 3.45 We recommend that submissions are password protected, with the password sent under separate email cover.

### **Currency**

- 3.46 The equality and diversity data table for remuneration benchmarking should be submitted in the same currency used for the Remuneration Benchmarking Information Report.
- 3.47 The equality and diversity data table for high earners should be submitted in Euros. Please refer to paragraph 3.34 for more information.

### **Frequency of reporting**

- 3.48 A firm that is in scope of either data collection exercise on the date the rules came into effect may voluntarily submit two reports by 31 December 2012. One for each of the previous two complete financial years that ended before the rules came into effect.
- 3.49 After that date, firms may voluntarily submit reports annually within four months after the firm's accounting reference date.
- 3.50 The data will relate to awards for performance during the preceding financial year. Please refer to the table in Chapter 4 for more information about what financial year's data needs to be submitted.

# 4

## Financial years to be covered within reporting submissions

- 4.1 We recognise the complexity of determining which financial years are relevant for each submission.
- 4.2 A firm in scope on the date the rules came into effect will be required to submit two reports by 31 December 2012. One for each of the previous two complete financial years that ended before the rules came into effect.
- 4.3 After that date, firms are required to submit data annually within four months of their accounting reference date (ARD). To make this clearer, we show in Table 1 the submission details by ARD.

**Table 1**

Accounting Reference Date (ARD)	Date of first submission to FSA	Relating to which financial years A report for each of the previous two complete financial years that ended before the rules came into effect	Date of next submission to FSA within four months of ARD	Relating to which financial years
End Oct 2012	By 31 Dec 2012	1 Nov 2010 to 31 Oct 2011 1 Nov 2011 to 31 Oct 2012	By end February 2014	1 Nov 2012 to 31 Oct 2013
End Sept 2012	By 31 Dec 2012	1 Oct 2010 to 30 Sept 2011 1 Oct 2011 to 30 Sept 2012	By end January 2014	1 Oct 2012 to 30 Sept 2013
End August 2012	By 31 Dec 2012	1 Sept 2010 to 31 August 2011 1 Sept 2011 to 31 August 2012	By end December 2013	1 Sept 2012 to 31 August 2013

<b>Accounting Reference Date (ARD)</b>	<b>Date of first submission to FSA</b>	<b>Relating to which financial years</b> A report for each of the previous two complete financial years that ended before the rules came into effect	<b>Date of next submission to FSA within four months of ARD</b>	<b>Relating to which financial years</b>
End July 2012	By 31 Dec 2012	1 August 2010 to 31 July 2011 1 August 2011 to 31 July 2012	By end November 2013	1 August 2012 to 31 July 2013
End June 2012	By 31 Dec 2012	1 July 2010 to 30 June 2011 1 July 2011 to 30 June 2012	By end October 2013	1 July 2012 to 30 June 2013
End May 2012	By 31 Dec 2012	1 June 2010 to 31 May 2011 1 June 2011 to 31 May 2012	By end September 2013	1 June 2012 to 31 May 2013
End April 2012	By 31 Dec 2012	1 May 2010 to 30 April 2011 1 May 2011 to 30 April 2012	By end August 2013	1 May 2012 to 30 April 2013
End March 2012	By 31 Dec 2012	1 April 2010 to 31 March 2011 1 April 2011 to 31 March 2012	By end July 2013	1 April 2012 to 31 March 2013
End Feb 2012	By 31 Dec 2012	1 March 2010 to 28 Feb 2011 1 March 2011 to 29 Feb 2012	By end June 2013	1 March 2012 to 28 Feb 2013
End Jan 2012	By 31 Dec 2012	1 Feb 2010 to 31 Jan 2011 1 Feb 2011 to 31 Jan 2012	By end May 2013	1 Feb 2012 to 31 Jan 2013
End Dec 2011	By 31 Dec 2012	1 Jan 2010 to 31 Dec 2010 1 Jan 2011 to 31 Dec 2011	By end April 2013	1 Jan 2012 to 31 Dec 2012
End November 2011	By 31 Dec 2012	1 Dec 2009 to 30 Nov 2010 1 Dec 2010 to 30 Nov 2011	By end March 2013	1 Dec 2011 to 30 Nov 2012



## Annex 1

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# List of non-confidential respondents

Co-operative Banking Group

Morgan Stanley

The Wholesale Markets Brokers' Association & London Energy Brokers' Association

Three firms chose to keep their responses confidential



## Annex 2

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# Equality and diversity data tables for remuneration benchmarking

**Gender information on the remuneration of all staff**

- 3 Total number of staff
- 4 Total remuneration
- 5 Of which: Total variable remuneration

	A	B	C
Male		Female	Not Specified

**Gender information on the remuneration of identified staff**

- 6 Number of identified staff
- 7 Number of identified staff in senior management positions

	A	B	C
Male		Female	Not Specified

**Ethnic background information on the remuneration of all staff**

- 8 Total number of staff
- 9 Total remuneration
- 10 Of which: Total variable remuneration

	A	B	C	D	E	F
Asian/ Asian- British		Black/ African/ Caribbean/ Black- British	Mixed/ multiple ethnic group	White	Other ethnic group	Not Specified

## Information on the remuneration of identified staff

### Ethnic background

	A	B	C	D	E	F
11	Number of identified staff	Black/ African/ Caribbean/ Black- British	Mixed/ multiple ethnic group	White	Other ethnic group	Not Specified
12	Number of identified staff in senior management positions					

## Annex 2.1

### Guidance notes for data items in Annex 2

Data items should be submitted on the same timescale and scope as SUP 16 Annex 33AR Remuneration Benchmarking Information Report

#### Financial year for which the remuneration is awarded

A firm's financial year should be designated by reference to the calendar year in which it ends. For example, if a firm's accounting reference date (ARD) is 31 March, the financial year that begins on 1 April 2011 and ends on 31 March 2012 will be the firm's 2012 financial year.

#### Consolidation

When reporting on a consolidated basis as a UK lead regulated group, firms should, where possible, treat the consolidation group as a single entity (i.e. line-by-line) rather than on an aggregation basis.

#### Currency

Firms should report in the currency of their annual audited accounts. Figures should be reported in millions.

#### Data elements

These are referred to by row first, then by column, so data element 2B will be in row 2 and column B.

##### *3-7A-C Gender*

Data elements should be reported on under the following 2 categories: Male or Female. If gender has not been specified, use column C.

##### *3A-C Total number of staff*

The numbers of staff provided should be expressed in full time equivalents (FTEs) and be based on year-end numbers.

##### *4A-C Total remuneration*

Total remuneration according to paragraph 11 of the CEBS Guidelines on Remuneration Policies and Practices. 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.

*5A-C Total variable remuneration*

Variable remuneration according to paragraph 11 of the CEBS Guidelines on Remuneration Policies and Practices. This includes deferred and non-deferred variable remuneration. This also includes discretionary pension benefits, amounts regarding guaranteed variable remuneration and severance payments.

*6A-C Number of identified staff*

Identified staff according to paragraph 16 of the CEBS Guidelines on Remuneration Policies and Practices.

*7A-C Number of identified staff in senior management positions*

This is equivalent to the first and second category of Identified Staff as explained in paragraph 16 of the CEBS Guidelines on Remuneration Policies and Practices.

*8-12A-F Ethnic background*

We are asking for data elements to be split into the following high-level ethnic background groups:

- Asian/Asian British
- Black/African/Caribbean/Black British
- Mixed multiple ethnic groups
- White
- Other ethnic group

If the ethnic background has not been specified, please use column F. Ethnic background categories have been sourced from those used in the 2011 census for England and Wales. Please include the following ethnic backgrounds within the groups shown above.

High-level ethnic background group	Ethnic background
Asian/Asian British	Indian
	Pakistani
	Bangladeshi
	Chinese
	Any other Asian background
Black/African/Caribbean/Black British	African
	Caribbean
	Any other Black/African/Caribbean background

High-level ethnic background group	Ethnic background
Mixed/multiple ethnic groups	White and Black Caribbean
	White and Black African
	White and Asian
	Any other mixed/multiple ethnic background
White	English/Welsh/Scottish/Northern Irish/British
	Irish
	Gypsy or Irish traveller
	Any other white background
Other ethnic group	Arab
	Any other ethnic group

#### *8A-F Total number of staff*

The numbers of staff provided should be expressed in full time equivalents (FTEs) and be based on year-end numbers.

#### *9A-F Total remuneration*

Total remuneration according to paragraph 11 of the CEBS Guidelines on Remuneration Policies and Practices. 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.

#### *10A-F Total variable remuneration*

Variable remuneration according to paragraph 11 of the CEBS Guidelines on Remuneration Policies and Practices. This includes deferred and non-deferred variable remuneration. This also includes discretionary pension benefits, amounts regarding guaranteed variable remuneration and severance payments.

#### *11A-F Number of identified staff*

Identified staff according to paragraph 16 of the CEBS Guidelines on Remuneration Policies and Practices.

#### *12A-F Number of identified staff in senior management positions*

This is equivalent to the first and second category of Identified Staff as explained in paragraph 16 of the CEBS Guidelines on Remuneration Policies and Practices.



## Annex 3

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# Equality and diversity data tables for remuneration high earners

## Data collection on remuneration practices

**Gender**

- 3 Total number of individuals  
 4 Of which: number of identified staff  
 5 Total fixed remuneration  
 6 Total variable remuneration

	A	B	C
	Male	Female	Not specified

**Ethnic background**

- 7 Total number of individuals  
 8 Of which: number of identified staff  
 9 Total fixed remuneration  
 10 Total variable remuneration

	A	B	C	D	E	F
	Asian/ Asian- British	Black/ African/ Caribbean/ Black- British	Mixed/ multiple ethnic group	White	Other ethnic group	Not specified

Please note that data items 3 A-C and 4 A-C have been amended since the draft versions published in CP12/18. We are now asking for the number of individuals and identified staff instead of the percentage.

## Annex 3.1

### Guidance notes for data items in Annex 3.0

Data items should be submitted on the same timescale and scope as SUP 16 Annex 34AR High Earners Report. For the high earners exercise, equality and diversity data is not required to be submitted for each EEA member state in which the group is operating. This means that the equality and diversity data should only be submitted for high earners who mainly carry out their professional activities in the UK.

### Financial year for which the remuneration is awarded

A firm's financial year should be designated by reference to the calendar year in which it ends. For example, if a firm's accounting reference date (ARD) is 31 March, the financial year that begins on 1 April 2011 and ends on 31 March 2012 will be the firm's 2012 financial year.

### Consolidation

When reporting on a consolidated basis as a UK lead regulated group, firms should, where possible, treat the consolidation group as a single entity (i.e. line-by-line) rather than on an aggregation basis.

### Currency

Firms should report in Euros. The information will need to be submitted using accounting year-end numbers, denominated in EUR. If remuneration is awarded in a currency other than EUR the rates published by the European Commission for financial programming and budget should be used to determine the EUR amount. The table is published on the European Commission's website: [http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/inforeuro/inforeuro\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm). The table contains monthly exchange rates. A list sorted by country name can be generated using the 'access by list of countries' function. Institutions should use the exchange rate applicable for the month in which the financial year ended. Figures should be reported in millions.

### Data elements

These are referred to by row first, then by column, so data element 2B will be in row 2 and column B.

#### 3-6A-C Gender

Data elements should be reported on under the following 2 categories: Male or Female. If gender has not been specified, use column C.

*3A-C Total number of individuals*

The numbers of staff provided should be expressed in full-time equivalents (FTEs) and be based on year-end numbers.

*4A-C Number of identified staff*

Identified staff according to paragraph 16 of the CEBS Guidelines on Remuneration Policies and Practices.

*5A-C Total fixed remuneration*

Fixed remuneration according to paragraph 11 of the CEBS Guidelines on Remuneration Policies and Practices.

*6A-C Total variable remuneration*

Variable remuneration according to paragraph 11 of the CEBS Guidelines on Remuneration Policies and Practices. This includes deferred and non-deferred variable remuneration. This also includes discretionary pension benefits, amounts regarding guaranteed variable remuneration and severance payments.

*7-10A-F Ethnic background*

We are asking for data elements to be split into the following high-level ethnic background groups:

- Asian/Asian British
- Black/African/Caribbean/Black British
- Mixed multiple ethnic groups
- White
- Other ethnic group

If the ethnic background has not been specified, please use column F. Ethnic background categories have been sourced from those used in the 2011 census for England and Wales. Please include the following ethnic backgrounds within the groups shown above.

High-level ethnic background group	Ethnic background
Asian/Asian British	Indian
	Pakistani
	Bangladeshi
	Chinese
	Any other Asian background
Black/African/Caribbean/Black British	African
	Caribbean
	Any other Black/African/Caribbean background

High-level ethnic background group	Ethnic background
Mixed/multiple ethnic groups	White and Black Caribbean
	White and Black African
	White and Asian
	Any other mixed/multiple ethnic background
White	English/Welsh/Scottish/Northern Irish/British
	Irish
	Gypsy or Irish traveller
	Any other White background
Other ethnic group	Arab
	Any other ethnic group

*7A-F Total number of individuals*

The numbers of staff provided should be expressed in full time equivalents (FTEs) and be based on year-end numbers.

*8A-F Number of identified staff*

Identified staff according to paragraph 16 of the CEBS Guidelines on Remuneration Policies and Practices.

*9A-F Total fixed remuneration*

Fixed remuneration according to paragraph 11 of the CEBS Guidelines on Remuneration Policies and Practices.

*10A-F Total variable remuneration*

Variable remuneration according to paragraph 11 of the CEBS Guidelines on Remuneration Policies and Practices. This includes deferred and non-deferred variable remuneration. This also includes discretionary pension benefits, amounts regarding guaranteed variable remuneration and severance payments.



## Appendix 1

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# Made rules (legal instrument)

**SUPERVISION MANUAL (REMUNERATION REPORTING)  
INSTRUMENT 2012**

**Powers exercised**

- A. The Financial Services Authority 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 138 (General rule-making power);
  - (2) section 156 (General supplementary powers); and
  - (3) section 157(1) (Guidance).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on 1 November 2012.

**Amendments to the Handbook**

- D. The modules of the FSA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Senior Management Arrangements, Systems and Controls sourcebook (SYSC)	Annex B
Supervision manual (SUP)	Annex C

**Citation**

- E. This instrument may be cited as the Supervision Manual (Remuneration Reporting) Instrument 2012.

By order of the Board  
31 October 2012



**Annex A****Amendments to the Glossary of definitions**

Insert the following new definition in the appropriate alphabetical position. The text is not underlined.

*high earner* (in *SYSC* and *SUP*) an *employee* whose total annual *remuneration* is EUR 1 million or more per year or its equivalent in another currency determined by reference to the conversion rate applicable to the corresponding High Earners Report under *SUP* 16.17.

## Annex B

### Amendments to the Senior Management Arrangements, Systems and Controls sourcebook (SYSC)

In this Annex, underlining indicates new text and striking through indicates deleted text.

#### 19A.1 General application and purpose

...

Purpose

19A.1.6 G ...

- (2) The *Remuneration Code* implements the main provisions of the Third Capital Requirements Directive (Directive 2010/76/EU) which relate to *remuneration*. The Committee of European Banking Supervisors published 'Guidelines on Remuneration Policies and Practices' on 10 December 2010. Provisions of the Third Capital Requirements Directive relating to Pillar 3 disclosures of information relating to ~~remuneration~~ *remuneration* have been implemented through amendments to *BIPRU 11* (specifically the *rules* and *guidance* in *BIPRU 11.5.18R* to *BIPRU 11.5.21G*). Provisions of the Capital Requirements (Amendment) Regulations 2012 (SI 2012/917) together with the European Banking Authority's Guidelines to article 22(3) and (5) of the *Banking Consolidation Directive* relating to the collection of *remuneration* benchmarking information and *high earners* information have been implemented through *SUP 16 Annex 33AR* and *SUP 16 Annex 34AR*. The Guidelines can be found at <http://www.eba.europa.eu/cebs/media/Publications/Standards%20and%20Guidelines/2012/EBA-GL-2012-04---GL-4-on-remuneration-benchmarking-exercise-.pdf> and <http://www.eba.europa.eu/cebs/media/Publications/Standards%20and%20Guidelines/2012/EBA-GL-2012-05---GL-5-on-remuneration-data-collection-exercise-.pdf>.

## Annex C

### Amendments to the Supervision manual (SUP)

After SUP 16.16 insert the following new section. The text is not underlined.

#### 16.17 Remuneration reporting

##### Purpose

- 16.17.1 G The purpose of this section is to ensure that the *FSA* receives regular and comprehensive information about *remuneration* in a standard format to assist it to benchmark *remuneration* trends and practices and to collect *remuneration* information on *high earners*. It also takes account of the Capital Requirements (Amendment) Regulations 2012 (SI 2012/917) together with the European Banking Authority's Guidelines to article 22(3) and (5) of the *Banking Consolidation Directive*.

##### Interpretation

- 16.17.2 R In this section "UK lead regulated group" means a *UK consolidation group* that is headed either by an *EEA parent institution* or by an *EEA parent financial holding company*.

##### Remuneration Benchmarking Reporting Requirements

- 16.17.3 R (1) A *firm* to which this *rule* applies must submit a Remuneration Benchmarking Information Report to the *FSA* annually.
- (2) The *firm* must complete that report in the format set out in SUP 16 Annex 33AR.
- (3) The *firm* must submit that report to the *FSA* within four months of the *firm's accounting reference date*.
- (4) A *firm* that:
- (a) is not part of a UK lead regulated group must complete that report on an unconsolidated basis in respect of *remuneration* awarded to *employees* of the *firm* in the last completed financial year;
- (b) is part of a UK lead regulated group must not complete that report on either a solo consolidation basis or an unconsolidated basis. The *firm* must complete that report on a consolidated basis in respect of *remuneration* awarded to all *employees* in the UK lead regulated group in the last completed financial year.
- (5) The *firm* must complete the report in the currency of its annual

audited accounts.

(6) A *firm* to which this *rule* applies on the date it comes into effect must submit two reports by 31 December 2012: one for each of the previous two complete financial years that ended before this *rule* came into effect.

(7) This *rule* applies to:

- (a) a *BIPRU firm*; and
- (b) a *third country BIPRU firm*;

that:

- (c) is not a *BIPRU limited licence firm* or a *BIPRU limited activity firm*; and
- (d) is not, and does not have, an *EEA parent institution* or an *EEA parent financial holding company*;

and that *firm* had total assets equal to or greater than £50 billion on an unconsolidated basis on the *accounting reference date* immediately prior to the *firm's* last complete financial year.

(8) This *rule* also applies to:

- (a) a *BIPRU firm*; and
- (b) a *third country BIPRU firm*;

that:

- (c) is not a *BIPRU limited licence firm* or a *BIPRU limited activity firm*; and
- (d) is part of a UK lead regulated group;

and that *firm* had total assets equal to or greater than £50 billion on an unconsolidated basis on the *accounting reference date* immediately prior to the *firm's* last complete financial year.

(9) In this rule “total assets” means

- (a) in relation to a *BIPRU firm*, the *firm's* total assets as set out in its balance sheet on the relevant *accounting reference date*; and
- (b) in relation to a *third country BIPRU firm*, the total assets of the *firm* as set out in its balance sheet on the relevant *accounting reference date* that cover the activities of the branch operation in the *United Kingdom*.

## High Earners Reporting Requirements

- 16.17.4 R (1) A *firm* to which this *rule* applies must submit a High Earners Report to the *FSA* annually.
- (2) The *firm* must submit that report to the *FSA* within four months of the end of the *firm's accounting reference date*.
- (3) A *firm* that is not part of a UK lead regulated group must complete that report on an unconsolidated basis in respect of *remuneration* awarded in the last completed financial year to all *high earners* of the *firm* who mainly undertook their professional activities within the *EEA*.
- (4) A *firm* that is part of a UK lead regulated group must not complete that report on either a solo consolidation basis or an unconsolidated basis. The *firm* must complete that report on a consolidated basis in respect of *remuneration* awarded in the last completed financial year to all *high earners* who mainly undertook their professional activities within the *EEA* at:
- (a) the *EEA parent institution* or *EEA parent financial holding company* of the UK lead regulated group; and
  - (b) each *subsidiary* of the UK lead regulated group that has its registered office (or, if it has no registered office, its head office) in an *EEA State*; and
  - (c) each *branch* of the UK lead regulated group that is established or operating in an *EEA State*.
- (5) The *firm* must complete a separate template, in the format set out in *SUP 16 Annex 34AR*, for each *EEA State* in which there is a *high earner*. Those templates together form the report.
- (6) *High earners* who carried out their professional activities in an *EEA State* should be classified under that *EEA State*.
- (7) *High earners* who carried out their professional activities in more than one *EEA State* should be classified under the *EEA State* where they mainly undertook their professional activities.
- (8) A *firm* to which this section applies on the date it comes into effect must submit two reports by 31 December 2012: one for each of the previous two complete financial years that ended before this section came into force.
- (9) The information in the report must be denominated in euros determined, if necessary, by reference to the conversion rate table specified from time to time by the European Banking Authority as applicable to that year's High Earners Report.

- (10) This *rule* applies to a *BIPRU firm* and a *third country BIPRU firm* that:
- (a) is not a *BIPRU limited licence firm* or a *BIPRU limited activity firm*; and
  - (b) is not, and does not have, an *EEA parent institution* or an *EEA parent financial holding company*.
- (11) This *rule* also applies to a *BIPRU firm* and a *third country BIPRU firm* that:
- (a) is not a *BIPRU limited licence firm* or a *BIPRU limited activity firm*; and
  - (b) is part of a UK lead regulated group.
- (12) This *rule* also applies to a *BIPRU limited licence firm* or a *BIPRU limited activity firm*:
- (a) that is part of a UK lead regulated group; and
  - (b) where that UK lead regulated group contains a *BIPRU firm* or a *third country BIPRU firm* that is not a *BIPRU limited licence firm* or a *BIPRU limited activity firm*.

16.17.5 G *Firms'* attention is drawn to SUP 16.3.25G regarding a single submission for all *firms* in a *group*.

After SUP 16 Annex 32 insert the following new annexes. The text is not underlined.

**16 Annex 33AR Remuneration Benchmarking Information Report**

**Information on the remuneration of all staff**

		<b>A</b>	
1	Name of institution/group:		
2	Financial year for which the remuneration is awarded (Year N):		

**Business areas:**

		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
		Investment banking	Retail banking	Asset management	All other
3	Total number of staff				

		<b>A</b>	
4	Total net profit in Year N		

		<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
		Investment banking	Retail banking	Asset management	All other
5	Total remuneration				

6 Of which: Total variable remuneration

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**Information on the remuneration of identified staff**

**Business areas:**

**A B C D**

	Investment banking	Retail banking	Asset management	All other
7 Number of identified staff				

**A**

8 Number of identified staff in senior management positions

--

9 Number of identified staff in control functions

--

**A B C D**

	Investment banking	Retail banking	Asset management	All other
10 Total fixed remuneration				
11 Total variable remuneration				
12 Total variable in cash				



13	Total variable in shares and share-linked instruments				
14	Total variable in other types of instruments				
15	Total amount of variable remuneration deferred in Year N				
16	Total deferred variable in cash				
17	Total deferred variable in shares and share-linked instruments				
18	Total deferred variable in other types of instruments				
19	Amount of explicit ex post performance adjustment applied in Year N for remuneration awarded in previous years				
20	Number of recipients of guaranteed variable remuneration				
21	Total amount of guaranteed variable remuneration				
22	Number of recipients of severance payments				
23	Total amount of severance payments paid in Year N				
24	Number of recipients of discretionary pension benefits				
25	Total amount of discretionary pension benefits				

**A**

26 If you have used column D "All Other", please use this column to explain in which business areas these individuals work.

## 16 Annex 33BG      Guidance notes for data items in SUP 16 Annex 33AR

### Financial year for which the remuneration is awarded

A *firm's* financial year should be designated by reference to the calendar year in which it ends. For example, if a *firm's* *accounting reference date* is 31 March, the financial year that begins on 1 April 2011 and ends on 31 March 2012 will be the *firm's* 2012 financial year.

### Consolidation

When reporting on a consolidated basis as a UK lead regulated group, *firms* should where possible treat the consolidation group as a single entity (i.e. line-by-line) rather than on an aggregation basis.

### Currency

*Firms* should report in the currency of their annual audited accounts. Figures should be reported in millions.

### Data Elements

These are referred to by row first, then by column, so data element 2B will be in row 2 and column B.

#### 3-25A Investment banking:

Include corporate finance advice services, private equity, capital markets, trading and sales.

#### 3-25B Retail banking:

Include total lending activity (to individuals and enterprises).

#### 3-25C Asset management:

Include portfolio management, managing of UCITS and other forms of asset management.

#### 3-25D All other:

This column should include staff that cannot be allocated to one of the designated business areas. In this case, institutions should use data element 26A to explain in which business areas these staff work.

#### 3A-D Total number of staff:

The numbers of staff provided should be expressed in full time equivalents (FTEs) and be based on year-end numbers.

#### 4A Total net profit in Year N:

Net profits should be based on the accounting system used for regulatory reporting. For groups, it is the profit (or loss) of the whole group (i.e. the amount attributable to the equity holders of the parent and to the minority interest).

- 5A-D Total remuneration:  
Total remuneration according to paragraph 11 of the CEBS Guidelines on Remuneration Policies and Practices. 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.
- 6A-D Total remuneration: Of which: Total variable remuneration:  
Variable remuneration according to paragraph 11 of the CEBS Guidelines on Remuneration Policies and Practices. This includes deferred and non-deferred variable remuneration. This also includes discretionary pension benefits, amounts regarding guaranteed variable remuneration and severance payments.
- 7A-D Number of identified staff:  
Identified staff according to paragraph 16 of the CEBS Guidelines on Remuneration Policies and Practices.
- 8A Number of identified staff in senior management positions:  
This is equivalent to the first and second category of identified staff as explained in paragraph 16 of the CEBS Guidelines on Remuneration Policies and Practices.
- 10A-D Total fixed remuneration:  
Fixed remuneration according to paragraph 11 of the CEBS Guidelines on Remuneration Policies and Practices.
- 11A-D Total variable remuneration:  
Variable remuneration according to paragraph 11 of the CEBS Guidelines on Remuneration Policies and Practices. This includes deferred and non-deferred remuneration. This also includes discretionary pension benefits, amounts regarding guaranteed variable remuneration and severance payments.
- 14A-D Total variable in other types of instruments:  
Different types of instruments defined in section 4.4.2 of the CEBS Guidelines on Remuneration Policies and Practices.
- 15A-D Total amount of variable remuneration deferred in Year N:  
Deferred remuneration according to section 4.4.1 of the CEBS Guidelines on Remuneration Policies and Practices.
- 18A-D Total deferred variable in other types of instruments:  
Different types of instruments defined in section 4.4.2 of the CEBS Guidelines on Remuneration Policies and Practices.
- 19A-D Amount of explicit ex post performance adjustment applied in Year N for remuneration awarded in previous years:  
Explicit ex post performance adjustment according to paragraphs 134 to 139 of the CEBS Guidelines on Remuneration Policies and Practices.
- 20A-D Number of recipients of guaranteed variable remuneration:  
Guaranteed variable remuneration according to section 3.2.1 of the CEBS Guidelines on Remuneration Policies and Practices.

- 25A-D Total amount of discretionary pension benefits:  
Discretionary pension benefits according to section 3.1.2.of the CEBS Guidelines on Remuneration Policies and Practices.
- 26A All other:  
If you have used data element 3-25D, please use data element 26A to record in which business areas staff included in this column work.

**16 Annex 34AR High Earners Report**

**Information on the remuneration of high earners**

	<b>A</b>
1 Name of institution/group:	
2 Member state to which the data relate:	
3 Financial year for which the remuneration is awarded (Year N):	

**Business areas:**

	<b>A</b>	<b>B</b>	<b>C</b>	<b>D</b>
	Investment banking	Retail banking	Asset management	All other
4 Total number of individuals				
5 Of which: Number of identified staff				
6 Total fixed remuneration				
7 Total variable remuneration				
8 Of which: Total discretionary pension benefits				
9 Of which: Total variable remuneration deferred in Year N				

10 If you have used column D "All Other", please use this column to explain in which business areas these individuals work.

A

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## 16 Annex 34BG      Guidance notes for data items in SUP 16 Annex 34AR

### Financial year for which the remuneration is awarded

A *firm's* financial year should be designated by reference to the calendar year in which it ends. For example, if a *firm's* *accounting reference date* is 31 March, the financial year that begins on 1 April 2011 and ends on 31 March 2012 will be the *firm's* 2012 financial year.

### Consolidation

When reporting on a consolidated basis as a UK lead regulated group, *firms* should where possible treat the consolidation group as a single entity (i.e. line-by-line) rather than on an aggregation basis.

### Currency

*Firms* should report in Euros. To convert into Euros, *firms* must use the rates published by the European Commission for financial programming and budget. The table is published on the European Commission's website ([http://ec.europa.eu/budget/contracts\\_grants/info\\_contracts/inforeuro/inforeuro\\_en.cfm](http://ec.europa.eu/budget/contracts_grants/info_contracts/inforeuro/inforeuro_en.cfm)). The table contains monthly exchange rates. A list sorted by country name can be generated using the 'access by list of countries' function. Institutions should use the exchange rate applicable for the month in which the financial year ended. Figures should be reported in millions.

### Data Elements

These are referred to by row first, then by column, so data element 2B will be in row 2 and column B.

### Separate Templates

*Firms* should submit a separate template for each EEA Member State where the group is operating.

- 4-9A Investment banking:  
Include corporate finance advice services, private equity, capital markets, trading and sales.
- 4-9B Retail banking:  
Include total lending activity (to individuals and enterprises).
- 4-9C Asset management:  
Include portfolio management, managing of UCITS and other forms of asset management.
- 4-9D All other:  
This column should include staff that cannot be allocated to one of the designated business areas. In this case, institutions should use data element 10A to explain in which business areas these staff work.
- 4A-D Total number of individuals:

The numbers of staff provided should be expressed in full time equivalents (FTEs) and be based on year-end numbers.

- 5A-D Of which: Number of identified staff:  
Identified staff according to paragraph 16 of the CEBS Guidelines on Remuneration Policies and Practices.
- 6A-D Total fixed remuneration:  
Fixed remuneration according to paragraph 11 of the CEBS Guidelines on Remuneration Policies and Practices.
- 7A-D Total variable remuneration:  
Variable remuneration according to paragraph 11 of the CEBS Guidelines on Remuneration Policies and Practices. This includes deferred and non-deferred variable remuneration. This also includes discretionary pension benefits, amounts regarding guaranteed variable remuneration and severance payments.
- 8A-D Of which: Total discretionary pension benefits:  
Discretionary pension benefits according to section 3.1.2 of the CEBS Guidelines on Remuneration Policies and Practices.
- 9A-D Of which: Total variable remuneration deferred in Year N:  
Deferred remuneration according to section 4.1.1 of CEBS Guidelines on Remuneration Policies and Practices.
- 10A All other:  
If you have used data element 4-9D, please use data element 10A to record in which business areas staff included in this column work.



## Appendix 2

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# Designation of Handbook provisions

FSA Handbook provisions will be ‘designated’ to create a FCA Handbook and a PRA Handbook on the date that the regulators exercise their legal powers to do so. Please visit our website for further details about this process.

We plan to designate the Handbook Provisions which we are proposing to create within this Policy Statement as follows:

<b>Handbook Provision</b>	<b>Designation</b>
SUP 16.17.3R	PRA
SUP 16.17.4R	PRA & FCA

**PUB REF: 003071**

The Financial Services Authority  
25 The North Colonnade Canary Wharf London E14 5HS  
Telephone: +44 (0)20 7066 1000 Fax: +44 (0)20 7066 1099  
Website: [www.fsa.gov.uk](http://www.fsa.gov.uk)

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