

Chapter 19G

MIFIDPRU Remuneration Code

		<div>19G.3</div> <div>Governance and oversight</div>
		<div>Oversight of remuneration policies and practices</div>
19G.3.1	R	A MIFIDPRU investment firm must ensure that its <i>management body in its supervisory function</i> adopts and periodically reviews the <i>remuneration</i> policy and has overall responsibility for overseeing its implementation.
19G.3.2	G	<div>(1) Each <i>firm</i> should assess the most appropriate frequency for the periodic reviews referred to in ■ SYSC 19G.3.1R, taking into account all relevant factors.</div> <div>(2) The development and review of the <i>remuneration</i> policy should be supported by the <i>control functions</i>, including (where they exist) risk management, compliance, internal audit and human resources, and by <i>business units</i>.</div> <div>(3) The processes and decision-making around the development, review and amendment of <i>remuneration</i> policies and practices are subject to the general record-keeping requirements set out in ■ SYSC 9.</div>
19G.3.3	R	A <i>firm's remuneration</i> committee, where it has one, must oversee the implementation of the <i>firm's remuneration</i> policies and practices established under ■ SYSC 19G.2.1R.
19G.3.4	R	A <i>non-SNI MIFIDPRU investment firm</i> must, at least annually, conduct a central and independent internal review of whether the implementation of its <i>remuneration</i> policies and practices complies with the <i>remuneration</i> policy and practices adopted by the <i>management body in its supervisory function</i> .
19G.3.5	G	<div>(1) The FCA would expect the central and independent internal review to assess whether the implementation of the <i>remuneration</i> policies and practices:</div> <div>(a) results in <i>remuneration</i> awards that are in line with the <i>firm's</i> business strategy;</div> <div>(b) reflects the risk profile, long-term objectives and other relevant goals of the <i>firm</i>; and</div> <div>(c) complies with all relevant legal requirements.</div> <div>(2) A <i>non-SNI MIFIDPRU investment firm</i> may outsource part or all of the independent review in ■ SYSC 19G.3.4R. The <i>management body in its</i></div>

supervisory function remains responsible for ensuring the review is carried out and any necessary follow up actions are taken.

- (3) A *non-SNI MIFIDPRU investment firm* should document appropriately the results of the review and the actions taken to remedy any findings.

Control functions

19G.3.6 **R** A *MIFIDPRU investment firm* must ensure that staff engaged in *control functions*:

- (1) are independent from the *business units* they oversee;
- (2) have appropriate authority; and
- (3) are remunerated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

19G.3.7 **R** A *MIFIDPRU investment firm* must ensure that the *remuneration* of the senior officers in risk management and compliance functions is directly overseen by the *remuneration* committee, or, if such a committee has not been established, by the *management body in its supervisory function*.

19G.3.8 **G** ■ SYSC 19G.3.6R and ■ SYSC 19G.3.7R are designed to manage the conflicts of interest which may arise if other business areas had undue influence over the *remuneration* of staff in *control functions*. Conflicts of interest can easily arise when staff members are involved in the determination of *remuneration* for their own business area. Where these could arise, they need to be managed by having in place independent *control functions* (in particular risk management, compliance and human resources functions).