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| **Remuneration Policy Statement template for Proportionality Level One firms** |

Purpose of the template

All firms within the scope of the [Remuneration Part of the Prudential Regulation Authority (PRA) Rulebook (the Remuneration Part)](http://fshandbook.info/FS/prarulebook.jsp) are expected to ensure that their remuneration policies, practices and procedures are clear and documented.[[1]](#footnote-1) To record those policies, practices and procedures, and assess their compliance with the rules, Proportionality Level One firms are asked to complete this Remuneration Policy Statement (RPS) template. This template sets out the principal questions the PRA intends to ask at this stage. It would be good practice for firms to use the template as it provides the PRA’s expectation of the level of detail which should be included. Use of this template is not compulsory and firms may choose to document remuneration policies in a different way in order to comply with Rule 6.5 of the Remuneration Part. However, if you choose not to use this template, you should ensure that you provide all the information that the PRA needs (as indicated by this template) in a clear and structured manner. Completing the template is not a substitute for considering and applying the PRA rules; reliance on filling out the template alone will not demonstrate compliance.

The information you provide is requested as part of the PRA’s ongoing supervision and is principally requested to facilitate the PRA’s review of remuneration policies. All confidential information will be subject to the FSMA confidentiality regime.

PRA authorised firms are also subject to the corresponding Remuneration rules in SYSC 19D of the Financial Conduct Authority (FCA) Handbook. Throughout this document, references have made to corresponding FCA requirements. While every effort has been made to ensure accuracy, please note that the wording of PRA rules and FCA rules on remuneration may diverge in particular instances.

The FCA will also rely on information submitted in response to this document as a reference tool to facilitate their review of firm’s remuneration policies. The FCA may choose to request further information when information provided in this document is not sufficient to their needs.

The PRA’s Supervisory Statement on Remuneration (SS2/17) clarifies PRA expectations on how firms should comply with the requirements of the Remuneration Part and should be read together with the rules contained in the Remuneration Part.

Your completed RPS (or equivalent document) plus relevant supporting documentation should first bereviewed and **approved by your firm’s Remuneration Committee** (RemCo)or the equivalent body in the UK with responsibility for remuneration policies. **Firms should highlight any changes to their policies within the relevant section of the RPS**. It should then be **emailed to your normal supervisory contacts at the PRA and the FCA; and also to** [remuneration@bankofengland.co.uk](mailto:remuneration@bankofengland.co.uk)**; and** [remuneration-code@fca.org.uk](mailto:remuneration-code@fca.org.uk).

For firms with an accounting reference date of 31 December, the PRA requests submission of this RPS by **31 August**). As announced on 25 May 2021, in relation to submissions for the 2021/22 remuneration round, these firms may submit this RPS and other Stage 1 and Stage 2 submissions by Thursday 30 September. For firms with an accounting reference date later than 31 December, the RPS should be submitted no later than 8 months after the end of the preceding financial year.

**Completing your RPS – group structures**

Where your firm is part of a group, which is regulated by the PRA and the FCA, the Remuneration rules must be level on individual and consolidated or sub-consolidated bases.[[2]](#footnote-2)

Data annexes

For firms with an accounting reference date of 31 December, the PRA requests submission of this RPS by **31 August.** As announced on 25 May 2021, in relation to submissions for the 2021/22 remuneration round, these firms may submit this RPS and other Stage 1 and Stage 2 submissions by Thursday 30 September. For firms with an accounting reference date later than 31 December, the RPS should be submitted no later than 8 months after the end of the preceding financial year.

Please complete the following worksheets in **the RPS Tables** as published on the PRA’s [website](http://www.bankofengland.co.uk/pra/Pages/supervision/activities/remuneration.aspx) and send them to us by the dates shown below.

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| **Stage 1 - Material Risk Takers notifications and exclusions** | | |
| **Table** | **Data request** | **Timing/deadline** |
| RPS T8 | **Material Risk Taker exclusions** | Submit all exclusion requests lists no later than 6 months after the end of the preceding financial year. In relation to submissions for the 2021/22 remuneration round, firms with an accounting reference date of 31 December may submit Stage 1 tables by Thursday 30 September. |
| RPS T1a | **Material Risk Takers (MRTs) List Stage 1 –** line by line data | Submitted with Material Risk Taker exclusions |
| RPS T2 | **Dynamic lists -** to be used to assist completion of RPS T1a. | Submitted with Material Risk Taker exclusions |
| **Stage 2 – to be submitted with your RPS** | | |
| **Table** | **Data request** | **Timing/deadline** |
| RPS Annex 1 – Performance adjustment | **Performance adjustment report** detailing high-level event specific performance adjustment | At the very least, section 1 completed and submitted with your RPS. Refer to the Performance adjustment section of this questionnaire for further details. |
| **Stage 3 – to be submitted 2-3 months before you would like your final feedback.** | | |
| **Table** | **Data request** | **Timing/deadline** |
| RPS T3a & RPS T3b | **Risk Adjustment** **Stage 1** – Profit-based measurement and risk adjustment of bonus pools. | To be submitted 2 months before you would like your final feedback. This should include data for the preceding 3 performance years and estimated data for the current performance year. |
| RPS T7 | **Ex-post Risk Adjustment** | Complete as much information on the table as possible and submit 3 months before you would like your final feedback. For sections of the table where final information is not yet available, please provide estimated judgements, noting these are in draft form. Please note the PRA would expect updated information to be provided as soon as available and final information to be submitted to form part of the final feedback. |
| RPS Annex 1 – Performance adjustment | **Performance adjustment report** detailing high-level event specific performance adjustment | An updated version of this document should be submitted where any further information is available. |

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| **Final Stage** | | |
| **Table** | **Data request** | **Timing/deadline** |
| RPS T1b | **Material Risk Takers List Stage 2** – more detailed line by line data. | No later than **two weeks** before you would like your final feedback. |
| RPS T3a & RPS T3b | **Risk Adjustment** **Stage 2** – Profit-based measurement and risk adjustment of bonus pools. | Data to be submitted for the 3 preceding performance years and actual figures for current performance year no later than **two weeks** before you would like your final feedback. |
| RPS T4 | **Composition** – Aggregate data on the composition of remuneration across different remuneration bandings for multiple performance years. | No later than **two weeks** before you would like your final feedback. |
| RPS T5 | **Bonus pool** – High level data on remuneration awards at group level and split by major business lines for multiple performance years. | No later than **two weeks** before you would like your final feedback. |
| RPS T6 | **Guaranteed Variable Remuneration** | Table detailing the number of awards made during the performance year should be submitted no later than **two weeks** before you would like your final feedback. |
| RPS T7 | **Ex-post Risk Adjustment** | Final information to be submitted to form part of the final feedback. Date to be discussed and agreed with your supervision team. Note this will be earlier than submission of the other stage 2 tables. |
| RPS Annex 1 – Performance adjustment | **Performance adjustment report** detailing high–level event specific performance adjustment. | As for RPS T7 above. |

Next Steps:

The PRA and FCA will arrange a meeting with the relevant senior executives of your firm to discuss the information supplied. If you have a UK-based Remuneration Committee, the PRA may also wish to meet with the Chair as well as senior executives as appropriate. The meeting will discuss overall compliance with the Remuneration rules and cover any issues that may arise from any of the information supplied.

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| **A.** | **Firm Specific Information** | | | | | |
| **A.i** | Please list any undertakings with permission to conduct regulated activities under the Financial Services and Markets Act within your group to whom the Remuneration rules apply. | | | | | |
| **Firm Name** | | | **FRN** | **Proportionality**  **Level** | |
|  | | |  | Level 1 / 2 / 3 | |
| **A.ii** | Provide contact details of the key individual(s) who the PRA should contact within your firm regarding your firm’s compliance with the Remuneration Part. | | | | | |
| **Name** | **Job Title** | **Phone No.** | | | **Email** |
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| **B.** | **Remuneration Schedule** | |
| **B.i** | To aid the PRA’s planning process, please indicate when the following events are likely to occur, providing additional details if appropriate. | |
| Performance year end date: |  |
| Bonus pool finalised: |  |
| Individual awards data finalised: |  |
| Date of meeting of RemCo or equivalent governing body to approve final proposed awards: |  |
| Date by which you would like to be provided with final feedback: |  |
| Date financial results are publically announced: |  |
| Planned communication date(s) for all staff: |  |

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| **Throughout this document, if your policies and practices have changed from your previous RPS submission, please highlight this at the beginning of the section.** |

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| **C.** | **Remuneration Schemes** |
| **C.i** | List all **bonus schemes** or other reward or compensation schemes (including those in place for partnerships and other legal structures) that will be in place to reward Material Risk Takers (MRTs) for performance during the current performance year and provide a high-level description of each scheme, including:   * the scheme’s purpose; * intended participants; * number of expected participants for the current performance year; * the structure of each scheme’s awards, including:   + determination of the deferred proportion;   + the length of the vesting period;   + the vesting schedule including whether vesting is on a pro-rata basis; cliff vesting at the end of the performance period or any other combination;   + award composition i.e. proportion in shares/cash etc.;   + retention policies applied to any part of the awards; and   + the length of the retention policy * The ratio of the maximum payout of the bonus scheme when compared to fixed remuneration; * the performance measures and the risk adjustment used to determine whether and how much the scheme will pay out; * the proportion of the deferred portion that is subject to performance adjustment; and * any other information related to the scheme that you believe is relevant. |
| *Bonus scheme 1 …* |
| *Bonus scheme 2 …* |
| **C.ii** | Please list all existing **executive incentive schemes** (e.g. Long Term Incentive Plans (LTIPs); or carried interest schemes where not linked to an individual’s co-investment) that could incentivise MRTs for future performance and provide a high-level description of each scheme, including:   * the scheme’s purpose; * whether each scheme has been approved by shareholders; * intended participants and the number of people currently participating in the scheme, including how many are MRTs; * the ratio of the maximum ( i.e. 100%) payout of the LTIP award when compared to fixed remuneration especially when used in conjunction with other forms of variable remuneration; * the structure of the scheme’s awards, including a description of the initial award (e.g. deferred cash, shares, share options, phantom shares) and the form of the proposed payout (e.g. proportion in shares, cash etc.); * the Estimated Value (EV) of the scheme at the time of the initial award; * the length of the scheme’s performance period and whether a new performance period starts each year, overlapping the previous performance period; or whether the performance periods run end to end;   + the length of the vesting period;   + the vesting schedule including whether vesting is on a pro-rata basis; cliff vesting at the end of the performance period or any other combination; and   + the length of the retention policy; * the performance measures and the risk adjustment used to determine whether and how much the scheme will pay out; * when the scheme is due for review; and * any other information related to the scheme that you believe is relevant. |
| *Executive Incentive scheme 1 …* |
| *Executive Incentive scheme 2 …* |
| **C.iii** | **Total Remuneration** |
| Please provide information on what typical elements comprise total remuneration for MRTs. This may include salary, benefits including discretionary pension benefits; role-based allowances and any other forms of remuneration which are used. |
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| **C.iv** | **Role-based allowances** |
| Does your firm use role-based allowances as part of total remuneration for MRTs? YES/NO |
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| **C.v** | How many employees are in receipt of role-based allowances that are paid as part of fixed remuneration? |
| **MRTs:** |
| **All other employees:** |
| **C.vi** | Please describe the structure of your role-based allowance scheme(s). Where there are differences for different groups of staff, please specify. Include information on the following:   * Structure:   + Duration   + Renewal mechanisms   + Payment method (cash, instruments etc. Where instruments are used, the split of cash / instruments)   + Deferral period (if any) * Whether any conditions are attached as to if/when the amounts paid under the allowance could be adjusted or cancelled and if so, on the basis of what criteria * Whether the structure has changed from last year * How often the terms of the scheme are reviewed and * Whether there are plans to amend next year. |
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| **C.vii** | Please describe how your role-based allowance scheme ensures that RBAs are pre-determined; permanent; non-revocable; transparent to staff; not linked to measures of performance; non-discretionary etc. (refer to the EBA Guidelines on sound remuneration policies, 2015, EBA/GL/2015/22) |
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| **D.** | **MRTs as defined in Rule 3.1 of the of the Remuneration Part** |
| **D.i** | Please set out the high level framework you have used to determine which of your staff are MRTs. Please pay particular attention to the methodology used in the identification of material business units. Please also describe your application of both the qualitative and quantitative criteria as laid out in the MRT Regulation, as defined in Rule 1.3. of the Remuneration Part of the PRA Rulebook. You may wish to provide information as an attachment to this RPS. |
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| **D.ii** | How many MRTs have been identified solely using the criteria referred to in Rule 3.1 of the Remuneration Part (including the criteria of the MRT Regulation as referred to in that rule)? |
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| **D.iii** | Have you identified any individuals not captured by the mandatory qualitative or quantitative MRT criteria referred to in Rule 3.1 of the Remuneration Part (per C.ii above)? If so, please give more detail on the role or categories of role and why they expose the firm to a material level of harm. |
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| **D.iv** | How many MRTs were identified in the previous performance year?  If there is a significant difference, please explain the reasons why. |
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| **1.** | | **Remuneration Policies**  *Please refer to Chapter 6 of the Remuneration Part (corresponds to SYSC 19D.3.7R to SYSC 19D.3.9R in the FCA Handbook)* |
| **1.1** | Briefly describe how you ensure that your firm’s remuneration practices promote sound and effective risk management and do not encourage risk-taking that exceeds the firm’s levels of tolerated risk. | |
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| **1.2** | Briefly describe how your firm ensures that its remuneration policies are in line with its business strategy, objectives, values and long-term interests. | |
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| **1.3** | Briefly describe the measures you take to ensure your firm’s remuneration policies avoid conflicts of interest. | |
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| **1.4** | How do you ensure that your remuneration policies, practices and procedures, including performance appraisal processes and decisions, are clear and documented? | |
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| **2** | **Governance**  *Please refer to Chapter 7 of the Remuneration Part (corresponds to SYSC 19D.3.10R to SYSC 19D.3.14G in the FCA Handbook) and also to Chapter 2 of the PRA’s Supervisory Statement SS2/17 ‘Remuneration’ (2020)’ (corresponds to the FCA’s General Guidance on Proportionality: The Dual-regulated firms Remuneration Code (SYSC19D).* | | |
| **2.1** | Does your firm have a Remuneration Committee (RemCo) established within the UK? | | Yes / No  (Delete as applicable) |
| **2.2** | Describe how remuneration governance arrangements operate within your firm including:   * The name of the RemCo if known by any other name; * Whether there are any sub-committees of the RemCo, what they are called and what their purpose is; * If your firm doesn’t have a RemCo established in the UK, who makes remuneration decisions for the firm; * Who, if anyone, is approved as the Chair of the Remuneration Committee Senior Management Function (SMF12); * Which of your SMFs has been allocated the PRA Prescribed Responsibility in Allocation of Responsibilities 4.1(18) (‘responsibility for overseeing the development of, and implementation of the firm’s remuneration policies and practices in accordance with Remuneration’); * How information is shared between committees including the Risk and Audit Committees; and * whether the RemCo has appointed remuneration consultants for advice. | | |
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| **2.3** | How frequently does the RemCo / equivalent governing body review the general principles of the firm’s remuneration policy and when did the last review take place? | | |
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| **2.4** | Is the implementation of the remuneration policies subject to a central and independent internal review for compliance? | Yes / No  (Delete as applicable) | |
| **2.5** | If your answer to the question above is ‘Yes’, please provide a bullet point summary for the questions:   * Who carries out those reviews? * What are the key criteria used in their assessments? * What were the key findings/conclusions of the most recent review? | | |
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| **2.6** | Please advise how the RemCo take into account the long-term interests of shareholders, investors and other stakeholders in the firm and the public interest. | | |
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| **2.7** | Set out the likely timing of the RemCo / equivalent governing body’s discussions regarding risk adjustment of the bonus pools. |
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| **2.8** | Does the RemCo / equivalent governing body have the ability to apply discretion to adjust the bonus pool and individual payments including those paid out in individual incentive schemes? |
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| **2.9** | When was the last time the RemCo / equivalent governing body exercised that discretion? Please provide examples. |
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| **2.10** | What information does the RemCo / equivalent governing body receive to assist their decision making process? |
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| **2.11** | Please provide detail on which group or groups of employees the RemCo makes individual pay decisions on. |
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| **2.12** | How does the RemCo Chair discharge their responsibilities in a way that meets their obligations under the Senior Managers Regime (SMR)? If relevant, refer to the statement of responsibility and responsibility map for the individual who has been assigned responsibility for remuneration. |
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| **2.13** | Please supply as soon as it is available:   * a copy of the information prepared for the Remco / equivalent governing body to enable them to review/challenge the risk adjustment of the bonus pool(s); * an extract from the minutes of the Remco / equivalent governing body recording the discussion of this question and the decisions taken. |

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| **3.** | **Control functions**  *Please refer to Chapter 8 of the Remuneration Part (corresponds to SYSC 19D.3.15R to SYSC 19D.3.18G in the FCA Handbook)* |
| **3.1** | With regard to employees engaged in control functions, briefly explain how you ensure that these employees are:   * independent from the business units that they oversee; * have appropriate authority; and * are remunerated:  1. adequately to attract qualified and experience staff; and 2. in accordance with the achievement of objectives linked to their functions, independent of the performance of the business areas they control. |
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| **3.2** | How do your risk management and compliance functions contribute to the making of remuneration policy for other business areas? Provide examples as appropriate. |
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| **3.3** | Describe how risk management and compliance functions have significant input into the setting of individual remuneration awards of other business areas in cases where those functions have concerns about the behaviour of individuals concerned or the level of risk undertaken. Provide examples as appropriate. |
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| **3.4** | Who oversees the remuneration of senior officers (including MRTs) in risk management and compliance? |
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| **4.** | **Remuneration and capital**  *Please refer to Chapter 9 of the Remuneration Part (corresponds to SYSC 19D.3.19R and SYSC 19D.3.20G in the FCA Handbook)* |
| **4.1** | How do you ensure that your firm’s total variable remuneration does not limit its ability to strengthen its capital base? Including how your variable remuneration arrangements are sufficiently flexible to allow necessary resources to be directed towards capital building, including prior examples.  Note: *The PRA may discuss with you the extent to which remuneration payouts might constrain retention of earnings and therefore capital building and it may require you to submit information to support this.* |
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| **5.** | **Exceptional government intervention**  *Please refer to Chapter 10 of the Remuneration Part (corresponds to SYSC 19D.3.21R and SYSC 19D.3.22G in the FCA Handbook).* |
| **5.1** | Where appropriate, explain how your policies on variable remuneration comply with the provisions under the rules on exceptional government intervention. |
| *This section may not be relevant for your firm.* |

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| **6.** | | **Risk adjustment**  *Please refer to Chapter 11 of the Remuneration Part (corresponds to SYSC 19D.3.23R to SYSC 19D.3.30G in the FCA Handbook)* | |
| **6.1** | *(Question only to be answered by firms with bonus pools set by a PRA-regulated firm)*  Briefly explain how the incremental movement between the prudent valuation adjustment (PVA) figure in the end-Q4 prudent valuation return of this financial year and the PVA figure in the end-Q4 return from the last financial year, will be used to adjust profit as part of the overall process for determining the bonus pool. | | |
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| **6.2** | *(Question only to be answered by UK regulated firms which do not have a specific UK bonus pool and where the bonus pool is determined by an international parent company).*  Explain how and to what extent the profits of the UK regulated firm, which feed into determining the global bonus pool, will be adjusted to reflect the incremental change in the PVA figure. | | |
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| **Please complete and repeat the questions in this section separately for each bonus scheme that rewards MRTs, as listed in section C, if there is differentiation between schemes.** | | | |
| **6.3** | Scheme name | |  |
| **6.4** | Bonus Pool Size  Provide a high-level summary of the process you follow to determine the overall bonus pool amount, including whether it involves a top-down and/or bottom up process (if appropriate) and how this is linked to your firms risk appetite | | |
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| **6.5** | 1. Please describe what key financial performance measures are used to determine the bonus pool and the overall weighting of these measures. | | |
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| 1. Please indicate the levels in the firm at which financial performance is measured (e.g. division or desk level etc.). | | |
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| 1. Provide a high level summary of how these key financial performance measurements are risk-adjusted (e.g. use of a pre-agreed numerical formula or other factors). Where revenue-based measures are used, describe how these form part of a balanced, risk adjusted scorecard. | | |
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| 1. Please list all other performancemeasures used to determine the bonus pool explaining how these are linked to performance and weighted to achieve the overall bonus pool size. | | |
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| 1. Explain how often the performance measures are set; who sets them; who reviews them; and how often they are reviewed. | | |
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| **6.6** | Please set out the framework used to adjust the bonus pool for risks inherent in your firm’s activities. Include the risk measures used to balance financial return against the risk taken to achieve that return. | | |
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| **6.7** | Explain how and to what extent the financial performance measures take account of the following: | | |
| cost and quantity of capital utilised | | |
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| current and future capital needs (including potential need to strengthen capital base if necessary) | | |
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| liquidity/funding costs | | |
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| various types of risk | | |
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| How, and to what extent, do these performance measures take account of future earning streams and future risks? Are any future earning streams recognised up-front? | | |
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| **6.8** | Are any discretionary factors applied to adjust the bonus pool for risk? Please include:   * the stages of the process when such discretion can be applied; * the items to which discretion can be applied; * the bodies or individuals who may exercise that discretion, and * the boundaries/parameters used on these discretionary elements. * what information is used to assist the discretionary adjustments? | | |
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| **6.9** | How does your bonus pool determination process take account of situations where the firm’s performance is subdued or negative. Explain who has the discretion to make the adjustments and whether they have the flexibility to apply full discretion to reduce the bonus pool to zero. |
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| **6.10** | How is the risk function engaged in the process to adjust the bonus pool for risk? |
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| **6.11** | Briefly explain how your risk adjustment methodology has changed since the previous performance year. |
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| **6.12** | Please describe how non-financial risks (e.g. where weaknesses in systems and controls have been identified or where there is an increased level of customer complaints) are taken into account. This section should include an explanation of how non-financial risks are taken into account in bonus pool setting including those relating to conduct as they arise. |
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| **Long Term Incentive Plans (LTIPs)** | | | |
| **Please complete and repeat questions in this section separately for each LTIP currently in operation that could reward MRTs, as detailed in Section C.ii.** | | | |
|  | Scheme name: |  | |
| **6.13** | Is remuneration received via this scheme intended to be included in the deferral calculation and form part of variable remuneration? | | Yes / No  (Delete as applicable) |
| **6.14** | Set out the key financial performance measures and weightings that are used to determine the total pay-out for the scheme. | | |
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| **6.15** | Explain how the performance measures are subject to risk adjustment, including formulaic adjustments or whether discretionary adjustments are applied. Where revenue-based measures are used, describe how these form part of a balanced, risk adjusted scorecard in line with the long term interests of the firm. | | |
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| **6.16** | How and under which circumstances might the RemCo / equivalent governing body use their discretion to apply performance adjustment to the scheme’s pay-out? Please illustrate your response with examples. | | |
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| **7.** | **Pension policy**  *Please refer to Chapter 12 of the Remuneration Part (corresponds to SYSC 19D.3.31R in the FCA Handbook)* | |
| **7.1** | Do you have a policy for discretionary pension benefits? | Yes / No  (Delete as applicable) |
| **7.2** | If you have a policy for discretionary pension benefits, please outline how your policy is in line with business strategy, objectives, values and long-term interests of your firm. | |
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| **7.3** | Please advise the retention period and the instruments used for any discretionary pension payments. | |
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| **8.** | **Personal investment strategies**  *Please refer to Chapter 13 of the Remuneration Part (corresponds to SYSC 19D.3.32R to SYSC 19D.3.33G in the FCA Handbook)* |
| **8.1** | What arrangements do you have in place to ensure that your employees undertake not to use personal hedging strategies or remuneration-related or liability-related contracts of insurance to undermine the risk alignment effects embedded in their remuneration arrangements? |
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| **9.** | **Non-Compliance**  *Please refer to Chapter 14 of the Remuneration Part (corresponds to SYSC 19D.3.34R in the FCA Handbook)* |
| **9.1** | How do you ensure that variable remuneration is not paid through vehicles or methods that facilitate non-compliance with obligations arising from Capital Requirements Regulation *(*CRR) or the Remuneration Part? |
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| **10.** | **Remuneration structures**  *Please refer to Chapter 15 of the Remuneration Part (corresponds to SYSC 19D.3.36R to SYSC 19D.3.65 G in the FCA Handbook)* | | |
| **10.1** | | How do you ensure that the structure of an employee’s remuneration is consistent with and promotes effective risk management? | |
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| **Assessment of performance**  *Please refer to Rules 15.4 to 15.6 of the Remuneration Part (corresponds to SYSC 19D.3.39R to SYSC 19D.3.43R in the FCA Handbook)* | | | |
| **10.2** | | Please set out a high-level description of your firm’s approach to measuring the performance of individuals including both financial and non-financial metrics and how these are weighted. Please include your performance rating scale. | |
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| **10.3** | | Where remuneration is performance related, please indicate the combination of the below in the assessment of the performance regarding the total amount of remuneration that will be awarded: | |
| Performance of the individual | |
|  | |
| Performance of the business unit concerned | |
|  | |
| The overall results of the firm | |
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| **10.4** | | Is performance measured against financial and non-financial criteria? | Yes / No  (Delete as applicable) |
| **10.5** | | Explain how an individual’s assessment is set in a multi-year framework with the assessment process based on longer-term performance and that the actual payment of performance-based components of remuneration is spread over a period which takes account of the underlying business cycle of the firm and its business risks. | |
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| **Guaranteed variable remuneration and buy-outs**  *Please refer to Rule 15.7 and Chapter 15A of the Remuneration Part (corresponds to SYSC 19D.3.44R to SYSC 19D.3.47G in the FCA Handbook)* | |
| **10.6** | Please advise how guaranteed variable remuneration and buy-outs are not part of prospective remuneration. |
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| **Ratio between fixed and variable components of total remuneration**  *Please refer to Rules 15.9 to 15.13 of the Remuneration Part (corresponds to SYSC 19D.3.48 R to SYSC 19D.3.53R)* | |
| **10.7** | How do you ensure that the fixed and variable components are appropriately balanced with the fixed portion representing a sufficiently high proportion of total remuneration which allows the operation of a fully flexible policy on variable remuneration components including the possibility to pay no variable remuneration component? If you have significantly different policy approaches for employees in different business units, at different levels of seniority, or at different levels of total remuneration, include different statements as appropriate. Provide details of any minimum or maximum ratios. |
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| **10.8** | What is the maximum ratio between the fixed and variable components of total remuneration? |
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| **10.9** | If the ratio is greater than 1:1, has this been approved by the shareholders or owners or members of the firm? If yes, when did this take place and when is it due to be reviewed? |
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| **10.10** | Do you apply or intend to apply a discount rate to a maximum of 25% of an employee’s total variable remuneration provided it is paid in instruments that are deferred for a period of not less than 5 years? If so, what is the maximum discount rate applied and give details of the instruments used. |
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| **Payments related to early termination**  *Please refer to Rule 15.14 of the Remuneration Part (corresponds to SYSC 19D.3.54R and SYSC 19D.3.55G in the FCA Handbook)* | | |
| **10.11** | Have you ensured that any early termination payments made to staff in the current performance year have been compliant with the Remuneration rules? | Yes / No  (Delete as applicable) |

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| **Retained shares or other instruments**  *Please refer to Rule 15.15 to 15.16 of the Remuneration Part (corresponds to SYSC 19D.3.65R and SYSC 19D.3.58G in the FCA Handbook)* | |
| **10.12** | Briefly describe the instruments that you use to comply with the rules on retained shares or other instruments. |
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| **10.13** | If Additional Tier 1 or Tier 2 instruments or other instruments that can be fully converted to Common Equity Tier 1 or written down are used, please confirm that these instruments adequately reflect the credit quality of the firm as a going concern and are appropriate for use as variable remuneration. |
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| **10.14** | Describe the composition of your variable remuneration awards between cash / shares and other non-cash instruments and how this split is applied to the deferred component and the portion not deferred. |
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| **10.15** | Describe how the retention policy is applied to the above instruments and how this is designed to align with the longer-term interests of the firm. |
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| **Deferral**  *Please refer to Rules 15.17 to 15.19 of the Remuneration Part in the PRA Rulebook (corresponds to SYSC 19D.3.59R to 19D.3.60G in the FCA Handbook)* | |
| **10.16** | **Deferral arrangements for MRTs**  If MRTs participate in different schemes, please answer these questions for each of the schemes MRTs participate in.  What is the length of vesting for MRTs?  How is vesting structured? Please provide detail on the vesting schedule including whether vesting occurs on a cliff vesting; pro-rata basis; a combination of both or whether it varies by different schemes. |
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| **Firm-wide Deferral**  *Refer to paragraphs 5.44 and 5.44A of the PRA’s Supervisory Statement SS2/17 (2020) – Remuneration (corresponds to SYSC 19D.2.2 G in the FCA’s Handbook)* | | |
| **10.17** | Will you apply deferral to employees other than MRTs? If so, please describe how the level of deferral will be determined; the length of the vesting period; and the award composition. | |
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| **Performance adjustment**  *Please refer to Rules 15.20 (1) and 15.21 to 15.22 of the Remuneration Part (corresponds to SYSC 19D.3.61R (1) to 19D.3.63E; SYSC 19D.3.65G and SYSC 19D.1,3R)* | |
| **10.18** | Please outline your specific criteria on the application of malus; clawback and in-year adjustments. This should include the following:   * + - Whether this criteria applies firm-wide or group-wide;     - How this criteria is applied at a firm level; business unit level and at an individual level; and     - When this criteria came into effect, who approved it and how often it is reviewed.   Please also include any other relevant information concerning implementation and operation of the criteria. |
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| **10.19** | Please provide detail on what situations may trigger the use of performance adjustment. If your performance adjustment clauses have been triggered previously, please provide real examples. Otherwise, please detail the type of situation where performance adjustment would be considered at an individual level or collectively. |
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| **10.20** | Please outline the process for deciding cases that can result in the use of performance adjustment. This should include which roles, departments, functions and committees are responsible for reporting information, the escalation and decision making processes. Please also detail how control functions provide information and contribute to discussions as required. |
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| **10.21** | **Individual unvested bonus awards:**  Please detail how unvested deferred awards could be adjusted downwards as a result of poor performance including how the reduction would be calculated i.e. number of shares or other non-cash instruments reduced or % reduction in deferred cash. |
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| **10.22** | **Collective responsibility:**  Please advise if your specific criteria for performance adjustment can be applied on a firm-wide or business unit level. Please detail how consideration could be made to reduce in-year bonus pools either on a firm-wide basis or at business unit level. |
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| **10.23** | **High level Event Specific Information:**  Where there have been any specific events within the last performance year, provide detail whether you may consider if performance adjustment should be applied to either in-year bonus pools or to individual awards? |
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| **10.24** | **Where a significant, firm-specific failure of risk management has occurred in the last performance year, please provide further details in a separate Annex – Please refer to RPS Annex 1 - Performance adjustment for details of what should be included. If you are unsure whether the annex should be completed, please discuss with your supervisor.**  **Section 1 of the Performance adjustment Annex should be completed and submitted with your RPS.** |
| **10.25** | **Details of performance adjustment considered / applied in the current performance year to individual awards**  If performance adjustment clauses have been triggered in the current performance year explain how they were / will be applied to individuals current year bonus awards to the extent that is known at the point of completing this RPS (indicate the number of individuals affected).  If the performance adjustment is in relation to a firm-specific failure of risk management, the details should be included in RPS Annex 1 –Performance adjustment). |
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| **11. Disclosure**  *Article 450 of the CRR sets out the minimum disclosure requirements regarding the firm’s remuneration policy and practices for those categories of staff whose professional activities have a material impact on the firm’s risk profile.* | |
| **11.1** | When did you disclose, or when do you intend to disclose, remuneration information as required under article 450 of the CRR? Please also provide a link to your most recent disclosure. |
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| **11.2** | Please advise how you comply with the requirement to explain on your website how your firm complies with the Remuneration rules. Please also provide a link to the web page containing the most recent information. |
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1. Rule 6.5 in the Remuneration Part (corresponds to SYSC 19D.2.3R in the FCA Handbook). [↑](#footnote-ref-1)
2. See Chapter 4 of the Remuneration Part (corresponds to SYSC 19D.3.1R in the FCA Handbook). [↑](#footnote-ref-2)