

EN



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 2.6.2010
SEC(2010) 671

COMMISSION STAFF WORKING DOCUMENT

**Report on the application by Member States of the EU of the Commission 2009/384/EC
Recommendation on remuneration policies in the financial services sector (2009
Recommendation on remuneration policies in the financial services sector)**

Accompanying document to the

**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT, THE
COUNCIL, THE EUROPEAN ECONOMIC AND SOCIAL COMMITTEE AND THE
COMMITTEE OF THE REGIONS**

**Report on the application by Member States of the EU of the Commission 2009/384/EC
Recommendation on remuneration policies in the financial services sector (2009
Recommendation on remuneration policies in the financial services sector)**

{COM(2010) 286 final}

This Commission staff working document reviews the implementation by Member States of the Commission 2009/384/EC Recommendation on remuneration policies in the financial services sector. It supplements, in a table format, the Report from the Commission on the implementation by Member States of the aforementioned Recommendation.

The Recommendation on remuneration policies in the financial services sector invites Member States to adopt measures in four main areas:

(i) Structure of remuneration policy

To remedy the absence of linkage between risk and remuneration schemes, the Commission invited Member States to adopt a set of principles on the structure of the remuneration policy in financial institutions. The overarching principle of the recommendation was that remuneration policies should be consistent with sound and effective risk management. To give effect to this, the Commission recommended that financial institutions should strike an appropriate balance between fixed and variable components of remuneration with a sufficiently high level of fixed component so as to ensure that staff (which has a material impact on the risk profile of their financial institution) do not rely exclusively on bonus payments. In this context it is important to recall that bonuses in the banking industry typically make up more than a substantial portion of an employee's pay, sometimes more than 75 percent of the total (as fixed salary can be relatively low).

The Commission further indicated that the variable component of the remuneration should be linked to actual performance and a major part of it should be deferred in order to take into account the risk horizon of the underlying performance. To remedy the short-termism of remuneration policies in place, the Commission recommended that variable payments should also be subject to a multi-year performance assessment framework. Performance measurement criteria chosen should privilege longer-term performance of financial institutions, include non-financial criteria and be adjusted to the underlying performance for risk, cost of capital and liquidity. Finally, the Commission also recommended a "clawback" mechanism to claim back unjustified variable remuneration' payments.

(ii) Governance

The current economic and financial crisis has exposed significant (corporate) governance deficiencies of remuneration policies' decision-making in financial institutions. Effective governance is a prerequisite condition for putting into place sound remuneration policy. (Supervisory) Boards of financial institutions, in consultation with shareholders and employee representatives where appropriate¹, must take responsibility for establishing the remuneration policy for the whole financial institution and monitoring its implementation, as it is boards that will ultimately determine and validate the strategy and risk profile of their financial institutions. Ensuring that the (supervisory) board has overall responsibility for the design and operation of remuneration policy backed by expertise of human resources and internal control functions increases the likelihood of having remuneration policies consistent with effective risk management. In this regard, the role of human resources department is essential: remuneration policy in the financial sector must not be decided without their involvement.

¹ It should be noted that the Recommendation does not prejudice in any way the autonomy of social partners in their collective bargaining.

Furthermore and fully recognising the role of remuneration committees in this matter, Commission recommended that its members should have relevant expertise and thus be capable of forming an independent judgement on the suitability of the remuneration policy, including the implications for risk and risk management.

The financial crisis also exposed the lack of sufficient authority of staff members engaged in control processes as compared to the sales and trading business. In some banks, the lower prestige and status of risk management/control functions staff vis-à-vis operational units played an important role in contributing to excessive risk-taking. This imbalanced situation between business units and the control functions led the latter to be unable to properly exercise the necessary oversight attached to their functions². To remedy this situation, the Commission recommended that control functions should be independent from the business units they oversee, have appropriate authority, and be compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control.

(iii) Disclosure of remuneration policy

The Commission considered that making remuneration policy internally transparent and enhancing the scrutiny role of shareholders and other external stakeholders by providing adequate disclosure requirements would further strengthen the objectivity of the remuneration policy's decision-making process. As a consequence, the Commission recommended a non-exhaustive list of information items on remuneration policy to be externally disclosed.

(iv) Supervision

Commission considered necessary to recommend a supervisory oversight of financial institutions' remuneration policies. As past experience showed and notwithstanding the existence of remuneration policy principles/standards self-elaborated by the financial industry (such as the IIF principles), financial institutions are unlikely, mainly because of a first mover disadvantage, to effectively implement principles on sound remuneration policy. Furthermore, supervisors have at their disposal a wide range of measure in order to make financial institutions compliant with such principles. If the supervisors consider that the remuneration policies conflict with sound underwriting practice, adequate risk management or are systematically encouraging short-term risk-taking, they may require the institutions concerned to reassess their remuneration policies. If supervisors are not satisfied by the measures taken they could use the range of tools which are available to them (fines, sanctions, possibility capital add-on).

The tables below indicate the extent to which Member States have followed the requirements of the Recommendation.

² See Senior Supervisor Group, observations on risk management practices during the recent market turbulence, 2008.

Table 1

Scope		
<i><u>Recommendation 1.1</u></i>		
<i>Member States should ensure that the Recommendation applies to all financial undertakings which have their registered office or their head office in their territory</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	N. CZ has similar rules for supervision in general but not related to remuneration policy in FS	Reg.
DE	Y	Supervisory Act.
DK	N*	
EE	N*. Though EE has similar rules for supervision in general but not linked to this Rec	
EL	N. Though EL has similar rules for supervision in general but not linked to this Rec	Supervisory Act.
ES	Y*	Supervisory Act.
FI	N*	Supervisory Act.
FR	Y	Reg.
HU	Y	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	Y	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	Y	Supervisory Act. + C
PL	N*	
PT	N*	

RO	Y	Supervisory Act.
SE	Y	Supervisory Act.
SI	N. Rules referred to by SI relate to company law in general	L
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation, i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 2

Scope		
<i><u>Recommendation 1.2</u></i>		
<i>Member States should ensure that the principles contained in the Recommendation apply to the remuneration of those categories of staff whose professional activities have a material impact on the risk profile of the financial undertaking.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred to by AT relate to CG code and not to prudential supervision. They would only apply to (supervisory) board members and executive management of listed companies in a different context	
BE	Y.	Supervisory Act.
BG	Y*. BG rules apply to all categories of staff with a special emphasis on senior employees and other risk takers	Supervisory Act.
CY	Y. CY rules apply to all categories of staff with a special emphasis on senior employees and other risk takers	Supervisory Act.
CZ	N	
DE	Y	Supervisory Act.
DK	N*	
EE	N*	
EL	N. Though EL has some general rules for board members and senior executive	Supervisory Act.
ES	Y*	Supervisory Act.
FI	Y*. Rules apply to all staff	Supervisory Act.
FR	Y	Reg.
HU	Y. Rules apply to all categories of staff with a special emphasis on senior employees and other risk takers	Supervisory Act.
IE	N*	
IT	Y. Rules apply to all categories of staff	Supervisory Act.
LV	Y	Supervisory Act.
LT	Y	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y. MT rules apply to all categories of staff with a special emphasis on senior employees and other risk takers	Supervisory Act.
NL	Y. Rules apply to all categories of staff	Supervisory Act. + C

PL	N. Though PL has some general rules for board members and senior executive	L
PT	N*	
RO	Y. Rules apply to all categories of staff	Supervisory Act.
SE	Y. Rules apply to all categories of staff	Supervisory Act.
SI	N. Though SI has some general rules for board members and senior executive	L
SK	N	
UK	Y. Rules apply to all categories of staff	Supervisory Act.

Evaluation criteria: Y: national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

NA: no information available

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 3

Scope		
<i>Recommendations 1.3, 9 & 10.</i>		
<i>When taking measures to ensure that financial undertakings implement those principles, Member States should take into account the nature, the size as well as the specific scope of activities of the financial undertakings concerned.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Similar rule on proportionality of the supervision exists in AT but not related to rules on remuneration policy	L
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	N. Similar rule on proportionality of the supervision exists in CZ but not related to rules on remuneration policy	Reg.
DE	Y	Supervisory Act.
DK	N*	
EE	N*	
EL	N	
ES	Y*	Supervisory Act.
FI	Y* (rule adopted before the EU Rec.)	Supervisory Act.
FR	Y	Reg.
HU	Y	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	Y	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	Y	Supervisory Act. +C
PL	N	
PT	N*	

RO	Y	Supervisory Act.
SE	Y	Supervisory Act.
SI	N	
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 4

Scope		
<i><u>Recommendation 1.4</u></i>		
<i>Member States should apply the principles contained in the Recommendation to financial undertakings on an individual basis and on a consolidated basis. Principles on sound remuneration policy should apply at group level to the parent undertaking and to its subsidiaries, including those established in offshore financial centres.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. It only covers listed companies and not from a prudential oversight view.	C
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	N. Similar rule of supervision exists but not related to rules on remuneration policy	Reg.
DE	Y	Supervisory Act.
DK	N*	
EE	N*	
EL	N. Similar rule of supervision exists but not related to rules on remuneration policy	
ES	P. It does not include subsidiaries in third countries	
FI	N* Similar rule of supervision exists but not related to rules on remuneration policy	Supervisory Act.
FR	Y	Reg.
HU	Y	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	Y	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	Y	Supervisory Act. + C
PL	N	

PT	N*	
RO	Y	Supervisory Act.
SE	Y	Supervisory Act.
SI	N	
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 5

Scope		
<i><u>Recommendation 1.5</u></i>		
<i>This Recommendation does not apply to fees and commissions received by intermediaries and external service providers in case of outsourced activities.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	Y. AT referred to specific legislation on commission and fees.	L
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	N	
DE	Y	Supervisory Act.
DK	N*	
EE	N*	
EL	N	
ES	Y*	Supervisory Act.
FI	N*	Supervisory Act.
FR	Y	Reg.
HU	Y	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	Y	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	Y	Supervisory Act.
PL	N	
PT	N*	
RO	No. Ro also adopted rules on this issue.	Supervisory Act.
SE	Y	Supervisory Act.

SI	N	
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 6

Scope		
<i><u>Recommendation 2.1</u></i>		
<i>"Financial undertaking" means any undertaking, irrespective of its legal status, whether regulated or not, which performs any of the following activities on a professional basis :</i>		
<i>(a) It accepts deposits and other repayable funds;</i>		
<i>(b) It provides investment services and/or performs investment activities within the meaning of Directive 2004/39/EC;</i>		
<i>(c) It is involved in insurance or reinsurance business;</i>		
<i>(d) It performs business activities similar to those set out in points (a), (b) or (c).</i>		
<i>A financial undertaking includes, but is not limited to, credit institutions, investment firms, insurance and reinsurance undertakings, pension funds and collective investment schemes.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. AT CG rules cover only listed financial undertaking and not from a prudential oversight	
BE	Y	Supervisory Act.
BG	P*. Only to credit institutions.	Supervisory Act.
CY	P. Only credit institutions.	Supervisory Act.
CZ	P. Only apply to credit institutions (rules adopted before the Commission Rec.).	Reg.
DE	P. Rules apply to credit institutions , investment firms and the insurance sector (including insurance and reinsurance undertakings, insurance holding companies, insurance special purpose entities and pension funds)	Supervisory Act.
DK	N*	
EE	N*	
EL	N	
ES	P*. Only credit institutions	Supervisory Act.
FI	P*. Only Credit institutions, investment firms, UCITS (rules adopted before the Commission Rec.).	Supervisory Act.
FR	Y. Regulation covers only credit institutions and investment firms. Professional guidelines cover all financial undertakings independent of the legal status.	Reg + C
HU	Y	Supervisory Act.
IE	N*	
IT	P. Only credit institutions	Supervisory Act.
LV	Y.	Supervisory Act.

LT	Y	Supervisory Act.
LU	P. (all financial institutions except insurance)	Supervisory Act.
MT	P. Only credit institutions	Supervisory Act.
NL	Y	Supervisory Act. + C
PL	N. Though there are some rules on executives and boards in company law	L
PT	N*	
RO	P. Only credit institutions.	Supervisory Act.
SE	Y	Supervisory Act.
SI	N. Though there are some rules on executives and boards in company law	L
SK	N	
UK	P. Only +/- 26 of the larger banks, building societies and broker dealers incorporated in the UK, both UK-owned and foreign owned.	Supervisory Act.

Evaluation criteria: Y: national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 7

Remuneration Policy		
General		
<i>Do national measures taken contain stricter principles or requirements than those of the Commission Recommendation on remuneration policy in the financial services sector?</i>		
<i>Do national measures taken contain principles or requirements that are not included in the Commission Recommendation on remuneration policy in the financial services sector?</i>		
Member State		Nature of the rule
AT	N	
BE	N. However in the forthcoming legislation remuneration committees will be made mandatory for listed companies	L
BG	Y. Stricter rules concern clawback in certain circumstances	L
CY	N	
CZ	N	
DE	Y. Following implementation of the FSB standards	Supervisory Act.
DK	N*	
EE	N*	
EL	N	
ES	N	
FI	N*	
FR	Y. Following implementation of the FSB standards.	Reg. and C
HU	N.	
IE	N*	
IT	Y. Stricter or additional measures concern: i) the more prominent shareholders' meeting role; ii) the remuneration of control functions; iii) the adoption of the FSB Implementation Standards by the 6 significant financial institutions.	L + Supervisory Act.
LV	Y. On bailed-out financial institutions	Supervisory Act.
LT	N	
LU	Y. For instance external auditor is asked to make an assessment of the conformity of the remuneration policy	Supervisory Act.
MT	N	Supervisory Act.
NL	Y. More stringent rules on CG derived from Codes and control functions	Supervisory

		Act+ C
PL	Y. Rules mentioned deal with company law and corporate governance	L
PT	N*	
RO	Y. Provisions regarding the NBR power to impose restrictions on the distribution of profit in certain situations; provisions regarding the remuneration of members of the board of directors/ supervisory board, of members of the bodies having management function and of the key executives	Supervisory Act.
SE	Y. Following the FSB standards	Supervisory Act.
SI	Y. Rules mentioned deal with company law and corporate governance	L
SK	N	
UK	Y. Stricter requirements on deferment, vesting, performance adjustment (clawback) + guaranteed bonuses (following FSB standars).	Supervisory Act.

Evaluation criteria: Y: national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 8

Remuneration policy		
General		
<i>Recommendation 3.1</i>		
<i>Financial undertakings establish, implement and maintain a remuneration policy which is consistent with and promotes sound and effective risk management and which does not induce excessive risk taking.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	P .There are rules on risk management but they are not linked to remuneration policy	L
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	N	
DE	Y	Supervisory Act.
DK	N*	
EE	N*	
EL	P. Only cover executives of credit institutions	Supervisory Act.
ES	Y	Supervisory Act.
FI	P*	Supervisory Act.
FR	Y	Reg.+ C
HU	Y	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	Y	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	Y	Supervisory Act+ C
PL	N	
PT	N*	

RO	Y	Supervisory Act.
SE	Y	Supervisory Act.
SI	N	
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 9

Remuneration policy		
General		
<u>Recommendation 3.2.</u>		
<i>Remuneration policy should be in line with the business strategy, objectives, values and long-term interests of the financial undertaking, such as sustainable growth prospects, and be consistent with the principles relating to the protection of clients and investors in the course of services provided.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Only limited to board members and executive management in the context of CG and not from a prudential view.	C
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	N	
DE	Y	Supervisory Act.
DK	N*	
EE	N*	
EL	P. Only limited to executives of credit institutions and avoiding short term profits	Supervisory Act.
ES	P*. For executive and board members	C
FI	N*	
FR	Y	Reg. + C
HU	Y	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	Y	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	Y	Supervisory Act+ C
PL	N	

PT	N*	
RO	Y	Supervisory Act.
SE	Y	Supervisory Act.
SI	P. Only limited to management and board members.	L
SK	N	
UK	P (indirectly)	Supervisory Act.

Evaluation criteria: Y: national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 10

Structure of remuneration policy		
<i><u>Recommendation 4.1.</u></i>		
<i>Where remuneration includes a variable component or a bonus, remuneration policy should be structured with an appropriate balance of fixed and variable remuneration components. The appropriate balance of remuneration components may vary across staff members, according to market conditions and the specific context in which the financial undertaking operates. Member States should ensure that remuneration policy of a financial undertaking sets a maximum limit on the variable component.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N (only limited to board members and executive management in the context of CG and not from a prudential view)	
BE	Y	Supervisory Act.
BG	P* (no maximum limit on the variable component)	Supervisory Act.
CY	P (no maximum limit on the variable component but a reasonable proportion is required)	Supervisory Act.
CZ	N	
DE	P (there is no specific ratio of fixed and variable remuneration but an appropriate balance is required)	Supervisory Act.
DK	N*	
EE	N*	
EL	N	
ES	N*	
FI	N*	
FR	P (no maximum limit on the variable component)	C
HU	P (no maximum limit on the variable component)	Supervisory Act.
IE	N*	
IT	P (no maximum limit on variable component)	Supervisory Act.
LV	P (no maximum limit on the variable component)	Supervisory Act.
LT	P (no maximum limit on the variable component for banks)	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	Y	Supervisory Act + C
PL	N	

PT	N*	
RO	P (no maximum limit on the variable component)	Supervisory Act.
SE	P (no maximum limit on the variable component)	Supervisory Act.
SI	N	
SK	N	
UK	P (no maximum limit on the variable component)	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 11

Structure of remuneration policy		
<i><u>Recommendation 4.2.</u></i>		
<i>The fixed component of the remuneration should represent a sufficiently high proportion of the total remuneration allowing the financial undertaking to operate a fully flexible bonus policy. In particular, the financial undertaking should be able to withhold bonuses entirely or partly when performance criteria are not met by the individual concerned, the business unit concerned or the financial undertaking. The financial undertaking should also be able to withhold bonuses where its situation deteriorates significantly, in particular where it can no longer be presumed that it can or will continue to be able to carry out its business as a going concern.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N	
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	N.	
DE	Y	Supervisory Act.
DK	N*	
EE	N*	
EL	N	
ES	Y*	Supervisory Act.
FI	N*	
FR	Y	Reg. + C
HU	P (no mention that bonuses could be entirely withheld)	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	Y	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	Y	Supervisory Act + C
PL	N	

PT	N*	
RO	N	
SE	Y	Supervisory Act.
SI	N	
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 12

Structure of remuneration policy		
<i><u>Recommendation 4.3.</u></i>		
<i>Where a significant bonus is awarded, the major part of the bonus should be deferred with a minimum deferment period. The amount of the deferred part of the bonus should be determined in relation to the total amount of the bonus as compared to the total amount of the remuneration.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	P* (no minimum deferment period)	Supervisory Act.
CY	P (no minimum deferment period)	Supervisory Act
CZ	N.	
DE	Y	Supervisory Act.
DK	N*	
EE	N*	
EL	N	
ES	Y*	Supervisory Act.
FI	N*	
FR	Y	Reg. + C
HU	P (no minimum deferment period)	Supervisory Act.
IE	N*	
IT	P (no minimum deferment period for banks except for 6 significant FI)	Supervisory Act.
LV	P (no minimum deferment period)	Supervisory Act.
LT	P (not for insurance companies)	Supervisory Act.
LU	Y	Supervisory Act.
MT	P (no minimum deferment period)	Supervisory Act.
NL	Y	Supervisory Act + C
PL	N	
PT	N*	

RO	P (no minimum deferment period)	Supervisory Act.
SE	Y	Supervisory Act.
SI	N	
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 13

Structure of remuneration policy		
<i><u>Recommendation 4.4.</u></i>		
<i>The deferred element of the bonus should take into account the outstanding risks associated with the performance to which the bonus relates and may consist of equity, options, cash, or other funds the payment of which is postponed for the duration of the deferment period. The measures of future performance to which the deferred element is linked should be risk adjusted as set out in point 5.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	N.	
DE	Y	Supervisory Act.
DK	N*	
EE	N*	
EL	N	
ES	Y*	Supervisory Act.
FI	N*	
FR	Y	Reg. + C
HU	Y	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	P (not for insurance companies)	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	Y	Supervisory Act + C
PL	N	
PT	N*	

RO	Y	Supervisory Act.
SE	Y	Supervisory Act.
SI	N	
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 14

Structure of remuneration policy		
<i>Recommendation 4.5.</i>		
<i>Payments related to the early termination of a contract which are awarded on a contractual basis, should be related to performance achieved over time and designed in a way that does not reward failure.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	N	
DE	Y	Supervisory Act.
DK	N*	
EE	N*	
EL	N	
ES	Y*	Supervisory Act
FI	N*	
FR	P (national measures apply only to directors and managers of listed companies)	L +C
HU	Y	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	P (not for insurance companies)	
LU	Y	Supervisory Act.
MT	N (no specific rules on severance pay)	Supervisory Act.
NL	Y	Supervisory Act + C
PL	N	
PT	N*	
RO	N	

SE	Y	Supervisory Act.
SI	P (provisions only cover executive directors and members of the management board. It is not clear whether specific cases where severance pay may not be paid include failure to meet long-term performance criteria)	L
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 15

Structure of remuneration policy		
<i>Recommendation 4.6.</i>		
<i>Member States should ensure that the (supervisory) board of a financial undertaking can require staff members to repay all or part of bonuses that have been awarded for performance based on data which has subsequently proven to be manifestly misstated.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	P* (for fraudulent activities only)	Supervisory Act.
CY	P (for fraudulent activities only)	Supervisory Act.
CZ	N	
DE	Y	L + Supervisory Act.
DK	N*	
EE	N*	
EL	N	
ES	Y*	Supervisory Act.
FI	N*	
FR	N	
HU	P (only for fraude)	Supervisory Act.
IE	N*	
IT	P (only for 6 significant FI)	Supervisory Act.
LV	N	
LT	P (not for credit institutions)	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	Y	Supervisory Act + C
PL	N	
PT	N*	

RO	N	
SE	N	
SI	P (only applies to members of management board or executive directors)	L
SK	N	
UK	N	

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 16

Structure of remuneration policy		
<i>Recommendation 4.7.</i>		
<i>The structure of the remuneration policy should be updated over time to ensure that it evolves to meet the changing situation of the financial undertaking concerned.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	N*	
CY	Y	Supervisory Act.
CZ	P	Supervisory Act.
DE	Y	Supervisory Act.
DK	N*	
EE	N*	
EL	N	
ES	Y*	Supervisory Act.
FI	N*	
FR	Y	Reg. + C
HU	Y	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	Y	Supervisory Act.
LU	Y	Supervisory Act.
MT	N	
NL	Y	Supervisory Act + C
PL	N	
PT	N*	
RO	N	

SE	Y	Supervisory Act.
SI	N	
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 17

Performance measurement		
<i><u>Recommendation 5.1.</u></i>		
<i>Where remuneration is performance related, its total amount should be based on a combination of the assessment of the performance of the individual and of the business unit concerned and of the overall results of the financial undertaking.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	N	
DE	Y	Supervisory Act.
DK	N*	
EE	N	
EL	N	
ES	Y*	Supervisory Act.
FI	N*	
FR	Y	Reg. + C
HU	Y	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	Y	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	Y	Supervisory Act + C
PL	N	
PT	N*	
RO	Y	Supervisory Act

SE	Y	Supervisory Act.
SI	P (only applies to members of management board and executive directors)	L
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 18

Performance measurement		
<i><u>Recommendation 5.2.</u></i>		
<i>The assessment of performance should be set in a multi-year framework in order to ensure that the assessment process is based on longer term performance and that the actual payment of bonuses is spread over the business cycle of the company.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	P* (no specific multi-year framework provided for performance measurement)	Supervisory Act.
CY	P (no specific multi-year framework provided for performance measurement)	Supervisory Act.
CZ	N	
DE	Y	Supervisory Act.
DK	N*	
EE	N	
EL	N	
ES	Y*	Supervisory Act.
FI	N*	
FR	Y	Reg. + C
HU	P (no specific multi-year framework provided for performance measurement)	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y (however, there is an exemption for contracts which are shorter than the period for performance measurement)	Supervisory Act.
LT	P (no specific multi-year framework provided for performance measurement)	Supervisory Act.
LU	Y	Supervisory Act.
MT	P (no specific multi-year framework provided for performance measurement)	Supervisory Act.
NL	Y	Supervisory Act + C
PL	N	
PT	N*	

RO	N	
SE	Y	Supervisory Act.
SI	P (no multi-year framework provided for performance measurement)	L
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 19

Performance measurement		
<u>Recommendation 5.3.</u>		
<i>The measurement of performance, as a basis for bonus or bonus pools, should include an adjustment for current and future risks related to the underlying performance and should take into account the cost of the capital employed and the liquidity required.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	N	
DE	Y	Supervisory Act.
DK	N	
EE	N	
EL	N	
ES	Y*	Supervisory Act.
FI	N*	
FR	Y	Reg. + C
HU	Y	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	P (not for insurance companies)	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	P (no specific reference to cost of capital and liquidity)	Supervisory Act.
PL	N	
PT	N*	
RO	Y	Supervisory Act.

SE	Y	Supervisory Act.
SI	N	
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 20

Performance measurement		
<i><u>Recommendation 5.4.</u></i>		
<i>When determining individual performance, non-financial criteria, such as compliance with internal rules and procedures, as well as compliance with the standards governing the relationship with clients and investors should be taken into account.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	N	
DE	Y	Supervisory Act.
DK	N*	
EE	N	
EL	N	
ES	Y*	Supervisory Act.
FI	N*	
FR	Y	C
HU	Y	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	Y	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	Y	Supervisory Act + C
PL	N	
PT	N*	
RO	Y	Supervisory Act.

SE	Y	Supervisory Act.
SI	N	
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 21

Governance		
<i><u>Recommendation 6.1.</u></i>		
<i>The remuneration policy should include measures to avoid conflicts of interest. The procedures for determining remuneration within the financial undertaking should be clear and documented and should be internally transparent.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	P (general policy on conflicts of interest applicable to credit institutions and investment firms only)	Reg.
DE	Y	Supervisory Act.
DK	N*	
EE	N	
EL	N	
ES	N	
FI	N*	
FR	Y	Reg. + C
HU	Y	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	Y	Supervisory Act.
LU	Y	Supervisory Act.
MT	P (no specific rules on conflicts of interest)	Supervisory Act.
NL	P (no specific rules on conflicts of interest)	Supervisory Act.
PL	N	
PT	N*	
RO	Y	Supervisory Act.

SE	Y	Supervisory Act.
SI	P (applies only to members of management board and executive directors)	L
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 22

Governance		
<u>Recommendation 6.2.</u>		
<i>The (supervisory) board should determine the remuneration of directors. In addition, the (supervisory) board should establish the general principles of the remuneration policy of the financial undertaking and be responsible for its implementation.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	P (no determination by the board of directors' remuneration)	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	P (applies only for board members and internal audit)	Reg.
DE	Y	C + L
DK	N*	
EE	N	
EL	Y	L
ES	Y*	Supervisory Act.
FI	N*	
FR	P (determination by the board of directors' remuneration only for firms having received public assistance)	Reg. + C
HU	Y	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	Y	Supervisory Act.
LU	Y	Supervisory Act.
MT	P (no determination by the board of directors' remuneration)	Supervisory Act.
NL	Y	Supervisory Act + C
PL	N	
PT	N*	

RO	Y	Supervisory Act + L
SE	Y	Supervisory Act.
SI	Y	L
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 23

Governance		
<i><u>Recommendation 6.3.</u></i>		
<i>Control functions and, where appropriate, human resources departments and external experts should also be involved in the design of the remuneration policy.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	N	
DE	Y for credit institutions; N for insurance undertakings	Supervisory Act.
DK	N*	
EE	N	
EL	N	
ES	Y*	Supervisory Act.
FI	N*	
FR	Y	Reg. + C
HU	Y	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	P (not for banks and insurance companies)	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	Y	Supervisory Act.
PL	N	
PT	N*	
RO	N	
SE	Y	Supervisory Act.

SI	N	
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 24

Governance		
<u>Recommendation 6.4.</u>		
<i>Members of the (supervisory) board responsible for remuneration policy and members of the remuneration committees and staff members who are involved in the design and implementation of the remuneration policy should have relevant expertise and functional independence from the business units they control and thus be capable of forming an independent judgement on the suitability of the remuneration policy, including the implications for risk and risk management.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	P* (functional independence of remuneration committee)	Supervisory Act.
CY	P (general provisions on qualifications of board members but no specific provisions with regard to remuneration)	Supervisory Act.
CZ	N	
DE	P (general provisions on qualifications and independence of the supervisory board in listed companies and independence of control functions in but no specific provisions with regard to remuneration)	Supervisory Act.
DK	N*	
EE	N	
EL	N	
ES	P (provisions on independence and expertise of members of remuneration committee in listed companies)	C
FI	N*	
FR	Y	Reg. + C
HU	N	
IE	N*	
IT	P (general provisions on expertise and independence of remuneration committee members)	L + Supervisory Act
LV	Y	Supervisory Act.
LT	P (not for banks and insurance companies)	Supervisory Act.
LU	Y	Supervisory Act.
MT	N	
NL	Y	Supervisory Act.

		+C
PL	N	
PT	N*	
RO	N	
SE	Y	Supervisory Act.
SI	N	
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 25

Governance		
<u>Recommendation 6.5.</u>		
<i>Without prejudice to the overall responsibility of the (supervisory) board as set out in point 6.2, the implementation of the remuneration policy should, at least on an annual basis, be subject to central and independent internal review by control functions for compliance with policies and procedures defined by the (supervisory) board. The control functions should report on the outcome of this review to the (supervisory) board.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	P (no specific provision for remuneration policy, only general rules on governance arrangement apply)	Reg.
DE	Y	Supervisory Act.
DK	N*	
EE	N	
EL	N	
ES	N	
FI	N*	
FR	Y	Reg. + C
HU	Y	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	Y	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	Y	Supervisory Act.
PL	N	
PT	N*	

RO	Y	Supervisory Act.
SE	Y	Supervisory Act.
SI	P (no specific provision for remuneration policy, only general rules on review by the internal auditor of the operations apply)	L
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 26

Governance		
<u>Recommendation 6.6.</u>		
<i>Staff members engaged in control processes should be independent from the business units they oversee, have appropriate authority, and be compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas they control. In particular, with regard to insurance or reinsurance undertakings, the actuarial function and the responsible actuary should be remunerated in a manner commensurate with her or his role in the insurance or reinsurance undertaking and not in relation to the performance of the undertaking concerned.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	N	
DE	Y for credit institutions, P for the insurance sector (no explicit provisions in national measures that remuneration of control staff should be independent from the remuneration criteria of operational units)	Supervisory Act.
DK	N*	
EE	N	
EL	N	
ES	Y	Supervisory Act.
FI	N*	
FR	Y	Reg. + C
HU	P (no specific provisions on compensation for control functions)	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	P (not specific enough for insurance companies)	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	Y	Supervisory Act.
PL	N	

PT	N*	
RO	Y	Supervisory Act.
SE	Y	Supervisory Act.
SI	P (no specific provisions on compensation for control functions)	L
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 27

Disclosure		
<u>Recommendation 7.</u>		
<i>Without prejudice to confidentiality and data protection provisions, relevant information on the remuneration policy referred to in section II and any updates in case of policy changes should be disclosed by the financial undertaking in a clear and easily understandable way to relevant stakeholders. Such disclosure may take the form of an independent remuneration policy statement, a periodic disclosure in annual financial statements or any other form.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act +Reg.
CY	Y	Supervisory Act.
CZ	N	
DE	Y	Supervisory Act.
DK	N*	
EE	N*	
EL	N	
ES	N*	
FI	N*	
FR	Y	Reg. + C
HU	Y	Supervisory Act.
IE	N*	
IT	Y	Supervisory Act + L
LV	Y	Supervisory Act.
LT	P (no specific provisions for insurance companies for the time being)	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	Y	Supervisory Act + L
PL	N	

PT	P* (only members of management and supervisory board)	L.
RO	Y	Supervisory Act.
SE	Y	Supervisory Act.
SI	P (only members of management and supervisory board)	L
SK	N	
UK	Y*	L

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 28

Disclosure		
<u>Recommendation 8.</u>		
8. The following information should be disclosed:		
<i>(a) information concerning the decision-making process used for determining the remuneration policy, including if applicable, information about the composition and the mandate of a remuneration committee, the name of the external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders; (b) information on linkage between pay and performance; (c) information on the criteria used for performance measurement and the risk adjustment; (d) information on the performance criteria on which the entitlement to shares, options or variable components of remuneration is based; (e) the main parameters and rationale for any annual bonus scheme and any other non-cash benefits.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	P* (not all information is required)	Supervisory Act.
CY	P (only a general provision on disclosure of remuneration policies, no detailed content)	Supervisory Act.
CZ	N	
DE	Y (for the insurance sector, the annual remuneration report shall contain details of the remuneration policy and the remuneration structures, including the proportion accounted for by variable remuneration, however, no further detailed disclosure content foreseen)	Supervisory Act.
DK	N*	
EE	N*	
EL	N	
ES	N*	
FI	N*	
FR	Y	Reg. + C
HU	N	
IE	N*	
IT	Y	Supervisory Act.
LV	Y	Supervisory Act.
LT	P (partially for banks and no provisions for insurance companies for the time being)	Supervisory Act.
LU	Y	Supervisory Act.

MT	P (only for listed companies and with regard to directors)	C
NL	P (not all information is required)	Supervisory Act.
PL	N	
PT	P* (not all information is required)	Reg.
RO	P (not all information is required)	Supervisory Act.
SE	Y	Supervisory Act.
SI	P (not all information is required)	L
SK	N	
UK	Y*	L

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 29

Supervision		
<i><u>Recommendation 11.</u></i>		
<i>Member States should ensure that financial undertakings are in a position to communicate the remuneration policy covered by this Recommendation to their competent authorities, including an indication of compliance with the principles set out in this Recommendation, in the form of a remuneration policy statement subject to appropriate updates.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	N. Rules referred by AT relate to application of CG code to listed companies and not prudential supervision.	
BE	Y	Supervisory Act.
BG	Y*	Supervisory Act.
CY	Y	Supervisory Act.
CZ	N	
DE	Y	L + Supervisory Act.
DK	N*	
EE	Y	L
EL	N	
ES	N	
FI	N	
FR	Y	Reg.
HU	Y	Supervisory Act.
IE	N*	
IT	Y	L + Supervisory Act
LV	Y	L
LT	P (no specific rules for insurance companies for the time being)	Supervisory Act.
LU	Y	Supervisory Act.
MT	Y	Supervisory Act.
NL	Y	Supervisory Act + L
PL	N	

PT	N*	
RO	Y	Supervisory Act.
SE	Y	L
SI	N	
SK	N	
UK	Y	Supervisory Act.

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that legislative proposals/drafts are under preparation or in the course of adoption

Table 30

Supervision		
<i><u>Recommendation 12.</u></i>		
<i>Member States should ensure that competent authorities may request and have access to all information they need to evaluate the extent to which the principles contained in sections II and III are followed.</i>		
Member State	Endorsement of recommendation	Nature of the rule
AT	Y (general rules on supervisory powers)	L
BE	Y	L
BG	Y	L
CY	Y	Supervisory Act.
CZ	N	
DE	Y	L
DK	N*	
EE	Y	L
EL	Y	L
ES	Y	L
FI	Y	L
FR	Y	L
HU	N	
IE	N*	
IT	Y	L
LV	Y	L
LT	Y	L + Supervisory Act
LU	Y	L
MT	Y	Supervisory Act.
NL	Y	L
PL	N	
PT	Y	L
RO	Y	L
SE	Y	L

SI	Y	L
SK	N	
UK	Y	L

Evaluation criteria: Y: Yes national measure taken. N: No national measure taken. P: Partial or incomplete national measure taken.

C: "comply or explain" code at national level or sectoral industry/business code.

L: mandatory legislative provision

Reg: Regulation i.e. secondary legislation

Rec: Recommendation

Supervisory Act: an act emanating from the supervisory authority, whether of a binding nature or not

NA: no information available

* Member State indicated that proposals/drafts are under preparation