



Council of the
European Union

Brussels, 22 October 2014
(OR. en)

14621/14

EF 271
ECOFIN 960

COVER NOTE

From:	Mr Andrea Enria, Chairperson for the EBA Board of Supervisors
date of receipt:	20 October 2014
To:	Mr Pier Carlo Padoan, the President of the Ecofin Council
Subject:	Opinion of the European Banking Authority on the application of Directive 2013/36/EU (Capital Requirements Directive) regarding the principles on remuneration policies of credit institutions and investment firms and the use of allowances

Delegations will find attached the cover letter for the above mentioned opinion, which is available at the following link:

<http://www.eba.europa.eu/documents/10180/657547/EBA-Op-2014-10+Opinion+on+remuneration+and+allowances.pdf>

Encl.: [...]

THE CHAIRPERSON

Pier Carlo Padoan
Presidency of the European Council
European Council
Rue de la Loi 175
B-1048 Brussels
Belgium

15 October 2014

Application of the CRD IV rules on remuneration

Dear Mr Padoan

I refer to Commissioner Barnier's letter dated 4 September 2014 and to Jonathan Faull's letter dated 14 February 2014, regarding the application of the CRD IV rules on institutions' remuneration policies. Following the initial request from the European Commission, we have analysed the use of allowances throughout the European Union and yesterday the Board of Supervisors approved a report annexed to an opinion on the use of allowances addressed to the European Commission and to the competent authorities which we hereby submit for your information.

The report concludes that role-based allowances which are discretionary, not predetermined, not transparent to staff or not permanent should not be considered as fixed but should be classified as variable remuneration, in line with the letter and purpose of the CRD IV.

Following the publication of this report, institutions which use such discretionary role-based allowances will be expected to treat them as variable remuneration and change their remuneration policies so that they comply with the requirements for variable remuneration in accordance with Article 94 of the CRD IV.

According to the opinion, where competent authorities are aware of the use of role-based allowances they should use all necessary supervisory measures to ensure that by 31 December 2014 institutions' remuneration policies reflect the findings of this opinion.



Tower 42 (level 18) 25 Old Broad Street
London EC2N 1HQ UNITED KINGDOM

t: +44(0) 20 7382 1770

f: +44(0) 20 7382 1771

www.eba.europa.eu

+44(0)20 7382 1765 direct
andrea.enria@eba.europa.eu



These documents are being published on the EBA's public website.

Yours sincerely



Andrea Enria

Encls: OP/2014/10 - EBA Opinion on Remuneration Policies and the Use of Allowances
Report on Remuneration Policies and the Use of Allowances