

Senior Management Arrangements, Systems and Controls

Chapter 19G

MIFIDPRU Remuneration Code



19G.2 Remuneration policies and practices

General requirements

19G.2.1 **R** A MIFIDPRU investment firm must establish, implement and maintain remuneration policies and practices.

19G.2.2 **G** The remuneration policies and practices referred to in **SYSC 19G.2.1R** should cover all aspects of remuneration within the scope of the MIFIDPRU Remuneration Code, and all staff.

19G.2.3 **G** In line with the record-keeping requirements in **SYSC 9**, a firm should ensure that its remuneration policies and practices (including performance assessment processes and decisions) are clear and documented.

Proportionality

19G.2.4 **R** A firm's remuneration policies and practices must be appropriate and proportionate to the nature, scale and complexity of the risks inherent in the business model and the activities of the firm.

19G.2.5 **G** The proportionality principle in **SYSC 19G.2.4R** means that the content and level of detail of a firm's remuneration policy may depend on a number of factors. These may include the number of staff it employs, the different types of roles, the activities it carries out, and whether the firm is part of a group with a group-wide remuneration policy.

Gender neutral remuneration policies and practices

19G.2.6 **R** A firm must ensure that its remuneration policy is a gender neutral remuneration policy and the practices referred to in **SYSC 19G.2.1R** are gender neutral.

19G.2.7 **G** Firms are reminded that the Equality Act 2010 prohibits discrimination on the basis of an individual's protected characteristics both before and after employment is offered. The Act applies to pay and all other contractual terms, including variable remuneration. A firm must ensure that its remuneration policy complies with the Equality Act 2010.

Risk management, business strategy and avoiding conflicts of interest

- 19G.2.8** **R** A *firm* must ensure that its *remuneration* policies and practices are consistent with, and promote sound and effective, risk management.
- 19G.2.9** **R** A *firm* must ensure that its *remuneration* policies and practices are in line with the business strategy, objectives and long-term interests of the *firm*.
- 19G.2.10** **G** For the purposes of **■** SYSC 19G.2.9R, the business strategy, objectives and long-term interests of the *firm* should include consideration of:

 - (1) the *firm's* risk appetite and strategy, including environmental, social and governance risk factors;
 - (2) the *firm's* culture and values; and
 - (3) the long-term effects of the investment decisions taken.
- 19G.2.11** **R** A *firm* must ensure that its *remuneration* policy:

 - (1) contains measures to avoid conflicts of interest;
 - (2) encourages responsible business conduct; and
 - (3) promotes risk awareness and prudent risk taking.
- 19G.2.12** **R** A MIFIDPRU investment *firm* must not pay variable *remuneration* to members of the *management body* who do not perform any executive function in the *firm*.