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Committee on Employment and Social Affairs

2009/0099(COD)

19.3.2010

OPINION

of the Committee on Employment and Social Affairs

for the Committee on Economic and Monetary Affairs

on the proposal for a directive of the European Parliament and of the Council amending Directives 2006/48/EC and 2006/49/EC as regards capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies
(COM(2009)0362 – C7-0096/2009 – 2009/0099(COD))

Rapporteur: Ole Christensen

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SHORT JUSTIFICATION

As a follow-up to the Larosière Report which was delivered in spring 2009, Commission Recommendation of 30 April 2009 on remuneration policies in the financial services sector sets out principles on the structure of remuneration, the process of designing and implementing sound remuneration policies (governance), disclosure of remuneration policies to stakeholders and prudential control (supervision) in the financial sector.

By amending the Capital Requirements Directives 2006/48/EC and 2006/49/EC, the Commission intends to render these principles binding, by submitting the remuneration policies of banks and investment firms to prudential control.[1] This can take the shape of the imposition of qualitative measures (requiring to reduce the risks inherent in the structure of their remuneration policies) or quantitative measures (requiring to hold additional own funds) and moreover of the imposition of financial penalties in case of breach of the principles set out in the Directive.

The rapporteur is pleased that the Capital Requirements Directives 2006/48/EC and 2006/49/EC are being amended, but believes that the work has begun too late. Many of the consequences of the financial and economical crisis could have been avoided if we had more control and regulation. The amending of the Directives should therefore be used to secure that we are never put in a similar financial and economical situation again. The rapporteur calls for comparable governance and prudential supervision mechanisms for remuneration policies in those areas of the financial sector not covered by these Directives (insurances, alternative investment funds, etc.).

The amendments the Committee on Employment and Social Affairs is proposing are intended to:

- clarify the scope of application of the Directive, namely the categories of staff whose professional activities have a material impact on the risk profile of credit institutions and investment firms;

- ensure that when the structure of remuneration in the financial sector is being regulated, this is not done to the detriment of the right of management and labour to collective bargaining. This should be specified in the text itself of the Capital Requirements Directive, and not just in its preamble;

- reinforce the provisions on pay structure and risk alignment - fixed versus variable pay, cash versus shares or share-like instruments, deferred pay, vesting of rights, claw back - as required by the principles established by the Financial Stability Board and internationally endorsed by the G-20 at the Pittsburg Summit on 24-25 September 2009, and as proposed by the Council Presidency;

[1] The Commission proposal also deals with capital requirements for the trading book and for re-securitisations, which however fall outside the remit of competences of the Committee on Employment and Social Affairs and therefore outside the scope of this Opinion.

- impose a more radical requirement of transparency as regards disclosure of remuneration policies vis-à-vis all stakeholders (shareholders, employees, public, government) and to introduce a right of information and consultation of employees via the workers councils;
- include corporate social responsibility targets in the long-term criteria justifying the payment of deferred variable remuneration;
- require the setting up, in banks and investment firms of a considerable size, of independent remuneration committees, which must cooperate with the risk and compliance function in order to guard the incentives created for managing risk, capital and liquidity.

AMENDMENTS

The Committee on Employment and Social Affairs calls on the Committee on Economic and Monetary Affairs, as the committee responsible, to incorporate the following amendments in its report:

Amendment 1

Proposal for a directive – amending act
Recital 1

Text proposed by the Commission	*Amendment*
(1) Excessive and imprudent risk-taking in the banking sector has led to the failure of individual financial institutions and systemic problems in Member States and globally. While the causes of such risk-taking are many and complex, there is agreement by supervisors and regulatory bodies, including the G20 and the Committee of European Banking Supervisors, that the inappropriate remuneration structures of some financial institutions have been a contributory factor. Remuneration policies which give incentives to take risks that exceed the general level of risk tolerated by the institution can undermine sound and effective risk management and exacerbate excessive risk-taking behaviour.	(1) Excessive and imprudent risk-taking in the banking sector has led to the failure of individual financial institutions and systemic problems in Member States and globally. While the causes of such risk-taking are many and complex, there is agreement by supervisors and regulatory bodies, including the G20 and the Committee of European Banking Supervisors, that the inappropriate remuneration structures of some financial institutions have been a contributory factor. Remuneration policies which give incentives to take risks that exceed the general level of risk tolerated by the institution can undermine sound and effective risk management and exacerbate excessive risk-taking behaviour. ***The principles established by the Financial***

Stability Board (FSB), which are internationally agreed and endorsed, are of particular importance in that context.

Amendment 2

Proposal for a directive – amending act
Recital 3

Text proposed by the Commission	*Amendment*
(3) In order to address the potentially detrimental effect of poorly designed remuneration structures on the sound management of risk and control of risk-taking behaviour by individuals, the requirements of Directive 2006/48/EC should be supplemented by an express obligation for credit institutions and investment firms to establish and maintain, for those categories of staff whose professional activities have a material impact on their risk profile, remuneration policies and practices that are consistent with effective risk management.	(3) In order to address the potentially detrimental effect of poorly designed remuneration structures on the sound management of risk and control of risk-taking behaviour by individuals, the requirements of Directive 2006/48/EC should be supplemented by an express obligation for credit institutions and investment firms to establish and maintain, for those categories of staff whose professional activities ***clearly*** have a material impact on their risk profile, remuneration policies and practices that are consistent with effective risk management. ***Those categories of staff should include, at least, senior management, risk takers and control functions.***

Amendment 3

Proposal for a directive – amending act
Recital 4

Text proposed by the Commission	*Amendment*
(4) Because excessive and imprudent risk-taking may undermine the financial soundness of financial institutions and destabilise the banking system, it is important that the new obligation concerning remuneration policies and practices should be implemented in a consistent manner. It is therefore appropriate to specify core principles on sound remuneration to ensure that the	(4) Because excessive and imprudent risk-taking may undermine the financial soundness of financial institutions and destabilise the banking system, it is important that the new obligation concerning remuneration policies and practices should be implemented in a consistent manner. It is therefore appropriate to specify ***clear and transparent*** core principles on sound

structure of remuneration does not encourage excessive risk-taking by individuals and is aligned with the risk appetite, values and long-term interests of the institution. In order to ensure that the design of remuneration policies is integrated in the risk management of the financial institution, the management body (supervisory function) of each credit institution or investment firm should establish the general principles to be applied, and the policies should be subject to at least annual independent internal review.

remuneration***, which are established with the involvement of staff members and their representatives within the firm,*** to ensure that the structure of remuneration does not encourage excessive risk-taking by individuals and is aligned with the risk appetite, values and long-term interests of the institution ***and the institution's employees***. In order to ensure that the design of remuneration policies is integrated in the risk management of the financial institution, the management body (supervisory function) of each credit institution or investment firm should establish the general principles to be applied, and the policies should be subject to at least annual independent internal review. ***Credit institutions and investment firms of a significant size should set up internal independent remuneration committees as part of their governance structure. Remuneration committees should cooperate with the risk and compliance function in order to supervise the incentives created for managing risk, capital and liquidity.***

Amendment 4

Proposal for a directive – amending act
Recital 5

Text proposed by the Commission	*Amendment*
(5) Remuneration policy should aim at aligning the personal objectives of staff members with the long-term interests of the credit institution or investment firm concerned. The assessment of the performance-based components of remuneration should be based on longer-term performance and take into account the outstanding risks associated with the performance. The assessment of performance should be set in a multi-year framework, for example of three to five years, in order to ensure that the	(5) Remuneration policy should aim at aligning the personal objectives of staff members with the long-term interests of the credit institution or investment firm concerned. The assessment of the performance-based components of remuneration should be based on longer-term performance and take into account the outstanding risks associated with the performance. The assessment of performance should be set in a multi-year framework, for example of three to five years, in order to ensure that the

assessment process is based on *longer-term* performance and that the actual payment of performance-based components of remuneration is spread over the business cycle of the firm.	assessment process is based on *longer-term* performance and that the actual payment of performance-based components of remuneration is spread over the business cycle of the firm. ***Corporate social responsibility and sustainable development targets should be included in the assessment of longer-term performance justifying the payment of deferred variable remuneration, for example by use of the European Foundation for Quality Managment (EFQM) model.***

Amendment 5

Proposal for a directive – amending act
Recital 5 a (new)

Text proposed by the Commission	*Amendment*
	(5a) Guaranteed variable remuneration is incompatible with sound risk management and the principle of performance-based remuneration and should not be included in planning remuneration strategy and should, as a general rule, be prohibited.

Amendment 6

Proposal for a directive – amending act
Recital 5 b (new)

Text proposed by the Commission	*Amendment*
	(5b) In drawing up the points and objectives on the basis of which long-term performance will be evaluated, account should be taken not only of performances and the related risks, but also of the performance and objectives in the field of social responsibility, which would to some extent make acceptable the payment of deferred variable remuneration.

Justification

Many aspects of economic arguments are intuitive and concern increased efforts to maintain jobs and activate workers, greater productivity, better relations with local communities and the main parties directly and/or indirectly concerned. A business model which incorporates CSR may also constitute a source of innovation based on the criteria of quality of services and reliability. However, one of the principal incentive forces of CSR is risk management and prevention.

Amendment 7

Proposal for a directive – amending act
Recital 5 c (new)

Text proposed by the Commission	*Amendment*
	(5c) Credit institutions or investment firms should ensure that their total variable remuneration does not limit their ability to strengthen their capital base. The extent to which capital needs to be built up should be a function of the current capital position of an institution or of a firm. In that context, national competent authorities should have the power to limit variable remuneration, inter alia, as a percentage of total net revenue where it is inconsistent with the maintenance of a sound capital base.

Amendment 8

Proposal for a directive – amending act
Recital 5 d (new)

Text proposed by the Commission	*Amendment*
	(5d) The managers of credit institutions and investment firms should ensure their staff members undertake not to use personal hedging strategies or insurance to undermine the risk-alignment effects embedded in their remuneration arrangements.

Amendment 9

Proposal for a directive – amending act
Recital 6

Text proposed by the Commission	*Amendment*
(6) Commission Recommendation of 30 April 2009 on remuneration policies in the financial services sector ***also sets out principles on sound remuneration policies as to how firms might comply with this obligation, that*** are consistent with and complement the principles set out in this Directive.	(6) ***The principles regarding sound remuneration policies set out in*** Commission Recommendation of 30 April 2009 on remuneration policies in the financial services sector are consistent with and complement the principles set out in this Directive.

Amendment 10

Proposal for a directive – amending act
Recital 11

Text proposed by the Commission	*Amendment*
(11) Since poorly designed remuneration policies and incentive schemes are capable of increasing to an unacceptable extent the risks to which credit institutions and investment firms are exposed, it is appropriate that competent authorities impose qualitative or quantitative measures on the relevant entities that are designed to address problems that have been identified in relation to remuneration policies in the Pillar 2 supervisory review. Qualitative measures available to competent authorities include requiring credit institutions or investment firms to reduce the risk inherent in their activities, products or systems, including structures of remuneration to the extent that they are inconsistent with effective risk management. Quantitative measures include a requirement to hold additional own funds.	(11) Since poorly designed remuneration policies and incentive schemes are capable of increasing to an unacceptable extent the risks to which credit institutions and investment firms are exposed, ***prompt remedial action and, if necessary, appropriate corrective measures should be taken. Consequently,*** it is appropriate ***to ensure*** that competent authorities ***have the powers to*** impose qualitative or quantitative measures on the relevant entities that are designed to address problems that have been identified in relation to remuneration policies in the Pillar 2 supervisory review. Qualitative measures available to competent authorities include requiring credit institutions or investment firms to reduce the risk inherent in their activities, products or systems, including structures of remuneration to the extent that they are inconsistent with effective risk management. Quantitative measures include a requirement to hold additional

own funds.

Amendment 11

Proposal for a directive – amending act
Recital 12

Text proposed by the Commission	*Amendment*
(12) In order to ensure adequate transparency to the market of their remuneration structures and the associated risk, credit institutions and investments forms should disclose information on their remuneration policies and practices for those staff whose professional activities have a material impact on the risk profile of the institution. However, this obligation should be without prejudice to Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with the regard to the processing of personal data and the free movement of such data.	(12) In order to ensure adequate transparency to the market of their remuneration structures and the associated risk, credit institutions and investments forms should disclose ***detailed*** information on their remuneration policies***,*** practices ***and, for reasons of confidentiality, aggregated amounts*** for those ***members of*** staff ***and managers*** whose professional activities have a material impact on the risk profile of the institution. ***That information should be made available to all stakeholders (shareholders, employees and the general public).*** However, this obligation should be without prejudice to Directive 95/46/EC of the European Parliament and of the Council of 24 October 1995 on the protection of individuals with the regard to the processing of personal data and the free movement of such data. ***The role of the European works councils should be respected in regard to the provision of information to and consultation of employees.***

Amendment 12

Proposal for a directive – amending act
Recital 26 a (new)

Text proposed by the Commission	*Amendment*
	(26a) The European Central Bank has been consulted.

Amendment 13

Proposal for a directive – amending act
Article 1 – point 2 – point b
Directive 2006/48/EC
Article 22 – paragraph 3

Text proposed by the Commission	*Amendment*
3. The Committee of European Banking Supervisors shall ensure the existence of guidelines on sound remuneration policies which comply with the principles set out in point 22 of Annex V. The Committee of European Securities Regulators shall cooperate closely with the Committee of European Banking Supervisors in ensuring the existence of guidelines on remuneration policies for categories of staff involved in the provision of investment services and activities meaning of Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments.	3. The Committee of European Banking Supervisors shall ensure the existence of guidelines on sound remuneration policies which comply with the principles set out in point 22 of Annex V. ***The guidelines shall take into account the principles on sound remuneration policies set out in the Commission Recommendation of 30 April 2009 on remuneration policies in the financial services sector.*** The Committee of European Securities Regulators shall cooperate closely with the Committee of European Banking Supervisors in ensuring the existence of guidelines on remuneration policies for categories of staff involved in the provision of investment services and activities ***within the*** meaning of ***point 2 of Article 4(1) of*** Directive 2004/39/EC of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments.

Amendment 14

Proposal for a directive – amending act
Article 1 – point 9 – paragraph 1 a (new)
Directive 2006/48/EC
Article 136 – paragraph 1 – subparagraph 2 – point e a (new)

Text proposed by the Commission	*Amendment*
	In Article 136(1), the following point is added: ***"(ea) requiring credit institutions to limit variable remuneration as a percentage of total net revenue where required for the maintenance of a sound***

	capital base."

Amendment 15

Proposal for a directive – amending act
Article 1 – point 9 – paragraph 2
Directive 2006/48/EC
Article 136 – paragraph 2 – subparagraph 2 – introductory part

Text proposed by the Commission	*Amendment*
For the purposes of determining the appropriate level of own funds ***in the supervisory review process*** carried out in accordance with Article 124, the competent authorities shall assess whether any imposition of a specific own funds requirement in excess of the minimum level is required to capture risks to which a credit institution might be exposed, taking into account the following:	For the purposes of determining the appropriate level of own funds ***on the basis of the review and evaluation*** carried out in accordance with Article 124, the competent authorities shall assess whether any imposition of a specific own funds requirement in excess of the minimum level is required to capture risks to which a credit institution ***is or*** might be exposed, taking into account the following:

Amendment 16

Proposal for a directive – amending act
Article 1 – point 9 – paragraph 2
Directive 2006/48/EC
Article 136 – paragraph 2 – subparagraph 2 – point c

Text proposed by the Commission	*Amendment*
(c) the outcome of the ***supervisory*** review ***process*** carried out in accordance with Article 124.	(c) the outcome of the review ***and evaluation*** carried out in accordance with Article 124.

Amendment 17

Proposal for a directive – amending act
Annex I – point 1
Directive 2006/48/EC
Annex V – Section 11 – point 22 – introductory part

Text proposed by the Commission	*Amendment*
22. When establishing and applying the	22. When establishing and applying the

remuneration policies for those categories of staff whose professional activities have a material impact on their risk profile, credit institutions shall comply with the following principles in a way that is appropriate to their size, internal organisation and the nature, the scope and the complexity of their activities:	remuneration policies for those categories of staff whose professional activities ***clearly*** have a material impact on their risk profile, credit institutions shall comply with the following principles in a way that is appropriate to their size, internal organisation and the nature, the scope and the complexity of their activities:

Amendment 18

Proposal for a directive – amending act
Annex I – point 1
Directive 2006/48/EC
Annex V – Section 11 – point 22 – point a

Text proposed by the Commission	*Amendment*
(a) the remuneration policy is consistent with and promotes sound and effective risk management ***and*** does not encourage risk-taking that exceeds the level of tolerated risk of the credit institution;	(a) the remuneration policy is consistent with and promotes sound and effective risk management**,** does not encourage risk-taking that exceeds the level of tolerated risk of the credit institution ***and includes measures to avoid asymmetries of information and conflicts of interest***;

Amendment 19

Proposal for a directive – amending act
Annex I – point 1
Directive 2006/48/EC
Annex V – Section 11 – point 22 – point c

Text proposed by the Commission	*Amendment*
(c) the management body (supervisory function) of the credit institution ***establishes*** the general principles of the remuneration policy and is responsible for its implementation;	(c) the management body (supervisory function) of the credit institution ***adopts and periodically reviews*** the general principles of the remuneration policy and is responsible for its implementation;

Amendment 20

Proposal for a directive – amending act
Annex I – point 1
Directive 2006/48/EC
Annex V – Section 11 – point 22 – point d a (new)

Text proposed by the Commission	*Amendment*
	(da) an individual assessment of the position of the relevant members of staff is made to determine whether they have a material impact on the risk profile; senior management and staff members engaged in control functions are, in any event deemed to constitute categories of staff whose professional activities have a material impact on the risk profile of credit institutions and investment firms;

Justification

There needs to be a clarification of the scope of application regarding the categories of staff. This directive should only apply to staff that has a clear material impact on the risk profile of credit institutions and investment firms.

Amendment 21

Proposal for a directive – amending act
Annex I – point 1
Directive 2006/48/EC
Annex V – Section 11 – point 22 – point d b (new)

Text proposed by the Commission	*Amendment*
	(db) staff members engaged in control functions are independent from the business units they oversee, have appropriate authority, and are compensated in accordance with the achievement of the objectives linked to their functions, independent of the performance of the business areas that they control;

Amendment 22

Proposal for a directive – amending act
Annex 1 – point 1
Directive 2006/48/EC
Annex V – Section 11 – point 22 – point e a (new)

Text proposed by the Commission	*Amendment*
	(ea) the assessment of performance is set in a multi-year framework over a period of at least three years in order to ensure that the assessment process is based on longer-term performance and 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;

Amendment 23

Proposal for a directive – amending act
Annex 1 – point 1
Directive 2006/48/EC
Annex V – Section 11 – point 22 – point e a (new)

Text proposed by the Commission	*Amendment*
	(ea) making up variable components of remuneration from stock options or similar instruments is prohibited;

Justification

Recent experience has shown that using stock options or similar instruments as a variable component of remuneration provides incentives for short-term orientation, manipulative practices to increase the 'shareholder value' of credit institutions, and excessive risk-taking – behaviour which the current proposal seeks to discourage.

Amendment 24

Proposal for a directive – amending act
Annex I – point 1
Directive 2006/48/EC
Annex V – Section 11 – point 22 – point e b (new)

Text proposed by the Commission	*Amendment*
	(eb) the total variable remuneration does not limit the ability of the credit institution to strengthen its capital base;

Amendment 25

Proposal for a directive – amending act
Annex I – point 1
Directive 2006/48/EC
Annex V – Section 11 – point 22 – point e c (new)

Text proposed by the Commission	*Amendment*
	(ec) guaranteed variable remuneration is exceptional, occurs only in the context of hiring new staff and is limited to the first year of employment;

Amendment 26

Proposal for a directive – amending act
Annex 1 – point 1
Directive 2006/48/EC
Annex V – Section 11 – point 22 – point f

Text proposed by the Commission	*Amendment*
(f) *Fixed* and variable components of total remuneration are appropriately balanced; the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a ***fully flexible bonus*** policy, including the possibility ***to pay no bonus***;	(f) *fixed* and variable components of total remuneration are appropriately balanced; the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of a ***restrictive*** policy ***on variable remuneration components***, including the possibility ***of paying no variable remuneration component***;

Amendment 27

Proposal for a directive – amending act
Annex I – point 1
Directive 2006/48/EC
Annex V – Section 11 – point 22 – point h

Text proposed by the Commission	*Amendment*
(h) the measurement of performance used to calculate ***bonuses*** or ***bonus*** pools includes an adjustment for current and future risks and takes into account the cost of the capital and the liquidity required;	(h) the measurement of performance used to calculate ***variable remuneration components*** or pools of ***variable remuneration components*** includes an adjustment for ***all types of*** current and future risks and takes into account the cost of the capital and the liquidity required;

Amendment 28

Proposal for a directive – amending act
Annex I – point 1
Directive 2006/48/EC
Annex V – Section 11 – paragraph 22 – point i

Text proposed by the Commission	*Amendment*
(i) ***payment of the major part of a significant bonus*** is deferred ***for an appropriate*** period and is ***linked to the future performance of the firm.***	(i) ***at least 40 % of the variable remuneration component*** is deferred ***over a*** period ***of no less than three years*** and is ***correctly aligned with the nature of the business, its risks and the activities of the member of staff in question; remuneration payable under deferral arrangements vests no faster than on a pro-rata basis; in the case of a variable remuneration component of a particularly high amount, at least 60 % of the amount is deferred;***

Amendment 29

Proposal for a directive – amending act
Annex I – point 1
Directive 2006/48/EC
Annex V – Section 11 – point 22 – point i a (new)

Text proposed by the Commission	Amendment
	(ia) variable remuneration, including the deferred portion, is paid or vests only if it is sustainable with regard to the financial situation of the credit institution as a whole, and justified with regard to the performance of the business unit and the individual concerned; all things being equal, the total variable remuneration is considerably reduced where the financial performance of the credit institution is low or negative;

Amendment 30

Proposal for a directive – amending act
Annex I – point 1
Directive 2006/48/EC
Annex V – Section 11 – point 22 – point i b (new)

Text proposed by the Commission	Amendment
	(ib) staff members are required to undertake not to use personal hedging strategies or insurance related to remuneration or liability to undermine the risk alignment effects embedded in their remuneration arrangements.

Amendment 31

Proposal for a directive – amending act
Annex I – point 1
Directive 2006/48/EC
Annex V – Section 11 – point 22 a (new)

Text proposed by the Commission	Amendment
	22a. Credit institutions that are significant as regards their size, internal organisation and the nature, scope and the complexity of their activities shall, in all but exceptional cases, establish a remuneration committee. Such a

	remuneration committee shall be constituted in a way that enables it to exercise competent and independent judgment on remuneration policies and practices and the incentives created for managing risk, capital and liquidity. ***The remuneration committee shall be responsible for the preparation of decisions regarding remuneration, including those which have implications for the risk and risk management of the credit institution concerned and which are to be taken by the management body in its supervisory function. The remuneration committee shall be chaired by a member of the management body who does not perform any executive functions in the credit institution concerned.***

Amendment 32

Proposal for a directive – amending act
Annex I – point 1
Directive 2006/48/EC
Annex V – Section 11 – point 22 b (new)

Text proposed by the Commission	*Amendment*
	22b. Member States may, after consulting the social partners, give them, at the appropriate level and subject to conditions laid down by the Member State concerned, the option of upholding or concluding collective agreements which, while respecting the purpose of balanced remuneration policies, establish arrangements which are appropriate with regard to national law and practice and differ from those referred to in Annex V.

Amendment 33

Proposal for a directive – amending act
Annex I – point 4 – point c
Directive 2006/48/EC
Annex XII – Part 2 – point 15 – introductory part

Text proposed by the Commission	*Amendment*
15. The following information shall be disclosed regarding the remuneration policy and practices of the credit institution for those categories of staff whose professional activities have a material impact on their risk profile:	15. The following information***, including regular updates,*** shall be disclosed ***to the public*** regarding the remuneration policy and practices of the credit institution for those categories of staff whose professional activities have a material impact on their risk profile:

Amendment 34

Proposal for a directive – amending act
Annex I – point 4 – point c
Directive 2006/48/EC
Annex XII – Part 2 – point 15 – point a

Text proposed by the Commission	*Amendment*
(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;	(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 external consultant whose services have been used for the determination of the remuneration policy and the role of the relevant stakeholders;

Amendment 35

Proposal for a directive – amending act
Annex I – point 4 – point c
Directive 2006/48/EC
Annex XII – Part 2 – point 15 – point c

Text proposed by the Commission	Amendment
(c) information on the criteria used for performance measurement and the risk adjustment;	(c) ***the most important design characteristics of the remuneration system, including*** information on the criteria used for performance measurement and the risk adjustment***, deferral policy and vesting criteria***;

Amendment 36

Proposal for a directive – amending act
Annex I – point 4 – point e
Directive 2006/48/EC
Annex XII – Part 2 – point 15 – point e

Text proposed by the Commission	Amendment
(e) the main parameters and rationale for any ***bonus*** scheme and any other non-cash benefits***.***	(e) the main parameters and rationale for any ***variable component*** scheme and any other non-cash benefits***;***

Amendment 37

Proposal for a directive – amending act
Annex I – point 4 – point c
Directive 2006/48/EC
Annex XII – Part 2 – point 15 – point e a (new)

Text proposed by the Commission	Amendment
	(ea) aggregate quantitative information on remuneration, broken down by senior management and members of staff whose actions have a material impact on the risk profile of the credit institution, indicating the following: ***(i) the size of the remuneration for the financial year, split into fixed and variable remuneration, and number of beneficiaries;*** ***(ii) the size and form of the variable remuneration, split, inter alia, into cash, shares and share-linked instruments;***

(iii) the size of the outstanding deferred remuneration, split into vested and unvested portions;

(iv) the size of the deferred remuneration awarded during the financial year, paid out and reduced through performance adjustments;

(v) the size of new sign-on and severance payments made during the financial year, and number of beneficiaries of such payments; and

(vi) the size of the severance payments awarded during the financial year, the number of the beneficiaries, and the highest such award made to a single person.

PROCEDURE

Title	Capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies
References	COM(2009)0362 – C7-0096/2009 – 2009/0099(COD)
Committee responsible	ECON
Opinion by Date announced in plenary	EMPL 14.9.2009
Rapporteur Date appointed	Ole Christensen 6.10.2009
Discussed in committee	27.1.2010 4.3.2010 16.3.2010
Date adopted	17.3.2010
Result of final vote	+: 35 –: 4 0: 0
Members present for the final vote	Regina Bastos, Edit Bauer, Pervenche Berès, Milan Cabrnoch, David Casa, Alejandro Cercas, Ole Christensen, Derek Roland Clark, Sergio Gaetano Cofferati, Marije Cornelissen, Karima Delli, Proinsias De Rossa, Frank Engel, Sari Essayah, Ilda Figueiredo, Pascale Gruny, Thomas Händel, Marian Harkin, Roger Helmer, Nadja Hirsch, Stephen Hughes, Danuta Jazłowiecka, Martin Kastler, Patrick Le Hyaric, Veronica Lope Fontagné, Olle Ludvigsson, Elizabeth Lynne, Thomas Mann, Elisabeth Morin-Chartier, Siiri Oviir, Rovana Plumb, Joanna Katarzyna Skrzydlewska, Jutta Steinruck, Traian Ungureanu
Substitute(s) present for the final vote	Jürgen Creutzmann, Julie Girling, Dieter-Lebrecht Koch, Csaba Sógor, Emilie Turunen