



Banc Ceannais na hÉireann
Central Bank of Ireland

Eurosystem

Withdrawal of Policy Statement – EBA Remuneration Guidelines: The Central Bank of Ireland’s approach to proportionality relating to the pay-out process applicable to variable remuneration dated 31 January 2017

17 January 2022

The Central Bank issued its ‘Policy Statement – EBA Remuneration Guidelines: The Central Bank of Ireland’s approach to proportionality relating to the pay-out process applicable to variable remuneration’ on 31 January 2017 (‘the 2017 Policy Statement’). It clarified the Central Bank’s approach to proportionality relating to the pay-out process applicable to variable remuneration for Irish Less Significant Institutions and CRD IV Investment Firms.

Statutory Instrument (S.I.) 158/2014 has been amended by S.I. 710/2020. The amendments relating to remuneration came into operation on 29 December 2020. The amendments include the introduction in Regulation 82(10) of prescribed exemptions from specified variable remuneration principles, and associated requirements, relating to the components and deferral of variable remuneration - without the need to apply to the Central Bank - provided the criteria in Regulation 82(10) are satisfied.

In respect of staff members, the Central Bank highlights the prescribed exemption threshold specified in Regulation 82(10)(b) i.e. a staff member whose annual variable remuneration does not exceed €50,000 and does not represent more than one third of the staff member's total annual remuneration. In respect of institutions, the Central Bank highlights the prescribed exemption threshold of €5,000,000,000 Total Assets specified in Regulation 82(11). Firms should consult Regulation 82(10) for the conditions under which the exemptions apply and obtain legal advice as necessary.

In accordance with the power provided for in Regulation 82(12), where the Central Bank is satisfied that it is appropriate, taking into account the nature, scope and complexity of an institution's activities, the internal organisation of the institution or, if applicable, the characteristics of the group to which the institution belongs, the Central Bank may specify an alternative threshold for an institution –

(a) in a case in which the institution meets the criteria specified in points (145)(c), (d) and (e) of Article 4(1) of Regulation (EU) No 575/2013 (the Capital Requirements Regulation)¹, that is greater than €5,000,000,000 but less than or equal to €15,000,000,000, and

(b) in any other case, that is less than €5,000,000,000.

Where the Central Bank specifies a threshold for an institution under Regulation 82(12), the Central Bank will notify the institution² concerned of the threshold so specified.

As a result of the aforementioned amendments, the Central Bank will withdraw its 2017 Policy Statement with immediate effect.

In the event of queries, firms should contact a member of their supervisory team.

¹(c) it is not subject to any obligations, or is subject to simplified obligations, in relation to recovery and resolution planning in accordance with Article 4 of Directive 2014/59/EU;

(d) its trading book business is classified as small within the meaning of Article 94(1) of Regulation 575/2013/EU;

(e) the total value of its derivative positions held with trading intent does not exceed 2% of its total on- and off-balance-sheet assets and the total value of its overall derivative positions does not exceed 5%, both calculated in accordance with Article 273a(3) of Regulation 575/2013/EU;

² In respect of Less Significant Institutions as the ECB/SSM is the Competent Authority for Significant Institutions.