

Press Release

EBA consults on draft Technical Standards for the definition of material risk takers for remuneration purposes

The European Banking Authority launches today a consultation paper on draft Regulatory Technical Standards (RTS) on criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile. These material risk takers will be subject to specific provisions of the Capital Requirements Directive (CRD) related, in particular, to the payment of variable remuneration. The consultation runs until 21 August.

The EBA proposes an identification process based on a combination of standard qualitative and quantitative criteria and internal criteria developed by the institutions. The objective of this combined approach is to ensure an appropriate harmonisation and level playing field across the EU while taking into account each institution's risk profile.

Staff shall be identified as material risk takers if they meet one or more of the following criteria:

- **Standard qualitative criteria:** related to the role and decision-making power of staff members (e.g. staff is a member of a management body, is a senior manager, has the authority to commit significantly to credit risk exposures, etc.)
- **Standard quantitative criteria:** related to the level of variable or total gross remuneration in absolute or in relative terms. In this respect, staff should be identified as material risk takers if:
 - (i) their total remuneration exceeds, in absolute terms, EUR 500 000 per year, or
 - (ii) they are included in the 0.3 % of staff with the highest remuneration in the institution, or
 - (iii) their remuneration bracket is equal or greater than the lowest total remuneration of senior management and other risk takers, or
 - (iv) their variable remuneration exceeds EUR 75 000 and 75% of the fixed component of remuneration.
- **Internal criteria:** these criteria shall be based on internal risk assessment processes and aim at reflecting the specific institution's risk profile.

Background

A survey on the implementation of the Guidelines on Remuneration policies and practices published by the EBA in 2012 (1) demonstrated that the percentage of staff being 'identified' as material risk takers still differs significantly from one jurisdiction to the other. Moreover, the criteria used by the different institutions for the identification of risk takers did not always consider sufficiently the impact on the institution's risk profile and therefore failed, sometimes, to appropriately identify staff members.

The final compromise on the Capital Requirements Regulation and Capital Requirements Directive (CRR/CRD) provides a mandate for the EBA to set out qualitative and quantitative criteria for the definition of material risk takers, also called "identified staff".

The draft Regulatory Technical Standards shall be submitted to the European Commission by the end of March 2014.

Consultation process

Comments can be sent to the EBA by e-mail to EBA-CP-2013-11@eba.europa.eu by 21 August 2013, indicating the reference EBA/CP/2013/11.

All contributions received will be published following the close of the consultation, unless requested otherwise.

A public hearing will take place at the EBA premises on 4th July 2013 from 10:00 to 13:00. To register for the public hearing, [click here](#).

Note to editors

- (1) [Survey on the implementation of the Guidelines on remuneration policies and practices](#), April 2012
- (2) Draft RTS are produced in accordance with Article 10 of the EBA regulation and must be subsequently endorsed by the European Commission (EC). They shall be adopted by the EC by means of regulations or decisions. According to EU law, EU regulations are binding in their entirety and directly applicable in all Member States. This means that, on the date of their entry into force, they become part of the national law of the Member States.