

**MEMO# 29452**

October 28, 2015

## **Response to ESMA Consultation on UCITS Remuneration Guidelines**

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TO: ICI GLOBAL REGULATED FUNDS COMMITTEE No. 67-15  
INTERNATIONAL COMMITTEE No. 59-15 RE: RESPONSE TO ESMA CONSULTATION ON UCITS REMUNERATION GUIDELINES

On 21 October we submitted the attached response to the European Securities and Markets Authority's (ESMA) consultation on proposed Guidelines on sound remuneration policies under the UCITS V Directive (with an amendment to one provision of the AIFMD remuneration guidelines). [\[1\]](#) The Guidelines, which will apply to UCITS management companies and national competent authorities, provide guidance on issues such as proportionality, governance of remuneration, requirements on risk alignment and disclosure. [\[2\]](#)

Our response expressed general support for the approach adopted by ESMA, which was to start from the text of the AIFMD Remuneration Guidelines and to depart from them only if and when strictly necessary. In particular, we agreed with ESMA's proposal to implement the same proportionality regime as has been adopted under the AIFMD and provided our legal and policy arguments in support of this position. In contrast to the approach proposed by the European Banking Authority with respect to the CRD IV Remuneration Guidelines, the ESMA approach includes the possibility of dis-applying certain of the provisions in exceptional circumstances.

We also expressed support for ESMA's determination to afford UCITS managers with two options for complying with the application of different sectoral rules to employees. We additionally provided comments on the application of sectoral rules to UCITS management companies that are part of a group. Here, we expressed our concerns about the ability of prudential supervisors to include certain UCITS manager employees as "identified staff" that would be subject to the CRD IV remuneration requirements, when such employees are already subject to adequate and appropriately tailored requirements under UCITS V. We explained that the proposed approach could result in distortions in competition between UCITS managers affiliated with CRD IV firms and those that are not.

ESMA aims to finalise and publish the UCITS Remuneration Guidelines and a final report by Q1 2016, ahead of the March 18 transposition deadline for the UCITS V Directive.

Eva M. Mykolenko  
Associate Chief Counsel - Securities Regulation

[Attachment](#)

**endnotes**

[1] The Consultation is available at  
<http://www.esma.europa.eu/news/ESMA-consults-UCITS-remuneration-guidelines?t=326&o=home>.

[2] See Memo 29273 for a description of the proposed Guidelines, available at  
<https://www.iciglobal.org/portal/site/ICI/menuitem.9ad35c6866c5fcca09ce3110b52001ca/?vgnextoid=c0bb69ded1e4f410VgnVCM100000650210acRCRD&vgnextchannel=304db7b54e26b310VgnVCM1000005a0210acRCRD&vgnextfmt=global>.

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