

MEMO# 29662

January 21, 2016

Response to European Commission Consultation on Remuneration Under CRD IV

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TO: ICI GLOBAL REGULATED FUNDS COMMITTEE No. 7-16
INTERNATIONAL COMMITTEE No. 7-16 RE: RESPONSE TO EUROPEAN COMMISSION
CONSULTATION ON REMUNERATION UNDER CRD IV

As we previously informed you, the European Commission has been called upon to review and report on the application and the impact of the remuneration rules in CRD IV by June 30, 2016. As part of this work, the Commission (DG JUST) issued a consultation in the form of a questionnaire on the impacts of the maximum remuneration ratio (bonus cap) under CRD IV, and the overall efficiency of CRD IV remuneration rules. [\[1\]](#)

Attached is the response we submitted on January 14. [\[2\]](#) Our response reiterates our belief that the CRD IV remuneration requirements should not be applied to UCITS and AIF managers that are already subject to sectoral remuneration requirements that are adjusted to the specificity of asset management. It also supports applying to UCITS and AIF managers the more flexible interpretation of proportionality that was included in the ESMA remuneration guidelines consultation.

As part of its assessment, DG JUST held a stakeholder's meeting in December to discuss the effects of the CRD IV remuneration rules in terms of curbing excessive risk taking and impacting incentives for material risk takers, which we attended. From our perspective, DG JUST is increasingly understanding the importance of proportionality, with consideration of a potential waiver for certain principles/rules. Nevertheless, we understand that this notion is still the object of substantial discussion between the Cabinet and Legal Service. We continue to speak with Member State regulators and policymakers as well as other stakeholders (fund managers, investment management trade bodies, bank associations, etc.) on this topic.

In addition, we understand that ESMA is looking to finalize the UCITS Remuneration Guidelines by Q1 2016 (before the March 18 transposition deadline for UCITS V). Our intelligence leads us to believe that ESMA may slightly amend its position on proportionality based on the EBA's final CRD IV guidelines and opinion to the Commission.

If you have any questions regarding these developments, please contact Eva Mykolenko at emykolenko@ici.org or 202-657-7916.

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[Attachment](#)

endnotes

[1] The notice of consultation and questionnaire are available at <https://ec.europa.eu/eusurvey/runner/CRDRem2016> and <https://ec.europa.eu/eusurvey/runner/CRDRem2016>.

[2] The response is also available at [answer2ef1490d-c02c-4f6c-ac31-79d84ff5fac2.pdf](#).

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