

Directive (EU) 2019/2034 of the European Parliament and of the Council  
of 27 November 2019 on the prudential supervision of investment  
firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU,  
2013/36/EU, 2014/59/EU and 2014/65/EU (Text with EEA relevance)

TITLE IV

**PRUDENTIAL SUPERVISION**

*CHAPTER 2*

***Review process***

*Section 2*

***Internal governance, transparency, treatment of risks and remuneration***

*Article 30*

**Remuneration policies**

1 Member States shall ensure that investment firms, when establishing and applying their remuneration policies for categories of staff, including senior management, risk takers, staff engaged in control functions and any employees receiving overall remuneration equal to at least the lowest remuneration received by senior management or risk takers, whose professional activities have a material impact on the risk profile of the investment firm or of the assets that it manages, comply with the following principles:

- a the remuneration policy is clearly documented and proportionate to the size, internal organisation and nature, as well as to the scope and complexity of the activities of the investment firm;
- b the remuneration policy is a gender#neutral remuneration policy;
- c the remuneration policy is consistent with and promotes sound and effective risk management;
- d the remuneration policy is in line with the business strategy and objectives of the investment firm, and also takes into account long term effects of the investment decisions taken;
- e the remuneration policy contains measures to avoid conflicts of interest, encourages responsible business conduct and promotes risk awareness and prudent risk taking;
- f the investment firm's management body in its supervisory function adopts and periodically reviews the remuneration policy and has overall responsibility for overseeing its implementation;
- g the implementation of the remuneration policy is subject to a central and independent internal review by control functions at least annually;
- h staff engaged in control functions are independent from the business units they oversee, have appropriate authority, and are remunerated in accordance with the achievement of

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- the objectives linked to their functions, regardless of the performance of the business areas they control;
  - i the remuneration of senior officers in the risk management and compliance functions is directly overseen by the remuneration committee referred to in Article 33 or, where such a committee has not been established, by the management body in its supervisory function;
  - j the remuneration policy, taking into account national rules on wage setting, makes a clear distinction between the criteria applied to determine the following:
    - (i) basic fixed remuneration, which primarily reflects relevant professional experience and organisational responsibility as set out in an employee's job description as part of his or her terms of employment;
    - (ii) variable remuneration, which reflects a sustainable and risk adjusted performance of the employee, as well as performance in excess of the employee's job description;
  - k the fixed component represents a sufficiently high proportion of the total remuneration so as to enable the operation of a fully flexible policy on variable remuneration components, including the possibility of paying no variable remuneration component.
- 2 For the purposes of point (k) of paragraph 1, Member States shall ensure that investment firms set the appropriate ratios between the variable and the fixed component of the total remuneration in their remuneration policies, taking into account the business activities of the investment firm and associated risks, as well as the impact that different categories of staff referred to in paragraph 1 have on the risk profile of the investment firm.
- 3 Member States shall ensure that investment firms establish and apply the principles referred to in paragraph 1 in a manner that is appropriate to their size and internal organisation and to the nature, scope and complexity of their activities.
- 4 EBA, in consultation with ESMA, shall develop draft regulatory technical standards to specify appropriate criteria to identify the categories of staff whose professional activities have a material impact on the risk profile of the investment firm as referred to in paragraph 1 of this Article. EBA and ESMA shall take due account of Commission Recommendation 2009/384/EC<sup>(1)</sup> as well as existing remuneration guidelines pursuant to Directives 2009/65/EC, 2011/61/EU and 2014/65/EU, and shall aim to minimise divergence from existing provisions.
- EBA shall submit those draft regulatory technical standards to the Commission by 26 June 2021.
- Power is delegated to the Commission to supplement this Directive by adopting the regulatory technical standards referred to in the first subparagraph in accordance with Articles 10 to 14 of Regulation (EU) No 1093/2010.

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- (1) Commission Recommendation of 30 April 2009 on remuneration policies in the financial services sector ([OJ L 120, 15.5.2009, p. 22](#)).