

European Regulatory Snapshot: Remuneration in the Financial Services Industry

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The move toward stricter regulation of remuneration in the financial services industry in the European Union has resulted in a confusing web of overlapping European Directives and local EU Member State law and regulation, each of which seeks to place limits on remuneration. This client memorandum aims to assist in navigating the new European labyrinth by providing a snapshot of the three main European Directives that regulate remuneration:

- Capital Requirements Directive IV (CRD IV);
- Alternative Investment Fund Managers Directive (AIFMD); and
- fifth Undertakings for Collective Investment in Transferable Securities Directive (UCITS V).

In addition, this memorandum discusses the European Securities Market Authority's (ESMA) recent Markets in Financial Instruments Directive (MiFID) Guidelines on remuneration policies and practices. The memorandum then considers the additional requirements on remuneration that the UK is planning to impose in relation to the financial services industry.

If you have any questions regarding the matters covered in this publication, please reach out to any of the lawyers listed below or your usual Davis Polk contact.

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