

## European Regulatory Snapshot: Remuneration in the Financial Services Industry 2014

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

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

With respect to MiFID, this memorandum discusses the European Securities Market Authority's (ESMA) Markets in Financial Instruments Directive<sup>[5]</sup> (MiFID I) Guidelines on remuneration policies and practices<sup>[6]</sup> as well as the impact of the revised Markets in Financial Instruments Directive (MiFID II). MiFID II has been split into a Directive and a Regulation

The memorandum then considers the additional requirements on remuneration that the UK is planning to impose in relation to the financial services industry, including in relation to clawback.

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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