

## European Regulatory Snapshot: Remuneration in the Financial Services Industry 2015

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The past year has seen the issue of financial sector pay continue to generate headlines. With the EU having put in place a complex web of overlapping law, regulation and guidance during 2013 and 2014, national regulators are faced with the task of interpreting these requirements and imposing them on a sometimes sceptical (if not openly hostile) financial services industry. This client memorandum aims to assist in navigating the 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 instalment of the 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 (MiFID I) Guidelines on remuneration policies and practices as well as the impact of the package of reforms to MiFID I, known as MiFID II. MiFID II has been split into a recast Directive and a Regulation.

The memorandum then considers the additional requirements on remuneration that the UK is imposing 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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