

High earners reporting – Q&As

<p>Why are we proposing changes to the High Earners Report?</p>	<p>The FCA currently collects data from IFPRU full scope firms and any limited activity or limited licence firms that are in a group with an IFPRU full scope firm and submits this to the European Banking Authority (EBA) on an annual basis. This information is gathered and submitted via a standard template provided by the EBA.</p> <p>The EBA have updated the template to gather higher quality data collected on a European wide basis, and to better align the data being collected in the High Earners Report and the Benchmarking Information Report. So the FCA is required to update the data that is collected and is revising the data collection template and the associated rules accordingly.</p>
<p>What are the changes being proposed in this consultation paper?</p>	<p>The new data submission requires more detail than was captured in the previous template. This includes additional information on business areas and the breakdown of remuneration.</p>
<p>What are the changes in scope/ what firms will this impact?</p>	<p>Under CRD III, some investment firms – such as BIPRU limited licence firms and BIPRU limited activity firms (not included in the consolidation scope of a relevant group) – were excluded from these reporting requirements. However, CRD IV brought IFPRU limited licence and limited activity firms into scope, so since 1 January 2014 a wider selection of firms have been within the scope of the high earners exercise.</p> <p>The high earners guidelines also apply – however, only to:</p> <ul style="list-style-type: none"> • firms that are included in the scope of consolidation of an institution for which data regarding high earners are collected • firms that are referred to in (b) and (c) of Article 4(2) of the Capital Requirements Regulation (CRR) (i.e. a BIPRU firm, an exempt Capital Adequacy Directive (CAD) firm, a local), and any other authorised firm that is not a credit institution or an investment firm
<p>Which staff will this impact?</p>	<p>For the high earners report, firms must include all staff earning a total remuneration (including fixed and variable) of at least €1m per financial year.</p>

<p>My firm is a solo regulated firm within a UK group. Should my firm report on a solo basis or as part of the group?</p>	<p>If the firm is part of a UK lead regulated group then it should report as part of the group to the PRA. If it is not part of a lead regulated group it should report on a solo basis to the FCA.</p> <p>In this section 'UK lead regulated group' means an <i>FCA consolidation group</i> that is headed either by an EEA parent institution or by an EEA parent financial holding company.</p>
<p>When are firms required to make the changes outlined in the consultation paper?</p>	<p>Firms will need to send their information in this format for the 2014 financial year onwards, as per the usual submission timescale. 2013 data is being dealt with separately, and has a separate timescale.</p>
<p>How should firms respond to the consultation?</p>	<p>Firms should send their comments to the FCA at cp14-19@fca.org.uk.</p>
<p>What is the deadline for responses to the consultation?</p>	<p>Firms should respond to the consultation by <u>Friday 17 October</u>.</p>
<p>Are firms required to submit 2013 data?</p>	<p>Yes, the EBA is also requiring the FCA to collect 2013 remuneration data.</p> <p>As the data for the 2013 performance year would need to be gathered before the policy statement is published and the final rules take legal effect, the FCA is requesting 2013 data on a voluntary basis.</p> <p><u>We expect firms to provide us with this data in the new template</u> (wherever practicable).</p>
<p>When will firms be sent this data request?</p>	<p>This data request will be sent to firms separate to this consultation at the end of September / early October.</p>
<p>How should firms respond to this data request?</p>	<p>Firms will be sent this data request via email, with an excel spreadsheet attached for them to complete and return to the FCA. The excel template will mirror that provided in this consultation paper.</p>
<p>How do firms know whether to provide their remuneration data to the PRA or FCA going forwards?</p>	<p>Firms should send the necessary data to their relevant prudential regulator as per previous submissions. In the case of dual-regulated investment firms, either regulator can receive the data. If an FCA solo-regulated entity is included within a group report to the PRA, the firm should notify the FCA of this.</p>
<p>What if a firm has no staff within scope of</p>	<p>If a firm has no staff earning over €1m per financial year, then the firm should complete a nil return, to notify the FCA that</p>

the High Earners Report?	the firm has no in-scope staff. This will avoid any further action being taken.
What penalty will firms face if they do not provide the correct information in a timely manner?	As with the existing data templates, firms may receive a late returns administrative fee under SUP 16.3.14R if they do not submit the correct information in a timely manner.

Benchmarking reporting – Q&As

Note – there are **currently no FCA solo regulated firms in scope** of this rule and therefore FCA firms are not currently required to submit this information.

Why are the FCA introducing new rules on the Benchmarking Information Report?	The FSA historically captured high earners and benchmarking information simultaneously. However, at legal cutover there were no FCA solo-regulated firms in scope of the Benchmarking Information Report, so the rule was not adopted into the FCA Handbook. While the FCA still has no firms currently in scope of this rule due to total asset size, to be fully compliant with the EBA and to be aligned with the PRA Rulebook, the FCA are proposing to introduce this rule.
My firm is dual regulated. Am I required to complete a submission?	Dual-regulated firms are required to submit data to the PRA. Firms should contact their PRA supervisor to find out more on their specific requirements.
Which firms are in scope of the Benchmarking Information Report?	Only IFPRU firms with total assets of £50 Billion or over are subject to the Benchmarking reporting requirement. There are currently no FCA firms that meet this asset threshold, and therefore there are no firms who are required to produce this submission.
What information needs to be collected in the Benchmarking Information Report?	The Benchmarking Information Report requests details on the structure of remuneration in firms. For reference, the data items (both existing and new) are outlined in Annex 2.