

**PRA RULEBOOK: CRR FIRMS: REMUNERATION INSTRUMENT 2021****Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 137H (General rules about remuneration);
  - (3) section 137T (General supplementary powers);
  - (4) section 192XA (Rules applying to holding companies); and
  - (5) any other relevant rulemaking powers or related provisions.
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.
- D. In accordance with sections 144C(3) and 144E of the Act the PRA consulted the Treasury about the likely effect of the rules on relevant equivalence decisions within the meaning of section 144C(4) of the Act.

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- E. The PRA makes the rules in the Annex to this instrument.

**Commencement**

- F. This instrument comes into force on 23 July 2021.

**Citation**

- G. This instrument may be cited as the PRA Rulebook: CRR Firms: Remuneration Instrument 2021.

**By order of the Prudential Regulation Committee**

20 July 2021

## Annex

## Amendments to the Remuneration Part

In this Annex new text is underlined and deleted text is struck through.

## 1. APPLICATION AND DEFINITIONS

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1.3 (1) In this Part, the following definitions shall apply:

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*higher paid material risk taker*

means a ~~material risk taker~~ material risk taker:

(a) whose annual variable *remuneration* exceeds 33% of their total *remuneration*, ~~and~~ or

(b) whose total *remuneration* exceeds £500,000.

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## 2. APPLICATION DATES AND TRANSITIONAL PROVISIONS

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2.5 ~~Subject to 2.7 and 2.8 a firm~~ Subject to 2.7 and 2.8 a firm must apply this Part to *remuneration* awarded in respect of a performance year starting on or after 29 December 2020.

...

2.7 Subject to 2.8, for *remuneration* awarded in respect of a performance year starting on or after 29 December 2020 a firm must apply this Part in accordance with the definition of *higher paid material risk taker* in 1.3.

2.8 For *remuneration* awarded in respect of the first performance year starting on or after 29 December 2020, and where:

(1) the *remuneration* has been paid or vested before 23 July 2021, or

(2) the firm has before 23 July 2021 created an obligation to pay or vest the *remuneration* before 23 July 2021

a firm may instead apply this Part to that *remuneration* on the basis of the definition of *higher paid material risk taker* which was set out in 1.3 on the earlier of:

(a) the date the *remuneration* was paid or vested; or

(b) the date the firm has created the obligation to pay the *remuneration* or for the *remuneration* to vest.

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