

City HR Compensation Forum

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Compensation forum



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Agenda

1. Regulatory landscape
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2. Budget 2021
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Regulatory landscape - CRD V

The first awards are about to be made under the new rules

MRT identification

PRA focus on interaction between groups and banking subsidiaries

Individual proportionality

Is a good performance year going to tip more people over the de minimis threshold?

TPR

Third country branches now implementing for 2022 for the first time

Deferral, malus and clawback

Managing the detail of what applies to who and keeping a record of vesting schedules

Buyout regime

Uptick in attrition means many firms are having to complete the documentation for the first time

Out of cycle actions

Do defensive measures for talent need to consider regulations e.g. retention, guarantees, quantitative thresholds, governance

Regulatory landscape - The Investment Firms Prudential Regime

Coming in Jan 22 in the UK. What are firms grappling with?

Proportionality

Understanding which entities are caught under the regulations and where firms are compared to thresholds

MRT identification

What's driving the numbers and do governance arrangements need to change?

Risk adjustment, malus and clawback

Proportionate approach, triggers and implementation

Fixed:variable pay ratio

Balancing headroom with an appropriate mix

Alternative structures

Carried interest, partnership pay, coinvestment

Significant requirements

Deferral, instruments, RemCo, mitigation strategies

Remuneration regulation

Annual considerations



MRTs for the following year - any notifications or changes to pay required? Will pay outcomes trip individuals over the de minimis?



Risk adjustment and non financial considerations - do you have all the information and evidence needed to show input into decisions? What evidence is in the RemCo papers? What adjustments are you making?



What is the bonus pool looking like? Will discretion be required? Is there a strong link between pay and performance evidenced?



How do proposed outcomes impact your diversity numbers - how are you looking at decisions from a fairness perspective and evidencing lack of bias?



What came out of your internal audit that needs to be addressed as part of the process of this pay round?

A slide on tax stuff and impact for Reward in FS.....



What we know is happening

New increased rates of employee and employer NIC and dividend tax (1.25%) from April 2022

HMRC have announced they are writing to FS companies to carry out IR35 compliance checks

Required disclosure to HMRC of “Uncertain Tax Treatment”. E.g. Termination payments, Contractors, Business Travellers

What could happen in Budget 2021

New tax on LLP Member’s profits (big for FS) and other self employed...Rishi has previously trailed this...

Pension tax relief, Annual Allowance and Lifetime Allowance changes (as is speculated on every year!!)

CGT rate change (impact on Carried Interest plans and other employee investment type Reward)

And....commentary in The Telegraph between now and Budget Day!!

Thank you



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