

Date: 17 March 2021

Public consultation: Guidelines on remuneration policies for investment firms

The following answers have been filed by The Danish Association of Asset Management and Investment Firms ("DAAMIF") (in Danish: Den danske Fondsmæglerforening) which is the primary association for investment firms in Denmark who represents 28 registered Danish Asset Management and Investment Firms out of 50 firms.

The answers have been filed via EBA's [website](#) on 17 March 2021.

General remarks

The guidelines should be adapted to investment firms

The Danish Association of Asset Management and Investment Firms ("DAAMIF") welcomes the elaboration of a distinct set of guidelines for remuneration applicable to investment firms in order to address the issues that are relevant to investment firms. It is, however, apparent that the structure and the content of the draft guidelines is based on the parallel guidelines on remuneration under Directive 2013/36/EU which have been drawn up with credit institutions in mind.

The DAAMIF generally finds the guidelines to be complex and notes that the implementation of the rules and the guidelines are burdensome to an industry characterised by entities which are generally smaller and less complex organisations than credit institutions. This should therefore be reflected in the approach to proportionality and administrative requirements. We therefore generally welcome guidelines regarding the structure of remuneration but find that the governance requirements should either be reduced substantially, or it should be emphasised that the proportionality principle may allow for different structures, provided that the high-level requirements of the IFD/IFR are met.

The DAAMIF is of the view that the guidelines should include an explicit approach to proportionality which allows for a greater amount of flexibility with respect to each remuneration parameter, including structure and deferral period, retention structures (both

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retention bonuses and retention periods in general) and procedures for risk adjustment.

We note that variable remuneration may have positive impact on investment firm's risk exposure. In this respect we refer to EBA's discussion paper "Designing a new prudential regime for investment firms" (EBA/DP/2016/02) where it is rightly stated that where variable remuneration is performance related, it serves also to some extent to keep the costs of the investment firm flexible.

The Danish industry is dominated by asset managers which to a large extent use variable remuneration to their key members of staff to lower their exposure to operational costs, which mainly is made up of salaries, in case of falling revenues from asset management services. We find that it should be sought to implement guidelines that are adequately adapted and that support as far as possible, investments firms' aim to align the risks of the firm with the risks of their employees in relation to variable remuneration. In this respect we find that this should be reflected under item 6 (capital base).

Specific remarks

Question 1

Subject matter

While we appreciate the transitional period provided, we note that any changes that impact individual contracts may need a longer period for implementation due to the rights of staff under labour laws. We find that this should be adequately reflected under item paragraph 11.

Kind regards

Marianne Settnes
Chairman