
TO : Cyprus Investment Firms (CIFs)
FROM : Cyprus Securities and Exchange Commission
DATE : May 5, 2022
CIRCULAR NO. : C507
SUBJECT : EBA Guidelines on sound remuneration policies under Directive (EU) 2019/2034 (EBA/GL/2021/13)

1. The Cyprus Securities and Exchange Commission (“CySEC”) wishes to remind Cyprus Investment Firms (“CIFs”) that the European Banking Authority (“EBA”) has published the Guidelines on sound remuneration policies (the “[Guidelines](#)”) under Directive (EU) 2019/2034¹ (the “IFD”) which was fully incorporated and transposed into the [Prudential Supervision of Investment Firms Law of 2021](#) (the “Law”). First published on March 15, 2022, the Guidelines are translated in all official languages of the EU.
2. These Guidelines apply to national competent authorities (NCAs) and CIFs that do not fall under section 3(3) of the Law and do not meet all of the conditions to qualify as small and non-interconnected investment firms under Article 12(1) of Regulation (EU) 2019/2033², on an individual and consolidated basis.
3. The purpose of these Guidelines is to specify further the requirements on remuneration policies under the Law with regard to the respective governance arrangements and processes which should be applied when remuneration policies for all staff and for identified staff are implemented.
4. In particular, these Guidelines specify how the provisions under the Law on remuneration policies and variable remuneration to identified staff should be applied, and specify the sound and gender-neutral remuneration policies that CIFs should have in place for all staff and for staff whose professional activities have a material impact on the risk profile of CIFs or the assets they manage and facilitate the implementation of the derogations under section 26(8)-(10) of the Law.
5. It should be noted that while CIFs are required to have remuneration policies for all staff, additional requirements apply to remuneration policies and the variable remuneration of identified staff. However, CIFs may apply on their own initiative the provisions of these Guidelines concerning identified staff to all their staff.
6. These Guidelines have been developed in cooperation with the European Securities and Markets Authority (ESMA) and are as far as possible consistent with the existing Guidelines under the Capital Requirements Directive (CRD). Relevant differences

¹ Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU {OJ L 314 5.12.2019, p. 64}.

² Regulation (EU) 2019/2033 of the European Parliament and of the Council of 27 November 2019 on the prudential requirements of investment firms and amending Regulations (EU) No 1093/2010, (EU) No 575/2013, (EU) No 600/2014 and (EU) No 806/2014 {OJ L 314, 5.12.2019, p. 1–63}.

between IFD and CRD (e.g., the absence of a bonus cap and differences in instruments and the length of deferral periods) have been taken into account.

7. The Guidelines entered into force on 30, April, 2022.
8. CySEC has adopted these Guidelines by incorporating them into its supervisory practices and regulatory approach.
9. CIFs to which these Guidelines apply should take all necessary actions in order to ensure their compliance with the Guidelines by implementing any adjustments of their remuneration policies and updating the required documentation accordingly.
10. Furthermore, the remuneration policies should be applied in line with these Guidelines for the performance year starting after 31 December 2021.

Sincerely,
Dr George Theocharides
Chairman
Cyprus Securities and Exchange Commission