

Nordic Financial Unions

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NFU reply to the Consultation on draft Technical Standards for the definition of material risk takers for remuneration purposes (EBA/CP/2013/11)

Summary of main points

- Using remuneration in fixed amounts for identification of risk takers is not an appropriate criterion, due to the difference in overall wage levels throughout the EU.

General comments

The comments set out below concern specific points of utmost relevance for the Nordic trade unions in the finance and insurance sector. For comments on other points of trade union relevance in the draft RTS, please see the consultation response of UNI Europa Finance, the content of which NFU generally supports apart from the specific points below.

NFU is in favour of the idea of remuneration policies and practices that are consistent with and promote sound and effective risk management. Although for remuneration policies the absolute primacy of collective agreements must be respected.

Recital 69 in CRD4 reads: *"The provisions on remuneration should be without prejudice to the full exercise of fundamental rights guaranteed by Article 153(5) of the TFEU, general principles of national contract and labour law, legislation regarding shareholders' rights and involvement and the general responsibilities of the management bodies of the institution concerned, as well as the rights, where applicable, of the social partners to conclude and enforce collective agreements, in accordance with national law and customs."*

It must thus be made clear that any legal provisions regarding remuneration do not apply to remuneration policies and provisions agreed in a collective agreement. An explicit reference to recital 69 should be included in the RTS.

As a basic principle, the possibility for collective bargaining should not be hampered by the inclusion of too vast a number of employees, including those in middle management functions which are not immediately concerned by risk taking.

Also, it should be noted that a primary focus should always be on the exact functions of staff, rather than a one-track focusing on pay.

Specific remarks

Question 4 (a)

Is this criterion appropriate to identify risk takers?

No. Using remuneration in fixed amounts for identification of risk takers is not an appropriate criterion, due to the difference in overall wage levels throughout the EU. This would give rather random results, whereby the same kind and size of bank in one EU country could be deemed to have more risk takers than in another EU country, only because of different wage levels in the different countries. Therefore, the appropriateness of this criterion is highly questionable.

CRD IV, Art. 92(2) also uses the term "...the same remuneration bracket...", which points towards relative wage levels, rather than fixed amounts.

Question 4 (b)

Are the thresholds set in the criterion appropriate?

No, the amount in itself does not point out a material risk taker with any certainty.

About NFU

Nordic Financial Unions (NFU) is the voice of the employees in the Nordic financial sectors. We are an organisation for co-operation between trade unions in the banking, finance and insurance sectors of the Nordic countries. Through our seven affiliated unions in Denmark, Sweden, Norway, Finland and Iceland we represent 150 000 members – a vast majority of the employees in the Nordic financial sectors.

Yours faithfully,

NORDIC FINANCIAL UNIONS (NFU)

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