**European Banking Authority**

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|  | 9 April 2015 |

**Subject: EBA consultation paper on draft guidelines on sound remuneration policies dated 4 March 2015 (EBA/CP/2015/03)**

Dear Sirs,

Thank you for giving us the opportunity to respond to your consultation. We set out below our comments on the draft guidelines on sound remuneration policies (EBA/CP/2015/03) (the “**Guidelines**”) which are only referred to question 5 raised by you (change of the approach on “neutralisation”).

**Who are we?**

First of all, we would like to introduce ourselves. Fidentiis Equities, Sociedad de Valores, S.A. (“**Fidentiis**”) is a Spanish investment firm, with registration number 205 on the special registry of the Spanish Securities Commission (*Comisión Nacional del Mercado de Valores*). The firm was incorporated in 2003.

Fidentiis is a relatively small investment firm (fewer than 50 employees) that provides certain investment services not only in Spain but also in Italy (through a duly authorised branch) and in other EU countries (acting on a cross border basis).

Fidentiis’s share capital is wholly owned, directly or indirectly, by its own executives and employees, although two of them, Mr. Enrique Pérez-Plá and Mr. Mark Giacopazzi, jointly control the company.

Although authorised to provide other investment services, Fidentiis’s main activities are:

1. reception and transmission of orders in relation to financial instruments (mainly shares), which in 2014 represented 69% of its total turnover; and
2. investment research and financial analysis or other forms of general recommendation relating to transactions in financial instruments, which last year represented over 26% of its total turnover.

Fidentiis provides the above investment services only and exclusively to professional investors and eligible counterparties. Fidentiis’s also invests on its own account but in very limited terms.

Fidentiis is not a member of any regulated market and it does not render any service of custody or deposit of securities or cash. Fidentiis cannot, therefore, be in debit balance with its customers.

All the above permits us to describe Fidentiis as a small and non-complex institution with a very low risk profile.

**The new approach on “neutralisation” and Fidentiis**

On the basis of the 2010 CEBS Guidelines, Fidentiis “neutralises” some of the applicable

remuneration principles, in particular the restriction on variable components of remuneration, based on the above summarised characteristics. The new approach on “neutralisation” reflected in the Guidelines would, in our view unjustifiably, adversely and materially impact Fidentiis’s business.

* **Low risk profile of Fidentiis activities**

As mentioned, Fidentiis has the very low risk profile which characterises those entities whose core business is the reception and transmission of orders and which are not authorised to render services of custody/administration of financial instruments on customers’ behalf or to keep cash or securities deposits. In the case of Fidentiis, applying the restriction on the variable components of the remuneration would not be justified as such restriction is aimed at promoting a prudent management and culture regarding risks.

* **Partnership philosophy**

Fidentiis’s philosophy, consistent with the fact that its share capital belongs to its executives and employees, includes that the professionals that contribute to generate revenues participate of them.

This philosophy, which we regard as a matter of fairness with our team and that in our experience provides adequate and effective incentives for Fidentiis’ staff, is only feasible if the variable components of remuneration are not limited to a given percentage of the fixed components.

* **Prudential and stability consequences**

The new approach would inevitably lead to higher fixed remunerations, which would significantly increase Fidentiis’s fixed costs. We believe that it would be counterproductive in terms of prudence and stability, especially taking into account that Fidentiis’s business is particularly variable and highly cyclical.

Furthermore, as we keep our fixed remunerations in a lower range and only pay variable remunerations in line with profit, even if the variable remuneration is finally over 200% the fixed remuneration amount, we know that it will never be more than the profit generated. That way we are able to keep our highly professional staff well remunerated and motivated, and this does not generate any risk to our Core Capital.

We estimate that the new approach would lead Fidentiis to increase the fixed remunerations in, at least, 1.5 million euros. As a way of example, this in 2012 (a year in which the revenues decreased by 31.45 %) it would have determined a loss for the company of 582,000 euros (instead of the profit of 849,000 euros (before bonus and tax) that we obtained.

We understand that those figures could be irrelevant for a big company, but for us or for similar structure companies, could signify the difference between continue active or disappearing.

We would ask you to please take the above into account and reconsider the approach followed by the Guidelines on “neutralisation” (in particular, in respect of the restriction on variable components of remuneration) or, if necessary, adopt the appropriate initiatives for CRD IV to be amended on such point.

Yours sincerely,

Fidentiis Equities, Sociedad de Valores, S.A.

Enrique Pérez-Plá Mark Giacopazzi