

# Finansinspektionen's Regulatory Code

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## Regulations

### **amending Finansinspektionen's regulations (FFFS 2011:1) regarding remuneration structures in credit institutions and investment firms;**

**FFFS 2021:17**

Published on  
30 June 2021

decided on 22 June 2021.

Finansinspektionen prescribes<sup>1</sup> pursuant to Chapter 5, section 2, point 5 of the Banking and Finance Business Ordinance (2004:329) and Chapter 6, section 1, point 9 of the Securities Market Ordinance (2007:752) that the title of Finansinspektionen's regulations (FFFS 2011:1) regarding remuneration structures in credit institutions and investment firms and the heading to Chapter 1, sections 2, 4, and 4a in the regulations shall have the following wording.

### **Finansinspektionen's regulations regarding remuneration systems in credit institutions;**

## Chapter 1

**Section 2<sup>2</sup>** These regulations apply to

1. banking companies,
2. savings banks,
3. members' banks,
4. credit market companies, and
5. credit market associations.

**Section 4** In these regulations the terms and expressions shall have the following meaning:

1. *Discretionary pension benefit*: A pension benefit that a firm grants to an employee on an individual basis as part of that employee's variable remuneration. This does not include accrued benefits earned by the employee under the terms of the firm's pension scheme.

2. *Remuneration*: All remuneration and benefits issued to an employee, e.g. cash salary and other cash remuneration, remuneration in the form of shares or equity instruments, pension provisions, severance payments and company cars.

<sup>1</sup> Cf. 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 in its original wording.

<sup>2</sup> The change entails in part that the sixth point has been removed.

3. *Remuneration policy*: The grounds and principles on which remuneration shall be determined, applied and monitored, and how the firm defines employees whose tasks have a significant impact on the firm's risk profile.

4. *Capital Requirements Regulation*: Regulation (EU) No 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and amending Regulation (EU) No 648/2012.

5. *Control function*: The firm's function(s) for risk control, compliance and internal audit or the equivalent.

6. *Variable remuneration*: Remuneration, the amount or size of which is not determined in advance. Variable remuneration does not include commission-based salary not linked to future risk assumptions that may alter the firm's income statement or balance sheet.

7. *Senior management*: The managing director, the deputy managing director and other members of the management group or a similar body that report directly to the board of directors or the managing director.

**Section 4a** *Employees whose tasks have a significant impact on the firm's risk profile* refers to the following in these provisions:

1. Directors and employees who are part of senior management.

2. Employees with management responsibilities for the firm's control functions or material business units.

3. An employee who is entitled to significant remuneration for the immediately preceding financial year if

a) their remuneration is equal to or greater than EUR 500,000 and equal to or greater than the average remuneration given to those referred to in point 1, and

b) they work within a material business unit and the position is such that it has a significant impact on the risk profile of the relevant business unit.

4. Other employees in the undertaking have been identified in accordance with Chapter 2, section 3 or the delegated regulation adopted by the European Commission pursuant to Article 94(2) of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC.

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These regulations shall enter into force on 07 July 2021.

ERIK THEDÉEN

Kristina Wollter