

**SENIOR MANAGEMENT ARRANGEMENTS, SYSTEMS AND CONTROLS
(REMUNERATION CODE) (NO 5) INSTRUMENT 2012**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 138 (General rule-making power);
 - (2) section 139A (General rules about remuneration); and
 - (3) section 156 (General supplementary powers).
- B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 14 December 2012.

Amendments to the Handbook

- D. The Senior Management Arrangements, Systems and Controls sourcebook (SYSC) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Senior Management Arrangements, Systems and Controls (Remuneration Code) (No 5) Instrument 2012.

By order of the Board
13 December 2012

Annex

**Amendments to the Senior Management Arrangements, Systems and Controls
sourcebook (SYSC)**

In this Annex, underlining indicates new text and striking through indicates deleted text.

19A.3 Remuneration principles for banks, building societies and investment firms

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Effect of breaches of the Remuneration Principles

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- 19A.3.54 R (1) Subject to (1A) to (3), the *rules* in SYSC 19A Annex 1.1R to 1.4R apply in relation to the prohibitions on *Remuneration Code staff* being *remunerated* in the ways specified in:
- (a) SYSC 19A.3.40R (guaranteed variable *remuneration*);
 - (b) SYSC 19A.3.49R (non-deferred variable *remuneration*); and
 - (c) SYSC 19A Annex 1.7R (replacing payments recovered or property transferred).
- (1A) Paragraph (1) applies only to those prohibitions as they apply in relation to a *firm* that satisfies at least one of the conditions set out in (1B) ~~to~~ and (1D).
- (1B) Condition 1 is that the *firm* is a UK bank, or a building society or a relevant BIPRU 730k firm that ~~had capital resources~~ has relevant total assets exceeding 1,000 million £50 billion on its last accounting reference date.
- (1C) ~~Condition 2 is that the firm is a relevant BIPRU 730k firm that had capital resources exceeding 750 million on its last accounting reference date. [deleted]~~
- (1D) Condition ~~3~~ 2 is that the *firm*:
- (a) is a *full credit institution*, a relevant *BIPRU 730k firm* or a relevant *third country BIPRU 730k firm*; and
 - (b) is part of a *group* containing a *firm* that has relevant total assets exceeding £50 billion and that is a UK bank, a building society or a relevant BIPRU 730k firm.:
 - (i) ~~a UK bank or building society that had capital resources exceeding 1,000 million on its last~~

~~accounting reference date; or~~

- (ii) ~~a relevant *BIPRU 730k firm* that had *capital resources* exceeding 750 million on its last *accounting reference date*.~~

(1E) ~~In condition 2 in (1C) and condition 3 in (1D)(a) and (b)(ii) this rule:~~

- (a) a “relevant *BIPRU 730k firm*” is any *BIPRU 730k firm* that is not a *limited activity firm* or a *limited licence firm*;
- (b) a “relevant *third country BIPRU 730k firm*” is any *third country BIPRU 730k firm* that is not a *limited activity firm* or a *limited licence firm*; and
- (c) “relevant total assets” means the arithmetic mean of the *firm’s* total assets as set out in its balance sheet on its last three *accounting reference dates*.