
TO : Cyprus Investment Firms (CIFs)
FROM : Cyprus Securities and Exchange Commission
DATE : June 2nd, 2023
CIRCULAR NO. : C576
SUBJECT : Adoption of the European Banking Authority ('the 'EBA') Guidelines:
(a) On the benchmarking exercises on remuneration practices and the gender pay gap under Directive (EU) 2019/2034 (EBA/GL/2022/07) and
(b) On the data collection exercises regarding high earners under Directive 2013/36/EU and under Directive (EU) 2019/2034 (EBA/GL/2022/08)

A. EBA Guidelines

1. The Cyprus Securities and Exchange Commission (the "CySEC") wishes to bring to the attention of the Cyprus Investment Firms (the "CIFs") the following EBA Guidelines which were issued on June 30, 2022:
 - (a) [On the benchmarking exercises on remuneration practices and the gender pay gap under Directive \(EU\) 2019/2034 \(EBA/GL/2022/07\)](#) (the "Guidelines on benchmarking exercises on remuneration practises and gender pay gap") and
 - (b) [On the data collection exercises regarding high earners under Directive 2013/36/EU and under Directive \(EU\) 2019/2034 \(EBA/GL/2022/08\)](#) (the "Guidelines on data collection exercises regarding high earners").
2. CySEC has adopted the Guidelines, under sections 18 and 28 of the [Prudential Supervision of Investment Firms Law of 2021](#), which transpose Articles 25 and 34 of the Directive (EU) 2019/2034¹ (the "IFD"), by incorporating them into its supervisory practices and regulatory approach.
3. The Guidelines on benchmarking exercises on remuneration practises and gender pay gap and the Guidelines on data collection exercises regarding high earners apply to CIFs that fall under sections 9(1), (3) and (4) of the [Prudential Supervision of Investment Firms Law of 2021](#), ie. with initial capital requirement of €150.000 and €750.000.

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].

B. Guidelines on benchmarking exercises on remuneration practises and gender pay gap

4. The Guidelines on benchmarking exercises on remuneration practises and gender pay gap should be read in conjunction with [the EBA Guidelines on sound remuneration policies under IFD](#).
5. Under section 28 of the [Prudential Supervision of Investment Firms Law of 2021](#), which transposes Article 34 of the IFD, CySEC shall collect the information disclosed in accordance Article 51 (1) (c) and (d) of Regulation (EU) 2019/2033 as well as the information provided by CIFs on the gender pay gap and use that information to benchmark remuneration trends and practices.

CySEC shall provide that information to EBA to benchmark remuneration trends and practices at Union level per section 28(4) of the [Prudential Supervision of Investment Firms Law of 2021](#).

6. The Guidelines on benchmarking exercises on remuneration practises and gender pay gap specify how competent authorities will collect from investment firms the remuneration and the gender pay gap data and how they will then submit them to the EBA.
7. The remuneration and gender pay data should be collected and submitted to the EBA at the individual level. Where Article 7 of IFR applies, this data should be collected and submitted to the EBA only at the level of consolidation set out therein.
8. Therefore,
 - (a) CIFs, regarding remuneration data, should **by 15 June of each calendar year**, submit to CySEC:
 - information on remuneration of all staff as set out in **Annex I** of the Guidelines on benchmarking exercises on remuneration practises and gender pay gap,
 - additional information on remuneration for identified staff as set out in **Annex II** and **Annex III** of the Guidelines on benchmarking exercises on remuneration practises and gender pay gap, and
 - information on derogations as specified in **Annex IV** of the Guidelines on benchmarking exercises on remuneration practises and gender pay gap.
 - (b) CIFs, regarding gender pay data, should **by 15 June every three years, starting from 2024**, submit to CySEC, with regard to the financial year 2023, the information set out in **Annex V** of the Guidelines on benchmarking exercises on remuneration practises and gender pay gap.
9. CySEC highlights that the remuneration data, i.e. Annex I to IV of the Guidelines on benchmarking exercises on remuneration practises and gender pay gap, **for the financial year ending in 2022, should be submitted by CIFs to CySEC by 31 August 2023**.

C. Guidelines on data collection exercises regarding high earners

10. CIFs should submit data to CySEC regarding high earners, ie. staff member(s) earning a remuneration of at least EUR 1 million in the reported financial year. Then CySEC will submit them to the EBA
11. The objective of the data collection on high earners is to analyse and publish year-to-year developments in the number of individuals in institutions and investment firms earning at least EUR 1 million within the European Union and the European Economic Area, and within the different Member States, and to assess the major components of remuneration awarded to high earners in different business areas. This information can be used together with other remuneration benchmarking data to analyse the application of remuneration policies within the European Union and the European Economic Area, and the trends in remuneration practices, to improve the remuneration framework.
12. High-earners data should be reported, as applicable, at the level of consolidation set out in Article 7 of Regulation (EU) 2019/2033 and should concern all the high-earners data for all entities and branches within the highest level of prudential consolidation. In the case of stand-alone investment firms, high-earners data should be reported on an individual basis. The data submitted should include data relevant to EU/EEA branches.
13. Where a CIF does not have high earners to report, it is not necessary to submit this information, unless explicitly required by CySEC.
14. High-earners data should be submitted to CySEC **each year for any given financial year by 15 June** of the next calendar year.
15. CySEC highlights that the high-earners data **for the financial year ending in 2022 should be submitted by CIFs by 31 August 2023**.

D. Final remarks

16. The benchmarking data, gender pay gap data and high-earners data should be submitted to CySEC through CySEC's Xbrl Portal **ONLY**. The CySEC's Xbrl portal is expected to be updated accordingly by June 30, 2023.
17. CySEC urges CIFs to consider the abovementioned guidelines and where necessary, take actions to ensure compliance with their provisions.

Sincerely,

Dr. George Theocharides
Chairman
Cyprus Securities and Exchange Commission