



leading on tax incentivised savings

# Fredrik Ostlund & Marie Barber

Kinetic Partners LLP



TISA Discussion Forum  
Fredrik Ostlund and Marie Barber

# Agenda



- Significant Influence Function – PSI0/15
  - Introduction of additional/more granular controlled functions
  - Parent/holding company controlled function
- Revising the Remuneration Code – CPI0/19
  - Extending its application to BIPRU non-banks

# Significant influence functions PSI0/15



- Revised/extended significant influence functions from 1 May 2011
- All controlled functions except CF30 are classified as SIFs
  - Governing functions:
    - CF00 Parent/holding company controlled function
    - CF1 Director
    - CF2 Non-executive (plus):
      - 2a Chairman
      - 2b Senior independent director
      - 2c Risk committee chair
      - 2d Internal audit committee chair
      - 2e Remuneration committee chair
    - CF3 CEO (or equivalent - it's the activity that's important)
    - CF\$ Partner (incl. LLP members)

# Significant influence functions PSI0/I5



- Required functions
  - CF10 Compliance oversight (no change)
  - CF11 MLRO (no change)
  
- Systems and controls functions
  - CF13 Finance
  - CF14 Risk
  - CF15 Internal audit
  - CF28 WILL NOT EXIST FROM 1 May 2011
  
- Significant management function
  - CF29 Significant management function

# Significant influence functions PSI0/15



## Points to note:

- Applies from 1 May 2011
- Transitionals from 1 May 2011
  - Governing functions (CF00, 2a to 2e) and significant management function (CF29)
  - Approved and already performing the role must notify FSA between 1 May and 31 July 2011
  - Undertaking role but not already an approved person must notify FSA between 1 May and 31 October 2011
    - New CF must apply from 1 November 2011 and
    - For those that apply before 31 July, the 31 October deadline may be extended

# Significant influence functions PSI0/15



## Points to note

- Transitionals from 1 May 2011
  - Systems and controls functions (CF13 to 15)
  - Firms currently subject to the Remuneration Code (i.e. credit institutions and large full scope investment firms) - FSA must be notified between 1 May and 31 July 2011
  - Firms NOT currently subject to the Remuneration Code (e.g. incl. those that may become subject as a consequence of CPI0/19) - must notify FSA between 1 May 2011 and 30 April 2012

# Significant influence functions PSI 0/15



- All notifications via the 'Online Notifications & Applications System ('ONS')
- It seems that more than one controlled function can apply to an individual, for example:
  - CF1, CF2c (as chair of the risk committee) and CF14 (executive responsibility for risk)
  - CF2 (as a non-exec) plus CF2a (as chairman)
- Only persons that do not hold a governing function (CF00-CF4) should be CF29 (significant management function) but they could hold a systems and controls function also
  - CF29 and CF13 (finance function)
- In any event CF15 (internal audit function) should be independent from any other function

# Significant influence functions PSI0/15



- Parent entity CF00
  - A person who holds a governing function or equivalent at a Firm's parent/holding entity that is not an EEA regulated entity and
  - Whose actions/decisions are relied on or taken account of by the governing body of the firm
  - Hence applies to any form of entity from 1 May 2011 not just to firms that are limited companies, e.g. applies to LLPs where a Non EEA regulated parent/holding company exists
  
- SUP 10 Annex 9 – frequently asked questions



# Revising the Remuneration Code CPI0/19



## Scope

- Extends remuneration code to all BIPRU firms
- Applies to code staff :
  - Senior management and risk takers
  - Employees receiving remuneration taking them into same bracket
  - Controlled functions
- Proportionality
  - “comply in a way, and to the extent, that is appropriate to size, internal organisation and nature, scope and complexity of activities.”

# Revising the Remuneration Code CPI0/19



## Principles

- Appropriate balance between fixed and variable compensation
- Governance and establishment of a remuneration committee
- Deferral of 40% variable comp over three years
- Deferral of 60% if bonus is over £500,000
- At least 50% of variable comp made in shares or other non-cash instruments
- Deferral amount subject to performance adjustments

# Revising the Remuneration Code CPI0/19

- Pensions
- Guaranteed bonuses
- Severance pay
- Breaches will result in the FSA rendering contract void and recovery of payments made

# Revising the Remuneration Code CPI0/19



## Key challenges

- For non-companies
  - Definition of remuneration
  - Issue of shares
- The tax point
- Transitional provisions
  - Into effect on 1 January 2011
  - For those not previously subject to the code from 1 July 2011



Conclusion / Q&A

# Contact us



DUBLIN

NEW YORK

GRAND CAYMAN

LONDON

GENEVA

## London

One London Wall  
Floor 10  
London  
EC2Y 5HB  
United Kingdom

**t:** +44 20 7862 0700

## Dublin

Iveagh Court  
Floor 5, Block D  
Harcourt Road  
Dublin 2  
Ireland

**t:** +353 1 475 0520

## Grand Cayman

Floor 1, The Harbour Centre  
PO Box 10387  
42 North Church Street  
Grand Cayman  
Cayman Islands, KY1-1004

**t:** +1 345 623 9900

## New York

675 Third Avenue  
Floor 10  
New York  
NY 10017  
United States

**t:** +1 212 661 2200

## Geneva

30, Quai Gustave-Ador  
CH-1207 Genève  
Switzerland

**t:** +41 22 715 2840