

Finansinspektionen's Regulatory Code

Publisher: Finansinspektionen, Sweden, www.fi.se
ISSN 1102-7460



This translation is furnished for information purposes only and is not itself a legal document.

FFFS 2011:3

Published on
24 February 2011

Regulations

amending Finansinspektionen's regulations and general guidelines (FFFS 2007:5) regarding disclosure of information concerning capital adequacy and risk management;

decided on 17 February 2011.

Finansinspektionen prescribes¹ pursuant to Chapter 13, section 1, points 32 and 35 of the Capital Adequacy and Large Exposures Act (2006:1371) and section 32, points 32 and 35 of the Capital Adequacy and Large Exposures Ordinance (2006:1533) in respect of Finansinspektionen's regulations and general guidelines (FFFS 2007:5) regarding the disclosure of information concerning capital adequacy and large exposures

in part that current Chapter 11 shall be designated Chapter 12,

in part that Chapter 1, sections 2 and 3 and Chapter 2, sections 1–2 and 5 shall have the following wording,

in part that a new Chapter 11 shall be inserted into the regulations with the following wording.

Chapter 1

Section 2 These regulations and general guidelines contain the following chapters:

Chapter 2 Time and frequency of disclosed information and where it shall be available.

Chapter 3 Information concerning the firm and financial group.

Chapter 4 Information concerning own funds and capital requirements.

Chapter 5 Information concerning credit risk.

Chapter 6 Information concerning counterparty risk.

Chapter 7 Information concerning operational risk.

Chapter 8 Information to be submitted by firms calculating capital requirements for market risk using internal models.

Chapter 9 Information concerning interest rate risk and equity risk for positions outside the trading book.

Chapter 10 Information concerning liquidity risk.

Chapter 11 Information concerning remuneration systems.

Chapter 12 Periodic information.

Section 3 The concepts and terms used in these regulations and general guidelines have the same meaning as those defined in the Capital Adequacy Act or set out in

¹ Cf. Directive 2010/76/EC of the European Parliament and of the Council of 24 November 2010 amending Directives 2006/48/EC and 2006/49/EC as regards capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies EUT L 329, 14.12.2010, pp.3-35 (Celex 32010L0076).

Finansinspektionen's regulations and general guidelines (2007:1) regarding capital adequacy and large exposures (Capital Adequacy Regulations). The concepts and terms used in Chapter 11 have the same meaning as those in Finansinspektionen's regulations (2011:1) regarding remuneration systems in credit institutions, investment firms and fund management companies licensed to conduct discretionary portfolio management.

Chapter 2

Section 1 The information set out in Chapters 3-11 shall be disclosed at least once a year and refer to the conditions on the balance sheet date of the firm's annual report or, where applicable, the consolidated accounts for the financial group.

Information shall be disclosed as quickly as possible, although no later than in conjunction with the public disclosure of the annual report or consolidated accounts. For listed companies, as quickly as possible means at the latest four months after the balance sheet date.

The information shall contain a statement that it is in reference to the information that shall be submitted annually in accordance with these regulations and general guidelines.

Section 2 The information set out in Chapter 12 shall be disclosed at least four times a year and refer to the conditions on the balance sheet date of the quarterly reports in accordance with the Capital Adequacy Regulations. Periodic information does not need to be submitted if the firm already has disclosed the information in section 1 for the relevant balance sheet date.

The information shall be disclosed as quickly as possible, though at the latest two months after the balance sheet date. Information regarding the conditions on the balance sheet date referred to in section 1 does not need to be disclosed until at the latest four months after the balance sheet date.

The information shall contain a statement that it is in reference to the periodic information that shall be submitted in accordance with these regulations and general guidelines.

Section 5 Where the information which shall be disclosed in accordance with these regulations and general guidelines is not provided in the annual report, consolidated accounts or interim reports, it shall be made available on the firm's website.

General guidelines

The information referred to in Chapters 11 and 12 should be available on the firm's website even if it is provided in the annual report, the consolidated accounts or the interim reports.

Chapter 11 Information concerning remuneration systems

Section 1 A firm shall disclose the following information about its remuneration policy and the application of this policy in an appropriate manner given the firm's size and the nature, scope and complexity of its activities.

1. Information about the decision-making process for the remuneration policy, the risk analysis forming the basis for the design of the remuneration policy, and, where applicable, information about the composition and mandate of the remuneration committee, and information about external consultants whose services have been used in the determination of the remuneration policy and the role of relevant stakeholders,
 2. Information about the link between performance and remuneration,
 3. Information in general for how the remuneration was designed, including the criteria for performance assessment and risk adjustment, deferred payment and when the ownership rights for deferred remuneration are awarded to the employee,
 4. Information about the performance criteria on which remuneration in the form of shares, share-linked instruments, financial instruments and other variable components are based,
5. The primary parameters and rationale for the variable remuneration structure and other non-cash benefits,
 6. Total amount expensed for remuneration broken down by business area or corresponding business units,
 7. Total amount expensed for remuneration broken down by senior management, other employees whose actions can impact the risk level of the firm and other employees, in accordance with the following:
 - a) vested remuneration, broken down into fixed and variable remuneration and stating the respective number of beneficiaries receiving each component,
 - b) variable remuneration, broken down into cash, shares, share-linked instruments, other financial instruments and other variable components,
 - c) deferred remuneration, stating the portion of the remuneration over which the employee may not exercise control,
 - d) guaranteed and unpaid as well as adjusted remuneration,
 - e) severance payments and guaranteed variable remuneration in conjunction with the hiring of new staff, stating the respective number of beneficiaries of such payments,
 - f) contractual severance payments, stating the number of persons covered by such commitments and the highest such award given to an individual,

The above information shall be disclosed in such a manner as to prevent revealing either the economic or other conditions of individuals.

Chapter 12 Periodic information

Section 1 The periodic information a firm shall disclose in accordance with Chapter 2, section 2 shall as a minimum contain the following information about the own funds:

1. The amount of original own funds.
2. The amount of additional own funds.
3. The amount of an alternative determination of own funds.
4. Deductions and threshold values in accordance with the Capital Adequacy Act and the Capital Adequacy Regulations that are not included in the above amounts.
5. Total own funds, net after deductions and threshold values in accordance with the same Act and regulations.

Section 2 The periodic information shall as a minimum include the following information about the capital requirement:

1. The capital requirement for credit risk under the standardised approach.
2. The capital requirement for credit risk under the IRB approach.
3. The capital requirement for risks in the trading book.

4. The capital requirement for operational risk.
5. The capital requirement for foreign exchange risk.
6. The capital requirement for commodity risk.
7. Any adjustments in accordance with section 5 of the Act (2006:1372) regarding the Introduction of the Capital Adequacy and Large Exposures Act (2006:1371).
8. The total minimum capital requirement.

Section 3 The periodic information shall contain quantitative information in accordance with Chapter 10, section 3.

1. These regulations shall enter into force on 1 March 2011.

2. A firm that published its annual report for 2010 prior to 1 March 2011 shall disclose the information set out in Chapter 11, section 1 no later than in conjunction with the adoption of the annual report.

MARTIN ANDERSSON

Johan Persson