

Overview

The disclosure of any type of remuneration is always a sensitive subject given the balance that needs to be struck between the maintenance of confidentiality including the treatment of individuals' personal data, and the legal requirement to make certain disclosures to both investors and the general public.

We can assist with striking this balance by preparing your disclosures in the prescribed format or providing a review of your existing disclosures.

Capital Requirements Directive ('CRD') remuneration disclosures

There is a relatively long standing requirement dating from the financial crisis that firms captured by the CRD disclose publicly the aggregated and anonymised details of fixed and variable portions of the staff who have a material risk impact upon the operations of the business (collectively 'Code Staff'). This encompasses senior management responsible for running the business, controlled function staff and portfolio managers responsible for the investment decisions of the funds. This disclosure is referred to as 'Pillar 3' and is normally made available through the firm's website. This public disclosure must be given by Capital Adequacy Directive ('CAD') investment firms, which includes all UCITS investment firms and most hedge fund managers. Large Alternative Investment Fund Managers are also caught by this requirement, while at the same time needing to comply with AIFMD remuneration disclosure rules.

Alternative Investment Fund Managers Directive ('AIFMD') disclosures

AIFMD disclosures apply to all EU and non-EU Alternative Investment Fund Managers ('AIFMs'). The AIFMD disclosure rules are similar to CRD requirements, but come in the form of an annual report that must be provided to all investors and prospects. This annual report is focused on financials. From the remuneration perspective, it requires the aggregate amount of remuneration to be broken down by senior management and members of staff of the AIFM whose actions have a material impact on the risk profile of the fund it manages ('AIF'), and the total amount of remuneration for the financial year, split into fixed and variable remuneration, paid by the AIFM to its staff, and the number of beneficiaries, and, where relevant, carried interest paid by the AIF.

Disclosure benefits and confidentiality

The intention of the above disclosures is to give existing and potential investors a clearer idea of the level of fixed and variable remuneration the fund managers are being paid. This enables investors to challenge whether the risk/reward structure employed by the firm is appropriate and proportionate to its investment activities. It also serves as a key regulatory control and is examined by the FCA.

The details of employee and partner individual contracts and payment agreements remain confidential and are not required to be disclosed under both Pillar 3 and AIFMD disclosure requirements. There are strict rules laid out in the UK and the wider EU regarding what personal details can and cannot be used for, and the

intention of these disclosure requirements is not to make the details

of individual contracts publicly available.

Please contact us at:

Regent's Compliance

info@regentscompliance.com

0203 710 0142

07795261311

www.regentscompliance.com

