

REMUNERATION POLICY 2017

Effective from :

01/07/2017

Key Words:

Evaluation process; Fixed remuneration; Identified staff; Relevant persons; Variable remuneration;

Related Regulation:

- Regulation (EU) No. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms (the “Capital Requirements Regulation” or “CRR”) and related Circular CSSF 14/583 of 11 February 2014;
- Directive 2013/36/EU of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms (the “Capital Requirements Directive IV” or “CRD IV”) as implemented in Luxembourg by the law of 23 July 2015;
- Commission Delegated Regulation (EU) 604/2014 of 4 March 2014 (supplementing the CRD IV) with regards to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution’s risk profile;
- Law of 5 April 1993 on the financial sector (as amended) (“LFS”);
- EBA Guidelines on sound remuneration policies [EBA/GL/2015/22] as per Art. 74 (3) and Art. 75 (2) of CRD IV, transposed by Circular CSSF 17/658 of 16 June 2017;
- ESMA Guidelines on Remuneration policies and practices under the Markets in Financial Instruments Directive (“MiFID”) [ESMA/2016/606], transposed by Circular CSSF 14/585 of 25 February 2014;
- Circular CSSF 15/622 on higher ratio notification procedure applicable to remuneration policy according to Art. 94(1)(g)(ii) of CRD IV ;
- CEBS Guidelines on Remuneration Policies and Practices, to be repealed by the EBA Guidelines on sound remuneration policies under Articles 74 (3) and 75 (2) of CRD IV and disclosures under Article 450 of CRR on 1 January 2017;
- Circular CSSF 11/505

TABLE OF CONTENTS

1. INTRODUCTION
2. DEFINITIONS
3. GENERAL PRINCIPLES
4. SCOPE OF APPLICATION
 - 4.1. HMS REMUNERATIONS' APPROVAL PROCEDURES
 - 4.2. HMS IDENTIFIED STAFF
 - 4.3. HMS RELEVANT PERSONS
 - 4.4. PERSONS RESPONSIBLE FOR HMS' INTERNAL CONTROL FUNCTIONS
 - 4.5. HMS AUTHORISED MANAGEMENT
 - 4.6. HMS BOARD OF DIRECTORS
5. REMUNERATION
 - 5.1. STANDARD REMUNERATION PACKAGE
 - 5.2. VARIABLE REMUNERATION
 - 5.3. EVALUATION PROCESS
 - 5.4. ALLOCATION OF A VARIABLE REMUNERATION
 - 5.5. PROVISIONS
6. RESTRICTIONS
 - 6.1. REPAYMENT OF VARIABLE REMUNERATION ('CLAWBACK CLAUSE')
 - 6.2. *MALUS* CONTRACTION
 - 6.3. PERSONAL STRATEGIES FOR REMUNERATION PAYMENT
 - 6.4. EARLY TERMINATION OF EMPLOYMENT CONTRACT

ANNEXES

- | | |
|------------|--|
| ANNEX I. | ASSESSMENT OF THE COMPANY AND ITS STAFF FOR THE PURPOSE OF APPLICATION OF THE PROPORTIONALITY PRINCIPLE |
| ANNEX II. | ASSESSMENT OF THE COMPANY'S STAFF FOR THE PURPOSE OF DETERMINING THE MATERIAL RISK TAKERS AND THE RELEVANT PERSONS |
| ANNEX III. | LIST OF HMS MANAGEMENT, IDENTIFIED STAFF AND RELEVANT PERSONS |
| ANNEX IV. | HMS REMUNERATIONS' MAPPING TABLE |
| ANNEX V. | VARIABLE REMUNERATION'S CALCULATION METHOD |