Financial Conduct Authority

The FCA's Remuneration Code (SYSC 19A of the FCA Handbook)

Template to help firms in proportionality Level Three to complete a Remuneration Policy Statement

All firms within the scope of the Remuneration Code (the Code) are expected to ensure that their remuneration policies, practices and procedures are clear and documented[1]. To record those policies, practices and procedures, and assess their compliance with the Code firms should complete a Remuneration Policy Statement (RPS). The level of detail within the RPS may vary depending on a firm's size, internal organisation, and the nature, the scope and the complexity of its activities[2].

We expect all firms in proportionality level three to have completed an RPS.

This template is designed as a tool for level three firms to document their remuneration policies, practices and procedures. It sets out the principle questions that we are likely to ask if we carry out a review of your firm's remuneration policies[3]. It would be good practice for firms to use the templates as it provides our expectation of the level of detail which should be included. It is not compulsory and you may choose to document your remuneration policies in a different way. However, if you choose not to use this template, you should ensure that you provide all the information that we need (as indicated by this template) in a clear and structured manner.

The template has been designed to cover a broad range of firms and, as such, not all questions in this template will apply to your firm. Where relevant we have included notes to indicate whether level three firms are normally able to 'disapply' certain provisions of the Remuneration Code.

While the template refers to certain of our rules and guidance on remuneration, it is not intended to be a comprehensive summary of those requirements. Filling out the template is not a substitute for considering and applying our rules and guidance, and reliance on filling out the template alone will not demonstrate compliance with our rules and guidance.

Background

SYSC 19A.2.4G says that 'a firm should ensure that its remuneration policies, practices and procedures are clear and well documented'. SYSC 19A.2.2G(5) says that we may ask the firm's remuneration committee (or equivalent body) to provide us with evidence of how well the firm's remuneration policies meet the Remuneration Code's principles, together with plans for improvement where there is a shortfall.

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[1] SYSC 19A.2.4G, see below
[2] SYSC 19A.3.3R(2), see below
[3] As noted in SYSC 19A.2.2G(5), we may ask the remuneration committee (or the governing body, where there is no remuneration committee) to provide us with evidence of how well the firm's remuneration policies meet the Remuneration Code's principles. Where an RPS has been completed, we may request a copy at any time. We are likely to request a copy ahead of our supervisory assessment, or as part of a thematic review. Firms may also need to use it to complete an ICAAP.

You do not need to send us a copy of your RPS unless requested to do so; however, it should be reviewed and approved by the firm's Remuneration Committee or equivalent body with responsibility for remuneration policies. It should be reviewed annually to take account of any changes to policies, practices or procedures, and the changes should be approved by the remuneration committee or equivalent body.

Completing your RPS – group structures

Scope of the Code

Where your firm is part of a group[4], the Remuneration Code may apply to other undertakings within the group, including to members of its group within the scope of consolidated supervision[5]. If you decide to use this template to assess your compliance with the Code, you should include all undertakings which form part of the UK consolidation group or non-EEA sub-group (as the case may be).

Remuneration Code staff – criteria relating to SIFs

Within the UK consolidated group or non-EEA sub-group, persons with significant influence functions (SIFs) regardless of where they are based, should normally be included in your Remuneration Code staff list. See further our Frequently Asked Questions on Remuneration Code staff[6].

Proportionality framework

The proportionality principle (as expressed in CRD3 and SYSC 19A.3.3R(2)) requires firms to comply with the Code's requirements 'in a way and to the extent that is appropriate to its size, internal organisation and the nature, the scope and the complexity of its activities'.

Guidance on the proportionate application of the Code is provided in the provisions of SYSC 19A and in our General guidance on proportionality). The latter sets out a proportionality framework that is designed to implement the Code proportionately and consistently across more than 2,500 firms. It provides a starting point to help firms understand which rules are likely to apply to them and which ones normally apply only to firms in the higher levels.

In very broad terms, firms in proportionality level three and level four would not normally be expected to comply with some of the more prescriptive rules, e.g. deferral and retained shares.

Proposed review of 'General Guidance on Proportionality' for Remuneration

We amended the 'General Guidance on Proportionality', which sets out our proportionate approach to implementing the Remuneration Code and the Pillar 3 remuneration disclosure rules.

This further clarifies how firms may comply with the Code and disclosure rules in a manner that takes account of their size, internal organisation and the nature, scope and complexity of their activities.

Summary of the key issues

The new framework replaced the current four-level structure (based on capital resources) with three new 'levels' (based on total assets).

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[4] See SYSC 19A.3.1R, SYSC 19A.3.2G and SYSC 1 Annex 1.2.13R(2) and 1.2.14G
[5] That is, within its UK consolidation group or non-EEA sub-group.
[6] General Guidance on Proportionality

The revised approach allows the FCA to focus its resources on the most significant firms who pose risks to financial stability.

The full text of the guidance is accessible here (PDF)

Annexes

The Remuneration Code staff list, forms part of your RPS. This RPS has an annex providing an Excel spread sheet template to record your Remuneration Code staff, remuneration structures and any guaranteed variable remuneration awarded to Remuneration Code staff. If you decide to use this template then you should complete the Code Staff list for the current performance year.

A.	Firm Specific Information
A.i	Please list all of the firms within level three within your group that are caught by the Code.

Firm Name	FRN	Business Type	No. of Code Staff	Proportionality Level	Individual Guidance Received?
Imara Asset Management (UK) Ltd	231176	BIPRU €50,000	6	Level 3	N

A.ii	Provide contact details of the key individual(s) who we should contact within your firm regarding your firm's compliance with the Remuneration Code.

Name	Job Title	Phone No.	Email
Alun Thomas	Head of Operations	+442381778769	alun.thomas@imara.com

A.iii	**What dates does your performance year run from/to:**	**From 01/05/16 to 30/04/17**
A.iv	**What performance year is this RPS in respect of:**	**30/04/17**

B. Reward Schemes

Refer, in particular, to SYSC 19A.3.22R to SYSC 19A.3.28G (Remuneration Principle 8: Profit-based measurement and risk adjustment) and SYSC 19A.3.33G to SYSC 19A.3.53G (Remuneration 12: Remuneration structures).

We normally consider that it will be appropriate for a firm in proportionality level three to disapply the following rules of the Remuneration Code:

Principle 12 – Remuneration Structures:

- *SYSC 19A.3.47R – Retained shares and other instruments;*
- *SYSC 19A.3.49R – Deferral (However we encourage firms to consider using these deferral techniques on a firm-wide basis to ensure the alignment of their remuneration practices with effective risk management); and*
- *SYSC 19A.3.51R – Performance Adjustment*

See General guidance on Proportionality *as referred to in the introduction to this template.*

Should your firm choose to apply these rules, then please include details below.

B.i List any **bonus schemes** or other reward or compensation schemes (including those for partnerships and other legal structures) that will be in place to reward **Remuneration Code Staff** for performance during the current performance year and provide a high-level description of each scheme, including:

- the scheme's purpose;
- intended participants;

	• number of expected participants for the current performance year; • the structure of each scheme's awards, including: determination of the deferred proportion (if appropriate); awards composition (i.e. proportion in shares/cash etc. if appropriate.); • the performance measures and the risk adjustment used to determine whether and how much the scheme will pay out (if appropriate); • the vesting period, the vesting schedule and the proportion of the deferred portion that is subject to performance adjustment (if appropriate); and • any other information related to the scheme that you believe is relevant.
a)	Bonus scheme 1
b)	Bonus scheme 2
B.ii	Please list any existing **executive incentive schemes** (e.g. Long Term Incentive Plans; co-investment schemes or carried interest schemes) that could incentivise Remuneration Code Staff for future performance and provide a high-level description of each scheme, including: • the scheme's purpose; • intended participants and the number of people currently participating in the scheme including how many are Remuneration Code Staff; • the structure of the scheme's awards, including a description of the initial award (e.g. deferred cash, shares, share options, phantom shares) and the form of the proposed pay-out (e.g. proportion in shares, cash etc. if appropriate.); • the length of the scheme's performance period and whether a new performance period starts each year, overlapping the previous performance period; or whether the performance periods run end to end; • the performance measures and the risk adjustment used to determine whether and how much the scheme will pay out if appropriate; • whether the terms of the scheme have been approved by shareholders; • when the scheme is due for review; • any other information related to the scheme that you believe is relevant.
a)	Imara Profit Share Scheme Under the profit share scheme, employees participate annually in a fixed percentage share of the pre-tax profits of the company which are pooled, together with other fellow subsidiary companies. These are adjusted for a set minimum return on invested capital ("hurdle rate"), which is a risk free rate of return on invested capital, based on a predetermined interest rate which must be met before the profit share pool is determined. A percentage of audited before tax profits of each operating company is set aside for the profit share scheme for allocation to all staff employed in the companies which are part of the profit share pool. All allocations are confirmed annually by the Group RemCo before disbursement.
b)	Imara Deferred Units Scheme The deferred incentive scheme is a longer term incentive scheme under which employees are granted deferred units in the Group's Investment Funds which vest annually over a three-year cycle.

C.	**Remuneration Code Staff**	
	It is up to each firm to determine how they identify their Remuneration Code Staff; as a starting point you should include senior management, risk takers, staff engaged in control functions and any employee receiving total remuneration that takes them into the same remuneration bracket as senior management and risk takers, whose professional activities have a material impact on the firm's risk profile. (SYSC 19A.3.4R. See further SYSC 19A.3.6G.) *In relation to those in significant influence functions, see SYSC 19A.3.6G(1)(b) and our frequently asked questions.*	
C.i	Please set out the criteria you have used to determine which of your staff are 'Remuneration Code Staff'.	
	Have significant influence and perform control functions	
C.ii	Remuneration Code Staff are John Legat, Roger Matthews, Evan Green, Jonathan Chew, Harry Wulfsohn and Alun Thomas	
C.iii	How many Remuneration Code Staff have been identified in total for this performance year? Please include any employees who have been Remuneration Code staff for any part of the year.	Six
C.iv	How many Remuneration Code Staff are likely to rely on the guidance set out in SYSC 19A.3.34G (and further developed in *General Guidance on Proportionality)?*	Six
C.v	Briefly describe the measures you have taken to ensure that all Remuneration Code Staff understand the implications of this status in relation to the requirements of the Code.	
	This Policy document is distributed to all Code Staff and approved by the directors.	

1.	**Principle 1 – Risk management and risk tolerance** *Please refer to SYSC 19A.3.7R*
1.1	Briefly describe how you ensure that your firm's remuneration practices promote sound and effective risk management and do not encourage risk-taking that exceeds the firm's levels of tolerated risk.
	The business has strict capital requirements as established by the Regulator. The Board have decided to operate well within those parameters such that the firm has low risk tolerance - reflected in elevated liquidity and capital adequacy levels. This was evidenced by the additional capital funding of £50k received by the Firm in December 2014. Staff are paid a bonus based upon annual profits, the bonus pool being a % of profits, and, in the past, received share options that vested over 5 years so as to encourage a long term perspective to business development. The share option scheme ended on 11th October 2015 and will not be renewed or replaced. An alternative incentive scheme based upon the award of deferred units in the Group's Investment Funds, has been introduced. The deferred incentive scheme, under which employees are granted deferred units which vest annually over a three-year cycle, is also intended to engender a medium

	to long-term outlook amongst staff.

2.	**Principle 2 – Supporting business strategy, objectives, values and long-term interests** *Please refer to SYSC 19A.3.8R*
2.1	Briefly describe how your firm ensures that its remuneration policies are in line with its business strategy, objectives, values and long-term interests.
	During the year the Group had a Group Remuneration Committee, which consisted of 3 independent, non-executive Holding Company directors. Given changes to the Holding Company board in April 2017, the Group Remuneration Committee is no longer standing, however there are plans to restructure this board to incorporate independent non-executive directors in the future. Until this is carried out the firm's remuneration policies will be subject to the review of its non-executive director. Remuneration policy decisions are taken based on affordability, profitability and the long-term sustainability of the business. Remuneration is based on comparability and competitiveness to independent surveys of remuneration in the sector. The number of code staff within the firm fell towards the end of the reporting period from six to three.

3.	**Principle 3 – Avoiding conflicts of interest** *Please refer to SYSC19A.3.9R*
3.1	Briefly describe the measures already established to ensure your firm's remuneration policies avoid conflicts of interest.
	All remuneration policies were set by the Group Remuneration Committee, which consisted of 3 independent, non-executive Holding Company directors. Since April 2017, given changes in the parent company board, this committee is no longer standing. The established remuneration policies remain in place and are now subject to the review of the firm's non-executive director, who is not involved in the management/control of the Firm, in order to mitigate conflicts of interest.

4.	**Principle 4 – Governance** *Please refer to SYSC 19a.3.10R to SYSC 19A.3.13G and Part F of General* Guidance on Proportionality*, published on our website.* *We have given guidance on the need to establish remuneration committees in* General guidance on Proportionality*, Part F. In summary we consider that it would be desirable for firms in proportionality level three and level four to establish a remuneration committee, and would normally expect larger firms within these levels to do so. But we accept that it may be appropriate for the governing body of the firm to act as the remuneration committee.*	
4.1	Does your firm have a Remuneration Committee (RemCo) established within the UK?	No
4.2	Under BIPRU 11.5.20R (2) consideration was given to the size and internal organisation of the firm, as well as the nature, scope and complexity of activities and, in light of the holding company Remcom as well as an active governing body, one was not required. The Group had, up until April	

	2017, a Group Remuneration Committee, which consisted of three independent, non-executive Holding Company directors. Divisional remuneration is determined by the Group Chief Executive and the Divisional MD. The Group Remuneration Committee is no longer standing, however there are plans to restructure the parent company's (Imara Holdings Limited), board to incorporate independent non-executive directors in the future. Until this is carried out the firm's remuneration policies will be subject to the review of its non-executive director.
4.3	How does your firm ensure that remuneration decisions take into account the implications for risk and risk management of the firm?
	Remuneration decisions are taken based on affordability, profitability and long term sustainability of the business. For example in the wake of the 2008 credit crunch all holding company directors took a 30% salary reduction, while all directors at operating company level took a 15% salary reduction to ensure the sustainability of the business. These reductions were gradually removed as the business recovered until they were fully removed in July 2010 for the twelve months ended 30 April 2011. During the recent financial year ended April 2016, executive directors of the firm have voluntarily reduced their salaries by 20% in response to pressure on profitability.
4.4	How does your firm ensure that the long-term interests of shareholders, investors and other stakeholders are taken into account?
	The Group RemCo which prevailed up until April 2017, consisted of three non-executive Holding Company directors who were independent. It determined remuneration based on comparability and competitiveness to independent surveys of remuneration in the sector. The firm's remuneration policies will now be subject to the review of its non-executive director. In addition to this, remuneration is also determined on a fair and reasonable basis taking into account the interests of shareholders, investors and stakeholders. This is based on affordability and profitability. Furthermore, historically remuneration was partly in the form of share options vesting over 5 years so as to encourage staff to act in the long-term interests of shareholders. While this share option scheme will cease in October 2015 an alternative incentive scheme based upon the award of deferred units in the Group's Investment Funds has been implemented which is also intended to engender a medium to long-term outlook amongst staff.
4.5	Does the RemCo/ equivalent governing body have the ability to apply discretion to adjust the bonus pool and individual payments including those paid out in individual incentive schemes?
	Yes
4.6	Has the RemCo/ equivalent governing body exercised that discretion since the Code came into force? If yes, please provide details.
	Yes - see 4.4 above.

5.	**Principle 5 – Control functions** *Please refer to SYSC 19A.3.14R to SYSC 19A.3.17G*
5.1	With regard to employees engaged in control functions, briefly explain how you ensure that these

	employees are: ○ independent from the business units that they oversee; ○ have appropriate authority; and ○ are remunerated adequately to be independent of the performance of the business areas they control.
	The employees are not independent of the business units they oversee due to the size of the business. However, all staff in control functions are board directors or officers of the company and therefore have appropriate authority. Remuneration is based on market rates while bonuses are as previously discussed. The non-executive directors are also considered as Code Staff and one of them is independent.
5.2	If applicable to your firm, describe how risk and compliance functions input into the setting of individual remuneration policies and individual remuneration awards across the firm. Please provide examples as appropriate.
	N/A

6.	**Principle 6 – Remuneration and capital** *Please refer to SYSC 19A.3.18R and SYSC 19A.3.19G*
6.1	How do you ensure that your firm's total variable remuneration does not limit its ability to strengthen its capital base?
	Remuneration decisions are taken based on affordability, profitability and long term sustainability of the business. For example in the wake of the 2008 credit crunch all holding company directors took a 30% salary reduction, while all directors at operating company level took a 15% salary reduction to ensure the sustainability of the business. These reductions were gradually removed as the business recovered until they were fully removed in July 2010 for the twelve months ended 30 April 2011. During the recent financial year ended April 2016, executive directors of the firm hvoluntarily reduced their salaries by 20% in response to pressure on profitability.

7.	**Principle 7 – Exceptional government intervention** *This section is unlikely to apply*

8.	**Principle 8 – Profit-based measurement and risk adjustment** *Please refer to SYSC 19A.3.22R to SYSC19A.3.28G*
Bonus schemes that reward Remuneration Code Staff *Firms will need to be able to demonstrate that they have considered the impact of future risks and uncertainties on their bonus pools, and ensure that these are taken into account when determining future bonus pools. This will be reviewed as part of our ongoing supervisory programmes.* *Level four firms that are limited licence or limited activity firms will be able to take into account the specific features of their types of activities when applying this principle. See* General guidance on Proportionality, *Part D*	

Please complete separately for *each* bonus scheme that rewards Remuneration Code Staff, as listed in section Bi, if differentiation between schemes is required.		
	Scheme name	Imara Profit Share Scheme
8.1	Provide a high-level summary of how you determine the overall bonus pool amount.	
	Under the profit share scheme, employees participate annually in a fixed percentage share of the pre-tax profits of the company which are pooled, together with other fellow subsidiary companies. These are adjusted for a set minimum return on invested capital ("hurdle rate"), which is a risk free rate of return on invested capital, based on a predetermined interest rate which must be met before the profit share pool is determined. A percentage of audited before tax profits of each operating company is set aside for the profit share scheme for allocation to all staff employed in the companies which are part of the profit share pool. Part of this pool is set aside for a Group pool which is allocated to head office staff as well as to high performing staff in the Group as recommended by the Group CEO and divisional MD's. The remainder of the pool is allocated to all staff by management of each operating company and signed off by the Group CEO.	
8.2	Set out what metrics you use to: • determine the bonus pool, including whether you use a pre-agreed numerical formula; • ensure that it is linked to profits (rather than revenues); and • how it is linked to other indicators of performance.	
	As above in 8.1	
8.3	Set out the key financial performance measures that are used to determine the total pay-out for the scheme. *E.g. operating profit, return on risk weighted assets, economic capital*	
	As above in 8.1.	
8.4	Explain how often the financial performance measures set; who sets them and how often they are reviewed.	
	These are determined by the Group Board and were last reviewed for the year ended 30 April 2016.	
8.5	How, and to what extent, do these performance measures take account of future earnings streams and future risks? Are any future earning streams recognised up-front?	
	The scheme is based on before tax profits in any financial year provided that a predetermined risk free hurdle rate is achieved.	
8.6	How does your bonus pool determination process take account of situations where the firm's performance is weak or loss-making? Explain who has the discretion to make the adjustments.	
	It does not, save to say that loss making companies are not able to set aside a profit share pool resulting in no bonus pay-out to staff.	

9.	**Principle 9 – Pension policy** *Please refer to SYSC 19A.3.29R*	
9.1	Do you have a policy for discretionary pension benefits? (SYSC 19A.3.29R(1) and (2) impose restrictions on the payment of discretionary pension benefits)	No
9.2	If your answer to question 9.1 is 'Yes', please outline your policy, including retention periods etc.	
	n/a	

10.	**Principle 10 – Personal investment strategies** *Please refer to SYSC 19A.3.30R to SYSC 19A.3.32R*
10.1	What arrangements do you have in place to ensure that your employees undertake not to use personal hedging strategies to undermine the risk alignment effects embedded in their remuneration arrangements?
	Employees are no longer awarded share options and hedging strategies are not possible.

11.	**Principle 11 – Avoidance of the Remuneration Code** *Please refer to SYSC 19A.3.32R*
11.1	How do you ensure that variable remuneration is not paid through vehicles or methods that facilitate the avoidance of the Code?
	All variable remuneration is paid in cash, share options (discontinued October 2015) and the award of deferred units in the Group's Investment Funds. Certain code staff are paid by group entities other than the firm given that they are also directors and perform services for other fellow subsidiary companies. However, any variable remuneration is determined on a divisional basis and is reviewed and approved by the Group CEO.
12.	**Principle 12 – Remuneration Structures** *Remuneration Principle 12 consists of a series of rules, evidential provisions and guidance relating to remuneration structures. Please refer to SYSC 19A.3.33G to SYSC 19A.3.53G and* General Guidance on Proportionality *published on our website.* *We normally consider that it will be appropriate for a firm in proportionality level three to disapply the following rules of the Remuneration Code:* *Principle 12 – Remuneration Structures:* • *SYSC 19A.3.47R – Retained shares and other instruments;* • *SYSC 19A.3.49R – Deferral (However we encourage firms to consider using these deferral techniques on a firm-wide basis to ensure the alignment of their remuneration practices with effective risk management); and* • *SYSC 19A.3.51R – Performance Adjustment*

	Further, level three firms that are limited licence or limited activity firms will be able to take into account the specific features of their types of activities when applying the requirement of a multi-year framework (SYSC 19A.3.38R). *See* General guidance on Proportionality*, as referred to in the introduction to this template.*

Performance assessment for individuals		
12.1	Please set out a high-level description of your firm's approach to measuring the performance of individuals including both financial and non-financial metrics and explain how this assessment influences an individual's remuneration.	
	In terms of fund management executives, the following are used to measure performance: fund performance vs benchmarks, performance with regard to the production of timeous financial, compliance and operational statements, management of the office, marketing and presentational skills and interaction with regulators, clients and service providers. All are taken into account and compared with the industry comparatives in determining individual remuneration. For non-fund management executives, performance of operational, finance, compliance and risk management duties as well as group activities undertaken are taken into account.	
Guaranteed variable remuneration *Please refer to SYSC 19A.3.40R to SYSC 19A.3.43G*		
12.2	How many new Remuneration Code staff have you hired in the last performance year?	0
12.3	Of the new Remuneration Code staff hired in the last performance year, how many were offered guaranteed bonuses?	N/A
12.4	Of the offers made, how many were compliant with SYSC 19A.3.40R(3)?	N/A
12.5	If any awards were non-compliant, please explain why.	
	N/A	
12.6	What is your firm's policy on buying out deferred bonuses for new joiners?	
	N/A	
12.7	Have you offered retention awards to any Remuneration Code Staff employees in the last 12 months?	No

12.8	If yes, briefly explain how many were offered and the context in which they were offered.	
	N/A	
Leverage (ratio of fixed to variable remuneration) *Please refer to SYSC 19A.3.44R and Committee of European Banking Supervisors (CEBS) Guidelines, section 4.1.2.* *We normally consider that it will be appropriate for level three firms that are limited licence or limited activity firms to disapply this rule. See* General guidance on Proportionality*, Part D.*		
12.9	What is your policy on the ratio between fixed and variable remuneration components? Please provide details including if there are any minimum or maximum ratios.	
	Please leave blank if your firm is in level four	
Payments related to early termination *Please refer to SYSC 19A.3.45R and SYSC 19A.3.46G*		
12.10	Have you ensured that any exceptional or non-standard termination payments to staff in the last performance year have been compliant with the Code?	N/A

13. Disclosure *Prudential sourcebook for Banks, Building Societies and Investment Firms (BIPRU) requires Pillar 3 disclosures to be made. BIPRU 11.5.18R to 11.5.21G set out technical criteria relating to disclosures on remuneration. See also* General Guidance on Proportionality*, published on our website.*	
13.1	Please briefly outline **when** you intend to disclose remuneration under BIPRU 11.
	In our annual Pillar 3 disclosure, approved by the Board in June 2017.
13.2	Please briefly outline **how** you intend to make this disclosure.
	In our Pillar 3 disclosure which is posted on our website.

14. Other	
14.1	If necessary, please provide further evidence of how your remuneration policies, procedures and practices are consistent with and promote sound and effective risk management?
	N/A