

Detailed guidance on remuneration disclosure	
Section A: General requirements	
(a)	<ul style="list-style-type: none"> • To increase transparency and promote market discipline, authorized institutions (AIs) should take steps to enhance disclosure of information in relation to the design and implementation of their remuneration systems. • AIs should disclose information in relation to their remuneration systems to the public on a timely basis, at least annually. Such information should include, but not be limited to the information set out in section B and C below.
Section B: Qualitative disclosures	
(b)	<p>Information relating to the governance structure of the remuneration system, including:</p> <ul style="list-style-type: none"> • name, composition and mandate of the bodies (e.g. remuneration committee) overseeing remuneration; • <u>external consultants whose advice has been sought, the bodies by which they were commissioned, and the areas of the remuneration process in respect of which their advice was sought;</u> • a description of the decision-making process used to determine the firm-wide remuneration policy; • <u>a description of the scope of the AI's remuneration policy (e.g. by regions and/or business lines), including the extent to which it is applicable to foreign subsidiaries and branches; and</u> • <u>a description of the types of employees considered as (i) senior management and as (ii) Key Personnel¹, including the number of employees in each category.</u>
(c)	<p>Information relating to the design and structure of the remuneration processes, including:</p> <ul style="list-style-type: none"> • an overview of the key features and objectives of the remuneration policy; • <u>whether the bodies charged with overseeing remuneration reviewed the AI's remuneration policy during the past year, and if so, an overview of any changes that were made; and</u> • <u>a discussion of how the AI ensures that employees within risk control functions¹ are remunerated independently of the businesses they oversee.</u>

¹ See definitions of (i) senior management, (ii) Key Personnel and (iii) employees within risk control functions in section 2 of the "Guideline on a Sound Remuneration System (CG-5)".

(d)	<p>Description of the ways in which current and future risks are taken into account in the remuneration processes, including:</p> <ul style="list-style-type: none"> • <u>an overview of the key risks that the AI takes into account when implementing remuneration measures;</u> • an overview of the nature and type of the key criteria and measures used to take account of these risks, <u>including risks that are difficult to measure (values need not be disclosed).</u> • <u>a discussion of the ways in which these measures affect remuneration; and</u> • <u>a discussion of how the nature and type of these measures have changed over the past year and the reasons for any changes, as well as the impact of changes on remuneration.</u>
(e)	<p>Description of the ways in which the AI seeks to link performance during a performance measurement period with levels of remuneration, including:</p> <ul style="list-style-type: none"> • an overview of the main performance criteria and metrics for the AI, top-level business lines and individuals; • a discussion of how the amounts of individual remuneration are linked to firm-wide and individual performance; and • <u>a discussion of the measures the AI will in general implement to adjust remuneration in the event that performance metrics are weak.</u>²
(f)	<p>Description of the ways in which the AI seeks to adjust remuneration to take account of longer-term performance, including:</p> <ul style="list-style-type: none"> • a discussion of the AI’s policy on deferral and vesting of variable remuneration and, <u>if the fraction of variable remuneration that is deferred differs across employees or groups of employees, a description of the factors that determine the fraction and their relative importance; and</u> • a discussion of the AI’s policy and criteria for adjusting deferred remuneration <u>before vesting and (where applicable) after vesting through clawback arrangements.</u>
(g)	<p>Description of the different forms of variable remuneration that the AI utilizes and <u>the rationale for using these different forms</u>, including:</p> <ul style="list-style-type: none"> • an overview of the forms of variable remuneration offered (i.e. cash, shares and share-linked instruments and other forms³); and • a discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across employees or groups of employees, a description of the factors that determine the mix and their relative importance.

² This should include the AI’s criteria for determining “weak” performance metrics.

³ A description of the elements corresponding to other forms of variable remuneration (if any) should be provided.

Section C: Quantitative disclosures

Information covering (i) senior management and (ii) Key Personnel, broken down between these two categories for the current and past year: -

(h)	<ul style="list-style-type: none"> • <u>Number of meetings held by the bodies (e.g. remuneration committee) overseeing remuneration during the financial year and remuneration paid to their members.</u>
(i)	<ul style="list-style-type: none"> • Total amount of outstanding deferred remuneration, split into vested and unvested.
(j)	<ul style="list-style-type: none"> • Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms; and
(k)	<ul style="list-style-type: none"> • Total amount of deferred remuneration awarded, paid out and reduced through performance adjustments during the financial year.
(l)	<ul style="list-style-type: none"> • Breakdown of amount of remuneration awards for the financial year to show: <ul style="list-style-type: none"> - fixed and variable (with number of beneficiaries in each category); - deferred and non-deferred; and - different forms used (cash, shares and share-linked instruments, other forms³). <p><i>Remark:</i> An example of the format for reporting is provided in the <u>Appendix</u>.</p>
(m)	<p><u>Quantitative information about employees' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. malus, clawbacks or similar reversals or downward revaluations of awards) of deferred remuneration and retained remuneration⁴:</u></p> <ul style="list-style-type: none"> • <u>total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments;</u> • <u>total amount of reductions during the financial year due to ex post explicit adjustments; and</u> • <u>total amount of reductions during the financial year due to ex post implicit adjustments.</u>
(n) ⁵	<ul style="list-style-type: none"> • <u>Number and total amount of guaranteed bonuses awarded during the financial year, and number of beneficiaries of such payments;</u> • Number and total amount of sign-on awards made during the financial

⁴ "Retained remuneration" refers to shares or share-linked instruments that are subject to a retention period under a share retention policy (see paragraphs 2.2.3 of CG-5).

⁵ AIs are encouraged to disclose information described in this item to the public on a timely basis to the extent they reasonably can without, in effect, disclosing the identity of the individuals concerned. Nevertheless, AIs should disclose such information to the HKMA to assist the HKMA in its assessment of AIs' remuneration practices and outcomes.

	<p>year, and number of beneficiaries of such payments; and</p> <ul style="list-style-type: none">• Number and total amount of severance payments made during the financial year, and number of beneficiaries of such payments; and• Number and total amount of severance payments awarded during the financial year, and number of beneficiaries of such payments, and highest such award to a single person.
--	--

(Example for reference only)

(i) Senior management		
Total value of remuneration awards for the current financial year	Non-deferred	Deferred
Fixed remuneration		
• Cash-based	X	X
• Shares and shared-linked instruments	X	X
Other (<i>Please specify</i>)	X	X
Variable remuneration		
• Cash-based	X	X
• Shares and shared-linked instruments	X	X
Other (<i>Please specify</i>)	X	X

(ii) Key Personnel		
Total value of remuneration awards for the current financial year	Non-deferred	Deferred
Fixed remuneration		
• Cash-based	X	X
• Shares and shared-linked instruments	X	X
• Other (<i>Please specify</i>)	X	X
Variable remuneration		
• Cash-based	X	X
• Shares and share-linked instruments	X	X
• Other (<i>Please specify</i>)	X	X