

# Refinitiv Transaction Services Limited

## 2020 REMUNERATION DISCLOSURE

### ARTICLE 96 CAPITAL REQUIREMENTS DIRECTIVE IV – COMPLIANCE WITH REMUNERATION ELEMENTS

RTSL is authorised and regulated by the UK Financial Conduct Authority (FCA) and is an IFPRU 730k Limited Licence Firm and as a result is subject to Chapter 19A of the Senior Management Arrangements, Systems and Controls sourcebook (the Remuneration Code) of the FCA Handbook. RTSL is a wholly owned subsidiary of Refinitiv Limited (RL), itself, with effect from 29 January 2021, a wholly owned indirect subsidiary of London Stock Exchange Group plc, the parent entity of the London Stock Exchange Group of companies.

RTSL has adopted remuneration policies and procedures that comply with the relevant sections of the Remuneration Code and are in accordance with ESMA's Guidelines on sound remuneration policies. In designing and maintaining its remuneration policy and procedures, RTSL has taken into account the principle of proportionality in line with FCA guidance on the Remuneration Code. As a proportionality level 3 firm, the Board of Directors has taken the view that RTSL is able to disapply the pay-out process requirements in the Remuneration Code and these disclosures are made on this basis.

In light of the size, internal organisation and the nature, scope and complexity of RTSL's activities, RTSL has allocated responsibility for decisions regarding remuneration to the Board of Directors. This body receives advice on remuneration, risk, tax, accounting and regulatory issues from the Risk Committee and the HR, Compliance, Finance and Legal functions. Additionally, RTSL has engaged Norton Rose Fulbright LLP to advise on its remuneration policies and procedures and has previously engaged third party consultants in this respect. The Board of Directors, when making decisions on remuneration, is explicitly obliged to take into account the long-term interests of shareholders, investors and other stakeholders in RTSL, the public interest and the risk management framework of RTSL.

RTSL identifies staff to whom the Remuneration Code applies in accordance with the relevant FCA rules, the Capital Requirements Directive (2013/36/EU) (**CRD IV**) and the Capital Requirements Regulation (575/2013) (**CRR**) – RTSL maintains records of those categories of staff whose professional activities have a material impact on RTSL's risk profile and monitors this on an ongoing basis.

Following the identification of relevant staff, RTSL applies a remuneration approach which seeks to incentivise staff to perform effectively whilst adhering to RTSL's risk management framework. The remuneration structure adopted by RTSL includes both fixed and variable elements – which are appropriately balanced to minimise risk. The remuneration policy ensures that the fixed element of an individual's remuneration is based on professional experience and organisational responsibility. RTSL operates different variable remuneration schemes for different categories of staff. Each scheme awards variable pay based on individual performance in relation to the targets set for staff members (both financial and non-financial, and in line with customer interests), adherence to risk and compliance policies, as well as wider capital and liquidity requirements of RTSL and Refinitiv as a whole.

RTSL considers that its remuneration policy, which details the applicable remuneration structure, is in compliance with the requirements under CRD IV as implemented by the UK. In reviewing and approving the policy, the Board of Directors assesses whether it is in line with RTSL's business strategy, objectives, values and long-term interests on at least an annual basis. For detailed information on the remuneration policy please see the specific disclosures made by RTSL under Article 450 CRR.

## ARTICLE 450 CRR – REMUNERATION DISCLOSURE<sup>1</sup>

### 1 Remuneration policy decision-making process (Article 450(1)(a) CRR)

- 1.1 RTSL's remuneration policy is established and monitored by the Board of Directors. The Board of Directors considers the Group-level remuneration policies/procedures and then utilises these to adopt appropriate local-level remuneration policies and procedures which are reflective of the risk management framework applicable to RTSL. The Board of Directors reviews and approves amendments to these policies and procedures as required by changes in legal requirements, staffing and/or the business of RTSL. They are also responsible for ensuring the appropriate disclosures have been made in relation to the remuneration policy.
- 1.2 The Board of Directors meets quarterly and has considered remuneration matters during the financial year ending to 31 December 2019. To assist in carrying out its responsibilities the Board of Directors receives advice on remuneration, risk, tax, accounting and regulatory issues from the Risk Committee and the HR, Compliance, Finance and Legal functions. Additionally, since 2017, RTSL has engaged Norton Rose Fulbright LLP to advise on its remuneration policies and procedures, and has previously engaged third party consultants in this respect.

### 2 Information on link between pay and performance, the design characteristics of the remuneration system and the key performance criteria for, and parameters of, variable remuneration (Article 450(1)(b), (c), (e) & (f) CRR)

- 2.1 The remuneration policy is designed to ensure that effective performance is encouraged in a manner that mitigates and manages risk taking. It is a key principle of the policy that effective risk management is promoted at all levels of RTSL, and that all Staff Members<sup>1</sup> operate within the risk parameters set by the Board of Directors and do not undertake unnecessary risks.
- 2.2 RTSL compensates Staff Members through both fixed and variable compensation.
- 2.3 Fixed compensation comprises base salaries which are reviewed annually in accordance with the relevant Staff Member's appraisal process, market standards, the experience of the individual and their level of responsibility, and other benefits (e.g., certain insurance benefits and pension contributions).
- 2.4 A Staff Member may then also be awarded an element of variable compensation to recognise:
- (a) the overall performance of Refinitiv in total (of which RTSL is a part);
  - (b) the extent to which the Staff Member achieved/exceeded their agreed objectives (determined as part of the Staff Member's appraisal process); and
  - (c) the overall conduct of the Staff Member (monitored in relation to a number of matters on an ongoing basis).
- 2.5 This variable compensation (if earned) is awarded by means of a discretionary bonus scheme. Various different schemes are operated for different categories of staff; however, each scheme is based on rewarding Staff Members in accordance with the above principles and ensuring effective risk management.
- 2.6 Discretionary bonus awards can be delivered in two main forms: a cash bonus and/or shares, depending on the particular scheme the Staff Member is a member of. Based on the application of proportionality, there is no deferral associated with either scheme. Shares are subject to a three-year vesting period. RTSL is not engaged in trading or similar activities, nor are RTSL Staff Members able to take material risks that would positively impact the scale of variable bonuses. As a result, the Board of Directors does not require deferral of pay-outs to manage such a risk.

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<sup>1</sup> Refinitiv employees, consultants, agents, secondees and appointed representatives acting on behalf of RTSL

**3 Ratios between fixed and variable remuneration (Article 450(1)(d) CRR)**

- 3.1 As a proportionality level 3 firm and in accordance with FCA guidance, RTSL has concluded it is disproportionate to apply the rules on setting a ratio of fixed to variable remuneration.

**4 Aggregate quantitative information on remuneration (per business area) (Article 450(1)(g) CRR)**

- 4.1 The information below relates to the financial years ending 31 December 2019 as indicated. The MRT aggregates are shared below but RTSL itself has no remuneration expenses given that it relies on services provided by other entities in Refinitiv.

**5 Aggregate quantitative information on remuneration (senior management and material risk takers)**

- 5.1 The following information relates to the financial year ending 31 December 2019.
- 5.2 The amounts of remuneration for the financial year, split into fixed and variable remuneration, and the number of beneficiaries are shown below:

YEAR		Senior Management	Other Code Staff	Total
		£'000	£'000	£'000
2020	Fixed Compensation	1,377	1,520	2,896
	Variable Compensation	1,055	1,519	2,574
	Total Compensation	2,431	3,039	5,470
	Number of Staff	5	10	15

- 5.3 The amounts and forms of variable remuneration are shown below. Refinitiv is not a publicly quoted organisation and uses no shares or share-linked instruments as a result.

YEAR		Senior management	Other material risk takers	Total
		£'000	£'000	£'000
2020	Cash	1,055	1,519	2,574
	Shares	0	0	0

- 5.4 As described above, RTSL considers it is disproportionate to apply deferrals to its variable remuneration, therefore there is no outstanding deferred remuneration, vested or unvested to report.
- 5.5 Based on RTSL's size, internal organisation and the nature, scope and complexity of its activities, RTSL considers it is disproportionate to disclose details of sign-on and severance payments. However, these types of payments are exceptional.

**6 Number of individuals remunerated EUR 1 million or more per financial year**

- 6.1 RTSL has omitted this disclosure on the basis that would be disproportionate as RTSL Staff Members are not able to take material risks that would positively impact the scale of their remuneration. Furthermore, disclosure may result in certain Staff Members' remuneration information being easily identifiable with no public benefit, and therefore place RTSL in breach of its data protection and privacy obligations. All necessary information will be made available to the FCA on request.