

Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (Text with EEA relevance)

## TITLE VII

### PRUDENTIAL SUPERVISION

#### CHAPTER 2

#### *Review Processes*

##### *Section II*

#### *Arrangements, processes and mechanisms of institutions*

##### *Sub-Section 1*

#### *General principles*

##### *[<sup>F1</sup>Article 74*

#### **Internal governance and recovery and resolution plans**

1 Institutions shall have robust governance arrangements, which include a clear organisational structure with well-defined, transparent and consistent lines of responsibility, effective processes to identify, manage, monitor and report the risks they are or might be exposed to, adequate internal control mechanisms, including sound administration and accounting procedures, and remuneration policies and practices that are consistent with and promote sound and effective risk management.

The remuneration policies and practices referred to in the first subparagraph shall be gender neutral.

2 The arrangements, processes and mechanisms referred to in paragraph 1 of this Article shall be comprehensive and proportionate to the nature, scale and complexity of the risks inherent in the business model and the institution's activities. The technical criteria established in Articles 76 to 95 shall be taken into account.

3 EBA shall issue guidelines, in accordance with Article 16 of Regulation (EU) No 1093/2010, on the arrangements, processes and mechanisms referred to in paragraph 1 of this Article, taking into account paragraph 2 of this Article.

EBA shall issue guidelines, in accordance with Article 16 of Regulation (EU) No 1093/2010, on gender neutral remuneration policies for institutions.

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*Status: EU Directives are published on this site to aid cross referencing from UK legislation. Since IP completion day (31 December 2020 11.00 p.m.) no amendments have been applied to this version.*

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Within two years of the date of publication of the guidelines referred to in the second subparagraph and based on the information collected by the competent authorities, EBA shall issue a report on the application of gender neutral remuneration policies by institutions.]

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#### **Textual Amendments**

- F1** Substituted by [Directive \(EU\) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures \(Text with EEA relevance\)](#).