



COMMISSION DELEGATED REGULATION (EU) 2025/418

of 16 December 2024

supplementing Regulation (EU) 2023/1114 of the European Parliament and of the Council with regard to regulatory technical standards specifying the minimum content of the governance arrangements on the remuneration policy of issuers of significant asset-referenced or e-money tokens

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2023/1114 of the European Parliament and of the Council of 31 May 2023 on markets in crypto-assets, and amending Regulations (EU) No 1093/2010 and (EU) No 1095/2010 and Directives 2013/36/EU and (EU) 2019/1937 ⁽¹⁾, and in particular Article 45(7), fourth subparagraph, thereof,

Whereas:

- (1) Requirements set out in Articles 45(1) of Regulation (EU) 2023/1114 also apply to electronic money institutions issuing significant e-money tokens, in accordance with Article 58(1), point (a), of that Regulation, where required by the competent authority under Article 35(4) of that Regulation, to issuers of asset-reference tokens that are not significant, and, where required by the competent authority under Article 58(2) of that Regulation, to electronic money institutions issuing non-significant e-money tokens.
- (2) Credit institutions, investment firms, undertakings for collective investment in transferable securities (UCITS management companies) and alternative investment funds managers (AIFM) that are issuers of significant ARTs are to comply with the relevant more specific or stricter requirements set for those issuers in Directives 2013/36/EU ⁽²⁾, (EU) 2019/2034 ⁽³⁾, 2009/65/EC ⁽⁴⁾ and 2011/61/EU ⁽⁵⁾ of the European Parliament and of the Council, in addition to the requirements under Regulation (EU) 2023/1114 and this Regulation on governance arrangements for remuneration policies. To achieve the objective of sound and effective risk management of issuers of significant asset-referenced or e-money tokens, remuneration policies should provide incentives for staff for long-term oriented risk-taking behaviour in line with the risk appetite of issuers of significant asset-referenced or e-money tokens and contribute to the protection of the holders of asset-referenced or e-money tokens.
- (3) Considering the similarities of the business model of issuers of significant asset-referenced or e-money tokens with the business model of investment firms that issue financial instruments, and in order to ensure a level playing field across the Union, it is necessary to set out a framework for governance arrangements on remuneration policies that includes the same elements as the rules on remuneration policy applicable to investment firms. However, this framework should be tailored to issuers of significant asset-referenced and e-money tokens, whose business is different from the activity of issuing financial instruments by investment firms or the performance of related investment services. This framework should aim at ensuring the same objectives as the remuneration framework for investment firms under Directive (EU) 2019/2034.

⁽¹⁾ OJ L 150, 9.6.2023, p. 40, ELI: <http://data.europa.eu/eli/reg/2023/1114/oj>.

⁽²⁾ 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, amending Directive 2002/87/EC and repealing Directives 2006/48/EC and 2006/49/EC (OJ L 176, 27.6.2013, p. 338, ELI: <http://data.europa.eu/eli/dir/2013/36/oj>).

⁽³⁾ Directive (EU) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU (OJ L 314, 5.12.2019, p. 64, ELI: <http://data.europa.eu/eli/dir/2019/2034/oj>).

⁽⁴⁾ Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) (OJ L 302, 17.11.2009, p. 32, ELI: <http://data.europa.eu/eli/dir/2009/65/oj>).

⁽⁵⁾ Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) No 1060/2009 and (EU) No 1095/2010 (OJ L 174, 1.7.2011, p. 1, ELI: <http://data.europa.eu/eli/dir/2011/61/oj>).

- (4) To ensure that remuneration policies promote sound and effective risk management of the issuers of significant asset-referenced tokens or of the electronic money institutions issuing significant e-money tokens, do not provide incentives for excessive risk taking and are aligned with the long-term interests of those issuers across the European Union, it is necessary to specify the main aspects of the remuneration policies to be applied by such issuers by taking into consideration and adapting the ones already existing under other sectoral legislations for entities acting on the financial market.
- (5) To ensure that the remuneration framework provides no incentives to lower risk standards, specific requirements for the variable remuneration of staff in control functions should be set to ensure that they are remunerated mainly based on control objectives while the remuneration policies for all staff, including marketing or sales staff should provide no incentives for a preferential treatment of clients or counterparts.
- (6) In addition to the determination of an appropriate maximum ratio between variable and fixed remuneration, it is appropriate for issuers of significant asset-referenced tokens or electronic money tokens, to impose additional requirements to align the variable remuneration of staff that has a material impact on the risk profile of the issuers of asset-referenced tokens or e-money tokens within the scope of this Regulation or on the risk profile of the tokens they issue, so as to ensure that the variable remuneration is linked to the risk adjusted performance of the issuer, including by requiring the application of deferral arrangements, malus and claw back.
- (7) To ensure a proper risk alignment of the variable remuneration awarded in instruments, the instruments awarded should consist of shares, share-linked or equivalent instruments or the significant tokens issued.
- (8) Environmental, social and governance (ESG) factors, including the adverse impact on the climate stemming from energy use and carbon footprint associated with the underlying information technology infrastructures and consensus mechanisms algorithms, used for the validation of transactions in blockchain systems, are relevant for issuers of asset-referenced or e-money tokens within the scope of this Regulation. ESG factors can affect the risk profile of such issuers, its business model and the acceptance of their tokens. While climate and environmental factors are particularly relevant to the activities and services of such issuers, other types of ESG factors such as tax transparency, human rights, employment conditions and adequate management of risks related to money laundering and other financial crimes are also relevant factors. It is therefore necessary that issuers of asset-referenced tokens or e-money tokens within the scope of this Regulation ensure that their remuneration policies are consistent with ESG risk-related objectives and take into account ESG risks and their possible adverse impacts. In particular, the variable remuneration should be aligned to the ESG risk factors relevant for climate and other environmental impacts caused by the consensus and validation mechanisms used.
- (9) This Regulation is based on the draft regulatory technical standards developed by the European Supervisory Authority (European Banking Authority, EBA) in consultation with the European Securities Markets Authority and submitted by the EBA to the Commission.
- (10) EBA has conducted open public consultations on the draft regulatory technical standards on which this Regulation is based, analysed the potential related costs and benefits and requested the opinion of the Banking Stakeholder Group established in accordance with Article 37 of Regulation (EU) No 1093/2010 of the European Parliament and of the Council ⁽⁶⁾,

⁽⁶⁾ Regulation (EU) No 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision No 716/2009/EC and repealing Commission Decision 2009/78/EC (OJ L 331, 15.12.2010, p. 12, ELI: <http://data.europa.eu/eli/reg/2010/1093/oj>).

HAS ADOPTED THIS REGULATION:

Article 1

Scope of application

This Regulation applies to the following issuers of asset referenced tokens or e-money tokens:

- (a) issuers of significant asset-reference tokens;
- (b) electronic money institutions issuing significant e-money tokens;
- (c) issuers of asset-reference tokens that are not significant, where required by the competent authority under Article 35(4) of Regulation (EU) 2023/1114;
- (d) electronic money institutions issuing e-money tokens that are not significant, where required by the competent authority under Article 58(2) of Regulation (EU) 2023/1114.

Article 2

Definitions

For the purposes of this Regulation, the following definitions shall apply:

- (1) 'Staff' means all employees of an issuer of asset-referenced tokens or e-money tokens, and all members of such issuer's management bodies;
- (2) 'Senior management' means those natural persons who exercise executive functions within an issuer of asset-referenced tokens or e-money tokens and who are responsible and accountable to the management body, but are not members of that body, for the day-to-day management of the issuer under the direction of its management body;
- (3) 'Identified staff' means staff that has a material impact on the risk profile of the issuer of asset-referenced tokens or e-money tokens, or on the risk profile of significant asset-referenced or electronic-money tokens they issue;
- (4) 'Managerial responsibility' means a situation, in which a staff member either:
 - (a) leads a business unit, material business unit or a control function and is directly accountable to the management body as a whole or to a member of the management body or to the senior management; or
 - (b) carries out a function or a task laid down in Article 5(2), point (c);
- (5) 'Risk appetite' means the aggregate level and types of risk that an issuer of asset-referenced tokens or e-money token is willing to assume within its risk capacity, in line with its business model, to achieve its strategic objectives;
- (6) 'Business unit' means a business unit as defined in Article 142(1), point (3), of Regulation (EU) No 575/2013;
- (7) 'Material business unit' means a business unit as defined in Article 142(1), point (3), of Regulation (EU) No 575/2013 that is assessed by the issuer of asset-referenced tokens or e-money tokens as having a material impact on the issuer's business model or as representing a material source of revenue, profit or franchise value for an issuer;
- (8) 'Control function' means a function that is independent from the business units it controls and that is responsible for internal control procedures and includes the risk management, compliance and the internal audit functions;

- (9) 'Remuneration' means all forms of fixed and variable remuneration, including the following:
- (a) monetary or non-monetary payments and benefits, awarded directly to staff by or on behalf of issuers of asset-referenced tokens or e-money tokens in exchange for professional services provided by staff;
 - (b) carried interest payments within the meaning of Article 4(1), point (d), of Directive 2011/61/EU;
 - (c) other payments made via methods and vehicles which, if they were not considered as remuneration, would lead to a circumvention of the remuneration requirements set out in Regulation (EU) 2023/1114 and in this Regulation.

Article 3

Governance arrangements for remuneration policies

1. The management body of issuers of asset referenced tokens and e-money tokens shall carry out all the following tasks:
 - (a) approve and retain ultimate responsibility for the issuer's remuneration policy;
 - (b) approve any changes to the remuneration policy;
 - (c) seek advice from the remuneration committee where established by the issuer, on the issuer's remuneration policy.
2. Issuers of asset referenced tokens or e-money tokens shall ensure the following:
 - (a) the implementation of their remuneration policies is subject to a review for compliance with policies and procedures by control functions at least annually;
 - (b) the compliance function and the risk management function, where established, or staff entrusted with the performance of compliance procedures or risk management procedures, the internal audit function, where established, and human resources function provide effective input on the design of the remuneration policies;
 - (c) potential conflicts of interest caused by the pay-out in instruments as part of the variable or fixed remuneration are identified and appropriately mitigated.
3. The review referred to in point (a) of paragraph (2) may be outsourced to an external party.

Article 4

Remuneration policies for all staff

1. Issuers of asset referenced tokens or e-money tokens shall ensure that their remuneration policies for all staff meet the following criteria:
 - (a) they are consistent with the rights and interests of holders of tokens with a view to ensuring that holders are treated fairly and that their interests are not impaired by the remuneration practices adopted by the issuer;
 - (b) they are gender-neutral and based on the principle of equal pay for male and female staff for equal work or work of equal value within the meaning of Article 3(1), point (65), of Directive 2013/36/EU;
 - (c) they are consistent with the objectives of the business and risk strategy, including environmental, social and governance (ESG) risk-related objectives, corporate culture and values, risk culture and risk appetite;
 - (d) they ensure that the staff engaged in control functions are remunerated in accordance with the achievement of the objectives linked to their functions and independently of the performance of the business areas they control;

- (e) they are consistent with the management of ESG risks and provide for incentives for the control and limitation of ESG impacts caused by the issuer's business activities;
- (f) they do not create a conflict of interest or incentive that may lead staff members to favour their own interests or the issuer's interests to the potential detriment of any holder of significant tokens they issue;
- (g) they do not encourage risk-taking that exceeds the level of risk appetite of the issuer;
- (h) they are available to the staff concerned at all times;
- (i) they are transparent to all staff regarding the fixed remuneration, processes and criteria for setting the variable remuneration and the award criteria used;
- (j) they are clear, well documented, transparent, proportionate to the size, internal organisation and nature, as well as to the scope and complexity of the issuer's business activities.

Article 5

Identification of staff members

1. Issuers of asset referenced tokens or e-money tokens, shall identify all staff members that have a material impact on the risk profile of those issuers or on the risk profile of the tokens they issue, by applying at least the criteria set out in paragraphs 2 and 3.

2. A person shall be identified as a staff member referred to in paragraph 1 if it meets one or more of the following criteria:

- (a) they are members of the management body or senior management;
- (b) they have managerial responsibility over the issuer's control functions or material business units;
- (c) they have managerial responsibility for:
 - (i) management of at least one of the following risk categories: liquidity risk, operational risk, including legal risk and information and communication technology risk;
 - (ii) information and communication technology used for the processing of the tokens;
 - (iii) the prevention of money laundering and terrorist financing;
 - (iv) the management of reserve assets;
 - (v) the token issuance function;
 - (vi) managing outsourcing arrangements with third-party service providers supporting critical or important functions;
 - (vii) finance, including taxation and budgeting;
 - (viii) legal affairs;
 - (ix) the soundness of accounting policies and procedures;
 - (x) human resources;
 - (xi) the establishment or internal approval of white papers.

3. A person shall be considered a staff member referred to in paragraph 1 where its professional activities have a comparable impact on the issuers' risk profile or on the risk profile of the tokens they issue to that of the staff members specified in points (a) to (c) of paragraph 2.

*Article 6***Remuneration policies for identified staff members**

1. Issuers of asset referenced tokens or e-money tokens shall ensure that the remuneration policies for staff identified in accordance with Article 5 of this Regulation, taking into account national contract and labour law, make a clear distinction between the following two components of the total remuneration:

- (a) basic fixed remuneration, which shall primarily reflect relevant professional experience and organisational responsibility as set out in a staff member's job description as part of the terms of employment;
- (b) variable remuneration which shall reflect a sustainable and risk adjusted performance as well as performance in excess of that required to fulfil the staff member's job description as part of the terms of employment.

2. Issuers of asset referenced tokens or e-money tokens shall ensure that their remuneration policies for staff identified in accordance with Article 5 of this Regulation comply with the following requirements:

- (a) variable remuneration is linked to the assessment of the performance of the issuer, the business unit and the individual staff member concerned, and, when assessing performance, financial and non-financial criteria, including the management of ESG risks and control over adverse ESG impacts, are taken into account;
- (b) existence of an effective risk adjustment mechanism to integrate all relevant types of current and future risks;
- (c) absence of guaranteed variable remuneration other than for new staff only for the first year of employment;
- (d) remuneration packages relating to compensation or buy out from contracts in previous employment are aligned with the long-term interests of the issuer;
- (e) payments relating to the early termination of an employment contract reflect performance achieved over time by the individual staff member and do not reward failure or misconduct;
- (f) fixed and variable components of total remuneration are appropriately balanced, and the fixed component represents a sufficiently high proportion of the total remuneration to allow the operation of fully flexible policies on variable remuneration components, including the possibility of reducing the variable remuneration to zero;
- (g) appropriate maximum ratios are set between the variable and the fixed component of the total remuneration, taking into account the business activities of the issuer and associated risks, as well as the impact that different categories of staff referred to in Article 5 have on the risk profile of the issuers or on the risk profile of the tokens they issue;
- (h) variable remuneration for staff in control function is predominantly linked to control objectives and that the ratio between the variable and the fixed components of total remuneration for staff in control functions is set significantly lower compared to the ratio applicable to the business units they control;
- (i) at least 50 % of the variable remuneration consists of any of the following instruments:
 - (i) shares or equivalent ownership interests, subject to the legal structure of the issuer concerned;
 - (ii) share-linked instruments, subject to the legal structure of the issuer concerned;
 - (iii) Additional Tier 1 instruments which can be fully converted to Common Equity Tier 1 instruments or written down and which adequately reflect the credit quality of the issuer as a going concern;

- (iv) asset-referenced tokens or e-money tokens issued by the issuer, unless the issuer is a credit institution, investment firm, UCITS management company or Alternative Investment Funds Managers (AIFM) and is required to pay out a part of the variable remuneration of staff in instruments in accordance with Article 94(1), point (l), of Directive 2013/36/EU, Article 32(1), point (j), of Directive (EU) 2019/2034 or Article 14b(1)(m) of Directive 2009/65/EC or paragraph 1(m) of Annex II to Directive 2011/61/EU;
- (v) other instruments that may be used for the pay-out of variable remuneration by the issuer, if the issuer is authorised in accordance with a Union legal act that requires the issuer to pay out parts of the variable remuneration in such other instruments;
- (j) specific criteria are set for the application of malus and clawback on variable remuneration, which shall in particular cover situations where the staff member concerned:
 - (i) participated in or was responsible for conduct which resulted in significant losses for the issuer, as defined in the issuer's remuneration policy;
 - (ii) failed to meet appropriate standards of fitness and propriety;
- (k) at least 40 % of the variable remuneration awarded to identified staff is deferred for a period of at least 3 to 5 years, depending on the business cycle of the issuer, the nature of its business, its risks and the activities of the individual staff member concerned, except in the case of variable remuneration of a particularly high amount where the proportion of the variable remuneration deferred is at least 60 %;
- (l) the deferred portion of the variable remuneration referred to in point (k) does not vest sooner than 12 months after the start of the deferral period and does vest no faster than on a pro-rata basis;
- (m) no interest or dividend on instruments which have been awarded as variable remuneration under deferral arrangements is paid to identified staff for periods before the instrument has vested;
- (n) the variable remuneration is awarded and vests only if it is sustainable according to the financial situation of the issuer as a whole and justified on the basis of the performance of the issuer, of the business unit and of the staff member concerned;
- (o) no obligation is created to pay variable remuneration during the period when the issuer failed to meet prudential requirements set out in accordance with Article 67 of Regulation (EU) 2023/1114.

3. The requirement in paragraph 2, point (i) shall apply to the deferred and the non-deferred part of variable remuneration. Where the issuer of asset referenced tokens or e-money tokens pays out a higher portion than 50 % of the deferred part of variable remuneration in instruments referred to in paragraph 2, point (i) it may pay out a lower portion than 50 % of the non-deferred part of variable remuneration in instruments referred to in paragraph 2, point (i), as long as in total the requirement for the pay out of variable remuneration in instruments of at least 50 % is met.

4. Paragraph 2, points (i) and (k), shall not apply to an individual staff member whose annual variable remuneration does not exceed EUR 50 000 and does not represent more than one fourth of that individual staff member's total annual remuneration.

*Article 7***Entry into force**

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 16 December 2024.

For the Commission
The President
Ursula VON DER LEYEN
