

# Summary of Remuneration policy LYNX 2020

## 1. Scope of the remuneration policy

LYNX B.V. (LYNX) is licenced as an investment firm pursuant to which it is permitted to provide execution-only investment services. The remuneration policy of LYNX applies to all persons working under the responsibility of LYNX, its branches and its full subsidiary Traders Only B.V., which qualifies as a financial institution within the meaning of the Financial Supervision Act (Wft). The remuneration policy is formulated and coordinated centrally and forms a part of LYNX's personnel policy.

With respect to "Identified Staff", which term is referred to within the LYNX remuneration policy, additional requirements apply with respect to their variable remuneration. Identified staff can be described by the following categories of employees whose professional activities can materially influence the risk profile of LYNX because they have influence on LYNX's policies and/or risks:

- Board members (day-to-day decisionmakers);
- C-level managers;
- (branch) Managers of the branch offices;
- Control functions (Compliance, Internal Control);
- Any employee whose total remuneration places him/her at the same remuneration level as an employee in one of the four categories mentioned above.

## 2. Legal and supervisory framework

The remuneration policy of LYNX has been drawn up with due observance of the requirements that apply to (variable) remuneration within investment firms as included in the Remuneration Policy Act for financial enterprises (Wbfo). This law was implemented in the Wft from 7 February 2015 on. The Regulation on Sound Remuneration Policies under the Wft 2017 also applies and is therefore included in the remuneration policy. If changes to applicable mandatory laws and regulations occur, the LYNX remuneration policy will be amended in accordance with these changes.

## 3. Governance & decision making

The management of LYNX has last determined the remuneration policy on the 31<sup>st</sup> of December 2020. The remuneration policy is reviewed annually by the Compliance position. The management of LYNX is responsible for the adherence, monitoring and application of the remuneration policy.

Given its limited size and complexity, LYNX has not set up a formal remuneration committee and relies upon proportionality in this context. Neither is there a Supervisory Board.

The application of the LYNX remuneration policy is subject to a central and independent internal assessment by the Compliance position at least once a year. The Compliance position is the internal supervisor of the remuneration policy. In addition, the Compliance position tests at least annually whether the remuneration policy needs to be revised in view of the applicable laws and regulations and the interest of LYNX's customers as well as other stakeholders.

This involves testing whether the existing remuneration can encourage undesirable behaviour and how the remuneration policy provides for appropriate measures. If necessary, the assessment can be done more than once. The control functions within LYNX exert an appropriate influence on the remuneration policy. The control functions work together on the design, adjustment and implementation of the remuneration policy. In this context, regular consultation takes place with the management. For this, an annual process has been set up involving both the management and the HR department. The control functions and management periodically discuss material retention, exit and welcome packages for LYNX employees and ensure that these fit within the LYNX remuneration policy and are not excessive. The HR department is responsible for coordinating the activities arising from the remuneration policy, including coordinating operational implementation.

#### 4. Goal and principle of the LYNX remuneration policy

The following general principles are leading in the context of the LYNX remuneration policy:

- There are no CAO agreements for the management and employees of LYNX;
- LYNX has a discretionary authority when granting variable remunerations;
- Performance is remunerated based on specific and measurable performance criteria, with the focus lying on customer satisfaction, output and results;
- Remunerating happens consistently and equitably. LYNX has a salary house on the basis of which the remuneration of employees is scaled. LYNX bench markets its salary house on a periodic basis by an independent party;
- The salary policy enables LYNX to attract, motivate and retain the right employees with the required qualities;
- The remuneration policy promotes the integrity of LYNX in the short and long term and is in line with its core values;
- LYNX focuses on customer satisfaction and the avoidance of conflicts of interest;

The following regulatory principles are leading in the context of the LYNX remuneration policy. A number of these principles only apply to Identified Staff. Where this is the case, this is indicated.

- The LYNX remuneration policy does not contain any incentives that detract from LYNX's obligation to devote itself to the legitimate interests of its customers and/or other stakeholders; nor do the (regulatory) due diligence;
- LYNX ensures that the total variable remuneration does not limit LYNX's possibilities to strengthen the regulatory capital, solvency margin or equity when necessary;
- *Controlled remuneration policy*: indicators for the performance of LYNX employees are based on both financial and non-financial criteria as well as quantitative and qualitative indicators and the variable remuneration is, for at least 50%, based on non-financial criteria. An assessment is made in advance regarding what the weighting of the indicators in the final assessment of the employee is;
- If a variable remuneration is awarded to Identified Staff, half of this is conditional and deferred and the other half unconditional<sup>1</sup>. The deferred part is paid out over a period of 3 years (always 1/3 part per year);
- *Prohibition on guaranteed variable remunerations*: guaranteed allocation of variable remuneration is not permitted, except when these take place for new LYNX employees at the start of employment (so called sign-on or welcome bonus) for a maximum of the first year. Such cases will be submitted to the Compliance function for testing in advance in order to determine whether the granting of this can lead to an increased risk profile, at all times in accordance with the applicable laws and regulations;
- *Maximum severance payment*: severance payments of Identified Staff are related to the performance achieved over time and are structured in such a way that failure is not rewarded. LYNX does not correspond with contractual termination fees for Identified Staff. The amount of a possible severance payment will furthermore not be higher than the amount on the basis of the applicable existing laws and regulations in this regard;
- *Recovery and adjustment of variable remuneration*: the management of LYNX has the authority to adjust conditional variable remunerations that were awarded to Identified Staff to an appropriate level if payment of the variable remuneration, in accordance to the standards of reasonableness and fairness, would be unacceptable. The variable remuneration of employees is subject to a malus arrangement. Variable remuneration already paid to employees can be reclaimed on the basis of the clawback scheme;
- Identified Staff may not make use of personal hedging strategies or a structure linked to the remuneration to undermine the risk management effects that are embedded in the

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<sup>1</sup> See the latest bullet point, LYNX only awards remunerations in the form of cash, as a result of which both the direct portion and the deferred portion will be paid out in cash. Distribution in the form of shares or comparable ownership interests is not considered possible by the board due to the associated disproportionate administrative burdens. LYNX therefore renounces this form of reward. Therefore, there is no question of a retention policy with regard to ownership interests.

remuneration scheme. LYNX does not use any method that undermines provisions in this remuneration policy.

- The variable remuneration of LYNX employees who work in the Netherlands amounts to a maximum of 20% of the fixed remuneration on an annual basis. An exception applies to employees who work abroad for more than 50% of the year and employees of the branches. For these employees, the variable remuneration does not exceed 100% of the fixed remuneration on an annual basis;
- A retention payment can only be granted if all applicable legal conditions are met;
- Within LYNX no use is made of discretionary pensions and non-financial benefits that are linked to performances of LYNX or performances of individual employees. LYNX carries out a market-based pension plan for its employees working in the Netherlands.
- At the final assessment based on the established indicators performances are corrected, whereby all relevant risks are taken into account;
- It is not permitted to make specific agreements with individual LYNX employees (for example in the employment contract or the personal objectives) with regard to receiving variable remuneration that deviates from the LYNX remuneration policy.

#### **5. Malus arrangement: recovery of an already awarded remuneration**

The management of LYNX has the authority to adjust the previously awarded variable remuneration in cash. The total variable remuneration is subject to malus arrangements. For this, the management applies the following assessment framework:

- the outcome of the ex-post risk analysis;
- proof of misconduct or material mistakes by an employee, such as behaviour that is in conflict with compliance or integrity;
- changes in laws and regulations that have an impact on the financial position of LYNX.

#### **6. Clawback agreement: recovery of an already paid out variable remuneration**

The management of LYNX has the authority to reclaim an variable remuneration that has already been paid out in whole or partly, insofar as:

- the payment took place on the basis of incorrect information about the achievement of the objectives where the variable remuneration is based on or circumstances on which the variable remuneration was made dependent on;
- it has been awarded and paid out on the basis of careless action by the (former) employee;
- it has been awarded and paid out as a result of fraudulent actions by the (former) employee;
- it has been awarded in conflict with the remuneration policy, the Wft and The Regulation on Sound Remuneration Policies under the Wft 2017.

#### **7. Remuneration of 1 million Euros**

Within LYNX, no employees are employed with a total annual remuneration of 1 million Euros or more.

#### **8. Variable remuneration paid out in 2020**

In 2020, a Corona compensation of EUR 500 was paid to all employed employees of LYNX (including all branches). In addition, given the exceptional market conditions that have occurred during 2020, a 14th month's salary was paid to all employees of LYNX. These amounts were calculated pro rata and therefore paid out based on the number of working days of an employee. A limited number of senior employees were paid a retention fee of up to 1-2 months' salary to retain these employees for the organisation. As included in LYNX's certified financial statements for 2020, a total amount of EUR 764,000 was paid out in the aforementioned three allowances.