



EBA starts delivering on the implementation of the new regulatory framework for investments firms

04 June 2020

- *The EBA is strongly committed to implementing the Investment Firms Regulation and Investment Firms Directive (IFR/IFD) where it plays a significant role;*
- *The EBA will ensure a proportionate implementation of this new framework to take account of the different classes of investments firms.*
- *The EBA will deliver on its IFR/IFD mandates following a four-phased approach running from 2020 to 2025.*

The European Banking Authority (EBA) outlined today its roadmap for the implementation of the new regulatory framework for investment firms and launched a public consultation on its first set of regulatory deliverables on prudential, reporting, disclosures and remuneration requirements. The roadmap outlines the EBA's work plan for each of the mandates laid down in the IFR/IFD and clarifies the sequencing and rationale behind their prioritisation. Through these mandates, the EBA will contribute to the implementation of a regulatory framework that is calibrated to the size and nature of investment firms. This will strengthen supervision, which will rely more directly on the risks faced by the clients and the investment firms themselves. The consultations launched today run until 4 September 2020.

The first consultation paper on **prudential requirements** includes three draft Regulatory Technical Standards (RTS) on the reclassification of certain investment firms to credit institutions, five draft RTS on capital requirements for investment firms at solo level, and one draft RTS on the scope and methods of prudential consolidation for investment firms at group level.

The second consultation paper on **reporting requirements and disclosures**, includes draft Implementing Technical Standards (ITS) on the levels of capital, concentration risk, liquidity, the level of activities as well as disclosure of own funds; and draft RTS specifying the information that investment firms have to provide in order to enable the monitoring of the thresholds that determine whether an investment firm has to apply for authorisation as credit institution.

The third and fourth consultation papers on **remuneration requirements** include one draft RTS on the criteria to identify all categories of staff whose professional activities have a material impact on the firm's risk profile or assets it manages ('risk takers'); and one draft RTS specifying the classes of instruments that adequately reflect the credit quality of the investment firm as a going concern and possible alternative arrangements that are appropriate to be used for the purposes of variable remuneration of risk takers.

When developing these RTS and ITS, the EBA has considered the proportionality principle so as to take into account the specificities of the different classes of investment firms.

Finally, to assess the impact of the provisions proposed in the regulatory deliverables, the EBA also launched a data collection exercise on a voluntary basis.

Consultation process

Comments to these consultations can be sent to the EBA by clicking on the 'send your comments' button on the consultation page. Please note that the deadline for the submission of comments is 4 September 2020.

All contributions received will be published following the closure of the consultation, unless specifically requested otherwise.

The EBA will hold a public hearing, which will take place via conference call on the following dates:

- 30 June 2020, from 11:00 to 13:00 CET, for the consultation paper on the classification of investment firms as credit institutions and capital requirements;
- 30 June 2020 from 14:00 to 16:00 CET for the consultation papers on supervisory reporting and disclosure and variable remuneration requirements.

The dial in details will be communicated in due course.

Legal basis and background

The EBA has developed these draft RTS and ITS according to Article 8a(6)(a), Article 8a(6)(b) of the CRD and in Article 7(5), Article 13(4), Article 15(5)(a), Article 15(5)(b), Article 15(5)(c), Article 23(3), Article 49, Article 54, Article 55(5) of the Regulation (EU) 2019/2033 and Article 5(6), Article 30(4), Article 32(1)(j) of the Directive (EU) 2019/2034, which mandate the Authority to further specify, develop, determine a prudential framework for investment firms to ensure a level playing field among investment firms across the EU and supervisory convergence.

The Investment Firms Prudential Package consists of the Directive (EU) 2019/2034 and the Regulation (EU) 2019/2033, which were published in the Official Journal on 5 December 2019 and represents a new prudential framework for investment firms authorised under MIFID.

The mandates allocated to the EBA includes 18 draft RTS, 3 draft ITS, 6 sets of guidelines, 2 reports, the requirement for the EBA to maintain a list of capital instruments and a database of administrative sanctions, and a number of notifications in various areas.

DOCUMENTS

- › CP on draft RTS prudential requirements for investment firms
- › CP on draft ITS on reporting and disclosures for investment firms
- › CP on draft RTS on instruments for investment firms remuneration
- › CP on draft RTS on pay out in instruments for variable remuneration under IFD
- › EBA Roadmap on Investment Firms

LINKS

- › Regulatory Technical Standards on prudential requirements for investment firms
- › Technical Standards on reporting and disclosures requirements for investment firms
- › Regulatory Technical Standards on pay out in instruments for variable remuneration under the Investment Firms Directive (IFD)
- › Regulatory Technical Standards on the criteria to identify material risk takers under the Investment Firms Directive (IFD)
- › Public hearing
- › Public hearing

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