



Consultation paper on the draft RTS on the reclassification of investment firms as credit institutions in accordance with Article 8a(6)(b) of Directive 2013/36/EU
(Consultation Paper EBA/CP/2021/23)

Public hearing, EBA

23 June 2021, Paris

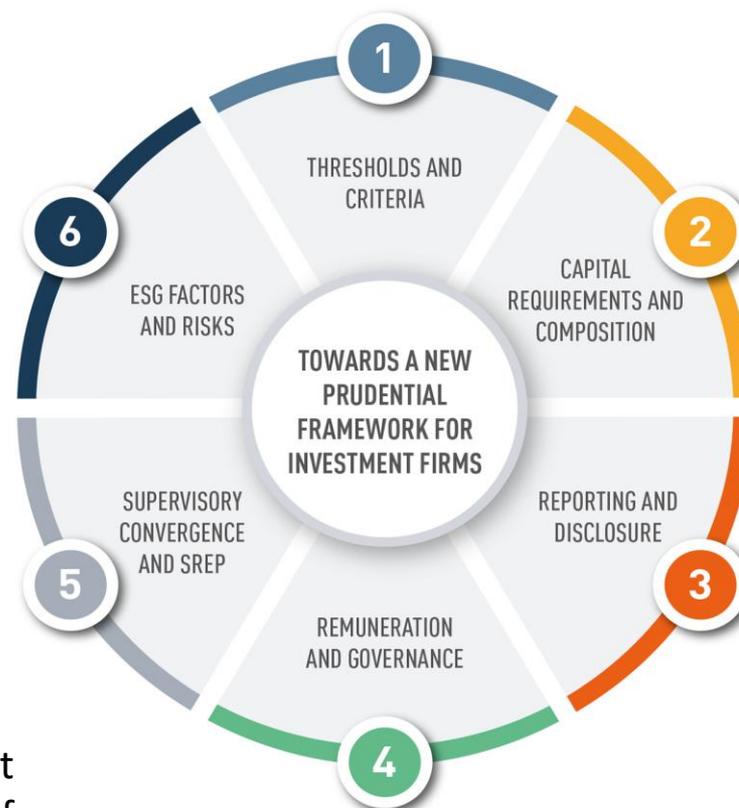
Content



1. New prudential framework for investment firms
2. Consultation paper on the reclassification of investment firms as credit institutions
3. Q&As

Background information - Roadmap on Investment firms

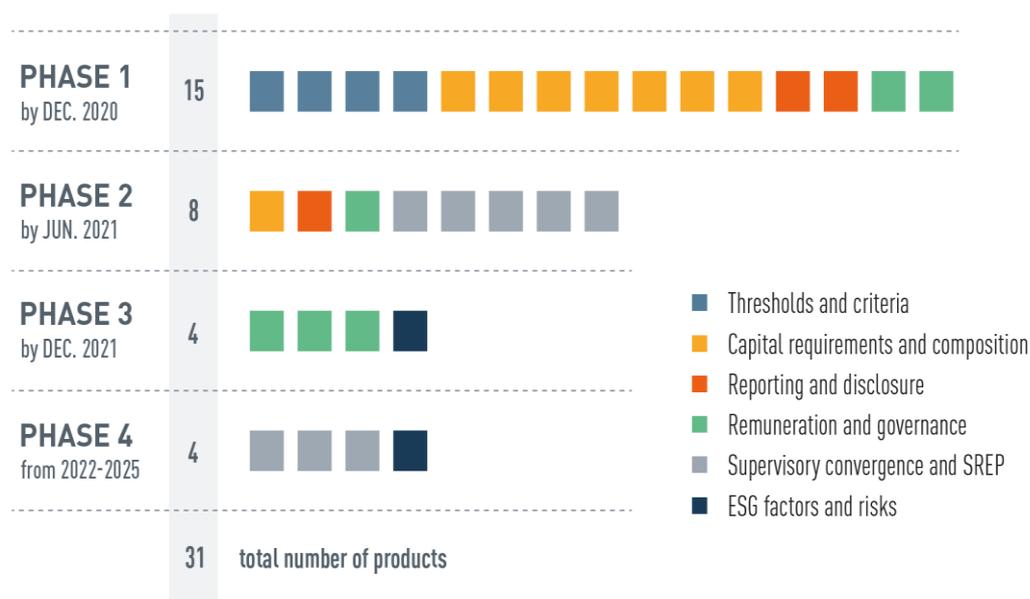
- On 4 June 2020 the EBA published the **Roadmap** on Investment firms which outlines all mandates under the IFR/IFD framework ([link to IF-Roadmap](#))
- Mandates are grouped in **six thematic areas**
- The mandates include:
 - 18 RTS, 3 ITS, 6 sets of guidelines, 2 reports
 - 2 mandates are related to ESG aspects
 - the requirement for the EBA to maintain a list of capital instruments and a database of administrative sanctions



Four phase approach for delivering the EBA mandates

- Mandates will be implemented through a **four**-phase approach:

- Phases are divided according to:
 - IFR/IFD deadlines
 - an area of mandates



- For mandates in **Phase 1 related to the prudential requirements in the IFD/IFR framework**, the EBA has published a **consultation paper on 4 June 2020**, dealing with all the capital requirements and composition mandates.
- This Public Hearing is part of the **second public consultation** on one of the regulatory products in the first CP: **the draft RTS on the reclassification of investment firms as credit institutions in accordance with Article 8a(6)(b) of Directive 2013/36/EU**

Public consultation



- The EBA published this Consultation Paper on 7 June 2021
- Public consultation ends on **17 July 2021**
- Responses only via EBA webpage (click on ‘Send your comments’, [link](#))
- Respond to the questions with clear rationale, describe alternatives and provide evidence to support your view.
- Indicate if your response can be disclosed or should be confidential
- ✗ **Late submissions** will not be accepted
- These slides will be available at EBA website > Regulation and policy > Investment Firms
- The EBA will submit the final draft ITS to the European Commission by Q4 2021

RTS on the methodology for calculating the EUR 30bn threshold required to apply for authorisation as a credit institution (CI)

- **Article 62(6) of the IFD: introduction of Article 8a of the CRD**
 - 'Article 8a. Specific requirements for authorisation of credit institutions referred to in point (1)(b) of Article 4(1) of Regulation (EU) No 575/2013'
'EBA shall develop draft regulatory technical standards to specify: ... (b) the methodology for calculating the thresholds referred to in paragraph 1.'

- **Outcome of the first Public Consultation**
 - Among other specific points made (non-confidential replies are published [here](#)), one element came across as common to respondents – **concerns with regards the level-playing field** based on geographical constraints
 - With a view to ensuring a more proportionate and consistent methodology for the calculation of the threshold, the **EBA has amended the RTS to no longer hold geographical constraints**
 - Thus, a series of amendments have been brought to the RTS to **streamline the legal text** based on the amended scope, but **policy considerations regarding the methodology have remained unchanged**

RTS on the methodology for calculating the EUR 30bn threshold required to apply for authorisation as a CI



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CHAPTER 1 Scope and definitions	<ul style="list-style-type: none"> •Article 1: Subject matter and scope •Article 2: Definitions 	CHAPTER 1 Scope and definitions	<ul style="list-style-type: none"> •Article 1: Subject matter and scope •Article 2: Definitions
CHAPTER 2 Accounting standards and relevant exchange rate	<ul style="list-style-type: none"> •Article 3: Accounting standards and audited figures •Article 4: Relevant exchange rate 	CHAPTER 2 Accounting standards and relevant exchange rate	<ul style="list-style-type: none"> •Article 3: Accounting standards and audited figures •Article 4: Relevant exchange rate
CHAPTER 3 Branches of third country groups	<ul style="list-style-type: none"> •Article 5: Activities of branches of third country groups •Article 6: Criteria to measure the total value of assets of branches of third country groups 		
CHAPTER 4 Definition of assets, scope of undertakings for the calculation of the threshold for the group test and calculation of the value of assets	<ul style="list-style-type: none"> •Article 7: Calculation of total assets - Article 8a(1)(1) of CRD •Article 8: Scope of undertakings for the calculation of the threshold •Article 9: Calculation of consolidated assets - Article 8a(1)(1) of CRD •Article 10: Calculation of combined assets of third country groups •Article 11: Average of monthly total assets criterion 	CHAPTER 3 Calculation of the value of assets for determining the EUR 30 billion threshold	<ul style="list-style-type: none"> •Article 5: Calculation of total assets in accordance with Article 8a(1)(a) of Directive 2013/36/EU •Article 6: Calculation of the total value of consolidated assets in accordance with Article 8a(1)(b) of Directive 2013/36/EU •Article 7: Calculation of combined assets of third country groups •Article 8: Average of monthly total assets calculation

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RTS on the methodology for calculating the EUR 30bn threshold required to be authorised as a credit institution



- Key provisions for the amended RTS on the methodology for calculating the EUR 30bn threshold
 - Distinction between **calculating undertaking** (i.e. relevant undertaking which is authorised in the EU) and **undertaking included in the calculation** (i.e. relevant undertaking whose total individual assets are in the scope of the calculation):
 - Calculating undertaking must be domiciled in the EU;
 - Undertaking included in the calculation can be domiciled anywhere.
 - Hierarchical approach in the definition of assets with regards to accounting standards (IFRS, one EU MS nGAAP, local GAAP + adjustments to IFRS or one EU MS nGAAP)
 - Solo test:
 - Who: all relevant undertakings which have already obtained an authorisation pursuant to Title II of Directive 2014/65/EU
 - What: total individual assets; if >EUR 30bn and part of a group => subtraction of all intragroup exposures
 - Group test:
 - Who: relevant undertakings which have already obtained an authorisation pursuant to Title II of Directive 2014/65/EU and have total individual assets < EUR 30bn or undertakings in line with Article 5(6) of the draft RTS
 - What: summation of total individual assets of undertakings in the scope of the group test after subtracting the intragroup exposures between all these undertakings only
 - Calculation of combined assets

Thank you!

If you have a question,
please raise your hand.



10 years



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