

Circular to the investment services industry on the definition of 'significant' for the purposes of the CRD IV Package

Reference is made to the Consultation Document issued by the Authority on the 30 June 2014 in relation to the proposed rules for the categorisation of investment firms as 'significant' and to the circular of the 3 October 2014, which introduced the new SLCs applicable to a 'Significant Licence Holder'.

The Authority has considered in more detail its position on the determination of Investment Services Licence Holders as 'significant' and it has decided to apply the following revision to SLC 1.55 of Part B I of the Investment Services Rules for Investment Services Providers:

1.55 For the purpose of SLCs 1.34¹, 1.38² and 1.46³, a Licence Holder is considered significant in terms of size, internal organisation and the nature, the scope and the complexity of its Investment Services and activities, if it meets ~~all, at any time, one or more~~ of the following conditions:

- a. its total balance sheet assets exceed **EUR 43 million**;*
- b. the annual turnover relating to its investment services activities exceeds **EUR 50 million**;*
- c. the clients' money that it holds or controls exceeds **EUR 100 million**; and*
- d. the assets belonging to its clients that it holds or controls in the course of, or connected with its investment services activities exceeds **EUR 3 billion**.*

The above change is being implemented to achieve more flexibility in the classification of Investment Services Licence Holders as 'significant'.

Further to feedback received from the financial services industry, the Authority is also issuing a clarification to the Investment Services Rules that the relevant SLCs applicable to a 'Significant Licence Holder' do not apply to Credit Institutions that provide investment services. In this regard, the following sentence is being added to the relevant section of the Investment Services Rules.

This section (SLC1.55 to SLC 1.58) of these Rules shall not apply to credit institutions which are also Licence Holders.

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Accordingly, in the case of credit institutions, the guidance issued by the Banking Supervision Unit on the 30 June 2014 relating to the applicability of 'significant' is applicable.

Contacts:

Any queries in relation to the above should be addressed to the Securities and Markets Supervision Unit on su@mfsa.com.mt.

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