

10 July 2020

European Banking Authority Consultation Papers on the new Investment Firms Framework

Introduction

On [06 February 2020](#) the MFSA issued a circular to inform the industry about the changes in prudential regulation of investment firms. As of 26 June 2021, non-bank and the majority of the local investment firms will largely no longer be subject to the Capital Requirements Regulation and Directive, but to the Investment Firms [Regulation](#) [(EU) 2019/2033] and [Directive](#) [(EU)2019/2034] (“the IFR Package”).

The European Banking Authority (the “EBA”) has issued four Consultation Papers on Technical Standards that will be implementing the IFR Package. The Malta Financial Services Authority (the “MFSA” or the “Authority”) strongly expects the industry to familiarize itself with these technical standards and recommends that the industry contributes to the EBA Consultation process as explained below.

The Consultation Papers

There are four consultation papers, as briefly described and linked in the upcoming paragraphs. All necessary information is provided by the EBA in each link and relevant documents.

1. [Consultation Paper on Draft Regulatory Technical Standards related to implementation of a new prudential regime for investment firms](#)

This Consultation Paper is further subdivided in three parts:

- a. The reclassification of investment firms as credit institutions under Article 8a (6) of Directive 2013/36/EU.
 - b. The prudential requirements for investment firms under Articles 7(5), 9(4), 13(4), point (a) to (c) of Article 15(5) and Article 23(3) of Regulation (EU) 2019/2033.
 - c. The prudential requirements for investment firms under Article 5(6) of Directive (EU) 2019/2034.
2. [Consultation Paper on Draft Implementing Technical Standards on reporting requirements for investment firms under Article 54\(3\) and on disclosures requirements under Article 49\(2\) of Regulation \(EU\) 2019/2033](#)
 3. [Consultation Paper on Draft RTS on 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 the purposes of variable remuneration](#)

4. [Consultation Paper on Draft Regulatory Technical Standards on criteria to identify categories of staff whose professional activities have a material impact on an investment firm's risk profile or assets it manages](#)

Feedback by licence holders is to be submitted directly to the EBA through the "Send your comments" button in the EBA webpages by 04 September 2020.

Conclusion

The MFSA would like to remind the industry that answering the EBA Consultation Papers and thoroughly reviewing the Investment Firms Framework are in the interest of the Licence Holder to ensure that any issues or clarifications are addressed before the Technical Standards are finalised.

Should you have any queries do not hesitate to contact the Investment Firms Team within the Securities and Markets Supervision function on investmentfirms@mfsa.mt.