



**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

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

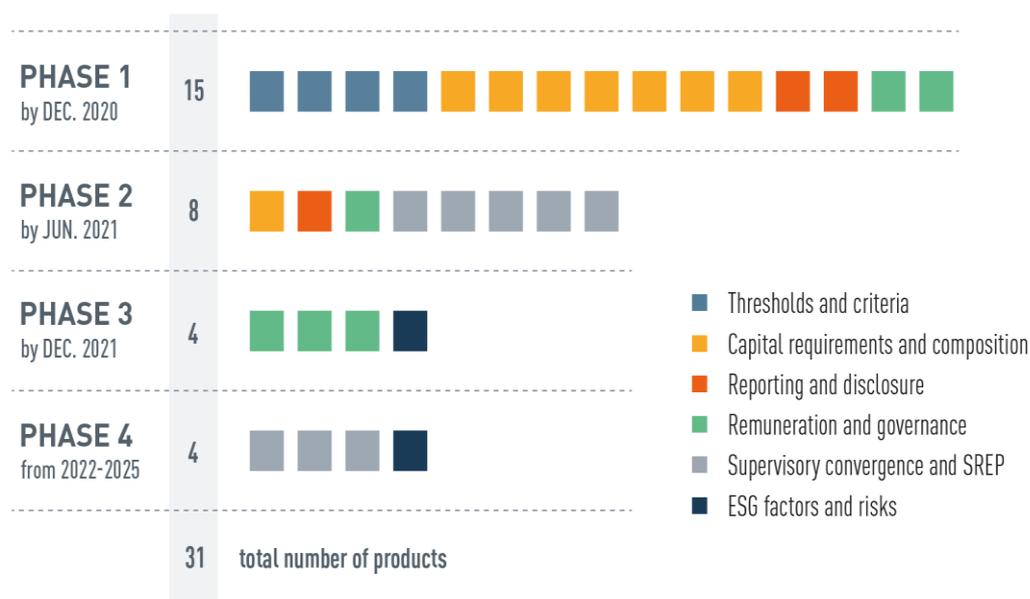
- On 4 June 2020 the EBA published the **Roadmap** on Investment firms which outlines all mandates under the IFR/IFD framework ([link to IF-Roadmap](#))
- Mandates are grouped in **six thematic areas**
- The mandates include:
  - 18 RTS, 3 ITS, 6 sets of guidelines, 2 reports
  - 2 mandates are related 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<br>Scope and definitions  | <ul style="list-style-type: none"> <li>•Article 1: Subject matter and scope</li> <li>•Article 2: Definitions</li> </ul>  | CHAPTER 1<br>Scope and definitions   | <ul style="list-style-type: none"> <li>•Article 1: Subject matter and scope</li> <li>•Article 2: Definitions</li> </ul>   |
| CHAPTER 2<br>Accounting standards and relevant exchange rate  | <ul style="list-style-type: none"> <li>•Article 3: Accounting standards and audited figures</li> <li>•Article 4: Relevant exchange rate</li> </ul>   | CHAPTER 2<br>Accounting standards and relevant exchange rate                                 | <ul style="list-style-type: none"> <li>•Article 3: Accounting standards and audited figures</li> <li>•Article 4: Relevant exchange rate</li> </ul>  |
| CHAPTER 3<br>Branches of third country groups   | <ul style="list-style-type: none"> <li>•Article 5: Activities of branches of third country groups</li> <li>•Article 6: Criteria to measure the total value of assets of branches of third country groups</li> </ul>  |  |   |
| CHAPTER 4<br>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"> <li>•Article 7: Calculation of total assets - Article 8a(1)(1) of CRD</li> <li>•Article 8: Scope of undertakings for the calculation of the threshold</li> <li>•Article 9: Calculation of consolidated assets - Article 8a(1)(1) of CRD</li> <li>•Article 10: Calculation of combined assets of third country groups</li> <li>•Article 11: Average of monthly total assets criterion</li> </ul> | CHAPTER 3<br>Calculation of the value of assets for determining the EUR 30 billion threshold | <ul style="list-style-type: none"> <li>•Article 5: Calculation of total assets in accordance with Article 8a(1)(a) of Directive 2013/36/EU</li> <li>•Article 6: Calculation of the total value of consolidated assets in accordance with Article 8a(1)(b) of Directive 2013/36/EU</li> <li>•Article 7: Calculation of combined assets of third country groups</li> <li>•Article 8: Average of monthly total assets calculation</li> </ul> |

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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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