Rules for investment firms must be more proportionate and risk-sensitive, say S&Ds

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Communiqué de presse du groupe S&D

The S&D MEPs today in the economic and monetary affairs committee back two reports on prudential requirements and supervision of investment firms. The review adopted introduces rules for investment firms that are more proportionate and sensitive to their risks. Until today, the vast majority of investment firms were subject to requirements designed for banks. Under the new rules, only large and systemic investment firms would be subject to the same rules as European banks.

S&D Group negotiator on the investment firms review, Mady Delvaux MEP, said:

“Today’s vote is important for investment firms and the European financial system as a whole. Despite multiple efforts from right-wing MEPs to weaken the requirements, Socialists and Democrats fought for a more prudent approach. We managed to include provisions on remuneration, reporting, prudential requirements and country-by-country reporting (CBCR) and therefore achieved a good and comprehensive package deal that sets out prudential requirements for investment firms in the EU.”

“Under these proposals, remuneration will reflect the long-term effects of investment decisions and will be gender-neutral. In addition, firms will have to disclose information about environmental, social and governance risks. Overall, we succeeded to establish adequate prudential requirements for investment firms that are transparent and applicable to all firms in the EU.”

S&D Group spokesperson on economic and monetary affairs, Pervenche Berès MEP, added:

“Today, we achieved that tighter controls on investment firms are put in place to ensure more transparency.Nevertheless, important issues regarding equivalence and the third country regime for these firms need to be further strengthened. In view of Brexit, we need to ensure that there will be an enhanced equivalence model for investment firms in place, which will require non-equivalent third country firms to establish a branch in the EU and harmonise the treatment of branches of third country credit institutions. Third country groups, which are composed only of investment firms, will also have to establish an Intermediate Parent Undertaking (IPU).”