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## **EUROPE'S LEADING TRADING FIRMS RESPOND TO EUROPEAN COMMISSION PROPOSALS FOR A NEW PRUDENTIAL REGIME FOR INVESTMENT FIRMS**

Piebe Teeboom, Secretary General of FIA EPTA, representing 30 independent proprietary trading investment firms operating in Europe, said:

"We fully support the introduction of new capital rules which help build prosperity through encouraging innovation and diversity in Europe's financial markets. This means a regime which understands the business models of non-systemic investment firms, accurately reflects their risk profile and treats them proportionately.

"While the proposed governance and remuneration rules do indeed reflect these considerations, this is unfortunately not the case for own-funds requirements.

"By simply adopting the EBA's recommendations on own-funds, which ignore the Capital Markets Union objectives underpinning the investment firm review, the Commission is flying in the face of proportionate regulation and risks damaging the liquidity, diversity, competitiveness and robustness of European markets.

"Today's proposal puts onerous prudential requirements on independent proprietary trading investment firms, regardless of the size, nature or complexity of their business. The proposal is also inconsistent. While it suggests a more proportionate methodology for calculating capital requirements it does not, in practice, allow firms to use this methodology.

"The impact of this will hurt businesses and individuals, ultimately harming European citizens whose pensions and other assets depend on the EU's capital markets working well.

"We urge legislators to closely scrutinise the proposals in light of these concerns and to consider more proportionate approaches which do not jeopardise the quality of the markets to the detriment of companies and end-investors."

### **Notes:**

Over the past three years, FIA EPTA has been very involved in the process leading up to today's proposal. You can find our most recent position paper [here](#) and our extensive comments on the EBA's proposals on the Prudential Regime for Investment Firms [here](#).

### **About FIA EPTA**

*FIA EPTA is comprised of 30 principal trading firms (PTFs) which deal on own account in a wide range of financial instruments traded on trading venues across Europe. PTFs play a key role in the modern financial ecosystem, bridging gaps in supply and demand between market participants and facilitating price discovery, especially at times when markets are volatile. Collectively, FIA EPTA members are an important source of liquidity for trading venues and end-investors, allowing those who use the capital markets (whether to invest or to manage their business risks), to buy or sell financial instruments efficiently and at low cost. FIA EPTA's mission is to support transparent, robust and safe markets with a level playing field for all market participants.*