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EUROPE'S LEADING TRADING FIRMS RESPOND TO POLITICAL AGREEMENT ON A NEW PRUDENTIAL REGIME FOR INVESTMENT FIRMS

Piebe Teeboom, Secretary-General of FIA EPTA, the association representing the leading principal trading firms in Europe, welcomed yesterday's political agreement between the European Parliament and the Council on the Investment Firm Review (IFR/IFD) -- but stressed the importance of implementing the new regime in a proportionate way for Europe's capital markets to be able to further develop and grow.

"As market makers and liquidity providers, FIA EPTA members play a valuable role in European financial markets, enabling asset managers, pension funds and other investors to efficiently achieve their investment goals. Trading their own capital, at their own risk, FIA EPTA members provide transparency, choice and competitive pricing, plus stability and liquidity in times of market stress, which collectively improves Europe's financial markets and makes them safer, stronger and better."

He added: "All this relies on sound and, crucially, proportionate prudential regulation which recognises that principal trading firms do not undertake bank-like activities and are an important source of liquidity, which is key for open and vibrant capital markets in Europe.

"We welcome that the new prudential framework for investment firms acknowledges that principal trading firms are different from traditional banks and that it establishes a new regime reflecting this difference. FIA EPTA remains concerned, however, that the regulation at the same time still keeps the possibility open to scope some principal trading firms under the existing banking regime.

"We continue to support the long-term objectives of the Investment Firm Review -- in short more simple, proportionate, and risk-based prudential rules -- and look forward to working with the European Banking Authority and the European Securities and Markets Authority to ensure a workable and proportionate regime which encourages, rather than discourages, firms to be active in Europe."

Notes:

FIA European Principal Traders Association (FIA EPTA) represents 28 independent European Principal Trading Firms (PTFs) which deal on own account, using their own money for their own risk, to provide liquidity and immediate risk-transfer in exchange-traded and centrally-cleared markets. As market makers and liquidity providers our members contribute to efficient, resilient, and high-quality secondary markets that serve the investment and risk management needs of end-investors and corporations throughout the EU.

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