



PRESS RELEASE

ECB takes over supervision of systemic investment firms

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- › Systemic investment firms must ask for banking licence, become subject to banking supervision
- › Requirement applies to investment firms with bank-like risks and over €30 billion assets

The European Central Bank (ECB) will supervise the largest and most systemic investment firms under new European Union (EU) legislation, which applies as of 26 June 2021. These investment firms must apply for a banking licence and as a consequence will be supervised by the European Central Bank. The new legal framework aims to better address the specific activities and risks posed by investment firms, as explained in [› this Supervision Newsletter article](#) (Link to: http://www.ecb.europa.eu/press/publications/newsletter/2021/html/ssm.nl210519_3.en.html).

The investment firms that will become subject to European banking supervision are those that provide key market and investment banking services and are thus exposed, in a similar way to banks, to credit and market risk. More specifically, the EU legislation defines systemic investment firms as those that trade financial instruments on their own account or place financial instruments on a firm commitment basis and have total consolidated assets above €30 billion. Such investment firms are seen as holding important risks on their balance sheet. The EU legislation on investment firms comprises the Investment Firms Directive, which EU Member States have to transpose into national law, and the Investment Firms Regulation, which is directly applicable in all EU Member States as of 26 June 2021.

The first set of investment firms newly authorised as banks are expected to be added to the [› list of supervised banks](#) (Link to: <http://www.ecb.europa.eu/banking/list/html/index.en.html>) in the second half of 2021, thus becoming subject to European banking supervision.

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Notes

- › The new Investment Firms Regulation and Investment Firms Directive introduce a new framework for the supervision of investment firms. The largest and most systemic investment firms (referred to as Class 1 investment firms) must apply for a banking licence from the ECB and hence become subject to European banking supervision, under which significant banks will be directly supervised by the ECB. These firms were previously supervised by national market authorities.
- › The investment firms newly authorised as a credit institution and which meet the [› significance criteria](#) (Link to: <http://www.ecb.europa.eu/banking/list/criteria/html/index.en.html>) will be directly supervised by the ECB. Those classified as [› less significant](#) (Link to: <http://www.ecb.europa.eu/banking/lisi/html/index.en.html>) institutions will be directly supervised by national supervisors.

European Central Bank

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