



EUROPEAN COMMISSION

*Brussels, 28.06.2018
C(2018) 3981 final*

Dear President,

The Commission would like to thank the Senat for its Opinion on the proposal for a Directive of the European Parliament and of the Council on the prudential supervision for investment firms {COM(2017) 791 final} and the proposal for a Directive of the European Parliament and of the Council on the prudential requirements for investment firms {COM(2017) 790 final}.

These proposals form a comprehensive framework setting out revised and appropriate capital and other requirements for investment firms across the European Union. The requirements correspond to the business models and risks of investment firms in a proportionate way. In this respect, they help ensure suitable protection for their clients and safeguard financial stability against the risks incurred and posed by these firms. By establishing a robust and proportionate prudential framework for investment firms to conduct their activities and help channel investment flows in the single market, the two proposals form part of the Commission's actions to deepen capital markets in the Union. The proposals also strengthen the Banking Union by ensuring that the prudential requirements and supervision of systemic investment firms are aligned with those of credit institutions of similar size.

The Commission welcomes the conclusion of the Senat that the proposals respect the principle of subsidiarity. The Commission also acknowledges the opinion expressed by the Senat that systemic investment firms would not need to be classified as credit institutions in order to remain subject to the existing prudential framework. However, the Commission remains of the opinion that, where the conditions of the proposals are met, reclassification into credit institutions is the most effective means of ensuring a level playing field in the single market and an equivalent regulatory and supervisory treatment of systemic investment firms and credit institutions of comparable size and risk-profile.

*Mr Călin POPESCU-TĂRICEANU
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The Commission looks forward to continuing the political dialogue with the Senat in the future.

Yours faithfully,

*Frans Timmermans
First Vice-President*

*Valdis Dombrovskis
Vice-President*