

Directive (EU) 2019/2034 of the European Parliament and of the Council  
of 27 November 2019 on the prudential supervision of investment  
firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU,  
2013/36/EU, 2014/59/EU and 2014/65/EU (Text with EEA relevance)

TITLE I

**SUBJECT MATTER, SCOPE AND DEFINITIONS**

*Article 1*

**Subject matter**

This Directive lays down rules concerning:

- (a) the initial capital of investment firms;
- (b) supervisory powers and tools for the prudential supervision of investment firms by competent authorities;
- (c) the prudential supervision of investment firms by competent authorities in a manner that is consistent with the rules set out in Regulation (EU) 2019/2033;
- (d) publication requirements for competent authorities in the field of prudential regulation and supervision of investment firms.

*Article 2*

**Scope**

1 This Directive applies to investment firms authorised and supervised under Directive 2014/65/EU.

[<sup>X12</sup> By way of derogation from paragraph 1, Titles IV and V of this Directive do not apply to investment firms referred to in Article 1(2) and (5) of Regulation (EU) 2019/2033, which shall be supervised for compliance with prudential requirements under Titles VII and VIII of Directive 2013/36/EU in accordance with the second subparagraph of Article 1(2) and third subparagraph of Article 1(5) of Regulation (EU) 2019/2033.]

---

**Editorial Information**

- X1** Substituted by [Corrigendum to Directive \(EU\) 2019/2034 of the European Parliament and of the Council of 27 November 2019 on the prudential supervision of investment firms and amending Directives 2002/87/EC, 2009/65/EC, 2011/61/EU, 2013/36/EU, 2014/59/EU and 2014/65/EU \(Official Journal of the European Union L 314 of 5 December 2019\)](#).

---

*Status: EU Directives are being published on this site to aid cross referencing from UK legislation. After IP completion day (31 December 2020 11pm) no further amendments will be applied to this version.*

---

### Article 3

#### Definitions

1 For the purposes of this Directive, the following definitions apply:

- (1) ‘ancillary services undertaking’ means an undertaking, the principal activity of which consists of owning or managing property, managing data#processing services, or a similar activity which is ancillary to the principal activity of one or more investment firms;
- (2) ‘authorisation’ means authorisation of an investment firm in accordance with Article 5 of Directive 2014/65/EU;
- (3) ‘branch’ means a branch as defined in point (30) of Article 4(1) of Directive 2014/65/EU;
- (4) ‘close links’ means close links as defined in point (35) of Article 4(1) of Directive 2014/65/EU;
- (5) ‘competent authority’ means a public authority or body of a Member State that is officially recognised and empowered by national law to supervise investment firms in accordance with this Directive, as part of the supervisory system in operation in that Member State;
- (6) ‘commodity and emission allowance dealer’ means a commodity and emission allowance dealer as defined in point (150) of Article 4(1) of Regulation (EU) No 575/2013;
- (7) ‘control’ means the relationship between a parent undertaking and a subsidiary, as described in Article 22 of Directive 2013/34/EU of the European Parliament and of the Council<sup>(1)</sup>, or in the accounting standards to which an investment firm is subject under Regulation (EC) No 1606/2002 of the European Parliament and of the Council<sup>(2)</sup>, or a similar relationship between any natural or legal person and an undertaking;
- (8) ‘compliance with the group capital test’ means compliance by a parent undertaking in an investment firm group with the requirements of Article 8 of Regulation (EU) 2019/2033;
- (9) ‘credit institution’ means a credit institution as defined in point (1) of Article 4(1) of Regulation (EU) No 575/2013;
- (10) ‘derivatives’ means derivatives as defined in point (29) of Article 2(1) of Regulation (EU) No 600/2014 of the European Parliament and of the Council<sup>(3)</sup>;
- (11) ‘financial institution’ means a financial institution as defined in point (14) of Article 4(1) of Regulation (EU) 2019/2033;
- (12) ‘gender neutral remuneration policy’ means gender neutral remuneration policy as defined in point (65) of Article 3(1) of Directive 2013/36/EU, as amended by Directive (EU) 2019/878 of the European Parliament and of the Council<sup>(4)</sup>;
- (13) ‘group’ means a group as defined in point (11) of Article 2 of Directive 2013/34/EU;
- (14) ‘consolidated situation’ means a consolidated situation as defined in point (11) of Article 4(1) of Regulation (EU) 2019/2033;

- (15) ‘group supervisor’ means a competent authority responsible for the supervision of compliance with the group capital test of Union parent investment firms and investment firms controlled by Union parent investment holding companies or Union parent mixed financial holding companies;
- (16) ‘home Member State’ means a home Member State as defined in point (55)(a) of Article 4(1) of Directive 2014/65/EU;
- (17) ‘host Member State’ means a host Member State as defined in point (56) of Article 4(1) of Directive 2014/65/EU;
- (18) ‘initial capital’ means the capital which is required for the purposes of authorisation as an investment firm, the amount and type of which are specified in Articles 9 and 11;
- (19) ‘investment firm’ means an investment firm as defined in point (1) Article 4(1) of Directive 2014/65/EU;
- (20) ‘investment firm group’ means an investment firm group as defined in point (25) of Article 4(1) of Regulation (EU) 2019/2033;
- (21) ‘investment holding company’ means an investment holding company as defined in point (23) of Article 4(1) of Regulation (EU) 2019/2033;
- (22) ‘investment services and activities’ means investment services and activities as defined in point (2) of Article 4(1) of Directive 2014/65/EU;
- (23) ‘management body’ means a management body as defined in point (36) of Article 4(1) of Directive 2014/65/EU;
- (24) ‘management body in its supervisory function’ means the management body acting in its role of overseeing and monitoring management decision#making;
- (25) ‘mixed financial holding company’ means a mixed financial holding company as defined in point (15) of Article 2 of Directive 2002/87/EC of the European Parliament and of the Council<sup>(5)</sup>;
- (26) ‘mixed#activity holding company’ means a parent undertaking other than a financial holding company, an investment holding company, a credit institution, an investment firm, or a mixed financial holding company within the meaning of Directive 2002/87/EC, the subsidiaries of which include at least one investment firm;
- (27) ‘senior management’ means senior management as defined in point (37) of Article 4(1) Directive 2014/65/EU;
- (28) ‘parent undertaking’ means a parent undertaking as defined in point (32) of Article 4(1) of Directive 2014/65/EU;
- (29) ‘subsidiary’ means a subsidiary as defined in point (33) of Article 4(1) of Directive 2014/65/EU;
- (30) ‘systemic risk’ means systemic risk as defined in point (10) of Article 3(1) of Directive 2013/36/EU;
- (31) ‘Union parent investment firm’ means a Union parent investment firm as defined in point (56) of Article 4(1) of Regulation (EU) 2019/2033;
- (32) ‘Union parent investment holding company’ means a Union parent investment holding company as defined in point (57) of Article 4(1) of Regulation (EU) 2019/2033;

---

*Status: EU Directives are being published on this site to aid cross referencing from UK legislation. After IP completion day (31 December 2020 11pm) no further amendments will be applied to this version.*

---

(33) ‘Union parent mixed financial holding company’ means a Union parent mixed financial holding company as defined in point (58) of Article 4(1) of Regulation (EU) 2019/2033.

2 The Commission is empowered to adopt delegated acts in accordance with Article 58 to supplement this Directive by clarifying the definitions set out in paragraph 1 in order to:

- a ensure the uniform application of this Directive;
- b take account, in the application of this Directive, of developments on financial markets.

---

**Status:** EU Directives are being published on this site to aid cross referencing from UK legislation. After IP completion day (31 December 2020 11pm) no further amendments will be applied to this version.

---

- (1) Directive 2013/34/EU of the European Parliament and of the Council of 26 June 2013 on the annual financial statements, consolidated financial statements and related reports of certain types of undertakings, amending Directive 2006/43/EC of the European Parliament and of the Council and repealing Council Directives 78/660/EEC and 83/349/EEC (OJ L 182, 29.6.2013, p. 19).
- (2) Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards (OJ L 243, 11.9.2002, p. 1).
- (3) Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012 (OJ L 173, 12.6.2014, p. 84).
- (4) Directive (EU) 2019/878 of the European Parliament and of the Council of 20 May 2019 amending Directive 2013/36/EU as regards exempted entities, financial holding companies, mixed financial holding companies, remuneration, supervisory measures and powers and capital conservation measures (OJ L 150, 7.6.2019 p. 253).
- (5) Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 on the supplementary supervision of credit institutions, insurance undertakings and investment firms in a financial conglomerate and amending Council Directives 73/239/EEC, 79/267/EEC, 92/49/EEC, 92/96/EEC, 93/6/EEC and 93/22/EEC, and Directives 98/78/EC and 2000/12/EC of the European Parliament and of the Council (OJ L 35, 11.2.2003, p. 1).