

Ms. Elena Salgado
President of the ECOFIN Council
Second Vice-President of the government and Minister for Economic Affairs and
Finance of Spain

Minister for Finance

19 APR. 2010

Dear Elena,

The Danish government is currently conducting talks with opposition parties in the Danish parliament on the implementation of the EU recommendations on remuneration policies in the financial sector.

During those talks it has become clear that there is consensus among most opposition parties on limiting the use of shares or share-like instruments as a part of the variable remuneration in the financial sector.

However, as you may recall, the ECOFIN Council, including Denmark, agreed in November last year on a general approach on a compromise text amending directives 2006/ 48/ EC and 2006/ 49/ EC as regards capital requirements for the trading book and for re-securitisations, remuneration policies, etc.

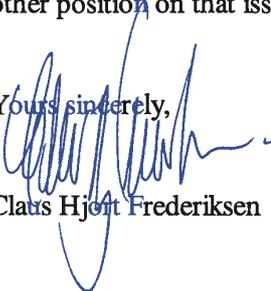
Point 23 (ha) in annex I in the Council compromise text stipulates that “at least 50 % of any variable remuneration component is made in shares or share-linked instruments of the credit institution, subject to the legal structure of the credit institution concerned, or, for non-listed credit institutions, in other non-cash instruments where appropriate.”

Regrettably, it appears that during the government’s briefing procedure of the European Affairs Committee in the Danish Parliament, authorizing the government’s positions on EU dossiers, the specific content of the abovementioned provision was not sufficiently disclosed to the Committee.

Indeed, in retrospect, considering the consensus among most opposition parties which also constitute a majority in parliament, the government’s support to point 23 (ha) was not backed by the parliament.

While recognising that a qualified majority in the Council supported the compromise text, the government and the opposition have agreed that I should inform you, as president of the ECOFIN Council, that Denmark should have taken another position on that issue.

Yours sincerely,



Claus Hjort Frederiksen