



Commissioner for Internal Market and Services
Mr. Michel Barnier
European Commission
BERL 12/181
B - 1049 Brussels
Belgium

**Parliament of Denmark
European Affairs Committee**

Christiansborg
DK-1240 Copenhagen K
Tel. +45 33 37 55 00
Fax +45 33 32 85 36
www.ft.dk
ft@ft.dk

Defining liquid assets in the Capital Requirements Regulation and Danish mortgage bonds

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Dear Commissioner Barnier,

Ref.

Contact
Iben Tybjærg Schacke
Clerk to the European Affairs
Committee

Three years ago, when the EU was deciding on the new capital requirements regulation for credit institutions, the Danish Parliament met with you regarding some concerns in relation to these new rules and the Danish mortgage system.

Dir. tel. +45 3337 3694

iben.schacke@ft.dk

As you know, according to the Capital Requirements Regulation the Board of Supervisors of the European Banking Authority (EBA) has to recommend to the Commission the liquidity characteristics of different types of bonds.

It is with surprise and disappointment that we have learned that a majority of the Board of Supervisors of the EBA on 20 December 2013 has come to the conclusions that covered bonds should be treated as second class to government bonds.

The EBA's own technical study makes it clear that some covered bonds are at par with government bonds' liquidity. One would thus rightly expect the EBA to conclude that these bonds should belong to the group of extremely high liquid assets that are considered as "level 1" assets for liquidity purposes in banks.

Nevertheless the majority of the Board of Supervisors of EBA has reached a conclusion pointing to adherence to the Basel liquidity requirements implying that Danish mortgage bonds will be treated as second class to government bonds.

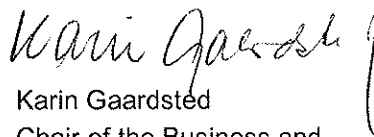
Since the final decision on the delegated act is taken by the European Commission it is our hope that the Commission will base its decision on actual facts that we believe show the robustness of the Danish mortgage system.

We would also like to propose a meeting in Brussels with a delegation from the Danish Parliament to explain why a unanimous Danish Parliament is worried about the severe consequences it would have for the Danish financial sector, if the Commission were to follow the EBA's recommendation.

Yours sincerely,



Eva Kjer Hansen
Chair of the European Affairs Committee



Karin Gaardsted
Chair of the Business and
Growth Committee