



Commissioner Jonathan Hill  
European Commission  
DG Financial Stability, Financial Services and Capital Markets Union  
Brussels

**MINISTER FOR BUSINESS AND  
GROWTH**

7 October 2015

Dear Jonathan Hill

I would like to thank you for initiating the consultation related to the potential impact of the CRR/CRD IV on bank financing of the economy. As the Danish minister for business and growth I fully support the rationale behind this consultation.

The Danish government shares your view that both existing and new legislation should contribute to financial stability, employment and growth in the EU.

In relation to the CRR/CRD IV-package, the Danish government generally finds the rules balanced and reasonable. We appreciate the constructive cooperation between Danish authorities and the Commission during the negotiations of the CRR/CRD IV, including on the level 2 provisions.

The Danish government, however, sees a potential scope for simplification when it comes to the reporting requirements for credit institutions in CRR/CRD IV. We find that it needs to be carefully assessed whether the administrative burdens associated with these reporting requirements are commensurate to the added value.

Denmark agrees with the Commission in the benefit of evaluating the effects of the entire new legislative landscape and this evaluation should be taken into account if any new legislation is considered. An impressive amount of new legislation concerning the financial sector has been introduced in recent years. A large part of this legislation is not yet fully implemented or has only been put into force recently. Going forward, it needs to be carefully assessed whether new legislation is needed.

The Danish government supports the idea behind the Capital Market Union and believes that many of the actions proposed are important in order to promote growth and job creation. The Danish government also welcomes the Commission consultation on covered bonds and the prerequisite that future work in this area should build on and take into account well-functioning national regimes.

**MINISTRY OF  
BUSINESS AND GROWTH**

Slotsholmsgade 10-12  
1015 Copenhagen K  
Denmark

Tlf. +45 33 92 33 50

Fax. +45 33 12 37 78

CVR-nr. 10092485

EAN nr. 5798000026001

evm@evm.dk

The Danish government notes that work is currently under way in international fora in relation to strengthening and developing the internal ratings based models, introducing a new standardized approach as well as new capital floors. We acknowledge the importance of this work but overlapping regulatory regimes should be avoided. Moreover, it of utmost importance that future rules take into account well-functioning national business models.

From a Danish perspective we generally find it important to ensure that capital requirements continue to be risk-based. Risk-based capital requirements – when properly regulated and supervised – provide appropriate incentives for credit institutions and they promote efficient capital allocation to the benefit of our economies. Non-risk-based capital requirements can in our view only be a supplement to risk based capital requirements.

Special consideration to well-functioning business models should also be given when it comes to potential new rules on a Net Stable Funding Ratio and a Leverage Ratio, where rules should be properly calibrated and take into account the Danish mortgage credit system.

I would once again like to thank you for initiating this consultation and for your emphasis on financial stability, growth and employment in the EU. The Ministry of Business and Growth and I stand ready to cooperate with you and your services on the important issue.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Troels Lund Poulsen', written in a cursive style.

Troels Lund Poulsen