

This text is to be regarded as an unofficial translation based on the latest official Consolidating Act no. 174 of 31 January 2017. Only the Danish document has legal validity.

Financial Business Actⁱ

Consolidating Act no. 174 of 31 January 2017

This is an Act to consolidate the Financial Business Act, cf. Consolidating Act no. 182 of 18 February 2015, with the amendments consequential upon section 1, no. 134 of Act no. 268 of 25 March 2014, section 1, nos. 5–7 and 24 of Act no. 1490 of 23 December 2014, section 1, nos. 1–19, 21–25, 29–33, 35–54, 56–61, 63–68, 71, 74, 75, 77–80, 82–85 and 89–94 of Act no. 308 of 28 March 2015, section 1 of Act no. 334 of 31 March 2015, section 2, nos. 1–6, 8, 12–14 and 15–28 of Act no. 532 of 29 April 2015, section 1 of Act no. 1563 of 15 December 2015, section 13 of Act no. 395 of 2 May 2016, section 7, nos. 1 and 4 of Act no. 631 of 8 June 2016, section 1, nos. 1–52, 54–62, 76, 79–81, 83–91 and 93–132 of Act no. 1549 of 13 December 2016, section 4 of Act no. 1721 of 27 December 2016 and section 2 of Act no. 60 of 16 January 2017.

The amendment consequential upon section 2, no. 1 of Act no. 512 of 17 June 2008 amending the Act on Measures to Prevent Money Laundering and Financing of Terrorism and the Financial Business Act (Transfers of funds between Denmark and the Faroe Islands) has not been included in this Consolidating Act as the date of entry into force of this amendment shall be laid down by the Minister for Industry, Business and Financial Affairs, cf. section 3 of Act no. 512 of 17 June 2008.

The amendments consequential upon section 1, nos. 43 and 46 of Act no. 403 of 28 April 2014 amending the Financial Business Act, the Securities Trading, etc. Act, the Criminal Code, the Alternative Investment Fund Managers etc. Act, the Administration of Justice Act and various other acts (Introduction of regulations entitling pension clients to receive the total economic value of their pensions in connection with certain cases of re-election, the possibility of members of the board of management and other senior employees to participate in management or operating of other business undertakings, requirements for the composition of the board of directors of a fund or an association that owns a mortgage-credit limited company, amending the regulations on penalties for violation of the CO₂ Auctioning Regulation, regulation of CO₂ allowance bidders, amending the regulations on the possibilities of alternative investment fund managers to place on the market alternative investment funds, including exemption of marketing units in the funds for employees and certain retail investors from the requirement for a special marketing licence and introduction of the possibility that managers from third countries may market funds for retail investors, amending the limit for the duty to make a bid laid down by the Securities Trading, etc. Act, as well as better safeguarding of the rights of small shareholders, prohibition against the use of variable remuneration which is dependent on achieving a certain sales goal for retail clients, amending the rules on supervision of shared data centres, supervision of depositaries for alternative investment funds, etc.) have not been included in this Consolidating Act as the date of entry into force of such amendments shall be laid down by the Minister for Industry, Business and Financial Affairs, cf. section 22(2) of Act no. 403 of 28 April 2014.

The amendments consequential upon section 1, no. 25 of Act no. 1490 of 23 December 2014 amending the Financial Business Act, the Securities Trading, etc. Act, the Payment Services and Electronic Money Act and various other acts (Liability for actions in contravention of the rules on good business practice, consumer protection for guarantees, requirement for a basic course for board members, user protection when offering payment services and issuing electronic money, etc.) have not been included in this Consolidating Act as the date of entry into force of such amendments shall be laid down by the Minister for Industry, Business and Financial Affairs, cf. section 14(2) of Act no. 1490 of 23 December 2014.

The amendment consequential upon section 1, no. 18 of Act no. 1490 of 23 December 2014 amending the Financial Business Act, the Securities Trading, etc. Act, the Payment Services and Electronic Money Act and various other acts (Liability for actions in contravention of the rules on good business practice, consumer protection for guarantees, requirement for a basic course for board members, user protection when offering payment services and issuing electronic money, etc.) have not been included in this Consolidating Act as the amendment was subsequently repealed; cf. section 12 of Act no. 532 of 29 April 2015.

The amendments consequential upon section 1, nos. 55 and 86 of Act no. 308 of 28 March 2015 amending the Financial Business Act (Implementation of the Solvency II and Omnibus II Directive) have not been

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included in this Consolidating Act as the amendments were subsequently repealed; cf. section 6 of Act no. 334 of 31 March 2015.

The amendments consequential upon section 1, nos. 69 and 70 of Act no. 308 of 28 March 2015 amending the Financial Business Act (Implementation of the Solvency II and Omnibus II Directive) have not been included in this Consolidating Act as the amendments were subsequently repealed; cf. section 13 of Act no. 532 of 29 April 2015.

The amendments consequential upon section 1, nos. 20, 26–28, 34, 62, 72, 73, 76, 81, 87, 88 and 95 of Act no. 308 of 28 March 2015 amending the Financial Business Act (Implementation of the Solvency II and Omnibus II Directive) have not been included in this Consolidating Act as the amendments were subsequently repealed; cf. section 9, nos. 1–13 of Act no. 1563 of 15 December 2015.

¹ This Act contains provisions that implement parts of the Fourth Council Directive 78/660/EEC of 25 July 1978 (Fourth Companies Directive), Official Journal of the European Union 1978, no. L 222, page 11, parts of Seventh Council Directive 83/349/EEC of 13 June 1983 (Seventh Companies Directive), Official Journal 1983, no. L 193, page 1, parts of Eighth Council Directive 84/253/EEC of 10 April 1984 (Eighth Companies Directive), Official Journal 1984, no. L 126, page 20, Council Directive 86/635/EEC of 8 December 1986 (Bank Accounts Directive), Official Journal 1987, no. L 372, page 1, Council Directive 89/117/EEC of 13 February 1989 (publication of annual accounting documents for branches from non-Member States), Official Journal 1989, no. L 44, page 40, Council Directive 91/674/EEC of 19 December 1991 (Insurance undertakings Annual Accounts Directive), Official Journal 1991, no. L 374, page 7, European Parliament and Council Directive 95/26/EC of 29 June 1995 (BCCI directive), Official Journal 1995, no. L 168, page 7, parts of Directive 2000/26/EC of the European Parliament and of the Council of 16 May 2000 (Fourth Motor Insurance Directive), Official Journal 2000, no. L 181, page 65, Directive 2000/64/EC of the European Parliament and of the Council of 7 November 2000 (exchange of information), Official Journal 2000, no. L 290, page 27, Directive 2001/24/EC of the European Parliament and of the Council of 4 April 2001 (winding up of credit institutions), Official Journal 2001, no. L 125, page 15, Directive 2002/13/EC of the European Parliament and of the Council of 5 March 2002 (Solvency I Directive), Official Journal 2002, no. L 77, page 17, Directive 2002/87/EC of the European Parliament and of the Council of 16 December 2002 (Conglomerates Directive), Official Journal 2003, no. L 35, page 1, parts of Directive 2002/92/EC of the European Parliament and of the Council of 9 December 2002 (Insurance Mediation Directive), Official Journal 2003, no. L 9, page 3, parts of Directive 2004/39/EU of the European Parliament and of the Council of 21 April 2004 on markets in financial instruments amending Council Directives 85/611/EEC and 93/6/EEC and Directive 2000/12/EC of the European Parliament and of the Council and repealing Council Directive 93/22/EEC (MiFID), Official Journal 2004, no. L 145, page 1, parts of Directive 2005/14/EC of the European Parliament and of the Council of 11 May 2005 (Fifth Motor Vehicle Insurance Directive), Official Journal 2005, no. L 149, page 14, parts of Directive 2006/31/EC of the European Parliament and of the Council of 5 April 2006 amending directive 2004/39/EC on markets in financial instruments, as regards certain deadlines (Postponement Directive), Official Journal 2006, no. L 114, page 60, Directive 2007/44/EC of the European Parliament and of the Council of 5 September 2007 amending Council Directive 92/49/EEC and Directives 2002/83/EC, 2004/39/EC, 2005/68/EC and 2006/48/EC as regards procedural rules and evaluation criteria for the prudential assessment of acquisitions and increase of holdings in the financial sector (Qualifying Holdings Directive), Official Journal 2007, no. L 247, page 1, parts of Directive 2007/64/EC of the European Parliament and of the Council of 13 November 2007 on payment services in the internal market amending Directives 97/7/EC, 2002/65/EC, 2005/60/EC and 2006/48/EC and repealing Directive 97/5/EC (the Payment Services Directive), Official Journal 2007, no. L 319, page 1, parts of Directive 2009/65/EC of the European Parliament and of the Council of 13 July 2009 on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS Directive), Official Journal 2009, no. L 302, page 32, parts of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), Official Journal 2009, no. L 335, page 1, Commission Directive 2010/43/EU of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards organisational requirements, conflicts of interest, conduct of business, risk management and content of the agreement between a depositary and a management company, Official Journal 2010, no. L 176, page 42, parts of Directive 2011/61/EU of the European Parliament and of the Council of 8 June 2011 on Alternative Investment Fund Managers and amending Directives 2003/41/EC and 2009/65/EC and Regulations (EC) no. 1060/2009 and (EU) no. 1095/2010, Official Journal 2011, no. L 174, page 1, Directive 2011/89/EU of the European Parliament and of the Council of 16 November 2011 amending Directives 98/78/EC, 2002/87/EC, 2006/48/EC and 2009/138/EC as regards the supplementary supervision of financial entities in a financial conglomerate, Official Journal 2011, no. L 329, page 113, parts of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013, Official Journal 2013, no. L 176, page 338 (CRD IV), parts of Directive 2014/17/EU of the European Parliament and of the Council of 4 February 2014 on credit agreements for consumers relating to residential immovable property and amending Directives 2008/48/EC and 2013/36/EU and Regulation (EU) no. 1093/2010, Official Journal 2014, no. L 60, page 34 (Housing Credit Directive), Directive 2013/58/EU of the European Parliament and of the Council of 11 December 2013 amending Directive 2009/138/EC (Solvency II) as regards the date for its transposition and the date of its application, and the date of repeal of certain Directives (Solvency I), Official Journal 2013, no. L 341, page 1, and parts of Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014 amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) no. 1060/2009, (EU) no. 1094/2010 and (EU) no. 1095/2010 in respect of the powers of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority), Official Journal 2014, no. L 153, page 1, parts of Directive 2014/49/EU of the European Parliament and of the Council of 16 April 2014 on deposit guarantee schemes, Official Journal 2014, no. L 173, page 149, (DGSD), parts of Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, Official Journal 2014, no. L 173, page 190, (BRRD) and parts of Directive 2014/91/EU of the European Parliament and of the Council of 23 July 2014 amending Directive 2009/65/EC on the coordination of laws, regulations and administrative provisions relating to undertakings for collective investment in transferable securities (UCITS) as regards depositary functions, remuneration policies and sanctions, Official Journal 2014, no. L 257, page 186 (UCITS V Directive). The Act also contains certain provisions from Regulation (EU) no. 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European

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Systemic Risk Board, Official Journal 2010, no. L 331, page 1, Regulation (EU) no. 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), amending Decision no. 716/2009/EC and repealing Commission Decision 2009/78/EC, Official Journal 2010, no. L 331, page 12, Regulation (EU) no. 1094/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Insurance and Occupational Pensions Authority), amending Decision no. 716/2009/EC and repealing Commission Decision 2009/79/EC, Official Journal 2010, no. L 331, page 48, Regulation (EU) no. 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), amending Decision no. 716/2009/EC and repealing Commission Decision 2009/77/EC, Official Journal 2010, no. L 331, page 84, Commission Regulation (EU) no. 584/2010 of 1 July 2010 implementing Directive 2009/65/EC of the European Parliament and of the Council as regards the form and content of the standard notification letter and UCITS attestation, the use of electronic communication between competent authorities for the purpose of notification, and procedures for on-the-spot verifications and investigations and the exchange of information between competent authorities, Official Journal 2010, no. L 176, page 16, Regulation (EU) no. 346/2013 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds, Official Journal 2013, no. L 115, page 18, Regulation (EU) no. 345/2013 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds, Official Journal 2013, no. L 115, page 1, and Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013, Official Journal 2013, no. L 176, page 1 (CRR). Pursuant to Article 288 of the TFEU, a Regulation shall be applicable immediately in all Member States. The reproduction of these provisions in this Act is therefore exclusively due to practical considerations and shall not affect the direct applicability of the Regulations in Denmark.

The amendments consequential upon section 2, nos. 7 and 9–11 of Act no. 532 of 29 April 2015 amending the Securities Trading, etc. Act, the Financial Business Act, the Credit Agreements Act, the Financial Advisors Act, the Mortgage Companies Act, the Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act and various other acts (Right to a basic deposit account, the implementation of amendments to the Transparency Directive, the modernisation of the rules for submitting annual reports, the expansion of insurance companies' operation of other activity, clarification of the regulation of refinancing risks of mortgage-credit bonds, etc. and the implementation of the Housing Credit Directive, etc.) have not been included in this Consolidating Act as the date of entry into force of such amendments shall be laid down by the Minister for Industry, Business and Financial Affairs, cf. section 16(9) of Act no. 532 of 29 April 2015. The consolidated scope of sections 152, 153 and 224(6) shall enter into force on 1 January 2017, cf. section 10(3) of Act no. 1563 of 15 December 2015 amending the Financial Business Act, the Investment Associations, etc. Act, the Securities Trading, etc. Act and various other acts (Implementation of the UCITS V Directive, phasing in of a new liquidity coverage requirement for financial and mortgage-credit institutions and the Danish FSA's authority to collate and publish prices of home loans) have not been included in this Consolidated Act.

The amendments consequential upon section 7 of Act no. 262 of 16 March 2016 amending the Companies Act, the Certain Commercial Undertakings Act, the Corporate Funds Act and various other acts (Introduction of a register of real owners) have not been included in this Consolidating Act as the date of entry into force of such amendments shall be laid down by the Minister for Industry, Business and Financial Affairs, cf. section 13 of Act no. 262 of 16 March 2016.

The amendments consequential upon section 7, nos. 2 and 3 of Act no. 631 of 8 June 2016 amending the Approved Auditors and Audit Firms Act and various other acts (Implementation of changes to the Audit Directive and options in the scheme for special requirements for auditing of public interest entities) have not been included in this Consolidating Act as the amendments have subsequently been repealed, cf. section 17 of Act no. 1549 of 13 December 2016.

The amendments consequential upon section 2 of Act no. 632 of 8 June 2016 amending the Securities Trading, etc. Act, the Financial Business Act, the Alternative Investment Fund Managers, etc. Act, the Criminal Code and the Administration of Justice Act (Amendments consequential upon the market abuse regulation and the implementation of rules regarding commission payments, etc. from third parties and information about costs, etc. in the Markets in Financial Instruments Directive (MiFID II)) have not been included in this Consolidating Act as these amendments do not enter into force until 1 July 2017.

The amendments consequential upon section 1, nos. 53, 63–75, 82 and 92 of Act no. 1549 of 13 December 2016 amending the Financial Business Act, the Investment Associations, etc. Act, the Securities Trading, etc. Act and various other acts (Increasing penalties for violations of the Financial Business Act, selection of Systematically Important Financial Institutions (SIFI), fit and proper requirements for key function holders within SIFIs, remuneration rules for financial undertakings, etc., relaxation of capital requirements for investment firms, expansion of inspection and monitoring powers of the Danish FSA and the Danish Business

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Authority to combat market abuse, etc.) have not been included in this Consolidating Act as these amendments do not enter into force until 1 July 2017, cf. section 18(2) of Act no. 1549 of 13 December 2016.

The amendments consequential upon section 1, nos. 77 and 78 of Act no. 1549 of 13 December 2016 amending the Financial Business Act, the Investment Associations, etc. Act, the Securities Trading, etc. Act and various other acts (Increasing penalties for violation of the Financial Business Act, selection of Systematically Important Financial Institutions (SIFI), fit and proper requirements for key function holders within SIFIs, remuneration rules for financial undertakings, etc, relaxation of capital requirements for investment firms, expansion of inspection and monitoring powers of the Danish FSA and the Danish Business Authority to combat market abuse, etc.) have not been included in this Consolidating Act as the date of entry into force of such amendments shall be laid down by the Minister for Industry, Business and Financial Affairs, cf. section 18(3) of Act no. 1549 of 13 December 2016.

I General provisions

Part 1

General regulations regarding scope

1. This Act shall apply to financial undertakings, cf. section 5(1), no. 1, as well as undertakings covered by subsections (2)–(13) and (15).

(2) For financial holding companies and insurance holding companies, sections 6, 6a and 6b, section 43(1), part 7, section 64(6), sections 70 and 71, section 75, section 79a, sections 117, 175a and 179–181, part 13, sections 344, 345, 346, 347, 347a,

347b, 348 and 348a, section 350 (4), sections 355 and 357, section 361(1), nos. 4 and 9, and subsection (2), section 368, sections 2 and 3, section 4, no. 1, and section 5, and sections 369, 370, 372, 373, 373a and 374 shall apply. For financial holding companies, sections 77a–77d, sections 170–175, sections 176–178, section 266(2), section 274(3), and sections 310, 312, 312a and 313–313b shall also apply. For insurance holding companies, sections 175b and 175c shall also apply. For financial holding companies and mixed-activity holding companies, sections 71b, 177a and 182b–182f, section 245a(3), sections 245b, 260 and 271, section 274(4) and section 344d shall also apply. For mixed-activity holding companies, section 264(3), no. 11, sections 344 and 345, section 347(1) and sections 355, 372 and 373 shall also apply.

(3) This Act shall apply to branches in Denmark of credit institutions, investment firms, management companies and insurance companies, which have been granted a licence in a country outside the European Union with which the Union has not entered into an agreement for the financial area, with the exceptions made necessary by the circumstances of the branch, or laid down in, or pursuant to, international agreements. The Danish FSA shall lay down more detailed regulations hereon. The provisions laid down in the Companies Act on branches of foreign limited companies shall apply to the branches specified in the first sentence.

(4) For branches in Denmark of foreign undertakings, which have been granted a licence to carry out the activities mentioned in sections 7–11 in a Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, sections 6, 6a, 6b, 30, 32, 34–36, 43, 44, 47, 48, 50–60, 344 and 345, section 347(1), (2), (4) and (6), as well as section 348, sections 352(2), 354a, 360, 363a, 368–370 and sections 373–374 shall apply. For branches in Denmark of credit institutions, section 152a(2), second sentence shall apply. For branches in Denmark of a foreign undertaking which has been granted a licence to carry out the activities mentioned in sections 7–11 in another Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, section 347a shall also apply. For branches in Denmark of credit institutions and investment firms which have been granted a licence to carry out investment services in another Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, and which carry out such activity in Denmark, sections 30, 32 and 43, section 72(2), no. 5, sections 77e, 344 and 345, section 347(1), (2), (4) and (6), as well as sections 348 and 354a shall apply.

(5) For services in Denmark carried out by credit institutions, management companies and insurance companies, which have been granted a licence in another Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, sections 6, 6a, 6b, 31, 36, 43, 44, 46–60, 347(1), and 348(1) shall apply. For services in Denmark carried out by credit institutions and investment firms which have been granted a licence to carry out investment services in another Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, section 31, section 347(1) and section 348(1) shall apply.

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(6) For services with securities trading carried out in Denmark by credit institutions and investment firms, which have been granted a licence in a country outside the European Union with which the Union has not entered into an agreement for the financial area, sections 6, 6a, 6b, 33, 43 and 77e, 347(1) and section 348 shall apply.

(7) For services carried out in Denmark by insurance companies, which have been granted a licence in a country outside the European Union, with which the Union has not entered into an agreement for the financial area, sections 6, 6a, 6b and 37 shall apply.

(8) Part 20 of this Act shall apply to savings undertakings.

(9) Part 20a of this Act shall apply to investment advisors.

(10) Part 20b of this Act shall apply to credit rating agencies.

(11) Part 20c shall apply to shared data centres.

(12) Part 20f shall apply to CO2 allowance bidders.

(13) Part 20g of this Act shall apply to ISPVs.

(14) Provisions regarding the board of directors or its members in section 5(1), no. 7, sections 76, 77(1) and (3) and 78(1), section 98, section 108(2) and (3), section 115, sections 144(1) and 199(10) and (11) and sections 203, 209, 247 and 299, shall, in European Companies with a two-tier management system, only apply to the supervisory body or its members and with the changes necessary.

(15) Provisions regarding the board of directors or its members and provisions regarding the management in section 14(1), no. 2, sections 64, 65, 73–75, 80, 110 and 117, section 124(1) and (4), section 125(1), section 179, no. 2, section 180, no. 2, sections 184, 185 and 233, section 289(1), section 299, section 346(2) and (3), section 349(2), no. 2, section 351, section 355(2), no. 8, and (3), and sections 356 and 373–374 shall, in European Companies with a two-tier management system, in addition to the management body and its members, also apply to the supervisory body or its members and with the changes necessary.

(16) For suppliers and sub-suppliers to outsourcing undertakings, cf. section 5(1), nos. 30 and 31, the provisions in sections 6, 6a, 6b and section 347(1) and (5) shall apply.

Special regulations regarding scope for insurance companies

2. Sections 61, 61a–c, 62, 170–175 a and 176–178 shall not apply to multi-employer occupational pension funds or the mutual insurance companies included within the scope of this Act.

3. The Danish FSA may lay down special regulations or exceptions from this Act as regards reinsurance business and coinsurance business.

4. The regulations in this Act on groups shall apply when the parent undertaking is an insurance company.

(2) The Danish FSA may decide that the regulations on groups of companies in this Act or in the Companies Act (lov om aktie- og anpartsselskaber), except for section 141 of the Companies Act, shall apply wholly or partly to several insurance companies that do not comprise a group in accordance with section 5(1), no. 9 but have such mutual links that application of the regulations mentioned is considered necessary. The relevant companies shall appoint one of the companies domiciled in Denmark and mentioned in section 12, third sentence as the parent undertaking. If this is not done, the Danish FSA shall appoint the parent undertaking.

Part 2

Definitions

5. For the purposes of this Act, the following definitions shall apply:

- 1) “Financial undertakings” shall mean:
 - a) Banks.
 - b) Mortgage-credit institutions.
 - c) Investment firms.
 - d) Investment management companies.
 - e) Insurance companies.
- 2) “Credit institution” shall mean: An undertaking, the activity of which consists of receiving from the general public deposits or other funds to be repaid, and granting loans on its own account.
- 3) “Investment firm” shall mean: A legal or natural person the activity of whom consists of carrying out investment services.
- 4) “Investment services” shall mean: The activities stated in Annex 4, Section A, nos. 1–8 in connection with the instruments stated in Annex 5, nos. 1–10.
- 5) “Management company” shall mean: A company which can manage UCITS (in Denmark: investment management companies).

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- 6) "Finance institution" shall mean: An undertaking which is not a credit institution or an investment firm I and the main activity of which consists of acquiring holdings or in carrying out one or more of the activities specified in Annex 2, nos. 2–12 and 15.
- 7) "Parent undertaking" shall mean: An undertaking with one or more subsidiary undertakings.
- 8) "Subsidiary undertaking" shall mean: An undertaking that is subject to controlling influence by a parent undertaking.
- 9) "Group" shall mean: A parent undertaking and its subsidiary undertakings, cf. section 5a.
- 10) "Financial holding company" shall mean:
 - a) A parent undertaking, which is not a financial undertaking, of a group where no less than one of the subsidiary undertakings of said group is a financial undertaking, and where no less than 40% of the balance sheet total of the group and the parent undertaking's associated undertakings pertains to the financial sector; cf. however, second sentence and subsection (7). A parent undertaking shall not be a financial holding company if the financial subsidiary undertakings of the group consist only of insurance undertakings. The parent undertaking shall instead be an insurance holding company, cf. no. 13, or a mixed-activity insurance holding company, cf. no. 14.
 - b) A parent undertaking whose activity exclusively or mainly consists of ownership holdings in subsidiary undertakings which are financial undertakings or finance institutions, and where at least one subsidiary undertaking is a financial undertaking. As mentioned in the first sentence, a parent undertaking shall not be a financial holding company if the financial subsidiary undertakings of the group consist only of insurance undertakings. The parent undertaking shall instead be an insurance holding company, cf. no. 13, or a mixed-activity insurance holding company, cf. no. 14.
- 11) "Bank holding company" shall mean: A parent undertaking whose activity exclusively or mainly consists of ownership holdings in subsidiary undertakings which are credit institutions or finance institutions, and where the main activity of the group is to carry out bank activities.
- 12) "Mortgage-credit holding company" shall mean: A parent undertaking whose activity exclusively or mainly consists of ownership holdings in subsidiary undertakings which are credit institutions or finance institutions, and where the main activity of the group is to carry out mortgage-credit institution activities.
- 13) "Insurance holding company" shall mean: A parent undertaking the main business of which is to acquire and hold equity investments in subsidiary undertakings, where those subsidiary undertakings are exclusively or mainly insurance undertakings or reinsurance undertakings or third-country insurance undertakings or third-country reinsurance undertakings, at least of one such subsidiary undertakings being an insurance or reinsurance undertaking. An insurance holding company shall not be a financial holding company, cf. no. 10.
- 14) "Mixed-activity insurance holding company" shall mean: A parent undertaking, other than a financial undertaking, a third-country insurance undertaking or reinsurance undertaking, a financial holding company or an insurance holding company which includes at least one insurance or reinsurance undertaking among its subsidiary undertakings.
- 15) "Investment holding company" shall mean: A parent undertaking whose activity exclusively or mainly consists of ownership of equity investments in subsidiary undertakings which are credit institutions, investment firms I or finance institutions, and where the main activity of the group is to carry out investment activities.
- 16) "Investment management holding company" shall mean: A parent undertaking whose activity exclusively or mainly consists of ownership of equity investments in subsidiary undertakings which are credit institutions or finance institutions, and where the main activity of the group is to carry out investment management activities.
- 17) "Associated undertaking" shall mean: An undertaking in which a financial undertaking and its subsidiary undertakings hold equity investments and exercise significant influence over their operation and financial management, but which is not a subsidiary undertaking of said financial undertaking. A financial undertaking and its subsidiary undertakings shall be deemed to exercise significant influence where they jointly hold 20% or more of the voting rights.
- 18) "Exposure" shall mean: The sum of all positions with a client or a group of mutually connected clients, which involve a credit risk for the undertaking, and equity investments issued by the clients or by one of a group of mutually connected clients. With regard to the provisions on exposures in sections 78 and 182, the following positions shall be exempted:
 - a) For exchange transactions: Positions incurred in the ordinary course of settlement of a transaction during the 48 hours following payment.
 - b) For purchases or sales of securities: Positions incurred in the ordinary course of settlement of a transaction during the five business days following payment or delivery of the securities, whichever is the earlier.

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- c) For money transmission services, including execution of payment orders, clearing and settlement of securities in any currency and correspondent bank or offers regarding clearing, settlement and deposit of financial instruments for clients: Positions in respect of delayed receipt of financing and other positions incurred as a consequence of client activity and which do not extend for longer than the following business day.
 - d) For money transmission services, including execution of payment orders, clearing and settlement of securities in any currency and correspondent bank: Intra-day positions with institutions which offer these services.
- 19) "Close links" shall mean:
 - a) direct or indirect links of the nature described in no. 9,
 - b) participating interests such that an undertaking is in direct or indirect ownership of 20% or more of the voting rights or capital of another undertaking, or
 - c) joint links with an undertaking of several undertakings or persons, cf. a), with an undertaking.
 - 20) "Zone A countries" shall mean: EU Member States, other countries with full membership of the Organisation for Economic Co-operation and Development (OECD), and other countries that have entered into special loan agreements with the International Monetary Fund (IMF) and are affiliated with the General Agreement on Borrowing (GAB). A country that restructures its foreign national debt due to inability to pay shall be excluded from Zone A for a period of five years.
 - 21) "Branch" shall mean: A department which does not legally comprise an independent part of a credit institution, investment firm, management company or insurance company, and which carries on the type of activities for which the undertaking has a licence.
 - 22) "Multilateral trading facility" shall mean: A multilateral trading system (except for regulated markets), which brings together multiple third-party buying and selling interests in the financial instruments mentioned in Annex 5, nos. 1–10, in the system and in accordance with non-discretionary rules, in a way that results in a contract regarding transfer.
 - 23) "Captive reinsurance company" shall mean: An insurance company, the purpose of which is limited to reinsuring insurance risks of the group to which it belongs when the group does not contain other insurance companies.
 - 24) "Group 1 insurance company" shall mean: An insurance company which carries out cross-border activities pursuant to sections 38 or 39 or insurance or reinsurance activities covered by one or more of insurance classes 10–15 in Annex 7, unless they constitute subsidiary risk, or a company that has met at least one of the following conditions for three consecutive years; however, cf. section 11(3) and (6):
 - a)
 - b) The company's annual gross premium exceeds EUR 5m.
 - c) The company's total gross technical provisions excluding reinsurance agreements and agreements with ISPVs exceed EUR 25m.
 - d) The company is part of a group, and the group's total gross technical provisions excluding reinsurance agreements and agreements with ISPVs exceed EUR 25m.
 - e) The company carries out reinsurance activity that exceeds EUR 0.5m of the company's gross premium, EUR 2.5m of its gross technical provisions excluding reinsurance agreements and agreements with ISPVs, 10% of its gross premiums or 10% of its gross technical provisions excluding reinsurance agreements and agreements with ISPVs.
 - 25) "Group 2 insurance companies" shall mean: an insurance company that is not a Group 1 insurance company.
 - 26) "Subsidiary risk" shall mean: Insurance risk that is covered by an insurance class in Annex 7, and which does not require a separate licence pursuant to section 11(1), because the risk is included in the primary risk for which the insurance company has a licence, and because the risk is in regard to a condition that is covered by the contract covering the primary risk. Insurance classes 14, 15 and 17 may not be subsidiary risks to other insurance classes.
 - 27) "Outsourcing" shall mean: Delegation to a supplier by an undertaking of significant areas of activity, which are subject to supervision by the Danish FSA.
 - 28) "Special-purpose vehicle" shall mean: A company the primary purpose of which is to issue securities or in other ways procure financing to purchase assets registered in the refinancing register and covered by section 152p from banks licensed by the Danish FSA to set up a refinancing register.
 - 29) "Outsourcing undertaking" shall mean: A financial undertaking which outsources activities to a supplier.
 - 30) "Supplier" shall mean: An undertaking that performs outsourced tasks for the outsourcing undertaking.

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- 31) “Chain outsourcing” shall mean: Outsourcing by a supplier of tasks, which the supplier is to perform in accordance with an agreement with the outsourcing undertaking, to a sub-supplier and the sub-supplier's possible chain outsourcing of the tasks to the next link in the chain of sub-suppliers as well as possible chain outsourcing to other links in the chain of sub-suppliers.
- 32) “UCITS” shall mean: An investment undertaking which is licensed in accordance with the rules implementing the UCITS Directive, and which, pursuant to Article 1(3), may be established
 - a) in accordance with contracts as investment funds managed by investment management companies or management companies (in Denmark: securities funds),
 - b) as trusts (unit trusts) or
 - c) according to articles of association as investment firms (in Denmark: investment associations and companies for investment with variable capital (SICAVs)).
- 33) “Competent authorities” shall mean: The national authorities which, by law or other rules and regulations, are authorised to supervise the types of undertaking covered by this Act.
- 34) “Referenced interest rate” shall mean: A quoted interest rate which is calculated by use of a formula on the basis of a number of independent quoters' individual reports pursuant to an agreement or rules thereon and which is intended to form the basis of an agreed interest fixing between credit institutions or between credit institutions and their clients.
- 35) “Investment firm I” shall mean: An investment firm which
 - a) is licensed to carry out one or more of the activities mentioned in Annex 4, Section A, nos. 3 and 6–9, or
 - b) holds client money or securities.
- 36) “Combined capital buffer requirement” shall mean: The total Common Equity Tier 1 capital required to meet the requirement for the capital preservation buffer, cf. no. 37, raised by an undertaking-specific countercyclical capital buffer, cf. no. 38, a G-SIFI buffer, cf. no. 41 and a systemic buffer, cf. no. 43, cf. however, section 125e(2) and (3).
- 37) “Capital preservation buffer” shall mean: The own funds that are required to be maintained in accordance with section 125a(3).
- 38) “Undertaking-specific countercyclical capital buffer” shall mean: The own funds that are required to be maintained in accordance with section 125a(4).
- 39) “Countercyclical buffer rate” shall mean: The rate that undertakings are required to use when calculating their undertaking-specific countercyclical capital buffer, and that is set in accordance with section 125(1)–(3), (5) and (6).
- 40) “Undertaking-specific countercyclical capital buffer rate” shall mean: The weighted average of the countercyclical buffer rates that apply in the countries where relevant credit exposures are located, cf. section 125f(1)–(3), (5) and (6).
- 41) “G-SIFI buffer” shall mean: The own funds that a globally systemically important financial institution (G-SIFI), cf. section 310, is required to maintain in accordance with section 125a(5) on a consolidated basis.
- 42) “G-SIFI buffer rate” shall mean: The rate that a globally systemically important financial institution (G-SIFI) is required to use when calculating its G-SIFI buffer and which is set in accordance with section 125g.
- 43) “Systemic buffer” shall mean: The own funds that are required to be maintained in accordance with section 125a(6).
- 44) “Systemic buffer rate” shall mean: The rate that an undertaking is required to use when calculating its systemic buffer and which is set in accordance with section 125h.
- 45) “Variable components of the remuneration” shall mean: Remuneration schemes under which the final remuneration is unknown in advance, including bonus schemes, performance contracts, one-off-consideration and other similar schemes which are not part of the fixed component of the remuneration.
- 46) “Solvency certificate” shall mean: A certificate which states that the group 1 insurance company meets the solvency capital requirement and minimum capital requirement pursuant to sections 126c and 126d.
- 47) “ISPV (Insurance Special Purpose Vehicle)” shall mean: A legal person who covers risk for insurance companies, and who finances the coverage of such risk exclusively via the return on bonds issued or other financing mechanisms in which the repayment rights for those individuals who made capital available are subordinated to the reinsurance duties that follow from an agreement entered into by the legal person and the insurance company.
- 48) “The standard formula” shall mean: A mathematical formula used to calculate the solvency capital requirement of a group 1 insurance company, cf. section 126c, which is established by the European Commission pursuant to article 111 of Directive 2009/138/EC of the European Parliament and of the

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Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

- 49) "Matching adjustment" shall mean: An adjustment of the risk-free interest rate term structure pursuant to section 126e(1) for a selected portfolio of insurance liabilities, where the group 1 insurance company has invested in assets, the payment flow of which reflects the payment flows for the insurance liabilities.
- 50) "Volatility adjustment" shall mean: An adjustment of the risk-free interest rate term structure pursuant to section 126e(1), which ensures that the present value of the insurance provisions is calculated taking into account the investments that the group 1 insurance company has undertaken.
- 51) "Mixed-activity holding company" shall mean: A parent undertaking that is not a financial holding company or a bank, a mortgage-credit institution or an investment firm I within a group in which at least one subsidiary undertaking of the group is a bank, a mortgage-credit institution or an investment firm I.
- 52) "Debt buffer" shall mean: The requirement that a mortgage-credit institution shall fulfil at all times in accordance with section 125i.

(2) "Participating interests" shall mean the direct or indirect ownership by an undertaking of 20% or more of the voting rights or capital of another undertaking.

(3) "Qualifying holding" shall mean a direct or indirect holding in an undertaking which represents 10% or more of the capital or of the voting rights or which makes it possible to exercise a significant influence over the management of that financial undertaking, the financial holding company or the insurance holding company.

(4) "Equity investments" shall mean an interest in a limited company (shares), in a limited liability company (shares) and in the equity in other undertakings.

(5) When specifying and calculating voting rights and entitlements to appoint or remove members of management bodies, rights owned by the parent undertaking as well as its subsidiary undertakings shall be included in the calculations.

(6) For the purposes of this Act:

- 1) "Solvency requirements" shall be interpreted in accordance with section 124(3), section 125(3) and section 126a(7).
- 2) "Capital requirements" shall be interpreted in accordance with section 126c.
- 3) "Solvency needs" shall be interpreted in accordance with section 124(1) and (2), section 125(1) and (2), section 126(1) and (4) and section 126a(1).
- 4) "Minimum capital requirements" shall be interpreted in accordance with sections 124, 125, 126a and 126d.
- 5) "Minimum capital base" shall be interpreted in accordance with section 126.
- 6) "Capital base" shall be interpreted in accordance with section 128(1), and regulations laid down pursuant to section 128(2).
- 7) "Own funds" shall be interpreted in accordance with section 126a(9), 126b(1), Article 4(1), no. 118 of Regulation (EU) no. 575/2013 on prudential requirements for credit institutions and investment firms, and regulations laid down pursuant to section 126b(5) and section 128(3) and (4).
- 8) "Basic own funds" shall be interpreted in accordance with section 126b(2), and regulations laid down pursuant to section 126b(5).
- 9) "Additional own funds" shall be interpreted in accordance with section 126b(3), and regulations laid down pursuant to section 126b(5).
- 10) "Common Equity Tier 1 capital" shall be interpreted in accordance with Article 25 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and regulations laid down pursuant to section 128(3) and (4).
- 11) "Tier 1 capital" shall be interpreted in accordance with Article 25 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and regulations laid down pursuant to section 128(2)-(4).
- 12) "Tier 2 capital" shall be interpreted in accordance with Article 71 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and regulations laid down pursuant to section 128(2)-(4).
- 13) "Additional Tier 1 capital" shall be interpreted in accordance with Article 61 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and rules laid down pursuant to section 128(3) and (4).
- 14) "Subordinate loan capital" shall be interpreted in accordance with the regulations laid down pursuant to section 128(2).

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- 15) "Tier 2 instruments" shall be interpreted in accordance with Article 63 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and regulations laid down pursuant to section 128(3) and (4).
- 16) "Special bonus provisions" shall be interpreted in accordance with the regulations laid down pursuant to section 128(2).
- 17) "Member's accounts" shall be interpreted in accordance with the regulations laid down pursuant to section 128(2).
- 18) "Total risk exposures" shall be interpreted in accordance with Article 92(3), Article 95(2), Article 96(2) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and regulations laid down pursuant to section 142(1).

(7) A parent undertaking which has been covered by subsection (1), no. 10(a) shall continue to be regarded as a financial holding company if no less than 35% of the balance sheet total of the group and the associated undertakings of the parent undertaking pertains to the financial sector. The first sentence shall not apply, however, if the balance sheet total mentioned in the first sentence has been below 40% for three consecutive years.

(8) The Danish FSA may lay down more detailed regulations regarding the positions referred to in subsection (1), no. 16(c) and (d).

Groups

5a. A group is comprised of a parent undertaking together with one or more subsidiary undertakings. An undertaking may only have one direct parent undertaking. If several undertakings satisfy one or more of the criteria in section 5b, only the undertaking that actually exercises the controlling influence over the undertaking's financial and operating decisions shall be deemed the parent undertaking.

5b.(1) Controlling influence is authority to control the financial and operating decisions of a subsidiary undertaking.

(2) Controlling influence in relation to a subsidiary undertaking exists when the parent undertaking, directly or indirectly through a subsidiary undertaking, owns more than one-half of the voting rights in an undertaking, unless, in exceptional circumstances, it can be clearly demonstrated that such ownership does not constitute controlling influence.

(3) Where a parent undertaking holds no more than one-half of the voting rights in an undertaking, controlling influence exists if the parent undertaking has

- 1) right of disposal of more than 50% of the voting rights by virtue of an agreement with other investors,
- 2) authority to manage the financial and operational conditions in an undertaking pursuant to an article of association or an agreement,
- 3) authority to appoint or dismiss a majority of the members of the supreme management body, and this body has controlling influence of the undertaking, or
- 4) the power to exercise the actual majority of votes at the general meeting or an equivalent body and thus hold actual controlling influence of the undertaking.

(4) The existence and effect of potential voting rights, including rights to subscribe for and purchase equity investments that are currently exercisable or convertible, shall be taken into account when assessing whether an undertaking has controlling influence.

(5) When calculating voting rights within a subsidiary undertaking, voting rights associated with equity investments owned by the subsidiary undertaking itself or by its subsidiary undertakings shall be excluded from the calculations.

Part 2a

Communication

6.(1) The Minister of Industry, Business and Financial Affairs may lay down rules which require written communications to and from the FSA, the Minister for Industry, Business and Financial Affairs and the Danish Business Authority on matters covered by this Act or regulations issued pursuant to this Act to be digital.

(2) The Minister for Industry, Business and Financial Affairs may establish rules for digital communication, including the use of certain IT systems, particular digital formats and digital signature or the like.

(3) A digital message shall be considered to have reached the recipient when it is available to the recipient of the message.

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6a.(1) The Minister for Industry, Business and Financial Affairs may lay down regulations stipulating that the Danish FSA and other authorities, cf. section 6(1) may issue decisions and other documents according to this Act or regulations issued in pursuance of this Act without a signature, with a digital or similarly provided signature or by means of a technique that clearly identifies the person who has issued the decision or document. Such decisions and documents shall be treated as decisions and documents provided with a personal signature.

(2) The Minister for Industry, Business and Financial Affairs may lay down regulations providing that decisions and other documents that are made or issued exclusively on the basis of electronic data processing may only be issued with the relevant authority indicated as the sender.

6b.(1) Where this Act or regulations issued pursuant to this Act require a document issued by other parties than an authority, cf. section 6(1) to be signed, this requirement may be met by the use of a technique which clearly identifies the person who has issued the document, cf. however subsection (2). Such documents shall be equivalent to documents with a personal signature.

(2) The Minister for Industry, Business and Financial Affairs may establish rules on dispensing with signature requirements. In connection with this, it may be decided that the personal signature requirement cannot be departed from for particular types of documents.

II

Licences, exclusive right, area of activities and foreign institutions

Part 3

Licences, exclusive right, etc.

Licences for banks, mortgage-credit institutions, investment firms, investment management companies and insurance companies

7.(1) Undertakings that carry out activities comprising receiving from the public deposits or other funds to be repaid as well as activities comprising granting loans on their own account but not on the basis of issuing mortgage-credit bonds, cf. section 8(3), shall be licensed as banks. Banks may only carry out the activities mentioned in Annex 1 as well as activities according to sections 24–26.

(2) Banks may be licensed according to section 9(1) to carry out the activities mentioned in Annex 4, Section A, nos. 1, 2, 4, 5 and 8.

(3) Banks, the State, Danmarks Nationalbank (Central Bank of Denmark), foreign credit institutions which fulfil the conditions in section 1(3) and section 30 or 31 of this Act, issuers of electronic money, and savings undertakings shall have exclusive right to receive from the public deposits or other funds to be repaid. Mortgage-credit institutions, Danmarks Skibskredit A/S, and KommuneKredit may, however, receive other funds to be repaid. Undertakings which do not receive deposits from the public may receive other funds to be repaid provided that this activity or lending activities are not a significant part of the normal activities of the undertaking.

(4) Banks, the State, and foreign credit institutions that fulfil the conditions in section 1(3), and section 30 or 31 of this Act shall have exclusive right to approach the public as recipients of deposits.

(5) Banks have exclusive right to use the words “bank”, “sparekasse” or “andelskasse” in their name. Other undertakings established by law, except for banks, may not use names or expressions for their activities that create the impression that they are a bank. A bank may not describe its activities in a way that may create the impression that it is Denmark’s central bank.

(6) Banks shall use the word “bank”, “sparekasse” or “andelskasse” in their name, cf. however subsection 7. Section 2(2)–(4), sections 3 and 347 of the Companies Act shall apply correspondingly to savings banks and cooperative savings banks.

(7) A limited company which, pursuant to the regulations in sections 207–213, takes over a cooperative savings bank or a savings bank shall have the right to describe itself as a cooperative savings bank or a savings bank respectively, and the word “aktieselskab”, or an abbreviation derived from this, shall be added to the name.

(8) An undertaking seeking a licence under subsection (1) shall have a share capital of an amount corresponding to no less than EUR 5m.

8.(1) Undertakings which grant loans against registered mortgages in real property on the basis of issuing mortgage-credit bonds shall be licensed as mortgage-credit institutions. Mortgage-credit institutions may only carry out activities as mentioned in Annex 3 and activities under sections 24–26.

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(2) Mortgage-credit institutions may be licensed under section 9(1) to carry out the activities mentioned in Annex 4, Section A, no. 1 regarding mortgage-credit bonds, covered bonds, covered mortgage-credit bonds and instruments derived herefrom, as well as activities mentioned in Annex 4, Section A, no. 5, when the investment advice is given in connection with and as a requirement for execution of clients' raising, payment or change of loans secured on real property.

(3) Mortgage-credit institutions and foreign credit institutions which fulfil the conditions for this in the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act shall have exclusive right to issue mortgage-credit bonds.

(4) Securities other than mortgage-credit bonds shall not carry this name or a name that may create the impression that they are mortgage-credit bonds.

(5) Mortgage-credit institutions shall have exclusive right to use words such as "realkreditinstitut", "realkreditaktieselskab", "kreditforening" or "realkreditfond" in their name. KommuneKredit may, however, continue to use the description "Kreditforeningen af Kommuner i Danmark". Other undertakings may not use names or descriptions for their activities that may create the impression that they are mortgage-credit institutions.

(6) Mortgage-credit institutions which have been converted into limited companies and which have hitherto used words such as "kreditforening", "realkreditfond" or "reallånefond" in their name shall add the word "aktieselskab" or an abbreviation derived from this after their name.

(7) An undertaking seeking a licence under subsection (1) shall have a share capital of an amount corresponding to no less than EUR 5m.

9.(1) Undertakings that carry out for a third party the activities mentioned in Annex 4, Section A are securities dealers and shall be licensed as securities dealers, cf. however section 7(1) and section 8(1). Securities dealers may also exercise one or more of the activities mentioned in Annex 4, Section B. License to carry out one or more of the activities mentioned in Annex 4, Section B may only be granted in connection with a licence for the activities mentioned in Annex 4, Section A. The licence shall state the activities in Annex 4 that it covers.

(2) Securities dealers without a licence under section 7(1), section 8(1), or section 10(1) of this Act are investment firms. Investment firms may only carry out activities as mentioned in Annex 4.

(3) Securities dealers, Danmarks Nationalbank (Central Bank of Denmark), Statens Administration (the State Administration) and foreign credit institutions, investment firms and management companies that fulfil the conditions in section 1(3) and sections 30, 31 or 33, have exclusive right to carry out the activities mentioned in Annex 4, Section A with the instruments (securities) mentioned in Annex 5 and with the securities mentioned in section 2(2) of the Securities Trading, etc. Act on a commercial basis for third parties; however, cf. section 7(1) and section 8(1) as well as section 11(2) and section 95(2) of the Alternative Investment Fund Managers etc. Act. Securities dealers as well as foreign credit institutions and investment firms, which are covered by section 1(3) and which fulfil the conditions in sections 30, 31, or 33, shall furthermore have exclusive right to administer and carry out foreign-exchange spot transactions for investment purposes with a view to earning a profit for investors from changes in the exchange rate on a commercial basis for third parties.

(4) The provision in subsection (3) shall not apply when an undertaking carries on trade and procurement of securities that the undertaking itself has issued.

(5) Securities dealers which are not licensed according to section 7(1), section 8(1), or section 10(1) of this Act shall have exclusive right to use the word "fondsmæglerselskab" in their name. Other undertakings may not use names or descriptions for their activities that may create the impression that they are investment firms.

(6) Investment firms which are members of a regulated market shall have exclusive right to use the word "børsmæglerselskab" in their name instead of "fondsmæglerselskab". Other undertakings may not use names or expressions for their activities that may create the impression that they are stockbroking companies.

(7) Investment firms shall use the word "fondsmæglerselskab" or "børsmæglerselskab" in their name.

(8) A company which applies for a licence under subsection (1) to carry out one or more of the activities mentioned in Annex 4, section A, nos. 3 and 6–9, and which is not licensed under sections 7(1), 8(1), or 10(1) of this Act shall have an initial capital of no less than EUR 730,000. A company which applies for a licence as an investment firm under subsection (1), and which desires to keep clients' funds or securities, and which applies to carry out one or more of the activities mentioned in Annex 4, section A, nos. 1, 2, 4 and 5, shall have an initial capital of no less than EUR 125,000. A company which applies for a licence as an investment firm under subsection (1) to carry out one or more of the activities mentioned in Annex 4, section A, nos. 1, 2, 4 and 5, and which does not keep clients' funds or securities, shall, from the time of the licence, have

1) an initial capital that comprises an amount corresponding to no less than EUR 50,000,

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- 2) business indemnity insurance or an equivalent guarantee which covers the entire European Union, for claims for compensation arising from negligence, with cover of no less than EUR 1m for each claim, and no less than EUR 1.5m in total per year for all claims, or
- 3) a combination of initial capital and business indemnity insurance in a form that provides coverage corresponding to that referred to in nos. 1 or 2.

(9) Securities dealers which wish to operate a multilateral trading facility as an alternative market place shall notify the Danish FSA of this before commencing operation of the alternative market. Multilateral trading facilities which have been in operation before such notification may not subsequently be operated as alternative markets.

(10) The Danish FSA shall lay down more detailed regulations regarding which natural and legal persons in addition to those covered by subsections (2) and (3) may provide the services covered by Annex 4.

(11) Investment firms covered by subsection (8), third sentence, shall submit an annual declaration to the Danish FSA stating that the company does not keep clients' funds or securities. Investment firms covered by subsection (8), nos. 2 or 3, shall submit an annual declaration to the Danish FSA stating that the company's indemnity insurance fulfils the conditions in subsection (8), nos. 3 or 3. The declaration mentioned in the first and second sentences must be signed by the company's board of directors and board of management.

(12) The Danish FSA may lay down more detailed regulations regarding the indemnity insurance mentioned in subsection (8), nos. 2 and 3.

10.(1) Undertakings shall be licensed as an investment management company to carry out the day-to-day management of investment associations and manage other UCITS, cf. Annex 6. Investment management companies may only carry out the activities mentioned in subsection (2), section 10a and section 28.

(2) Investment management companies may be granted a licence under section 9(1) to carry out the activities mentioned in Annex 4, Section A, nos. 4, 5 and 9, and the activities mentioned in Section B, no. 4. The activities mentioned in Annex 4, Section A, nos. 4 and 5 may be carried on with the instruments mentioned in Annex 5 nos. 1–3 and with financial futures and similar cash-settled instruments, forward rate agreements (FRAs), interest-rate and currency swaps and swaps on shares and share indexes, options to acquire or dispose of an instrument mentioned in this subsection, and options on share and bond indexes as well as currency and interest-rate options. The activity dealt with in Annex 4, Section A, no. 9 may only be carried out with the instruments mentioned in Annex 5, no. 3. License to carry out the activities mentioned in Annex 4, Section A, nos. 5 and 9 may only be granted in connection with a licence for the activity dealt with in Annex 4, Section A, no. 4. The licence shall state the activities in Annex 4 that it covers.

(3) Investment management companies may be registered as managers of European social entrepreneurship funds pursuant to Regulation (EU) no. 346 of the European Parliament and of the Council of 17 April 2013 on European social entrepreneurship funds.

(4) Investment management companies may be registered as managers of qualifying venture capital funds pursuant to Regulation (EU) no. 345 of the European Parliament and of the Council of 17 April 2013 on European venture capital funds.

(5) Investment management companies and management companies that fulfil the conditions in section 1(3), and section 30 or 31, shall have exclusive right to carry out day-to-day management of investment associations and to manage other UCITS.

(6) An investment management company shall have a share capital corresponding to no less than EUR 125,000. However, an investment management company, which is to be a member of a regulated market or keeps and manages the instruments mentioned in Annex 5, no. 3, including being member of a central securities depository, or a clearing centre where the company participates in clearing and settlement, shall have a share capital corresponding to no less than EUR 730,000.

10a. An investment management company may, in addition to the activities which the company may carry out according to this Act, manage one or more alternative investment funds if the company has obtained a licence for this pursuant to section 11 of the Alternative Investment Fund Managers, etc. Act.

11.(1) Undertakings that carry out insurance activities, including reinsurance activities, shall be licensed as insurance companies or captive reinsurance companies; however, cf. sections 30 and 31. The licence shall state the classes of insurance in Annexes 7 and 8 that it covers. Insurance companies may only carry out the activities mentioned in Annexes 7 and 8 as well as activities under sections 24–26 and section 29. The same shall apply to foreign insurance companies, which are covered by section 1(3) and fulfil the conditions in sections 30 or 31.

(2) The provisions in subsection (1) shall not apply for the following types of undertaking:

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- 1) Pension funds with the objective of securing pension schemes on employment in a private undertaking, including an insurance undertaking, or on employment in such an undertaking within the same group.
- 2) Funeral expenses funds and cremation societies.
- 3) Unemployment insurance funds, etc. under supervision by the state.
- 4) The War Insurance Institute (Krigsforsikringsinstituttet) under the Act on the War Risk Insurance of Ships (lov om krigsforsikring af skibe).
- 5) The War Insurance Association covered by the War Insurance of Real Property and Chattels Act (lov om krigsforsikring af fast ejendom og løsøre).
- 6) Undertakings with objectives restricted to providing roadside assistance in connection with an accident or damage occurring in Denmark or abroad, provided that the assistance abroad is carried out by a corresponding foreign company pursuant to an agreement on reciprocity.
- 7) Undertakings which only provide assistance within a limited area and whose annual premium income does not exceed an amount laid down by the Danish FSA.
- 8) Falck Danmark A/S.
- 9) Reinsurance pursuant to the Export Credit Fund Act of extraordinary risks in connection with export.
- 10) ATP (Arbejdsmarkedets Tillægspension) and the Labour Market Insurance (Arbejdsmarkedets Erhvervsikring).
- 11) Maternity funds.
- 12) The Travel Guarantee Fund.

(3) Undertakings that apply for a licence under subsection (1) will be allocated a status of group 1 insurance company if the company is to carry out cross-border activities pursuant to sections 38 or 39, if the company is to carry out activities within one or more of insurance classes 10–15 in Annex 7, unless they represent subsidiary risk, or if the company is expected to fulfil at least one of the conditions in section 5(1) no. 24, a)–d), in the course of the next 5 years.

(4) Undertakings that apply for a licence under subsection (1) will be allocated a status of group 2 insurance company if the company is not allocated a status of group 1 insurance company, cf. subsection (3).

(5) Undertakings that are expected to be allocated a status of group 1 insurance company, cf. subsection (3), must fulfil the capital requirements in sections 126c and 126d in order to become a licensed insurance company. Undertakings that are expected to be allocated a status of group 2 insurance company, cf. subsection (4), must fulfil the capital requirements in section 126 in order to become a licensed insurance company.

(6) Undertakings that are allocated a status of group 2 insurance company, cf. subsection (4), may apply to the Danish FSA to be allocated a status of group 1 insurance company. The Danish FSA will approve applications pursuant to the first sentence if the Danish FSA judges that the company meets the capital requirements in subsection (5), first sentence.

(7) Insurance companies will have their status changed from group 1 insurance company to group 2 insurance company when they do not carry out cross-border activities pursuant to sections 38 or 39, when the company does not carry out activities within one or more of insurance classes 10–15 in Annex 7, and when none of the amount limits in 5(1), no. 24, a)–d) are exceeded in three consecutive years and are not expected to be exceeded in any of the next five years.

(8) Any insurance companies whose status changes shall immediately notify the Danish FSA of the change in status and submit documentation regarding this no later than 8 business days thereafter.

(9) Undertakings licensed as insurance companies have exclusive right to use the words “forsikringsselskab”, “gensidigt selskab”, “captivegenforsikringsselskab” or “pensionskasse” in their name. Other undertakings may not use names or descriptions for their activities that may create the impression that they are insurance companies or pension funds.

(10) Insurance companies have a duty to use a name that clearly indicates the nature of the company as an insurance company. Mutual insurance companies have a duty to use the words “gensidigt selskab” in their name, or abbreviations derived from this, or to indicate their nature as mutual companies in some other clear manner. Captive reinsurance companies shall use the word “captivegenforsikringsselskab”. Multi-employer occupational pension funds have a duty to state clearly in their name that they are a pension fund. Section 2(2)–(4), sections 3 and 347 of the Companies Act shall apply correspondingly to mutual insurance companies and multi-employer occupational pension funds.

(11) An undertaking, which has a licence for insurance class 10 (third-party liability insurance for motor vehicles) except for liability as a carrier, shall at all times have a claims processing representative in each of the other countries in the European Union and in countries with which the Union has entered into an agreement for the financial area.

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12.(1) Banks, mortgage-credit institutions, investment firms and investment management companies shall be limited companies. Cooperative savings banks shall be cooperative societies, cf. however section 207. Savings banks shall be independent institutions, cf. however section 207. Insurance companies shall be limited companies, mutual companies or multi-employer occupational pension funds. Captive reinsurance companies shall be limited companies.

(2) The financial undertakings referred to in subsection (1) shall have a board of directors and board of management.

(3) A cooperative savings bank which, on the date it becomes covered by section 85a, has not introduced a voting right restriction whereby each member of the cooperative savings bank has one vote under the articles of association, shall not be considered a cooperative society.

13.(1) The share capital of financial undertakings shall be fully paid. Intangible assets may not be used to pay for share capital.

(2) Banks, investment firms, investment management companies, mortgage-credit institutions and insurance companies may not divide their share capital into classes of shares with different voting values, cf. however subsection (3).

(3) In mortgage credit institutions which have been converted to limited companies and where a fund or association set up in connection with the conversion is the majority shareholder, the articles of association may divide the share capital of the institution into share classes with and without voting rights. All shares with voting rights shall have the same voting value.

(4) If a mortgage-credit institution which has been converted into a limited company and in which a fund or association established in connection with the conversion is the majority shareholder, issues non-voting shares, cf. subsection (3), the provisions in section 73 of the Companies Act on redemption rights for minority shareholders and section 70 of the Companies Act on redemption rights for the majority shareholder, shall not apply to such shares. If a mortgage-credit institution has one or more share classes admitted to trading on a regulated market or an alternative market place and a shareholding is transferred as part of a takeover bid, the first sentence shall not apply.

(5) A financial undertaking shall not acquire own shares whether in ownership or by charge if, as a result of such acquisition, the accumulated nominal value of own shares held by the company or its subsidiary company exceeds 10%. The permissible holding of own shares includes shares acquired by a third party in its own name, but at the expense of the undertaking.

(6) The Danish FSA may lay down regulations for own instruments issued to be included in the own funds, including regulations on redemption and acquisition of own instruments issued for investment management companies and for investment firms which are only licensed for the activities mentioned in Annex 4, Section A, nos. 1 and 5, and which do not keep funds or securities of clients, and which cannot become indebted to their clients, and for financial holding companies not covered by Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

14.(1) The Danish FSA shall grant a licence when

- 1) the requirements in sections 7, 8, 9, 10 or 11 have been fulfilled,
- 2) the members of the board of directors and board of management of the applicant fulfil the requirements of section 64 and also section 313 for systemically important financial institutions (SIFIs) and globally systemically important financial institutions (G-SIFIs),
- 3) the employees in group 1 insurance companies that are to be identified as key function holders pursuant to section 71(3) meet the requirements in section 64,
- 4) owners of qualifying holdings, cf. section 5(3), meet the criteria of section 61a(1),
- 5) there are no close links, cf. section 5(1), no. 19 between the applicant and other undertakings or persons that could complicate performance of the tasks of the Danish FSA,
- 6) legislation in a country outside the European Union with which the Union has not entered into an agreement for the financial area, regarding an undertaking or person with whom the applicant has close links will not complicate performance of the tasks of the Danish FSA,
- 7) the procedures and administrative conditions of the applicant are appropriate,
- 8) the applicant has headquarters and registered office in Denmark, and
- 9) subsection (2) or sections 18–21 and subsection (2), first sentence are fulfilled.

(2) An application for a licence under sections 7–11 shall contain all information necessary for assessment by the Danish FSA of whether the requirements in subsection (1) have been fulfilled, including information on the size of the qualifying holdings and the organisation of the undertaking. An application for a licence pursuant to

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sections 7 and 8 to carry out credit institution activities shall contain information on the identity of the 20 largest shareholders, where there are no owners of qualifying holdings. An application pursuant to sections 7–11 shall also contain an operating plan with information about the nature of the business intended.

(3) In the event that the Danish FSA refuses an application for a licence, the applicant shall be notified, with a reason for refusal, no later than six months following receipt of the application or, if the application is incomplete, no later than six months after the applicant has submitted the information necessary to make the decision. In all circumstances, a decision shall be made no later than 12 months after receipt of the application. If the Danish FSA has not made a decision on a full and complete application for a licence no later than six months after receipt of the application, the company may bring the matter before a court.

(4) In order to comply with the provisions on suspension from the European Commission in accordance with the Directives for the financial area, the Danish FSA may suspend processing of an application for a licence under sections 7–11 and 16 of this Act from applicants which are owned, directly or indirectly, by companies domiciled in a country outside the European Union with which the Union has not entered into an agreement for the financial area.

(5) The Danish FSA may refuse to grant a licence under subsection (1), if the objective of locating the headquarters and registered office in Denmark is solely to avoid being subject to legislation in the country in which most of the applicant's clients are domiciled.

(6) For financial undertakings subject to sections 7–9 and section 10(2), a licence shall also be on the condition that the undertaking joins the Depositors' and Investors' Guarantee Fund.

(7) In the case of banks or mortgage-credit institutions, the licence shall also be on the condition that the members of the applicant's board of directors and board of management meet the requirement for setting aside sufficient time, cf. section 64a, and that the applicant's board of directors meets the requirements for adequate collective knowledge, skills and experience, cf. section 70(4).

14a. The Danish FSA may grant a licence to operate pursuant to section 7(1), section 8(1), section 9(1) and section 16 to a bridge institution, set up pursuant to section 21(1) of the Restructuring and Resolution of Certain Financial Undertakings Act, which does not fulfil all the conditions for a licence, if the Danish FSA judges that this is necessary in order to achieve the resolution objectives. The requirements in Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms shall nevertheless be fulfilled. In conjunction with the licence, the Danish FSA shall set a time limit for fulfilment of the requirements for obtaining a licence pursuant to section 7(1), section 8(1) and section 9(1); cf. sections 14 and 16a.

(2) The Danish FSA may also, when Finansielt Stabilitet sets up a bridge institution pursuant to section 21(1) of the Restructuring and Resolution of Certain Financial Undertakings Act, exempt Finansielt Stabilitet from fulfilling the rules for financial holding companies and mixed-activity holding companies set out in Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, this act or regulations issued pursuant to the act in consideration of the purpose of the relevant regulations and resolution objectives. The Danish FSA shall set a time limit for exemption of Finansielt Stabilitet from the regulations for financial holding companies and mixed-activity holding companies. The time limit may be extended if the conditions in section 22(4) of the Restructuring and Resolution of Certain Financial Undertakings Act are met.

(3) Subsection (2) notwithstanding, part 9 and section 181 shall apply to Finansielt Stabilitet as a financial holding company or mixed-activity holding company.

15.(1) Once the Danish FSA has granted a licence under section 14, the Danish Business Authority may carry out the necessary registration.

(2) In notifications for registration, cf. subsection (1), and in notifications of amendments to the articles of association, the financial undertaking shall submit a dated specimen of the articles of association with the entire new wording to the Danish Business Authority, who shall forward a copy to the Danish FSA.

(3) When granting licenses or changes in a licence for insurance companies, the Danish FSA shall simultaneously forward a copy to the Danish Business Authority. The Danish Business Authority shall carry out registration of the date of the licence.

(4) The provisions of the Companies Act on notification and registration, etc. shall apply correspondingly to savings banks and co-operative savings banks.

16. The Danish FSA may license banks, mortgage-credit institutions, investment firms and investment management companies to carry out services with instruments and contracts covered by the decision of the Danish FSA in pursuance of section 2(2) of the Securities Trading, etc. Act.

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16a. (1) The Danish FSA may permit banks and mortgage-credit institutions to issue covered bonds.

(2) Banks and mortgage-credit institutions with a licence pursuant to subsection (1) and the ship finance institution pursuant to section 2c of the Act on a Ship Finance Institution shall have exclusive right to issue covered bonds. Mortgage-credit institutions with a licence pursuant to subsection (1) shall also have exclusive right to issue covered mortgage-credit bonds.

(3) Bonds issued by credit institutions which have been granted a licence in another Member State of the European Union or a country with which the Union has entered into an agreement for the financial area may similarly be described as covered bonds, provided they fulfil the conditions of Article 129 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

(4) The Danish FSA shall lay down more detailed regulations regarding

- 1) the conditions for obtaining a licence pursuant to subsection (1), and
- 2) the conditions upon which bonds issued by banks and mortgage-credit institutions may attain and retain the description covered bonds or covered mortgage-credit bonds.

16b.(1) A bank or a mortgage-credit institution may finance loans secured on real property with covered bonds or covered mortgage-credit bonds issued by another bank or mortgage-credit institution.

(2) Issuance of covered bonds or covered mortgage-credit bonds pursuant to subsection (1) shall be approved by the Danish FSA.

16c. If a loan is to be financed with issuance by another bank or mortgage-credit institution of covered bonds or covered mortgage-credit bonds, this shall be stated in the loan agreement between the lending bank or mortgage-credit institution and the borrower. The loan agreement shall also state that information about the borrower can be transmitted between the lending institution and the issuing institution, cf. section 120b.

(2) The loan terms and conditions shall specifically state that the lending institution may raise the interest rates as a result of changes in financing terms, cf. section 152b(4), and section 6 of the Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act.

16d.(1) If a bank or a mortgage-credit institution grants a loan secured in a mortgage in real property on the basis of issuance of covered bonds or covered mortgage-credit bonds by another bank or mortgage-credit institution, the loan with the associated mortgage shall be transferred to the ownership of the issuing institution.

(2) Transfer pursuant to subsection (1) may not be reversed pursuant to sections 67, 70 or 72 of the Bankruptcy Act. Reversal may be carried out, however, in accordance with the provisions mentioned, if the transfer could not be regarded as ordinary.

16e. If a bank or a mortgage-credit institution grants a loan secured on a mortgage in real property on the basis of issuance of covered bonds or covered mortgage-credit bonds by another bank or mortgage-credit institution, the borrower may, in full satisfaction of all claims, pay the lending bank or mortgage-credit institution, unless the borrower receives separate notification otherwise from the issuing bank or mortgage-credit institution.

16f.(1) The lending bank or mortgage-credit institution shall keep payments received regarding loans secured in mortgages in real property on the basis of issuance of covered bonds or covered mortgage-credit bonds by another bank or mortgage-credit institution separate from the other funds of the institution.

(2) The lending bank or mortgage-credit institution shall monitor and control this separation regularly.

(3) The lending bank or mortgage-credit institution shall settle the payments received with the issuing institution in accordance with a plan established in advance.

(4) The Danish FSA shall lay down more detailed regulations regarding

- 1) the assets in which the lending bank or mortgage-credit institution may place payments received until settlement is made, and
- 2) monitoring and control by the bank or mortgage-credit institution of separation and settlement with the issuing bank or mortgage-credit institution.

16g. In the event of the bankruptcy of the lending bank or mortgage-credit institution, the payments received by the lending bank or mortgage-credit institution covered by section 16f, cf. section 16b(1), which have not yet been settled, shall fall due to the issuing bank or mortgage-credit institution outside the insolvent estate.

17. The Danish FSA shall lay down regulations on with which instruments and contracts, in addition to the instruments and contracts mentioned in Annex 5, financial undertakings may carry out services with a licence under section 7(1) or section 9(1).

Special regulations for insurance companies regarding notification to the Danish FSA

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18.(1) Applications for licenses shall contain an operating plan for the activities the insurance company intends to operate, prepared by the insurance company. The Danish FSA shall lay down regulations regarding the information to be included in the operating plan, on requirements for the form of reporting and format and on the term of years for which the plan shall be prepared.

(2) An application for a licence for insurance class 10 (third-party liability insurance for motor vehicles) shall be accompanied by information on whom the company will appoint as claims processing representative in each of the other countries in the European Union and in countries with which the Union has entered into an agreement for the financial area. The Danish FSA shall lay down more detailed regulations regarding claims processing representatives and their authorities.

(3) A licence shall contain information about the insurance activities the company may carry out. The Danish FSA shall lay down more detailed provisions on the contents of the licence and the application in general.

19.(1) Life-assurance activities may not be combined with other insurance activities in the same company. Life-assurance companies may, however, carry out activities within insurance classes 1 and 2, cf. Annex 7, in addition to life-assurance activities. Furthermore, the same company may carry out reinsurance of life assurance and other insurance.

(2) The Danish FSA shall lay down regulations regarding the extent to which the risk of life-assurance companies under insurance classes 1 and 2, cf. Annex 7, shall be covered by the special regulations for life-assurance activities in this Act.

(3) The Danish FSA may permit a non-life insurance company which carries out activities through a branch in a Member State of the European Union or a country with which the Union has entered into an agreement for the financial area to deal in types of insurance which are in accordance with the application of law in the relevant country, notwithstanding the fact that this is not permitted in Denmark.

20.(1) The technical basis etc. for life-assurance activities shall be notified to the Danish FSA no later than the same time as the company starts using the basis etc. The same shall apply to any subsequent amendment to the above-mentioned circumstances. The notification shall include specification of

- 1) the types of insurance the company intends to use,
- 2) the basis of calculation of insurance premiums, surrender values and paid-up policies,
- 3) the regulations for calculating and distributing the realised profit and loss to policyholders and other beneficiaries under insurance contracts,
- 4) the company's principles for reinsurance, including limits to amounts,
- 5) the regulations for when proposers and policyholders are to provide health information for an assessment of risks,
- 6) the regulations for calculating life-assurance provisions for individual insurance contracts and for the company as a whole, and
- 7) the regulations according to which pension schemes with annuity payments, effected or agreed as compulsory schemes with an insurance company, may be transferred to or from a company in connection with transition to another employment or in connection with a transfer of ownership or reorganisation of an undertaking.

(2) Companies which do not arrange direct life assurance shall not notify the technical basis etc. for life-assurance activities.

(3) The Danish FSA may lay down more detailed provisions on the conditions mentioned in subsection (1), including provisions on if and the extent to which notifications shall be available to the public.

21.(1) The conditions notified under section 20(1), nos. 1–5 shall be adequate and reasonable for the individual policyholder and others eligible under insurance contracts.

(2) The regulations notified for calculation and distribution of realised profit or loss, cf. section 20(1), no. 3, shall be accurate and clear and shall lead to a reasonable distribution.

(3) Premiums for newly effected insurance contracts shall be sufficient to enable the insurance company to meet all its commitments so that no systematic and permanent input from other funds will be needed.

(4) The elements of calculations (interest rates, expenses, and statistical elements) that form the basis for calculating insurance premiums, cash surrender values, and paid-up policies, shall be selected with prudence. If the basis for calculating insurance premiums, surrender values and paid-up policy benefits includes the possibility to divide the insurance premiums paid into a part for which a guaranteed pension is accumulated and a part attributable to either the collective bonus potential or bonus potential on paid-up policy benefits, it shall, however, be sufficient that the basis as a whole is based on appropriate assumptions. The elements of calculations that form the basis for calculating life-assurance provisions shall be set such that they are in accordance with the regulations issued pursuant to section 196.

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(5) If an insurance policy is covered by subsection (4), second sentence, the share of the collective bonus potential and the bonus potential on paid-up policy benefits shall be included in full in calculating the cash surrender value, and in transferring from one company to another, cf. section 20(1), no. 7.

(6) The Danish FSA may lay down more detailed provisions on the requirements mentioned in subsections (1)–(4).

(7) If the requirements in subsections (1)–(4) or the requirements in the regulations issued in pursuance of this Act are not fulfilled, the Danish FSA shall order the life-assurance company to carry out the necessary changes in the conditions notified under section 20 within a time limit laid down by the Danish FSA. The provisions of section 249 shall apply correspondingly.

22.(1) If, despite the provisions in sections 11–14, insurance contracts are arranged prior to a licence being granted and registered, those who have arranged the insurance on behalf of the insurance company, or who have joint and several responsibility for this, shall have joint liability for fulfilling the agreement. If the company recognises the commitments no later than four weeks after registration, the relevant persons' liability shall lapse, provided the security of the policyholder is not thus significantly impaired. Agreements of the type mentioned are not binding for the policyholder prior to the company recognising the commitments.

(2) The provisions in sections 11–14 shall not obstruct the enrolment of members in order to establish a mutual insurance company, provided insurance liability does not commence and premiums are not revalued prior to the company being registered. Enrolment of a member in a mutual company in accordance with the first sentence shall only be binding provided the company notifies the Danish Business Authority no later than 1 year after the enrolment. If registration is refused, the agreement shall lapse.

Special regulations for mutual insurance companies regarding establishment, etc.

23.(1) Part 3 of the Companies Act, with the changes necessary, shall apply correspondingly to mutual insurance companies and multi-employer occupational pension funds. Furthermore, the provisions of the Companies Act on notification and registration, etc. shall apply correspondingly.

(2) For mutual insurance companies and multi-employer occupational pension funds the provisions of the Companies Act mentioned in subsection (1) regarding shareholder utilisation of guarantors and the provisions on share capital and shares shall apply to guarantee capital and guarantee interests with the necessary modifications.

Part 4

Other licensed activities General regulations regarding other licensed activities

24.(1) Banks, mortgage-credit institutions and insurance companies may carry out activities ancillary to the activities licensed. The Danish FSA may decide that the ancillary activities are to be carried out by another company.

(2) Banks, mortgage-credit institutions and insurance companies may, through subsidiary undertakings, carry out other financial activities.

25. Banks, mortgage-credit institutions and insurance companies may, temporarily, carry out other activities to secure or settle exposures already entered into, or with regard to restructuring business undertakings. The financial undertaking shall inform the Danish FSA regarding this matter.

26.(1) Banks, mortgage-credit institutions, investment firms and insurance companies may, notwithstanding sections 7–9, 11, 24 and 25, carry out other activities in cooperation with others if

- 1) the financial undertaking does not have direct or indirect controlling influence on the undertaking,
- 2) the financial undertaking does not carry out the activities in cooperation with other financial undertakings which are part of a group with said financial undertaking, or with regard to insurance companies, in management cooperation with said insurance company, and
- 3) the activities are carried out in another company than the financial undertaking.

(2) If a financial undertaking or group begins to carry out other activities contrary to section 7(1), 8(1), 9(1), 11(1) or 26(1) due to an acquisition, a merger, etc., the Danish FSA may determine a time-limit for disposal of the other activities, if an immediate disposal would result in a financial loss.

Special regulations for investment firms regarding subsidiary undertakings

27. Investment firms may not have subsidiary undertakings, unless these are investment firms.

Special regulations for investment management companies regarding subsidiary undertakings

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28. Investment management companies may not have subsidiary undertakings, unless these are investment management companies or management companies.

Special regulations for insurance companies regarding other licensed activities

29.(1) In addition to the activities included in sections 24–26, insurance companies may carry out the following activities:

- 1) Agency activities for insurance companies and other companies under the supervision of the Danish FSA.
- 2) Establishment, ownership and operation of real property and infrastructure covering technical, transport and construction plant.

(2) Life-assurance companies may erect residential housing for purposes of resale when said companies have been granted a pledge for a share of the appropriation framework under section 1c or under regulations laid down in pursuance of section 1(4) of the Promotion of Private Rental Housing Act (lov om fremme af privat udlejningsbyggeri) and at least half of the residential flats are rented for year-round residence.

(3) With regard to investments under subsection (2), the value of the share of residential flats erected for purposes

of resale may not exceed 1% of the insurance provisions.

(4) Life-assurance companies and multi-employer occupational pension funds may establish and manage separate SP (Special Pension Savings Scheme) accounts.

Part 5

Foreign undertakings General regulations regarding foreign undertakings

30.(1) A foreign undertaking which has been granted a licence to carry out the activities mentioned in sections 7–11 in another Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, may begin carrying out activities in Denmark through a branch two months after the Danish FSA has received notification hereon from the supervisory authorities of the home country, cf. subsections (4)–(8). The branch may carry out the activities mentioned in Annexes 2–4, 7 and 8, if these are covered by the company's licence in the home country.

(2) Issuance of mortgage-credit bonds, cf. Annex 3, may only be carried out by credit institutions which fulfil the relevant conditions under the Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act.

(3) If the undertaking is a management company, cf. section 5(1), no. 5, the branch may

- 1) manage UCITS, and
- 2) carry out the activities mentioned in Annex 4, Section A, nos. 4, 5 and 9, if these are covered by the management company's licence in the home country.

(4) The Danish FSA shall obtain the following information from the supervisory authorities of the home country:

- 1) a description of the activities of the branch, including information on organisation and planned activities,
- 2) a declaration that the activities planned are covered by the company's licence in the home country.
- 3) the address of the branch, and
- 4) the names of the branch management or of the general agent, cf. section 35.

(5) If the undertaking is a credit institution, the Danish FSA shall furthermore obtain information on the undertaking's own funds and solvency ratio, as well as information on any guarantee scheme in the home country covering the depositors or investors in the branch.

(6) Furthermore, if the undertaking is an investment firm or a management company, cf. section 5(1), no. 5, the Danish FSA shall obtain information on any guarantee scheme in the home country covering investors in the branch. When a management company wishes to offer management in Denmark, the Danish FSA shall receive confirmation from the competent authority of the home country that said company has been approved according to the UCITS Directive, a description of the extent of the company's licence and any restrictions as to which investment institutions the company is authorised to manage, as well as a description of the company's risk management process and procedures for processing complaints from investors.

(7) Furthermore, if the undertaking is an insurance company, the Danish FSA shall obtain a solvency certificate.

(8) Provided that the branch is required to hedge risks under insurance class 10, cf. Annex 7, no. 10, excluding the carrier's liability, the Danish FSA shall also require a declaration stating that the branch is a member of the Danish Motor Insurers' Bureau from the supervisory authorities of the home country. For the insurance contracts

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issued by the branches in question covering the risks mentioned, sections 105–108 and 110–115 of the Road Traffic Act shall apply.

(9) The undertaking shall notify the Danish FSA of any changes regarding the conditions mentioned in subsection (4), nos. 1–4, and subsections (5)–(8) no later than one month before the change is implemented. If it proves impossible to notify the Danish FSA of the change no later than one month before the change is implemented, notification shall take place without delay. However, the undertaking shall not inform the Danish FSA of changes regarding the own funds and solvency ratio of said undertaking.

(10) The provisions laid down in the Companies Act on branches of foreign limited companies shall apply to the branches specified in subsection (1).

(11) Branches of credit institutions and investment firms in Denmark, which have been granted a licence to provide investment services in a Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, and which carry out such activities in Denmark, may use associated agents.

31.(1) A foreign undertaking which has been granted a licence to carry out the activities mentioned in sections 7–11 in another Member State of the European Union, or a country with which the Union has entered into an agreement for the financial area, may begin providing services in Denmark when the Danish FSA has received notification hereon from the supervisory authorities of the home country. The foreign undertaking may carry out the activities mentioned in Annexes 2–4, 7 and 8 when the supervisory authorities in the home country have declared that they are covered by the undertaking's licence in the home country. If the foreign undertaking is an insurance company, the Danish FSA shall also have received the information mentioned in subsections (5) and (6) from the supervisory authorities of the home country. If the foreign undertaking is a management company, the Danish FSA shall have received from the supervisory authorities of the home country a business plan for the intended work and services of the management company, cf. subsection (3) and more detailed information on relevant guarantee schemes with the object of protecting investors. When a management company wishes to offer management in Denmark, the Danish FSA shall receive confirmation from the competent authority of the home country that said company has been approved according to the UCITS Directive, a description of the extent of the company's licence and any restrictions as to which investment institutions the company is authorised to manage, as well as a description of the company's risk management process and procedures for processing complaints from investors. (2) Issuance of mortgage-credit bonds, cf. Annex 3, may only be carried out by credit institutions which fulfil the conditions under the Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act.

(3) If the undertaking is a management company, the undertaking may

- 1) manage UCITS, and
- 2) carry out the activities mentioned in Annex 4, Section A, nos. 4, 5 and 9, if these are covered by the management company's licence in the home country.

(4) The procedure mentioned in subsection (1) shall also apply when a management company delegates the placing on the market of shares in the host country to a financial undertaking which has been granted a licence under section 9(1) or 10(1).

(5) If the foreign undertaking is an insurance company, the Danish FSA shall obtain the following information from the supervisory authorities of the home country:

- 1) a solvency certificate, and
- 2) a list of the classes of insurance, groups of classes of insurance, and any subsidiary risks that the insurance company intends to cover in Denmark.

(6) Provided that the insurance company is required to hedge risks under insurance class 10, cf. Annex 7, no. 10, excluding the carrier's liability, the Danish FSA shall also require, from the insurance company, information on the name and address of the representative mentioned in subsection (7), as well as a declaration stating that the insurance company is a member of the Danish Motor Insurers' Bureau. For the insurance contracts in question covering the risks mentioned, sections 105–108 and 110–115 of the Road Traffic Act shall apply.

(7) Provided that it covers risks under insurance class 10, cf. Annex 7, no. 10, excluding the carrier's liability, the insurance company shall also appoint a representative who is domiciled or established in Denmark. The representative shall be authorised to obtain all necessary information regarding claims and to represent the insurance company in relation to injured parties who may make claims, and with regard to the payment of such claims.

(8) The representative shall also, cf. subsection (7), be authorised to represent the insurance company in relation to the authorities as well as in legal proceedings against the insurance company in connection with the claims mentioned in subsection (7).

(9) Appointment of the representative shall not, in itself, be considered establishment of an established place of business, cf. section 34.

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(10) The insurance company shall inform the Danish FSA of any changes regarding the conditions mentioned in subsection (5), no. 2 and subsection (1), second sentence no later than at the time the change is implemented.

32. A foreign undertaking may use the same name as it uses in its home country. If there is a risk of confusing said name with a name used in Denmark, the Danish Business Authority may require an explanation to be added to the name.

Special regulations for foreign credit institutions and investment firms

33.(1) A foreign credit institution and investment firm, which has been granted a licence in a country outside the European Union, with which the Union has not entered into an agreement for the financial area, is required to obtain a licence from the Danish FSA to carry out services with securities trading in Denmark.

(2) The Danish FSA may refuse to grant a licence, if the legislation in the country in which the credit institution and the investment firm have been granted a licence and are under supervision, will complicate the work of the Danish FSA.

(3) The Danish FSA shall lay down more detailed regulations regarding the licence procedure, including regulations as to the type of documentation required by the Danish FSA in connection with the application.

Special regulations for foreign insurance companies

34.(1) An insurance company's established place of business shall mean:

- 1) The registered office stated in the articles of association.
- 2) A branch.
- 3) An office managed by the staff of a foreign insurance company.
- 4) An independent person who has a permanent licence to act on behalf of a foreign insurance company in the same way as a branch.

(2) If a foreign insurance company in Denmark is subject to subsection (1), no. 3 or 4, the office or person shall also be regarded as the company's branch in Denmark and shall comply with the conditions laid down in section 30 or the conditions pursuant to section 1(3).

35.(1) The insurance company shall appoint a general agent to manage the branch and the branch may not be bound to any obligations without the collaboration of said general agent. The general agent shall be authorised to sign for the undertaking in relation to a third party and to represent the insurance company in general, including in relation to the Danish FSA and the Danish Business Authority and during any legal proceedings against the company.

(2) If the general agent does not work as the representative mentioned in section 31(6) for the insurance company's activities under insurance class 10, cf. Annex 7, no. 10, excluding carrier's liability, the regulations in section 31(6)–(9) shall apply.

(3) An insurance company may only have one general agent in Denmark.

(4) The general agent may grant power of attorney to one or more sub-agents.

(5) General agents shall be legally competent persons and hold citizenship in a European Union Member State or in a country with which the Union has entered into an agreement for the financial area. The Danish FSA may, where conditions support this, grant exemption from the requirement for citizenship.

(6) A limited company, limited liability company or partnership domiciled in Denmark may act as a general agent if the general agent appoints as its representative a person who fulfils the conditions mentioned in subsection (5) for being a general agent.

35a. On the transfer of all or part of an insurance portfolio effected in Denmark by a foreign insurance company in accordance with sections 30 and 31, the Danish FSA shall, in cooperation with the authority in the home country, publish notification of the transfer in the Danish Official Gazette and a national daily newspaper. The transfer may not be invoked as basis for cancelling an insurance contract.

36. Foreign insurance companies subject to the regulations in sections 30(1) and 31(1) which cover the risks mentioned in Annex 7 in Denmark may be ordered by the Danish FSA to participate in schemes that guarantee satisfaction of claims for damages from the insured or third-party claimants to the extent that such schemes apply correspondingly to Danish insurance companies.

37. The Danish FSA may lay down more detailed regulations for insurance companies regarding services rendered from countries outside the European Union, with which the Union has not entered into an agreement for the financial area.

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37a.(1) The Danish FSA may, upon request from the supervisory authority in the home country, prohibit a foreign insurance company which is covered by the provisions in section 30(1) and section 31(1) from having full charge of its assets in Denmark, or limit the foreign insurance company's access hereto.

(2) Subsection (1) shall apply correspondingly to other foreign insurance companies which have been notified a concession in one of the Member States of the European Union or in countries which have implemented Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), if the insurance company has assets in Denmark without being covered by the provisions in section 30(1) and section 31(1).

Activities of Danish financial undertakings abroad

38.(1) A Danish financial undertaking which wishes to establish a branch in another country shall notify the Danish FSA of this and include the following information about the branch:

- 1) the country in which the branch is to be established,
- 2) a description of the activities of the branch, including information on organisation and planned activities,
- 3) the address of the branch,
- 4) the names of the branch management, and
- 5) for insurance companies, the name of the branch's general agent.

(2) When establishing a branch in a Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, the Danish FSA shall forward the information mentioned in subsection (1) to the supervisory authorities in the host country. For banks and mortgage-credit institutions, solvency ratios, and for insurance companies, solvency certificates, shall be submitted by the Danish FSA to the supervisory authorities in the host country. Simultaneously, a declaration that the activities planned are covered by the licence of the financial undertaking shall be submitted.

(3) If the branch is established in a Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, and if the undertaking is a bank, mortgage-credit institution, investment firm or investment management company, the Danish FSA shall furthermore forward information about the investor and depositor scheme, and for banks and mortgage-credit institutions the Authority shall forward information about the undertaking's own funds. For investment management companies and investment firms, the Danish FSA shall notify the supervisory authorities of the host country of any changes in the information about the investor and depositor guarantee scheme.

(4) The information required pursuant to subsections (2) and (3) shall be sent no later than three months after receipt of the information. At the same time as the submission, the Danish FSA shall inform the financial undertaking hereof.

(5) The Danish FSA may refrain from submitting information under subsections (2) and (3) if there is reason to doubt that the administrative structure and financial situation are reasonable as a basis for the establishment of the planned branch. The Danish FSA shall notify the undertaking of this no later than two months after receipt of the information mentioned in subsection (1).

(6) The undertaking shall notify the Danish FSA of any changes in the conditions mentioned in subsection (1). The Danish FSA shall receive said notification no later than one month before the change is implemented. If it proves impossible to notify the Danish FSA of the change no later than one month before the change is implemented, notification shall take place without delay. The undertaking is bound in the same way in relation to the supervisory authorities of the host country, if the host country is another country within the European Union or a country with which the Union has entered into an agreement for the financial area.

(7) A financial undertaking shall have a licence by the Danish FSA to establish a branch in a country outside the European Union with which the Union has not entered into an agreement for the financial area. If there is reason to doubt that the administrative structure and financial situation of the undertaking are reasonable as a basis for the establishment of a branch planned, the Danish FSA may reject an application for a licence.

(8) Should the group 1 insurance company fail to fulfil the solvency capital requirement pursuant to section 126c or the minimum capital requirement pursuant to section 126d, the Danish FSA shall not forward a solvency certificate.

39.(1) A financial undertaking wishing to carry out activities in the form of cross-border services in a Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, shall notify the Danish FSA hereof, indicating the country in which it wishes to initiate the activities and the type of activities it wishes to commence. Insurance companies shall furthermore submit information about the classes of insurance, groups of classes of insurance and any subsidiary risks they wish to cover. Investment management companies shall furthermore submit a business plan of the intended work and services as well as more detailed information about relevant guarantee schemes with the object of protecting investors.

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(2) The Danish FSA shall forward the notification mentioned in subsection (1) and a declaration stating that the activities planned are covered by the company's authority to the supervisory authorities in the host country no later than one month after receipt of the notification mentioned in subsection (1). If the undertaking is an insurance company, the Danish FSA shall furthermore submit a solvency certificate to the supervisory authorities of the host country. If the undertaking is an investment management company, the Danish FSA shall furthermore submit information about the investor and depositor guarantee scheme.

(3) If the undertaking is an investment firm or an investment management company, said undertaking is required to notify the Danish FSA and the supervisory authorities of the host country of any change in the conditions mentioned in subsection (1) no later than one month

before the changes are implemented. If it proves impossible to notify the Danish FSA of the change no later than one month before the change is implemented, notification shall take place without delay.

(4) An investment management company delegating to a third party the placing on the market of interests in another Member State of the European Union or in a country with which the Union has entered into an agreement for the financial area shall follow the procedure mentioned in section 31(1).

(5) Should the group 1 insurance company fail to fulfil the solvency capital requirement pursuant to section 126c or the minimum capital requirement pursuant to section 126d, the Danish FSA shall not forward a solvency certificate.

(6) A financial undertaking wishing to perform services in a country outside the European Union, or in a country with which the Union has not entered into an agreement for the financial area, shall notify the Danish FSA hereof, no later than one month before commencing the activities, indicating the country in which it wishes to initiate the activities and the type of activities it wishes to commence. If it proves impossible to notify the Danish FSA of this no later than one month before commencing the activities, notification shall take place as soon as possible.

(7) The undertakings shall notify the Danish FSA of any changes in the activities mentioned in subsection (6) no later than one month before the change is implemented. If it proves impossible to notify the Danish FSA of the change within this time limit, notification shall take place as soon as possible.

(8) Subsections (6) and (7) shall not apply to undertakings which carry out the service activities covered by Annexes 7 and 8.

Management by investment management companies of investment undertakings which are UCITS, from a branch or as a cross-border service

39a.(1) An investment management company wishing to manage UCITS from a branch in another Member State of the European Union or in a country with which the Union has entered into an agreement for the financial area, or as cross-border services, shall, in addition to submitting the information stated in sections 38 and 39 to the Danish FSA, submit a description of the company's risk management process and procedures for processing complaints from investors. When the Danish FSA forwards the information mentioned in the first sentence to the supervisory authorities in the host country, the Danish FSA shall also send confirmation that the company has been approved according to the UCITS Directive, as well as a description of the extent of the company's licence and any restrictions as to which UCITS the company is authorised to manage.

(2) An investment management company managing UCITS as mentioned in subsection (1) shall comply with the regulations of this Act concerning the activities of investment management companies, including sections 70 and 71 on organisation, procedures for risk management and internal reporting, as well as sections 102–105 on delegation.

(3) An investment management company managing UCITS as mentioned in subsection (1) shall comply with the regulations established by the home country of a UCITS on the establishment and operation of UCITS, including regulations applicable for

- 1) establishment and authorisation of UCITS,
- 2) issuance and redemption of units and shares,
- 3) investment policy and investment boundaries, including calculating overall risk exposure and gearing,
- 4) restrictions on borrowing, lending and uncovered sales,
- 5) valuation of the assets and accounting of a UCITS,
- 6) calculation of the issue or redemption price and errors in calculating the net asset value, as well as compensation for investors in this connection,
- 7) distribution or reinvestment of the income,
- 8) requirements of reporting and publication, including of the prospectus, the key investor information and periodical reports which the UCITS concerned shall comply with,
- 9) measures regarding marketing,

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- 10) relationship with participants,
- 11) merger and restructuring of a UCITS,
- 12) dissolution and liquidation of a UCITS,
- 13) contents and form of any participant's register,
- 14) fees for authorisation and inspection of a UCITS,
- 15) exercising voting rights of members and other participant's rights pursuant to nos. 1–13.

(4) The investment management company shall comply with the duties laid down in the fund rules or articles of association of a UCITS and in the prospectus, which shall comply with the regulations laid down by the home country, cf. subsection (3).

(5) The competent authorities of the UCITS home country shall be responsible for supervising compliance with subsections (3) and (4).

(6) The board of directors of the investment management company shall make a decision on and shall be responsible for adopting and implementing the measures and organisational decisions necessary for the investment management company to comply with the regulations for establishment and operation of a UCITS, cf. subsection (3), as well as the duties laid down in the fund rules or in the articles of association, and the duties laid down in the prospectus.

(7) The Danish FSA shall be responsible for supervising that the measures and organisation of the investment management company are sufficient for the investment management company to comply with the duties and regulations relating to establishment and operation of the UCITS that it manages.

(8) An investment management company managing a UCITS with a registered office in another Member State of the European Union or a country with which the Union has entered into an agreement for the financial area shall enter into a written agreement with the depositary on exchange of information necessary for the depositary to carry out its duties.

39b.(1) An investment management company which intends to manage a UCITS established in another Member State of the European Union or a country with which the Union has entered into an agreement for the financial area shall submit the following documentation to the competent authorities in the home country of the UCITS concerned:

- 1) The written agreement with the depositary mentioned in section 39a(8).
- 2) Information on delegation of tasks within investment management and management as mentioned in Annex II to the UCITS Directive.

(2) If an investment management company is already managing other UCITS of the same type in the home country of the UCITS concerned, reference to the documentation, cf. subsection (1), already sent to the competent authorities, will suffice.

(3) The investment management company shall inform the competent authorities in the home country of the UCITS being managed about any subsequent significant changes to the documentation mentioned in subsection (1).

Subsidiary undertakings of Danish financial undertakings abroad

40.(1) A financial undertaking wishing to establish a subsidiary undertaking (which is a credit institution, an investment firm or an insurance company) in a country outside the European Union with which the Union has not entered into an agreement, is required to obtain a licence for this from the Danish FSA. If there is reason to doubt that the administrative structure and financial situation of the undertaking are reasonable as a basis for the establishment of a subsidiary undertaking planned, the Danish FSA shall not grant a licence.

(2) A financial undertaking shall notify the Danish FSA when establishing subsidiary undertakings not covered by subsection (1) in a country outside the European Union with which the Union has not entered into an agreement.

Special regulations for the activities of Danish insurance companies abroad

41. The Danish FSA may lay down more detailed regulations regarding the activities of Danish insurance companies in countries outside the European Union, with which the Union has not entered into an agreement for the financial area.

42. The Danish FSA may lay down regulations regarding transfer of insurance portfolio arranged in accordance with activities under section 38(1) and section 39(1).

III Good business practice, etc.

Part 6

Good business practice, price information and contract conditions

General regulations regarding good business practice, price information and contract conditions

43.(1) Financial undertakings, financial holding companies and insurance holding companies shall be operated in accordance with honest business principles and good practice within the field of activity.

(2) The Minister for Industry, Business and Financial Affairs shall lay down more detailed regulations regarding honest business principles and good practice for financial undertakings. The Minister of Industry, Business and Financial Affairs shall lay down more detailed regulations, cf. the first sentence, regarding the contents of a basic deposit account and regarding the size of and any fee for such accounts.

(3) The Minister for Industry, Business and Financial Affairs shall lay down more detailed regulations on price and risk information regarding financial services.

(4) The Minister of Industry, Business and Financial Affairs shall lay down more detailed regulations on standards of competence for financial advisors and employees of banks and mortgage-credit institutions that present, offer, advise on and manage housing credit agreements.

(5) The Minister of Industry, Business and Financial Affairs shall lay down more detailed regulations regarding communication of key investor information to retail investors in connection with the mediation by financial undertakings of units in Danish UCITS.

43a. Actions in contravention of regulations issued pursuant to section 43(2) incur liability in accordance with the general rules of Danish law.

44. In Denmark it is not allowed to participate in direct insurance for commercial purposes for persons resident in Denmark, Danish ships or other risks pertaining to Denmark arranged by others than

- 1) Danish insurance companies, and
- 2) foreign insurance companies which fulfil the conditions in section 30(1) or section 31(1), as well as foreign insurance companies which have been licensed by the Danish FSA.

Special regulations regarding contract conditions for banks, mortgage-credit institutions, and insurance companies

45. If Additional Tier 1 capital, cf. section 128(2), or subordinate loan capital is issued in the form of mass debt instruments, the financial undertaking shall designate these capital certificates.

46.(1) When a bank, mortgage-credit institution or insurance company arranges a capital injection covered by the regulations on Additional Tier 1 capital and the regulations on subordinate loan capital, the undertaking may not simultaneously offer retail clients and professional clients loan financing to purchase the capital injection or parts thereof.

(2) The prohibition against loan-financing mentioned in subsection (1) shall apply correspondingly for the subscription and sale by banks of shares, cooperative share certificates or guarantor certificates in the institution concerned. Notwithstanding the first sentence, a bank may, however, offer loan financing to its employees to purchase employee shares as part of an employee share scheme.

46a. (Repealed)

Special regulations for banks

47. If, within a commercial relationship, a guarantee is provided for a loan granted by a bank and the borrower neglects to pay the principal, instalments or interest, a written notification shall be forwarded to each guarantor or to a party authorised by the guarantors to receive notifications on their behalf collectively, no later than six months after the due date of the relevant repayment. Omission to do so shall imply that the bank loses its claim against the guarantors to the extent that the guarantors' recourse claim against the borrower has been impaired by the omission.

48.(1) Before any agreement is entered into regarding a guarantor obligation outside a commercial loan or credit relationship provided by a bank, the bank shall ascertain that the guarantor is properly informed of the contents of the agreement and the consequences of undertaking a guarantor obligation. This information shall include details of what the specific guarantor obligation involves, and shall include an unbiased description of the risks associated herewith. The bank shall furthermore, for the borrower whose debt the guarantor obligation is to secure, and with the consent of the borrower, deliver

- 1) the most recent annual statement from SKAT,

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2) the three most recent pay slips, or

3) the most recent annual report, if the debt that is being guaranteed is corporate.

(2) Any bank that fails to comply with subsection (1) may only hold the guarantor obligation responsible if the guarantor has otherwise had a reasonable basis for assessing the risks that were involved in entering into the guarantor obligation.

(3) Guarantee agreements under subsection (1) shall be issued on paper or another durable medium in order to be valid.

(4) A guarantor may not be liable for an amount greater than the principal of the loan or the maximum credit on establishment of the guarantee agreement.

(5) For guarantee agreements under subsection (1) the bank shall notify the guarantor each year and in writing of the size of the debt secured by the guarantee.

(6) If a borrower neglects to pay the principal, instalments, or interest, a written notification shall be forwarded to the guarantor no later than three months after the due date of the relevant repayment on paper or another durable medium. The first sentence shall apply correspondingly if the bank grants the borrower an extension of time without the consent of the guarantor.

(7) In the event that the time limit in subsection (6) is exceeded, the obligations as guarantor shall only apply to the guarantor for the amount of the debt of the borrower after the secured amount that would have been outstanding if all instalments had been paid on time up to a date three months prior to the date notification was issued.

(8) If the time limit in subsection (6) is exceeded, subsection (7) notwithstanding, shall imply that the bank loses its claim against the guarantor to the extent that the guarantor's recourse claim against the borrower has been impaired by the omission.

(9) Obligations as guarantor under subsection (1) shall lapse after ten years, or after five years if the guarantee agreement is established to secure credit of variable amounts or to secure a loan without a fixed repayment date, unless the obligations are previously enforced by the bank. The first sentence shall not apply to loans that, according to their terms, can be financed by issuing covered bonds, if the guarantor is specifically informed of this and of the effect thereof.

(10) Any agreement regarding a guarantor obligation pursuant to subsection (1) may be disregarded, wholly or in part, if it is disproportionate to the guarantor's finances.

(11) Subsections (1)–(10) shall apply correspondingly to third-party collateral outside a commercial relationship.

49.(1) In the event that a savings bank has lost part of its guarantee capital, the savings bank shall notify such circumstance to persons who wish to stand as guarantors.

(2) In the event that a cooperative savings bank has lost part of its cooperative capital, the cooperative savings bank shall notify such circumstance to persons who wish to subscribe to cooperative capital.

(3) The regulations on reductions in share capital that apply to limited companies shall, with the necessary modifications apply to reductions in cooperative capital by cooperative savings banks.

50.(1) Capital pensions, instalment savings accounts, own pension arrangements, retirement savings account, children's savings accounts and home savings accounts with a bank may be placed in a deposit account either as cash or as pool deposits, and may also be placed in a designated custody account.

(2) The Danish FSA shall lay down more detailed regulations for savings in pools in banks, including regulations on placing funds, management, accounting, audit and client information. The Danish FSA shall also lay down more detailed regulations for placing funds in securities, including registration with a central securities depository, bank statements, valuation and custody.

51. Capital pensions, regular payment savings accounts, own pension arrangements and retirement savings accounts placed in a deposit account shall be fully covered by the Depositors' and Investors' Guarantee Fund, or by a corresponding scheme in the home country of the bank, or a combination of both schemes, in the event the bank goes into financial reconstruction or goes bankrupt.

52. Banks and branches of credit institutions with their registered office in another Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, and which have been approved as depository by the Danish FSA, cf. section 2, no. 11 of the Investment Associations, etc. Act for a Danish UCITS, shall, as their depository, act independently and exclusively in the interests of the Danish UCITS concerned.

Special regulations for mortgage-credit institutions

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53.(1) A mortgage-credit institution shall notify the borrower in the loan agreement that a mortgage-credit loan granted in contravention of the Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act may be reduced under this Act.

(2) If a mortgage-credit loan shall be reduced in accordance with the Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act, the mortgage-credit institution shall grant a loan under corresponding terms so that the position of the borrower is unchanged. All costs in connection with the conversion shall rest upon the mortgage-credit institution.

(3) All costs in connection with the conversion shall rest upon the mortgage-credit institution. The borrower shall not have the right to demand a conversion under subsection (2), if the mortgage-credit institution proves that the borrower knew, or should have known, that the mortgage-credit loan was granted in contravention of the provisions of the Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act, or if the contravention of the provisions mentioned is otherwise due to information given by the borrower.

53a.(1) Section 48, subsections (1)–(8), 10 and 11, shall apply correspondingly for mortgage-credit institutions; however, cf. subsection (2).

(2) Section 48, subsection (4) shall not apply to mortgage credit loans when the mortgaged property is used as the guarantor's dwelling and the borrower and the guarantor have expressly been informed that liability could exceed the loan principle when the guarantee agreement is entered into.

Special regulations for investment management companies

54.(1) When investment management companies carry out portfolio management on behalf of UCITS, including managing securities for these, such UCITS shall be covered by the same protection as clients under section 72.

(2) Investment management companies with a licence to carry out portfolio management based on estimates for clients shall agree with clients in advance whether the investment management company may place all or part of the funds of the client's portfolio in shares in UCITS, managed by the investment management company.

Special regulations for insurance companies

55.(1) The following insurance contracts shall not be valid when entered into by or regarding persons domiciled in Denmark:

- 1) Life assurance under which on the death of the insured party the company is committed to paying an amount greater than the premium paid with interest, provided the policyholder is a different person from the insured party and does not have the consent of the insured party.
- 2) Life assurance under which the company is committed to paying an amount greater than the premium paid with interest, which takes effect on the death of the insured party before the insured party reaches 8 years of age.

(2) The Danish FSA may determine exemptions from the provisions of subsection (1), nos. 1 and 2.

(3) The Danish FSA may lay down more detailed provisions on the content of ordinary insurance terms for life-assurance activities.

56. The Danish FSA shall lay down more detailed regulations regarding the information that shall be submitted in writing by a life-assurance or non-life insurance company to clients before an insurance contract is entered into and during general client contact and relations.

57.(1) An insurance company which provides consumer insurance contracts shall allow the relevant insurance contracts to be taken out on terms such that the insurance may be cancelled by the policyholder with 30 days' notice to the end of a calendar month.

(2) A consumer insurance contract under subsection (1) shall mean an insurance contract where the policyholder (consumer) acts primarily outside his business occupation when entering into the agreement.

(3) Subsection (1) shall not apply to life assurance and change-of-ownership insurance taken out pursuant to the Act on Consumer Protection on the Acquisition of Real Property, etc. (lov om forbrugerbeskyttelse ved erhvervelse af fast ejendom m.v.). Furthermore, subsection (1) shall not apply to insurance contracts which cover special risks that only prevail for a limited period, when the insurance contract is entered into for an agreed period of no more than 1 month (short-term insurance), unless the insurance is part of another type of insurance.

57a.(1) An insurance company may only use a business undertaking to mediate the products of the insurance company if the enterprise is registered in a public register of insurance intermediaries, cf. section 10(1), or section 27(1) of the Insurance Mediation Act.

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(2) An insurance company may also use insurance distributors, which are covered by section 3(2) of the Insurance Mediation Act.

58.(1) In the event that a life-assurance policy is lost, at the request of the person who has proved his right to the policy, the relevant insurance company may, with six months' notice, summon the bearer to come forward. The summons shall be announced in the Danish Official Gazette in the first issue in a quarter, and it shall contain an adequate description of the policy, including the person whose life is insured by the policy.

(2) In the event that no one reports before the time limit expires the policy shall be invalid, and the company shall prepare a new policy for the person who requested the summons. Such person shall pay the costs of the summons.

(3) In the event that someone reports after the announcement and it is not possible to reach an amicable arrangement, a new policy may not be issued before the mutual legitimacy of the claims made has been determined by a judgement.

(4) The provisions in subsections (1)–(3) shall not imply any restriction on access to request that a life-assurance policy be cancelled by a judgement in pursuance of legislation on the cancellation of securities.

59.(1) An insurance company that writes fire insurance of buildings, shall, within the limitations of its articles of association or its licence, take over insurance for any building.

(2) The company may, however, refuse to insure

- 1) buildings not laid out appropriately against fire hazard, and
- 2) abandoned buildings.

60.(1) An insurance company may not cancel a fire insurance of buildings policy because the premium has not been paid.

(2) A client may only cancel the insurance with the consent of the beneficiaries according to all rights and liabilities registered on the property, unless, without prejudicing the legal status of these, the property is insured by another company with a licence to operate fire insurance of buildings.

(3) The insurance company shall have a lien on premiums with accumulated interest and other costs. The company shall also have a mortgage on the insured property for one year from the due date of payments subordinated property taxes due to the state and municipality.

(4) The Danish FSA shall lay down minimum terms for fire insurance of buildings written by insurance companies.

60a.(1) Where an insurance company licensed to carry out life-assurance activities, at its own initiative, grants the option to all or a group of its policy holders to change their insurance contract to cover a product with lower or no

guarantees, a policy holder who exercises such option, shall have the economic value of his or her current product transferred to the new product.

(2) The Danish FSA shall lay down more detailed regulations for the calculation of the economic value of the policy holder's product.

IV

Ownership and management, etc.

Part 7

Ownership

61.(1) Any natural or legal person, or natural or legal persons acting in understanding with each other, planning directly or indirectly to acquire a qualifying holding, cf. section 5(3), in a financial undertaking, a financial holding company or an insurance holding company, shall apply to the Danish FSA in advance for approval of the acquisition planned. The same shall apply to an increase in the qualifying holding which, after the acquisition, results in the interest equalling or exceeding a limit of 20%, 33% or 50% respectively of the share capital or voting rights, or results in the financial undertaking, the financial holding company or the insurance holding company becoming a subsidiary undertaking.

(2) The Danish FSA shall confirm in writing, and no later than after two business days, receipt of the application, cf. subsection (1). The same shall apply correspondingly for receipt of material pursuant to subsection (4).

(3) From the date of the written confirmation of receipt of the application, cf. subsection (2), and receipt of all documents required to be enclosed with the application, the Danish FSA shall have an assessment period of

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60 business days to carry out the assessment mentioned in section 61a. At the same time as confirming receipt of the application, cf. subsection (2), the Danish FSA shall notify the intended acquirer of the date on which the assessment period expires.

(4) Up to the fiftieth business day in the assessment period the Danish FSA may request any further information necessary for the assessment. The request shall be in writing. The first time that such a request is submitted, the assessment period shall be interrupted for the period between the date of the request and the receipt of a reply to this. Such interruption may not, however, exceed 20 business days, cf. however, subsection (5).

(5) The Danish FSA may extend the interruption of the assessment period mentioned in subsection (4) by up to ten business days, provided

- 1) the intended acquirer is domiciled or subject to legislation in a country outside the European Union with which the Union has not entered into an agreement for the financial area, or
- 2) the intended acquirer is a natural or legal person who has not been granted a licence to carry out the activities mentioned in sections 7–11 or the activities mentioned in section 16 of the Securities Trading, etc. Act in Denmark, in another country within the European Union or in a country with which the Union has entered into an agreement for the financial area.

(6) If the Danish FSA refuses an application for approval of the intended acquisition, this shall be explained in writing and notified to the intended acquirer immediately after the decision. The notification shall be within the assessment period. The intended acquirer may request that the Danish FSA make public the reason for the refusal.

(7) If, during the course of the assessment period, the Danish FSA does not give written refusal of the application for the intended acquisition, the acquisition shall be considered approved.

(8) The Danish FSA may, when approving acquisitions or increases pursuant to subsection (1), stipulate a time limit for the completion of such acquisitions or increases. The Danish FSA may extend such a time limit.

(9) The Danish FSA shall lay down regulations regarding when an acquisition shall be included in the calculation pursuant to subsection (1).

61a.(1) In its assessment of an application received pursuant to section 61(1), the Danish FSA shall ensure that account is taken of sensible and proper management of the undertaking in which the acquisition is intended. The assessment shall also take into account the likely influence of the intended acquirer on the undertaking, the suitability of the intended acquirer, and the financial soundness of the intended acquisition in relation to the following criteria:

- 1) The reputation of the intended acquirer.
- 2) The reputation and experience of the person(s) who will manage the financial undertaking, the financial holding company or the insurance holding company after the acquisition.
- 3) The financial situation of the intended acquirer, particularly with respect to the nature of the business to be operated or intended to be operated in the financial undertaking, the financial holding company or the insurance holding company in which the acquisition is intended.
- 4) Whether the undertaking can continue to comply with the supervision requirements in the legislation, in particular whether the group of which the undertaking may become a part has a structure which makes it possible to perform effective supervision and effective exchange of information between the competent authorities as well as to determine how responsibilities are to be divided between the competent authorities.
- 5) Whether, in connection with the intended acquisition, there are grounds to suspect that money laundering or terrorist financing, cf. sections 4 and 5 of the Act on Measures to Prevent Money Laundering and Terrorist Financing, will occur.

(2) The Danish FSA may refuse an application for approval of an intended acquisition if, on the basis of the criteria mentioned in subsection (1), there are reasonable grounds to believe that the intended acquirer will hinder sensible and proper management of the undertaking, cf. subsection (1), or if, in the assessment of the Danish FSA, the information submitted by the intended acquirer is not sufficient.

(3) The Danish FSA may not take account of the financial needs of the market in its assessment pursuant to subsection (1).

61b. Any natural or legal person, or natural and legal persons who act in mutual understanding, planning directly or indirectly to dispose of a qualifying holding, cf. section 5(3), or reduce a qualifying holding in a financial undertaking, a financial holding company or an insurance holding company such that the disposal entails that the limit of 20%, 33% or 50% respectively of the company capital or voting rights is no longer achieved, or entails that the undertaking or holding company ceases to be a subsidiary company of the relevant parent, shall notify the Danish FSA of this in writing in advance, stating the size of the planned future holding.

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61c.(1) Where a financial undertaking, a financial holding company or an insurance holding company learns of acquisitions or sales as specified in section 61(1) and section 61b, said undertaking or holding company shall immediately notify the Danish FSA hereof.

(2) Financial undertakings, financial holding companies and insurance holding companies shall, no later than February each year, submit information to the Danish FSA of the names of the owners of capital who own qualifying holdings in the financial undertaking, the financial holding company or the insurance holding company as well as information on the sizes of said interests.

62.(1) Where owners of capital holdings, who are in possession of one of the interests mentioned in section 61(1) in a financial undertaking, a financial holding company or an insurance holding company, fail to meet the requirements of section 61a(1), the Danish FSA may order said undertaking or holding company to follow specific guidelines and withdraw the voting rights associated with the equity investments of the relevant owners.

(2) The Danish FSA may withdraw the voting rights associated with equity investments owned by natural or legal persons who do not comply with the duty in section 61(1) to submit prior application for approval. Said equity investments shall have their full voting rights restored if the Danish FSA is able to approve the acquisition.

(3) The Danish FSA shall withdraw the voting rights associated with equity investments owned by natural or legal persons who have acquired equity investments as specified in section 61(1) notwithstanding the fact that the Danish FSA has refused approval of this acquisition of equity investments.

(4) Where the Danish FSA has withdrawn voting rights pursuant to subsections (1)–(3), the relevant equity investment shall not be included in calculations of the voting capital present at general meetings.

63.(1) The Danish FSA shall be notified prior to any direct or indirect acquisition by financial undertakings, financial holding companies and insurance holding companies of a qualifying interest in a foreign financial undertaking as well as of such increases in the qualifying holding which mean that said holding comprises or exceeds a limit of 20%, 33%, or 50%, respectively of the voting rights or share capital of the company, or that the foreign financial undertaking becomes a subsidiary undertaking. Such notification shall include information on the country in which such an undertaking is established.

(2) Financial undertakings, financial holding companies and insurance holding companies holding an interest of no less than 10% in a foreign financial undertaking, and which intend to reduce said interest so that it falls below one of the limits mentioned in subsection (1) shall give the Danish FSA notification hereof and state the size of the intended future interest.

(3) Where the foreign financial undertaking becomes a subsidiary undertaking, the notification to the Danish FSA shall include the following information on the subsidiary undertaking:

- 1) the country in which the subsidiary undertaking is to be established,
- 2) a description of the business to be carried on by the subsidiary undertaking, including information on its organisation and planned activities,
- 3) the address of the subsidiary undertaking, and
- 4) the names of the management of the subsidiary undertaking.

(4) The financial undertaking, financial holding company or insurance holding company shall submit prior notification to the Danish FSA before making any changes in conditions of which notification has been submitted pursuant to subsection (3), nos. 1–4. In the event that the financial undertaking, the financial holding company or the insurance holding company has no prior knowledge of such changes, notification shall be submitted to the Danish FSA immediately after said financial undertaking, financial holding company or insurance holding company has received notification of such change.

Part 8

Management and organisation of the undertaking

64.(1) A member of the board of directors or board of management of a financial undertaking shall, at all times, have sufficient knowledge, professional competences and experience to be able to carry out the duties and responsibilities of his position in the relevant undertaking.

(2) A member of the board of directors or board of management of a financial undertaking shall, at all times, have a sufficiently good reputation and demonstrate propriety, integrity and independence to be able to assess and dispute effectively decisions made by the day-to-day management.

(3) A member of the board of directors or board of management shall meet the following requirements:

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- 1) Shall not, at present or in the future, be held criminally liable for violation of the Criminal Code, financial legislation, or other relevant legislation, if such violation entails a risk that the person in question may fail to carry out his duties and responsibilities adequately.
- 2) Shall not have filed for financial reconstruction, have filed for bankruptcy or debt restructuring, or be under financial reconstruction, bankruptcy proceedings or debt restructuring.
- 3) Shall not, because of his financial situation or via a company which the person in question owns, participates in the operation of, or has a significant influence on, have caused or cause losses or risks of losses for the financial undertaking.
- 4) Shall not have behaved or behave such that there is reason to assume that the person in question will not perform his duties or responsibilities adequately.

(4) In the assessment of whether a member of the board of directors or board of management meets the requirements laid down in subsections (2) and (3), nos. 1, 3 and 4, emphasis shall be on maintaining confidence in the financial sector.

(5) Members of the board of directors or board of management of a financial undertaking shall notify the Danish FSA of the circumstances mentioned in subsections (1) and (3) in connection with their appointment to the management of the financial undertaking, and if the circumstances mentioned in subsections (2) and (3) subsequently change.

(6) Subsections (1) and (2), subsection (3), nos. 1, 2, and 4, and subsections (4) and (5) shall apply correspondingly to members of the board of directors and members of the board of management of a financial holding company or an insurance holding company.

(7) Subsections (1)–(5) shall apply correspondingly for general agents, cf. section 35.

(8) Subsections (1)–(5) shall apply correspondingly for employees in group 1 insurance companies who are identified as key function holders pursuant to section 71, subsection (3). A group 1 insurance company shall notify the Danish FSA if a key function holder no longer holds their position or no longer fulfils the requirements in subsections (1)–(3).

64a. A member of the board of directors or board of management of a financial undertaking shall set aside sufficient time to carry out his duties and responsibilities as a member of the board of management or board of directors in the undertaking in question. Members of management shall regularly assess whether they have set aside sufficient time to carry out their duties and responsibilities. The assessment shall take into account the size, organisation and complexity of the undertaking.

64b.(1) A member of the board of a bank, mortgage-credit institution or insurance company shall undertake, as soon as possible and no later than 12 months after taking up the position on the board, a basic course in the competences that are required in order to undertake the duties and functions required of board members for the type of company in which the individual works.

(2) The Danish FSA may exempt a member of a board from the requirement in subsection (1) if the member's knowledge, professional competence or experience may be regarded as adequate.

(3) The Danish FSA shall lay down more detailed regulations regarding the contents of a basic course as mentioned in subsection (1).

65.(1) The board of directors shall use the rules of procedure to lay down more detailed provisions with regard to the performance of its duties and responsibilities.

(2) The Danish FSA may lay down more detailed regulations on the contents of the rules of procedure.

66. The authority to sign for the undertaking which is accorded to members of the board of management or the board of directors under section 135(2) of the Companies Act may only be exercised by at least two members jointly.

67.(1) The notice convening a general meeting in a financial undertaking or meeting of the board of representatives in savings banks respectively shall be available to the public and in accordance with the provisions of the articles of association. The media shall have access to general meetings and meetings of the board of representatives in savings banks respectively.

(2) Subsection (1) shall not apply to undertakings which are wholly owned by a financial undertaking or financial undertakings in the same group.

(3) The time limit for convening a general meeting or meeting of a board of representatives with a view to undertaking an increase in capital may be shortened to 10 days, if the Danish FSA has judged that the bank, mortgage-credit institution or investment firm I is covered by the rules in Part 15a of this act and the bank, mortgage-credit institution or investment firm I judges that the increase in capital is necessary to prevent the bank, mortgage-credit institution or investment firm I from failing. The time limit may be shortened pursuant to

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the first sentence, if the general meeting or meeting of the board of representatives of a savings bank, with two thirds of the votes cast, changes the articles of association to include this option.

(4) Sections 84 and 90 of the Companies Act and time limits in sections 94, 98 and 99 of the Companies Act shall not apply to general meetings and meetings of a board of representatives convened in accordance with subsection (3).

68. For financial undertakings, the Danish FSA shall exercise the authorities that have been assigned to the Danish Business Authority under section 93(2) and (3) of the Companies Act.

69. A board of representatives may be set up to carry out specific tasks mentioned in the articles of association including elections to the board of directors. The members of the board of representatives shall be subject to the same responsibilities with regard to their duties as the board of directors. This provision shall not apply to savings banks.

70.(1) The board of directors of a financial undertaking, a financial holding company and an insurance holding company shall

- 1) lay down the main types of business activities to be performed by the undertaking,
- 2) identify and quantify significant risks of the undertaking and determine the risk profile of the undertaking, including which types of large risks the undertaking may accept and to what extent,
- 3) lay down policies for how the undertaking is to manage all the significant activities of the undertaking and associated risks, taking into account the interaction between these.
- 4) lay down a policy for diversity in the board of directors motivating sufficient diversity in qualifications and skills among the members of the board of directors, cf. however, subsection (6).

(2) On the basis of the risk profile and policies laid down, the board of directors of the undertaking shall provide the board of management with written guidelines which shall, as a minimum, include

- 1) controllable framework for which and how much risk the board of management may impose on the undertaking,
- 2) the principles for calculation of individual types of risk,
- 3) regulations on the transactions requiring decision-making by the board of directors and which transactions the board of management may make as part of its position, and
- 4) regulations on how and the extent to which the board of management shall report to the board of directors about the risks of the undertaking, including utilisation of the frameworks of the guidelines for the board of management as well as compliance with the statutory restrictions laid down concerning the risks that the undertaking may undertake.

(3) The board of directors of the undertaking shall regularly decide whether the risk profile and policies of the undertaking as well as the guidelines for the board of management are adequate in view of the operations, organisation and resources of the undertaking, including capital and liquidity, as well as the market conditions under which the activities of the undertaking are operated.

(4) The board of directors of the financial undertaking shall ensure that its members possess adequate collective knowledge, skills and experience to be able to understand the undertaking's activities, including the risks involved.

(5) The board of directors of the undertaking shall regularly assess whether the board of management is performing its duties in line with the risk profile and policies laid down, as well as the guidelines for the board of management. The board of directors shall take appropriate steps if this is not the case.

(6) For undertakings which have established a nomination committee pursuant to section 80a, the duty laid down in subsection (1), no. 4 shall rest with the nomination committee.

(7) The Danish FSA may lay down more detailed regulations regarding the duties incumbent upon the board of directors of a financial undertaking, a financial holding company and an insurance undertaking pursuant to subsections (1)–(5).

71.(1) A financial undertaking, a financial holding company and an insurance holding company shall have effective forms of corporate management, including

- 1) a clear organisational structure with a well-defined, transparent and consistent allocation of responsibilities,
- 2) good administrative and accounting practices,
- 3) written procedures for all significant areas of activity,
- 4) effective procedures to identify, manage, monitor and report the risks, the undertaking is or can be exposed to,
- 5) the resources necessary for proper carrying out of its activities, and use these appropriately,

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- 6) procedures to separate functions with a view to management and prevention of conflicts of interest,
- 7) full internal control procedures,
- 8) adequate IT control and security measures, and
- 9) staff and financial resources which are necessary to ensure sufficient opportunities for introductory courses and continuing training courses for members of the board of directors and board of management.

(2) The Danish FSA may lay down more detailed regulations regarding the measures which a financial undertaking, a financial holding company and an insurance holding company are to take in order to have effective forms of corporate management, cf. subsection (1) and (3).

(3) A group 1 insurance company shall, as part of the company's corporate management, cf. subsection (1), identify the company's key function holders.

71a.(1) Banks, mortgage-credit institutions and investment firms I, however, cf. section 71b, shall prepare and maintain a recovery plan. The recovery plan shall be approved by the board of the organisation, and shall include

- 1) appropriate criteria and procedures to ensure timely implementation of the measures that the organisation believes must be implemented in order to recover the organisation's financial situation, if this deteriorates quickly or substantially,
- 2) a wide choice of recovery models, and
- 3) a variety of scenarios involving serious macroeconomic and financial stress that are relevant to the organisation, and appropriate responses to these.

(2) The recovery plan established pursuant to subsection (1) shall be sent to the Danish FSA. Upon receipt of the recovery plan, the Danish FSA has six months to evaluate it. The Danish FSA may, where relevant, put the recovery plan to any competent authorities in the other countries within the European Union, or in countries with which the Union has reached an agreement for the financial area, in which important branches are situated.

(3) The Danish FSA shall put the recovery plan to Finansiell Stabilitet, which may provide the Danish FSA with recommendations for the content of the recovery plan.

(4) The Danish FSA shall lay down more detailed regulations on requirements for the content of the recovery plans, including regulations on critical functions, scenarios involving serious macroeconomic and financial stress, and on the maintenance and time limits for submitting recovery plans.

71b(1) In groups whose ultimate parent undertaking is situated in Denmark, and where the parent undertaking is a bank, mortgage, investment firm I, mixed-activity holding company or a financial holding company, the parent undertaking shall prepare and maintain a group recovery plan. The first sentence shall only apply to financial holding companies with at least one subsidiary undertaking which is a bank, a mortgage-credit institution or an investment firm I. The group recovery plan shall state the measures that the parent undertaking judges must be implemented in order to recover the financial situation of the parent undertaking and in each individual subsidiary undertaking, should the financial situation of one or more of the undertakings within the group deteriorate quickly or substantially. Section 71a, subsections (1) and (2) shall apply correspondingly, with the necessary modifications, to the ultimate parent undertaking and for the group recovery plan.

(2) Subsection (1) notwithstanding, the Danish FSA may order that a recovery plan must be prepared pursuant to section 71a for each individual subsidiary undertaking which is a bank, mortgage-credit institution or investment firm I.

(3) The Danish FSA forwards group recovery plans established pursuant to subsection (1) to

- 1) the competent authorities that are part of a College of Supervisors,
- 2) the competent authorities in countries within the European Union, or in countries with which the Union has reached an agreement for the financial area, in which important branches are situated, if the plan is regarded as relevant to the relevant branch.
- 3) Finansiell Stabilitet or the authority in countries within the European Union or in countries with which the Union has reached an agreement for the financial area who are responsible for winding up the group, and
- 4) Finansiell Stabilitet or an authority in the country within the European Union or in countries with which the Union has reached an agreement for the financial area who are responsible for winding up a subsidiary undertaking.

(4) The Danish FSA, along with Finansiell Stabilitet and the authorities mentioned in subsection (3), shall evaluate the group recovery plan and determine whether the plan meets the requirements established in subsection (1), cf. section 71a, subsections (1) and (2), in order to make a joint decision on the group recovery plan after the Danish FSA has forwarded it.

(5) In the event that no joint decision is made within four months after the Danish FSA has forwarded the group recovery plan, cf. subsection (4), or in the event of responses pursuant to section 71c, subsection (2), the Danish FSA shall make a decision hereon. The Danish FSA shall inform the group's parent undertaking,

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Finansiel Stabilitet and the authorities mentioned in subsection (3) of this decision. In the event that any of the authorities mentioned in subsection (3) has put the case to the European Banking Authority, the Danish FSA shall make a decision in accordance with the decision from the European Banking Authority.

(6) The Danish FSA shall lay down more detailed regulations on requirements for the content of the group recovery plans, including regulations on critical functions, scenarios involving serious macroeconomic and financial stress, and on the maintenance and time limits for submitting group recovery plans.

71c.(1) The Danish FSA shall inform the undertaking or the group's parent undertaking if the Danish FSA judges that the recovery plan, cf. section 71a, or the group recovery plan, cf. section 71b, has significant defects or that there are substantial obstacles impeding its implementation. No later than two months after being informed of this, the undertaking shall submit a revised plan to the Danish FSA. The Danish FSA may extend the time limit by up to one month.

(2) The Danish FSA may, if the undertaking does not submit a revised plan within the established time limit, or if the revised plan does not adequately remedy the defects and obstacles pointed out pursuant to subsection (1), order the undertaking to

- 1) reduce the undertaking's risk profile, including the liquidity risk,
- 2) facilitate timely recapitalisation measures,
- 3) revise the undertaking's strategy and structure,
- 4) make changes to the financing strategy to improve the resilience of the central business areas and critical functions, and
- 5) make changes to the undertaking's management structure.

72.(1) A financial undertaking with a licence to operate as a securities dealer shall fulfil the requirements of section 71(1), and take the precautions necessary to ensure cohesion and regularity in its activities as a securities dealer and apply the resources, systems and procedures appropriate for this.

(2) A financial undertaking licensed to operate as a securities dealer shall

- 1) have appropriate rules and procedures for transactions with the instruments mentioned in Annex 5 which cover the management and employees of the undertaking,
- 2) be able to identify conflicts of interest which could damage the interests of clients, both mutually between the clients of the securities dealer and between the clients and the securities dealer and restrict these conflicts of interest as much as possible and, where there is a risk that the interests of clients could be damaged, in the specific case inform the client of the general content of the conflict of interest before entering into an agreement with the client,
- 3) secure the property rights of clients in their funds and the instruments mentioned in Annex 5,
- 4) protect the rights of clients and shall not, without express consent, act with their funds and instruments, and
- 5) register and keep complete lists of all services and transactions carried out for no less than five years after the service was performed or the transaction was completed.

(3) A financial undertaking licensed to operate as a securities dealer may keep clients' instruments, cf. Annex 5, in the same omnibus account or safekeep if the financial undertaking has informed the individual client about the legal effects hereof and said client has consented to this. The Danish FSA may, in exceptional circumstances, authorise that instruments owned by a financial undertaking and instruments owned by its clients are kept in the same omnibus account or safekeep. A financial undertaking shall keep a register clearly designating the individual client's ownership of the registered instruments. The Danish FSA may deprive a financial undertaking licensed to operate as a securities dealer of the right to keep an omnibus account or safekeep.

(4) Subsection (2), nos. 2–4 shall apply correspondingly to Danmarks Nationalbank (Central Bank of Denmark) and Statens Administration (the State Administration) with the changes necessary.

(5) The Danish FSA may lay down more detailed regulations regarding the conditions mentioned in subsections (1)–(3).

(6) In the event of the bankruptcy, financial reconstruction or similar of a financial undertaking, the individual client may, on the basis of the register stated in subsection (3), third sentence, withdraw its instruments from an omnibus account or safekeep, if there is no dispute about the right of ownership of said client beforehand.

72a.(1) The Minister for Industry, Business and Financial Affairs shall lay down more detailed regulations regarding outsourcing relating to

- 1) the outsourcing undertaking's liability for and supervision of a service supplier, including chain outsourcing by such supplier,
- 2) the duty of the outsourcing undertaking to notify the Danish FSA no later than eight business days after establishment of the outsourcing contract,

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- 3) the outsourcing undertaking's internal guidelines for outsourcing, and
- 4) requirements which the outsourcing undertaking shall, as a minimum, ensure are complied with by the service supplier at all times and which shall be agreed in the outsourcing contract.

(2) The Danish FSA may decide that outsourcing carried out by the outsourcing undertaking shall cease within a time limit specified by the Danish FSA, if the outsourcing contract or parties to the contract do not comply with the regulations stipulated pursuant to subsection (1).

73.(1) A member of the board of directors of a financial undertaking or a member of the board of representatives of financial undertakings other than savings banks shall not be a member of the board of management of such an undertaking. In the absence of a member of the board of management, however, the board of directors may temporarily appoint a member of said board of directors or a member of the shareholder committee as a member of the board of management. In such cases, the relevant person may not exercise voting rights in the bodies mentioned.

(2) The chief internal auditor and deputy chief internal auditor(s) shall not be members of the board of directors.

74.(1) The chairman of the board of directors shall ensure that the board of directors convenes when necessary, and shall ensure that all members are summoned. Any member of the board of directors, a member of the board of management, an external auditor, the chief internal auditor, and the responsible actuary of a financial undertaking may demand that the board of directors convene. A member of the board of management, an external auditor, the chief internal auditor and the responsible actuary shall be entitled to take part in and speak at the meetings of the board of directors unless otherwise stipulated by the board of directors in the individual case. External auditors and the chief internal auditor shall always be entitled to attend meetings of the board of directors when matters relevant to auditing or the presentation of the annual report are addressed.

(2) External auditors, the chief internal auditor and the responsible actuary shall participate in the board of directors' treatment of matters where such participation is requested by one or more members of the board of directors.

(3) Negotiations within the board of directors shall be minuted, and the minute book shall be signed by all members present. Members of the board of directors, members of the board of management, the chief internal auditor or the responsible actuary who do not agree with decisions made by the board of directors shall be entitled to have their views included in the minutes.

75.(1) The financial undertaking shall immediately inform the Danish FSA of matters which are of material significance to the continued operation of said financial undertaking.

(2) This shall apply correspondingly to individual members of the board of directors, members of the board of management and responsible actuaries of a financial undertaking.

(3) If a member of the board of directors or board of management, the external auditor or the responsible actuary of a financial undertaking has reason to assume that the financial undertaking no longer complies with the capital requirements in section 126a, subsections (2)–(6), the own funds requirement in article 92, subsection (1), the minimum capital requirement in article 93 of the Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, the solvency need in section 124(2), section 125(2), section 126(4) and section 126a(1), second sentence, the requirement for minimum capital base in section 126, subsections (2) and (3), the solvency capital requirement in section 126c or the minimum capital requirement in section 126d, the relevant party shall immediately report this to the Danish FSA.

(4) Subsections (1)–(3) shall apply correspondingly for financial undertakings, financial holding companies and insurance holding companies with regard to matters in subsidiary companies which are financial undertakings.

75a.(1) A financial undertaking shall have an arrangement where its employees, through a specific, independent and autonomous channel, can report breaches or potential breaches of financial regulation committed by the undertaking, including in relation to employees or members of the board of directors of the undertaking. It shall be possible to submit information to this arrangement anonymously.

(2) The arrangement in subsection (1) may be set up through collective agreement.

(3) For an insurance company, an investment management company and an investment firm only licensed to exercise one or more of the services mentioned in Annex 4, Section A, nos. 1, 2, 4 and 5, and which do not keep funds or assets for their clients, and which are not indebted to their clients, subsection (1) shall only apply if the companies have more than five employees. The arrangement mentioned in subsections (1) and (2) shall be set up no later than three months after the undertaking has employed a sixth employee.

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(4) In exceptional circumstances the Danish FSA may, if it deems the establishment of an arrangement to be without purpose, grant exemption from the requirements in subsection (1).

75b.(1) A financial undertaking may not expose employees to unfair treatment or unfair consequences because they have reported the undertaking's breach or potential breach of financial regulation to the Danish FSA or to an arrangement in the undertaking.

(2) Employees whose rights have been infringed in a breach of subsection (1) may be awarded compensation in accordance with the principles laid down by the Equal Treatment of Men and Women with regard to Employment, etc. Act (lov om ligebehandling af mænd og kvinder med hensyn til beskæftigelse m.v.). The compensation is determined taking into account the employee's length of service as well as the general circumstances of the case.

(3) Subsections (1) and (2) may not be derogated from to the detriment of the employee.

76. A member of the board of management may not, without the consent of the board of directors, enter into an agreement between the financial undertaking and himself or an agreement between the financial undertaking and a third party in which said member of the board of management has a significant interest that may be incompatible with those of the financial undertaking.

77.(1) Persons employed by the board of directors of a financial undertaking in accordance with legislation or the articles of association and employees for whom there is a significant risk of conflicts between own interests and the interests of the undertaking may not, on their own account, or through companies they control:

- 1) take up loans or draw on previously established credits to be used for acquisitions of securities when the securities acquired are provided as collateral for said loan or credit,
- 2) acquire, issue, or trade in derivative financial instruments, except to hedge risk,
- 3) acquire holdings, except for units in Danish UCITS, capital associations and foreign investment undertakings covered by section 143(1), nos. 2 and 3 of the Investment Associations etc. Act with a view to selling such units less than six months from the date of acquisition, or
- 4) acquire positions in foreign currency, except for euro (EUR), if taking the position takes place with a view to anything other than payment for the purchase of securities, goods or services, purchase or management of real property, or for use when travelling.

(2) The group of persons mentioned in subsection (1) may not acquire holdings in companies that carry out activities as mentioned in subsection 1, nos. 1–4. This shall not apply, however, to the acquisition of shares in banks, insurance companies, mortgage-credit institutions or investment firms, as well as units in Danish UCITS, capital associations and foreign investment undertakings covered by section 143(1), nos. 2 and 3 of the Investment Associations, etc. Act.

(3) The board of directors shall decide which employees have a significant risk of conflicts between their own interests and the interests of the financial undertaking, and who shall therefore be covered by the prohibition. The board of directors shall ensure that the relevant employee knows of this decision. The penalty provision in section 373(2) shall apply from the time when the employee in question has received information hereof.

(4) The board of directors shall, for the persons covered by subsection (1), draw up guidelines regarding compliance with the prohibitions in subsections (1) and (2), first sentence, including guidelines on reporting of investments.

(5) The external auditors shall once a year review the financial undertaking's guidelines under subsection (4) and in the audit book comments relating to the annual report state whether the guidelines are adequate and have functioned appropriately, as well as whether the undertaking's control procedures have given rise to observations. If no audit book is kept, the information mentioned in subsection (1) shall be found in other comparable documentation.

(6) An account-holding institution shall, upon request from the board of directors of the financial undertaking, provide the external auditors of said financial undertaking with access to information on accounts and deposits and provide printed statements herefrom with regard to persons covered by subsection (1).

(7) The prohibition in subsection (1), no. 2 shall not cover financial instruments derived from shares in the financial undertaking, or an undertaking in the same group as the financial undertaking, received as part of the relevant person's salary.

(8) The prohibition in subsection (1), no. 1 shall not cover loans to buy employee shares or the instruments mentioned in subsection (7).

(9) The prohibition in subsection (1), no. 3 shall not cover shares acquired through utilising the instruments mentioned in subsection (7).

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(10) Chief internal auditors and deputy chief internal auditors may not, irrespective of subsections (1)–(9), have financial interests in the undertaking or group in which they are employed.

77a.(1) In connection with remuneration by banks, mortgage-credit institutions, investment firms, investment management companies and financial holding companies of the board of directors, the board of management and other employees whose activities significantly influence the risk profile of the undertaking, the undertaking shall ensure compliance with the following:

- 1) The variable components of the remuneration of a member of the board of directors or board of management shall not exceed more than 50% of either the remuneration or the fixed basic salary, including pension, respectively, cf. however, section 77b(1).
- 2) The variable components of the remuneration for other employees whose activities significantly influence the risk profile of the undertaking, may not exceed more than 100% of the fixed basic salary, including pension, at the time of calculation of the variable remuneration.
- 3) The undertaking's supreme body may, however, decide that the variable components of the remuneration for other employees whose activities significantly influence the risk profile of the undertaking, cf. no. 2, may amount to up to 200% of the fixed basic salary, including pension, provided that the following requirements are met:
 - a) The undertaking shall, no later than at the notice convening a meeting in the supreme body, inform the supreme body that it wishes the supreme body to consider using a higher maximum ceiling.
 - b) The supreme body shall take the decision regarding use of a higher maximum ceiling on the basis of a detailed recommendation from the undertaking giving reasons for this recommendation, including the number of staff affected, their functions, the new maximum ceiling proposed and the expected impact on the undertaking's possibility to maintain a sound capital base. The capital owners shall receive the recommendation no later than at the same time as the notice convening the meeting of the supreme body.
 - c) The undertaking shall, no later than at the same time as facilitation of the recommendation to the capital owners, cf. paragraph b, inform the Danish FSA about the recommendation to the capital owners, including the proposed higher maximum ceiling and the reason for the recommendation. The undertaking shall, at the request of the Danish FSA, establish that the higher maximum ceiling proposed does not contravene the duties of the undertaking pursuant to this Act, executive orders pursuant to section 71(2) and section 77h(3) and Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, including the own funds requirements in particular.
 - d) The decision to use a higher maximum ceiling shall be endorsed by the supreme body of the undertaking by 66% as a minimum of the votes cast, provided that at least 50% of the holdings with voting rights are represented at the meeting. Where less than 50% of the holdings with voting rights are represented at the meeting, the decision shall be adopted by at least 75% of the votes cast. An employee who is a capital owner in the undertaking may not participate in the vote in this respect at the meeting of the supreme body, if the employee has significant interest in the decision which may contravene the interests of the undertaking.
 - e) The undertaking shall, no later than eight days after the meeting of the supreme body inform the Danish FSA about the decision made by the supreme body, including the size of any higher maximum ceiling decided.
- 4) No less than 50% of a variable remuneration for the board of directors, the board of management and other employees whose activities significantly influence the risk profile of the undertaking shall, at the time of the calculation of the variable remuneration, consist of a balance of shares, corresponding equity interests depending on the legal structure of the undertaking, share-based instruments, or in the event of an undertaking the holdings of which have not been admitted to trading on a regulated market, of corresponding instruments reflecting the credit rating of the undertaking. Banks, mortgage-credit institutions, investment firms I and investment firms licensed to execute orders and discretionary portfolio management, cf. Annex 4, Section A, nos. 2 and 4, shall, where possible and appropriate, apply the instruments regulated by Articles 52 and 63 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, or other instruments which can be converted to Common Equity Tier 1 capital instruments or written down, and which appropriately reflect the credit rating of the undertaking as an undertaking whose activity is presumed to continue. The instruments may be issued in the undertaking or its parent undertaking which fully owns the undertaking. Given the legal structure of the investment management company and its fund rules and articles of association, a substantial part, and no less than 50%, of a variable remuneration for a

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member of the board of directors, the board of management and other employees whose activities significantly influence the risk profile of the investment management company or the risk profile of the managed Danish UCITS, shall consist of shares, equity investments or instruments linked to equity investments in the investment management company or the managed Danish UCITS. The minimum requirement of 50% in the fourth sentence shall not apply if the management of Danish UCITS constitutes less than 50% of the overall portfolio managed by the investment management company.

- 5) Payment by the undertaking of no less than 40% of a variable component of the remuneration – for larger amounts no less than 60% – shall take place over a period of at least three years starting one year after the time of calculation, however, for the board of directors and board of management no more than four years, distributed equally over the years or with a growing percentage at the end of the period.
- 6) The undertaking may wholly or partly omit to pay a variable component of the remuneration, if the undertaking at the time of payment of the variable component of the remuneration is not in compliance with the capital requirement or the solvency requirement in section 124(1)–(4), section 125(1)–(3), section 126a(1)–(3), (5) and (7) and section 170 as well as Article 11(1) and (2), Article 92(1) and Articles 93, 97 and 500 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, or if the Danish FSA assesses that there is immediate risk of this.
- 7) The undertaking shall not pay variable remuneration to the board of directors and board of management if the undertaking, for the period concerning the agreement about variable remuneration and until the time of the calculation hereof, has been notified by the Danish FSA under section 225(1) or (4) about compliance with the solvency requirement.

(2) For the board of directors and board of management of banks, mortgage-credit institutions, investment firms, investment management companies and financial holding companies, share options or similar instruments may not exceed 12.5% of the remuneration and the fixed basic salary, including pension, respectively, at the time of the calculation hereof.

(3) The bank, the mortgage-credit institution, the investment firm, the investment management company or the financial holding company shall ensure that shares and instruments, etc. that are transferred to the board of directors, the board of management or other employees whose activities significantly influence the risk profile of the undertaking as part of the variable remuneration mentioned in subsection (1), no. 4 are not to be sold by such persons for an appropriate period, and that such persons may not hedge the risk linked to such shares and instruments, etc.

(4) The bank, the mortgage-credit institution, the investment firm, the investment management company or the financial holding company shall ensure that payment of the postponed variable component of the remuneration under subsection (1), no. 5 for the board of directors, the board of management and other employees whose activities significantly influence the risk profile of the undertaking, is conditional upon the criteria that have formed the basis for calculating the variable component of the remuneration continuing to be complied with at the time of payment, and is on the condition that the person concerned has complied with appropriate fitness and propriety requirements and has not participated in or been responsible for a behaviour which has incurred significant losses for the undertaking, as well as on the condition that the financial situation of the undertaking has not been substantially impaired relative to the time when the variable component of the remuneration was calculated.

(5) The bank, the mortgage-credit institution, the investment firm, the investment management company or the financial holding company shall ensure that the board of directors, the board of management and other employees whose activities significantly influence the risk profile of the undertaking and who are receiving variable remuneration, wholly or partly repay the variable remuneration, if the variable remuneration has been paid on the basis of information about results which can be documented as false, and if the recipient was in bad faith.

(6) The bank, the mortgage-credit institution, the investment firm, the investment management company or the financial holding company shall ensure that, if the board of directors, the board of management and other employees whose activities significantly influence the risk profile of the undertaking are granted pension benefits which are wholly or partly comparable with variable components of the remuneration, cf. section 5(1), no. 45, and if the recipient leaves the undertaking before the time of pension, the undertaking keeps this part of the pension benefit for five years in the form of instruments as mentioned in subsection (1), no. 4. Subsections (4) and (5) shall apply correspondingly to the cases mentioned in the first sentence. If the recipient is a member of the board of directors or is an employee of the undertaking at the time of retirement, the undertaking shall pay the variable component of the pension benefit to the recipient in the form of the instruments mentioned in

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subsection (1), no. 4 without the option of sale or utilisation for a period of five years. Subsection (5) shall apply correspondingly to the cases mentioned in the third sentence.

(7) Subsections (1)–(6) shall only apply to agreements on variable components of the remuneration for persons in an employment relationship covered by a collective agreement, if the agreements on variable remuneration have not been laid down in the collective agreement.

77b.(1) For banks, mortgage-credit institutions, investment firms, investment management companies or financial holding companies receiving state aid or which have been granted a pledge of state aid, including state capital injections, cf. the Act on Government Capital Injections, or an individual state guarantee, cf. part 4a of the Financial Stability Act, or subsidiary undertakings of Finansiell Stabilitet, the percentage mentioned in section 77a(1), no. 1 shall be 20%, in that variable remuneration for the board of directors and the board of management may only be distributed and paid if this is justified.

(2) New share option programmes or similar schemes for the board of directors and board of management in the undertakings mentioned in subsection (1) may not be commenced.

(3) The undertakings mentioned in subsection (1) shall, in their pay policy, lay down a specified limit, seen in relation to the earnings of the undertaking, for the overall distribution of variable remuneration for the board of directors, the board of management and other employees whose activities significantly influence the risk profile of the undertaking.

77c.(1) Banks, mortgage-credit institutions, investment firms, investment management companies and financial holding companies whose holdings have been admitted to trading on a regulated market, or which, in the two most recent financial years at the balance sheet date, on average have employed 1,000 or more full-time employees, shall set up a remuneration committee, cf. however, subsection (2).

(2) Groups with several undertakings which pursuant to subsection (1) or section 21(1) of the Alternative Investment Fund Managers, etc. Act are obligated to set up a remuneration committee, may set up a joint remuneration committee for such undertakings in the group or part thereof. In terms of organisation, the remuneration committee shall, except in a financial holding company, be placed in an undertaking supervised by the Danish FSA and shall be set up in an undertaking which is a parent undertaking for the other undertakings for which the committee has been set up.

(3) The chairman and the members of the remuneration committee shall be members of the board of directors of the undertaking which sets up the remuneration committee, or of boards of directors of undertakings which under subsection (2) have a joint remuneration committee. The remuneration committee shall be composed such that the members are in possession of the necessary knowledge and the necessary qualifications and competences to understand and monitor the undertaking's pay policy and practice, risk management and monitoring activities, particularly as regards adaptation of the undertaking's remuneration structure to the undertaking's risk profile and management of capital and liquidity, and are in a position to make a qualified, independent assessment of whether remuneration by the undertaking, including pay policy and associated procedures, is in compliance with sections 77a and 77b, section 77d(1), and regulations issued pursuant to section 77h.

(4) The remuneration committee shall be responsible for the preparatory work on decisions by the board of directors concerning remuneration, including pay policy and other decisions in this respect which may influence risk management by the undertaking, and in connection with this shall be responsible for the following:

- 1) The remuneration committee shall advise the board of directors on the formulation of the undertaking's pay policy, assist the board of directors by ensuring compliance with the undertaking's pay policy in practice, and determine whether the undertaking's pay policy is up-to-date, including offering suggestions for updating the pay policy if necessary.
- 2) The remuneration committee shall ensure that the information provided for the general meeting on the undertaking's pay policy and practice, and information pursuant to section 77a(1), no. 3, a) and b), is adequate.
- 3) The remuneration committee shall assess whether the undertaking's processes and systems are adequate and take into account the undertaking's risks, including risks associated with the management of capital and liquidity, relating to the company's remuneration structure, and ensure that the undertaking's pay policy and practice are in compliance with and promote healthy and effective risk management, and comply with the undertaking's business strategy, objectives, values and long-term interests.
- 4) The remuneration committee shall assess the overall results of the undertaking and the business units, and ensure that the board of management has evaluated whether the results criteria, on the basis of which variable remuneration to the undertaking's members of the board of directors, board of management and other employees whose activities significantly influence the undertaking's risk profile is calculated, are still complied with at the time of payment, cf. section 77a(4).

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- 5) The remuneration committee shall check selected evaluations made by the board of management, cf. no. 4, to test whether the conditions in section 77a(4) are complied with.
- 6) The remuneration committee shall ensure that the independent monitoring functions and other relevant functions are brought in where necessary in order to carry out the tasks in nos. 1–5, and seek external advice where necessary.

(5) The remuneration committee may perform other functions concerning remuneration. The committee shall, in the preparatory work, manage the long-term interests of the undertaking, including in relation to investors and the interest of the general public.

(6) In undertakings covered by subsection (1) in which the board of directors have employee representation pursuant to the regulations in part 8 of the Companies Act at least one representative shall be a member of the remuneration committee set up pursuant to subsection (1) or (2).

77d.(1) Banks, mortgage-credit institutions, investment firms, investment management companies and financial holding companies shall have a written pay policy that complies with and promotes health and effective risk management.

(2) The supreme body of the undertaking shall approve the pay policy of the undertaking, cf. subsection (1), including guidelines for allocation of variable remuneration and guidelines for redundancy pay.

(3) In a bank, a mortgage-credit institution, an investment firm, an investment management company or a financial holding company, the chairman of the board of directors shall account for the remuneration of the board of directors and board of management in his report to the supreme body of the undertaking. The account shall contain information about remuneration in the preceding financial year and about the expected remuneration in the current and next financial years.

(4) Banks, mortgage-credit institutions, investment firms, investment management companies and financial holding companies shall, in their annual report, publish total emoluments for each member of the board of directors and board of management received from the undertaking as part of their duties and responsibilities for the financial year concerned, and received in the same financial year in their capacity as members of the board of directors or the board of management of an undertaking within the same group.

77e.(1) Employees of a securities dealer who sell or offer consultancy service through direct client contact regarding financial instruments covered by Annex 5, as well as instruments and contracts covered by regulations issued pursuant to section 17, may not receive variable components of the remuneration, which depend on achieving sales goals for the employees specifying a sales volume of financial instruments to be achieved in relation to clients who are not professional clients or approved counterparties.

(2) The requirement laid down in subsection (1) shall cover securities dealers who carry out the services mentioned in Annex 4, Section A, nos. 1, 2 and 5.

(3) Subsection (1) shall only apply to agreements on variable components of the remuneration for persons in an employment relationship covered by a collective agreement, if the agreements on variable remuneration have not been laid down in the collective agreement.

77f.(1) Banks and mortgage-credit institutions shall ensure that remuneration of the institution's employees does not contravene its duties pursuant to section 43(1) and regulations issued pursuant to section 43(2).

(2) The pay policies of banks and mortgage-credit institutions, cf. section 77d(1), shall include provisions to avoid conflicts of interest, including ensuring that the remuneration of the employees is not dependent on the amount or proportion of applications granted for mortgage credit or other forms of sales goals.

(3) Subsections (1)–(2) shall only apply to agreements on remuneration for persons in an employment relationship covered by a collective agreement, if the agreements on variable remuneration have not been laid down in the collective agreement.

77g.(1) Banks, mortgage-credit institutions and investment firms I shall ensure that the undertaking's pay policy, cf. section 77d, subsection (1), the specific remuneration requirements in section 77a, subsection (1), nos. 2–7 and subsections 3–6, and section 77b(3), are complied with by banks, mortgage-credit institutions, investment firms I and finance institutions as defined in article 4(1), no. 26 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms within the same group.

(2) The variable components of the remuneration of a member of the board of directors or board of management of a bank, a mortgage-credit institution, an investment firm I or a finance institute, as defined in article 4(1), no. 26 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms that are not situated in Denmark, shall not exceed 100% of the remuneration and the fixed basic salary, including pension.

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(3) Banks, mortgage-credit institutions and investment firms I shall ensure that the employees whose activities significantly influence the group's risk profile are appointed pursuant to Commission Delegated Regulation (EU) no. 604/2014 of 4 March 2014 supplementing Directive 2013/36/EU of the European Parliament and of the Council with regard to regulatory technical standards with respect to qualitative and appropriate quantitative criteria to identify categories of staff whose professional activities have a material impact on an institution's risk profile, in banks, mortgage-credit institutions, investment firms I and finance institutions as defined in article 4(1), no. 26 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms within the same group.

77h.(1) The Minister for Industry, Business and Financial Affairs may establish more detailed rules for banks, mortgage-credit institutions, investment firms, investment management companies and financial holding companies on the definition of other employees whose activities significantly influence the undertaking's risk profile.

(2) The Minister for Industry, Business and Financial Affairs may establish more detailed rules for banks, mortgage-credit institutions, investment firms, investment management companies and financial holding companies on the duty to publish information about remuneration of the board of directors, the board of management and other employees whose activities significantly influence the undertaking's risk profile.

(3) The Minister for Industry, Business and Financial Affairs may establish more detailed rules for banks, mortgage-credit institutions, investment firms, investment management companies and insurance companies on the conditions mentioned in section 77a(1)–(6) and section 77d(1).

(4) The Minister for Industry, Business and Financial Affairs may establish more detailed rules for banks, mortgage-credit institutions and investment firms I, on compliance with regulations on remuneration at group level.

77i The Minister for Industry, Business and Financial Affairs may establish more detailed regulations for insurance companies and insurance holding companies regarding the definition of other employees whose activities significantly influence the risk profile of the undertaking.

(2) The Minister for Industry, Business and Financial Affairs may establish more detailed regulations for insurance companies and insurance holding companies regarding pay policy and remuneration of the board of directors, the board of management and other employees whose activities significantly influence the risk profile of the undertaking.

(3) The Minister for Industry, Business and Financial Affairs may establish more detailed regulations on the duty of insurance companies and insurance holding companies to publish information about remuneration of the board of directors, the board of management and other employees whose activities significantly influence the risk profile of the undertaking.

78.(1) Without the approval of the board of directors, which shall be entered in the minute book of the board of directors, financial undertakings may not establish a business exposure with or accept collateralisation from

- 1) members of the board of directors and members of the board of management of the financial undertaking,
or
- 2) undertakings where the group of persons specified in no. 1 are direct or indirect owners of a qualifying holding, members of the board of directors or members of the board of management.

(2) The exposures specified in subsection (1) shall be granted in accordance with the usual business terms of the financial undertaking and on terms based on market conditions. The external auditor of the financial undertaking shall make a statement in the audit book comments concerning the annual report on whether the requirements set out in the first sentence have been met. If no audit book is kept, the declaration mentioned in the second sentence shall be found in other comparable documentation.

(3) The board of management and the board of directors shall in particular monitor the appropriateness and progress of the business exposures mentioned in subsection (1).

(4) The provisions of subsections (1)–(3) shall also apply to business exposures with persons related to members of the board of management by marriage, cohabitation for no less than two years or kinship in the direct line of ascent or descent or as siblings, and to business exposures with undertakings in which such persons are members of the board of management.

(5) A financial undertaking or undertakings within the same group shall not grant exposures to or receive collateralisation from an external auditor or the chief internal auditor or deputy chief internal auditor. This shall not apply to loans granted by a life-assurance company within the repurchase value of an insurance policy issued by said life-assurance company.

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79.(1) The regulations on group representation specified in the Companies Act shall not apply to employees in undertakings through which a financial undertaking carries on other activities on a temporary basis.

79a.(1) In financial undertakings, financial holding companies and insurance holding companies with securities admitted to trading on a regulated market in an EU/EEA country, or with a balance sheet total of DKK 500m or more for a period of two consecutive financial years, the board of directors shall

- 1) set target figures for the percentage of the under-represented gender in the board of directors, and
- 2) prepare a policy to increase the percentage of the under-represented gender in the other management levels of the undertaking, cf. however subsections (2)–(4).

(2) For undertakings covered by subsection (1) which prepare consolidated financial statements, providing the target figures and preparing a policy, cf. subsection (1), for the group as a whole will suffice.

(3) A subsidiary undertaking which is part of a group may omit to set target figures and prepare a policy, cf. subsection (1), if the parent company sets target figures and prepares a policy for the group as a whole.

(4) Undertakings which, in the most recent financial year, had less than 50 employees, may omit to prepare a policy to increase the percentage of the under-represented gender in their other management levels, cf. subsection (1), no. 2.

(5) Where an undertaking is covered both by this provision and provisions for gender-related composition in the supreme management body under the Companies Act, the Corporate Funds Act or the Certain Commercial Undertakings Act, this provision shall take precedence.

(6) For undertakings which have established a nomination committee pursuant to section 80a, the duty laid down in subsection (1), no. 1 shall rest with the nomination committee.

General regulations regarding other duties and positions held by the management

80.(1) Persons employed by the board of directors of a financial undertaking in accordance with legislation or the articles of association may not, without the consent of the board of directors, own or operate an independent business undertaking, or in the capacity as a member of the board of directors, an employee, or in any other way, participate in the management or operation of another enterprise than said financial undertaking, cf. however section 199(10) and (11).

(2) Other employees in a financial undertaking for whom there is a significant risk of conflicts between the interests of the employee and those of the financial undertaking may not, without the consent of the board of management, own or operate an independent enterprise, or in the capacity as a member of the board of directors, employee, or in any other way, participate in the management or operation of another enterprise than said financial undertaking. The board of directors shall be informed of any authorisation granted by the board of management.

(3) The board of directors shall decide which employees have a significant risk of conflicts between the interests of the employee and those of the financial undertaking, and who shall consequently obtain the authorisation of the board of management, cf. subsection (2). The board of directors shall ensure that the relevant employee knows of this decision. The penalty provision in section 373(2) shall apply from the time when the employee in question has received information hereof.

(4) The activities mentioned in subsections (1) and (2) shall only be carried on where the financial undertaking or undertakings which form part of a group or a joint organisation of administration with said financial undertaking do not have and do not enter into exposures with the business undertakings specified in subsections (1) and (2) or undertakings which form part of a group with said undertakings. This shall not apply to exposures in the form of equity investments, exposures in the undertakings mentioned in subsections (5) and (6) and exposures in business undertakings that form part of a group with the financial undertaking or enterprises where financial undertakings jointly or financial undertakings in association with funds and associations established under sections 207, and 214 own more than 4/5 of the equity investments.

(5) The ban on exposures stipulated in subsection (4) shall not apply in connection with participation in the boards of directors of Danmarks Skibskredit A/S, Banker og Sparekassers Ungdomskontakt, LR Realkredit A/S, Bornholms Erhvervsfond, Grønlandsbanken A/S, regulated markets, clearing centres, central securities depositories, NASDAQ OMX Stockholm AB, NASDAQ OMX Helsinki Oy, IFU – Investeringsfonden for udviklingslande, IØ – Investeringsfonden for Østlandene, Landbrugets FinansieringsBank A/S, Bankernes Kontantservice A/S, Fundcollect A/S, Fundconnect A/S and DLR Kredit A/S.

(6) The ban on exposures stipulated in subsection (4) shall not apply in connection with participation in the board of directors of an undertaking which is temporarily operated by a bank, mortgage-credit institution or insurance company pursuant to section 25 to secure or settle exposures already entered into.

(7) All authorisations granted by the board of directors in pursuance of subsection (1) shall appear in the minute book of the board of directors.

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(8) The financial undertaking shall at least annually publish information on the duties and positions approved by the board of directors under subsection (1). Furthermore, the external auditors shall make a declaration in the audit book comments concerning the annual report stating whether the financial undertaking has exposures with business undertakings covered by subsections (1) and (2). If no audit book is kept, the declaration mentioned in the second sentence shall be found in other comparable documentation.

(9) In exceptional circumstances, the Danish FSA may grant exemptions from subsection (4).

Special regulations for banks, mortgage-credit institutions and investment firms I

80a.(1) Banks, mortgage-credit institutions and investment firms I whose holdings have been admitted to trading on a regulated market, or which, in the two most recent financial years at the balance sheet date, on average have employed 1,000 or more full-time employees, shall set up a nomination committee.

(2) The chairman and members of the nomination committee shall be members of the board of directors of the bank, mortgage-credit institution or investment firm I in question.

(3) The nomination committee shall:

- 1) Nominate candidates for election to the board of directors.
- 2) Set targets for the percentage of the under-represented gender in the board of directors and prepare a policy for achieving the target figure.
- 3) Lay down a policy for diversity in the board of directors motivating sufficient diversity in qualifications and skills among the members of the board of directors.
- 4) Periodically, and at least annually, assess the size, structure, composition and performance of the board of directors in relation to the jobs to be performed, and report and make recommendations to the full board of directors with regard to any changes.
- 5) Periodically, and at least annually, assess whether the full board of directors has the required combination of knowledge, professional skills, diversity and experience, and whether the individual member meets the requirements of section 64, and report and make recommendations to the full board of directors with regard to any changes.
- 6) Periodically review the policy of the board of directors for selection and appointment of members of the board of management if such policy has been prepared, and make recommendations to the board of directors in this respect.

(4) When the nomination committee suggests candidates elected to the board of directors pursuant to subsection (3), no. 1, the nomination committee shall prepare a description of the roles and capabilities for a particular appointment, and assess the anticipated time commitment.

(5) The nomination committee shall periodically ensure that the board of directors' decision-making is not dominated by any one individual or small group of individuals in a manner that is detrimental to the interests of the institution as a whole.

(6) The nomination committee shall be in a position to utilise all resources deemed necessary by the committee, including external consultancy, and the bank, mortgage-credit institution or investment firm I in question shall ensure that the nomination committee has sufficient financial resources for this.

80b.(1) Banks, mortgage-credit institutions and investment firms I whose holdings have been admitted to trading on a regulated market, or which, in the two most recent financial years at the balance sheet date, on average have employed 1,000 or more full-time employees, shall set up a risk committee.

(2) The chairman and members of the risk committee shall be members of the board of directors of the bank, mortgage-credit institution or investment firm I in question, and shall have the required knowledge and necessary capabilities and skills to understand and monitor the undertaking's risk.

(3) The risk committee shall:

- 1) Advise the board of directors about the overall current and future risk profile and strategy of the undertaking.
- 2) Assist the board of directors in ensuring correct implementation in the organisation of the board of directors' risk strategy.
- 3) Assess whether the financial products and services traded by the bank, mortgage-credit institution or investment firm I, are in compliance with the business model and risk profile of the undertaking, including whether earnings on products and services reflect the risks hereof, and prepare proposals for rectification, if the products or services and earnings thus are not consistent with the business model and risk profile of the undertaking.
- 4) Assess whether incentives provided by the remuneration structure of the undertaking take into consideration risk, capital and liquidity of the undertaking and the likelihood and timing of earnings.

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(4) The risk committee shall have access to information about the risks of the undertaking, including from the risk management function, and shall be able to use external consultancy, to the extent necessary and relevant.

(5) The risk committee shall periodically assess and decide on the type, volume and frequency of information from the undertaking to be provided to the committee.

Publication

80c.(1) A financial undertaking which has a website shall publish information on its compliance with the requirements in section 70(1), no. 4, and subsection (4), section 71(1), no. 9, section 77a(1)–(6), section 77b(1) and (3), section 77c and section 80a(1), and subsection (3), no. 3, to the extent that the requirements concerned apply to the undertaking.

(2) Banks, mortgage-credit institutions and investment firms I which have a website, shall publish information on the undertaking's planning, execution and supervision of the undertaking's governance arrangements, ensuring effective and prudent management of the undertaking, including segregation of duties in the organisation and prevention of conflicts of interest.

(3) Publication pursuant to subsections (1) and (2) shall be made on the website of the undertaking in a place where it logically belongs.

Special regulations for savings banks

81.(1) The board of representatives is the ultimate authority of the savings bank.

(2) The board of representatives shall have at least 21 members. The members of the board of representatives shall be elected for a period of four years. If the board of representatives has less than 21 members due to a member leaving the savings bank, a supplementary election shall take place.

(3) Depositors and guarantors of the savings bank with voting rights shall be entitled to vote when electing members of the board of representatives. Each depositor shall only have 100 votes. A guarantor shall have from 0 up to and including 100 votes for every DKK 1,000 paid of the savings bank's guarantor capital, up to a maximum of 2,000 votes. Regulations regarding the electoral system, voting rights and execution of elections shall appear in the articles of association.

(4) The depositors and guarantors voting at an election for the board of representatives shall elect a part of said committee that corresponds to the ratio between the number of votes cast and the total number of votes assigned to the depositors and guarantors of the savings bank, to a minimum of 1/3 of the members of the board of representatives. The remaining members of the board of representatives shall be elected solely by the voting guarantors and by the outgoing board of representatives in savings banks with no voting guarantors. Efforts should be made so that the board of representatives is varied both geographically and professionally.

(5) If every depositor in the savings bank is entitled to act as a guarantor and the number of votes that may be cast by guarantors is no less than 100,000, the articles of association of the savings bank may prescribe that, notwithstanding subsections (3) and (4), the board of representatives shall be elected by the guarantors alone. A guarantor shall have from 0 up to and including 100 votes for every DKK 1,000 paid of the savings bank's guarantor capital, up to a maximum of 2,000 votes. If the board of representatives is elected by the savings bank's guarantors alone, at least one guarantor's guarantor capital shall carry voting rights.

81a.(1) Where the part of own funds which is not guarantor capital in a savings bank constitutes less than 20% of the own funds of the savings bank, the statutory limitations of voting rights of the savings bank as laid down by section 81(3), third sentence and section 81(5), second sentence shall lapse. The statutory limitations of voting rights of the savings bank laid down by section 81(3), third sentence and section 81(5), second sentence shall not be reinstated even if the part of own funds which is not guarantor capital again constitutes 20% or more of own funds.

(2) With regard to savings banks covered by subsection (1), no later than at the first meeting of the board of representatives after the savings bank became subject to subsection (1), an amendment of the articles of association shall be adopted clearly indicating that the articles of association of the savings bank are not covered by the statutory limitations of voting rights. A savings bank may, notwithstanding subsection (1), lay down limitations of voting rights in the articles of association of the savings bank.

(3) The assessment of whether the part of own funds which is not guarantor capital constitutes less than 20% of the own funds of the savings bank shall be made on the basis of the most recently audited annual report, the most recently audited interim financial report or the most recently audited quarterly financial statements.

82. Members of the board of directors shall be elected by the board of representatives for a maximum of four years at a time.

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83. The articles of association of a savings bank shall contain provisions regarding

- 1) the name and any secondary names of the savings bank,
- 2) the size, business activities and distribution of votes of the guarantor capital,
- 3) the guarantors and their duties,
- 4) the board of representatives, the board of directors and the board of management,
- 5) convening of meetings of the board of representatives and elections to said committee, cf. section 81(3),
- 6) time and place for the ordinary meeting of the board of representatives,
- 7) which issues are to be dealt with at ordinary meetings of the board of representatives,
- 8) financial reporting and use of profits,
- 9) changes in the articles of association, and
- 10) voluntary cessation of the undertaking.

83a. If the articles of association of a savings bank contain a ceiling for or limitation on payment of dividends and return on the guarantor capital, this shall not prevent inclusion of the capital in the Common Equity Tier 1 capital of the savings bank.

83b. Holders of guarantor capital may not make a claim for redemption.

84.(1) Sections 87 and 88, section 89(1) and (3), section 90(1) and (2), sections 91 and 93, section 94(1), section 96(2), section 97(3), sections 100a, 101, 102, 105, 108 and 109, section 111(1), no. 1, and subsections (2) and (4), sections 112–115, section 117(1), sections 118, 119, 121, 124, 127, 131 and 134, section 135(1), (2) and (5), and sections 136–138 and 140–143 of the Companies Act shall apply to savings banks with the changes necessary and with the derogations appearing from the provisions of this Act.

(2) Cancellation of guarantor certificates out of court may take place in accordance with the regulations of section 66(3) of the Companies Act, applying the same notice as cancellation of non-negotiable share certificates.

Special regulations for cooperative savings banks

85.(1) The general meeting has the ultimate authority of the cooperative savings bank and shall consist of the members of the cooperative savings bank.

(2) Any member of a cooperative savings bank shall be entitled to attend the general meeting and to take the floor at the general meeting. Each member of a cooperative savings bank shall have one vote. Members of cooperative savings banks covered by section 85a shall be allotted votes in proportion with the member of a cooperative housing society's percentage of the cooperative savings bank's total cooperative capital, unless otherwise stated in the articles of association of the cooperative savings bank.

85a.(1) Where the part of own funds which is not cooperative capital in a cooperative savings bank constitutes less than 20% of the own funds of the cooperative savings bank, the statutory limitations of voting rights of the cooperative savings bank as laid down by section 85(2), second sentence shall lapse. The statutory limitations of voting rights of the cooperative savings bank laid down by section 85(2), second sentence shall not be reinstated even if the part of own funds which is not cooperative capital again constitutes 20% or more of own funds.

(2) With regard to cooperative savings banks covered by subsection (1), no later than at the first general meeting after the cooperative savings bank became subject to subsection (1), an amendment of the articles of association shall be adopted clearly indicating that the articles of association of the cooperative savings bank are not covered by the statutory limitations of voting rights. A cooperative savings bank may, notwithstanding subsection (1), lay down limitations of voting rights in the articles of association of the cooperative savings bank.

(3) The assessment of whether the part of own funds which is not cooperative capital constitutes less than 20% of the own funds of the cooperative savings bank shall be made on the basis of the most recently audited annual report, the most recently audited interim financial report or the most recently audited quarterly financial statements.

86. Members of the board of directors shall be elected by the general meeting, cf. however, section 69.

87. The articles of association of a cooperative savings bank shall contain provisions regarding

- 1) the name and any secondary names of the cooperative savings bank,
- 2) the size of the cooperative capital and the shares of the individual members in the equity of the cooperative savings bank,
- 3) conditions for membership, including the right to membership and the right to withdraw,

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- 4) the duties of the members of the cooperative savings bank,
- 5) general meeting, board of directors, board of management and auditors,
- 6) convening a general meeting,
- 7) time and place for the annual general meeting,
- 8) which issues are to be dealt with at annual general meetings,
- 9) financial reporting and use of profits,
- 10) adoption of proposals at the general meeting, including changes to the articles of association,
- 11) voluntary cessation of the undertaking, and
- 12) provisions regarding redemption of the cooperative capital.

87a. If the articles of association of a cooperative savings bank contain a ceiling for or limitation on payment of dividends and return on the cooperative capital, this shall not prevent inclusion of the capital in the Common Equity Tier 1 capital of the cooperative savings bank.

87b. Holders of cooperative capital may not make a claim for redemption.

88.(1) Sections 80(1)–(4), sections 81, 87 and 88, section 89(1) and (3), section 90(1) and (2), sections 91 and 93, section 94(1), section 96(2), section 97(3), sections 100a, 101, 102, 105, 108 and 109, section 111(1), no. 1, and (2) and (4), sections 112–115, section 117(1), sections 118, 119, 121, 124, 127, 131 and 134, section 135(1), (2) and (5), and sections 136–138 and 140–143 of the Companies Act shall apply to cooperative savings banks with the changes necessary and with the derogations appearing from the provisions of this Act.

(2) Cancellation of cooperative share certificates out of court may take place in accordance with the regulations of section 66(3) of the Companies Act, applying the same notice as cancellation of non-negotiable share certificates.

89–97. (Repealed)

Special regulations for investment management companies

98.(1) Investors in the UCITS and capital associations managed by an investment management company, and investors with whom the investment management company has entered into an agreement on discretionary portfolio management, cf. Annex 4, Section A, no. 4, cf. section 10(2) shall be entitled to elect a member of the board of directors for the investment management company through an investor's forum. Investor and consumer organisations shall have an opportunity to propose candidates for the board of directors to the investor's forum. The election shall be carried out at an electoral meeting or through electronic voting according to the regulations laid down in the articles of association of the investment management company. The investors may be represented by an agent.

(2) The articles of association of the investment management company shall stipulate whether investors may vote in proportion to their relative percentage of the assets managed by the investment management company for UCITS, capital associations and investors with whom the investment management company has entered into an agreement on discretionary portfolio management, cf. Annex 4, Section A, no. 4, cf. section 10(2), or whether each investor shall have one vote regardless of the amount invested. If the investors vote according to their relative percentage of assets, the number of votes shall be calculated on the basis of the net asset value according to the most recently published rate or the rate on a specific date stipulated in advance.

(3) An investment management company which solely manages investment associations, SICAVs and capital associations which own said company, cf. section 26(1) of the Investment Associations, etc. Act shall be exempt from the requirement in subsection (1) on establishment of an investor's forum, if at least one member of the board of directors of the managed association(s) and the board of directors of the SICAVs is elected as a member of the board of directors of the investment management company.

99.(1) The board of directors or board of management of an investment management company may only authorise under section 80(1) and (2) that a person may be a member of the board of directors or employee, or participate in the management or operation of, an investment association if the relevant investment association is not managed by the investment management company, and if the majority of the members of the board of directors for the relevant association are not also members of the board of directors of the investment management company. The person concerned may not hold the position as chairman of the board of directors.

(2) The board of directors or board of management of an investment management company may not authorise, under section 80(1) and (2), members of the board of management and other senior employees to be members of the board of directors in, or participate in the management or operation of the depositary or another company, with which one of the associations that the investment management company manages has entered into significant agreements, or in a company within the same group as said companies.

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(3) The board of directors or board of management may, however, notwithstanding subsection (2) authorise the persons concerned to be a member of the board of directors or employees of the subsidiary companies of the investment management company or of consolidated companies that could be subsidiary undertakings, cf. section 28.

100. An investment management company shall have sufficient qualified staffing and the required technical expertise to

- 1) manage the type of UCITS which is managed by the investment management company,
- 2) assess the performance of tasks delegated by the investment management company, cf. sections 102–105,
- 3) make decisions about investments for the UCITS being managed, and
- 4) assess the investments made and results achieved when the board of directors of an investment association or the board of directors of an investment management company for a SICAV or securities fund has entered into an agreement on portfolio management relating to the assets of the relevant UCITS or sub-fund.

101. Investment management companies shall act honestly, equitably, professionally, independently and solely in the interest of the UCITS in question and its investors in the performance of their tasks for a Danish UCITS.

(2) In their day-to-day management, investment management companies shall safeguard the interests of the UCITS they manage to the best of their abilities.

(3) The board of directors of investment management companies shall

- 1) lay down a policy concerning conflicts of interest between UCITS, sub-funds and share classes between and among these on the one side, and the investment management company and other companies which are part of a group, as well as other partners and other clients, including capital associations of the investment management company, respectively, on the other side,
- 2) be able to demonstrate conflicts of interest which may be detrimental to a UCITS's investors,
- 3) minimise conflicts of interest as much as possible, and
- 4) where the organisational or administrative schemes implemented to manage conflicts of interest are not sufficient to reasonably guarantee that the risk of damage to a UCITS, a capital association or investor may be prevented, in the specific case, inform the UCITS, capital association or investor concerned about the general contents of the conflicts of interest before entering into an agreement, or, if an agreement has been concluded, when the conflict of interest was ascertained.

(4) When an investment management company is also licensed to carry out portfolio management based on estimates, the company shall maintain a clear distinction between this portfolio management and the management of UCITS. The investment management company shall be governed by the authorities of direction of the board of directors of the individual investment association in matters concerning the management of investment associations and in relation to matters regarding other UCITS, the authorities of direction of the board of directors of the company unless otherwise stipulated in the regulations of a foreign UCITS's home country.

(5) The Danish FSA may lay down more detailed regulations regarding how investment management companies shall demonstrate and minimise conflicts of interest.

Access of investment management companies to delegating tasks concerning management of SICAVs, securities funds and foreign UCITS

102.(1) The board of directors of an investment management company may delegate tasks that represent part of the management of a SICAV, securities fund or foreign UCITS, to an undertaking which is licensed to perform the tasks concerned.

(2) The board of directors may enter into agreements on portfolio management with an undertaking which complies with the conditions in section 103(1) and which is not a depositary for the SICAV, the securities fund or the foreign UCITS or another company whose interests may conflict with those of the SICAVs, securities fund or foreign UCITS concerned and the interests of its investors.

(3) Where the board of directors of the investment management company decides on delegation, cf. subsections (1) and (2), the delegation shall entail more effective operation of the activities of the investment management company and more effective management of the SICAV, securities fund or foreign UCITS to which the delegation relates, and comply with the conditions laid down in sections 103–105.

(4) The duties of the investment management company and the depositary, cf. sections 106–106c and 107, shall not be affected by any delegation of tasks to a third party by the board of directors.

(5) The board of directors shall ensure monitoring of the execution of the delegated tasks, cf. sections 103–105.

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(6) The board of directors may not delegate so many of its administrative tasks that the investment management company becomes a letter-box entity with regards to tasks in connection with management of a SICAV, securities fund or foreign UCITS.

103.(1) An investment management company shall ensure that the undertakings to which said company delegates tasks are qualified and capable of carrying out the relevant tasks. In cases where the delegation of tasks relates to investment management, the board of directors may only delegate said tasks to undertakings that are licensed for, or registered with a view to, portfolio management, cf. however section 102(2), and that are subject to supervision.

(2) The undertaking to which the investment management company has delegated tasks may only with authorisation in individual cases from the board of directors of the investment management company further delegate the delegated tasks or part of the tasks to another undertaking, and only if such delegation results in more effective management of the SICAVs, securities funds or foreign UCITS being managed.

(3) Delegation of tasks by the board of directors may not prevent effective supervision of the investment management company and the SICAVs, securities funds or foreign UCITS being managed nor may it prevent the investment management company from operating or prevent the SICAV, securities fund or foreign UCITS from being managed in the interests of its investors.

(4) The board of directors may only delegate tasks in connection with investment management to undertakings domiciled in a country outside the European Union or countries with which the Union has entered into an agreement for the financial area, if the Danish FSA may cooperate with the supervisory authorities in the relevant country.

104.(1) When delegating tasks, an investment management company shall ensure that the agreement regarding delegation allows the management of the investment management company to monitor at any time the activities of the undertaking to which the tasks have been delegated.

(2) The agreement regarding delegation may not prevent the investment management company from giving further instructions at any time to the undertaking to which the task has been delegated, nor from terminating the agreement with immediate effect, if this is in the interest of the SICAVs, securities fund or foreign UCITS being managed.

105.(1) The investment management company shall, no later than eight business days after entering into an agreement on delegation, cf. section 102(1) and (2) and section 103(2), notify the Danish FSA about the contents and conditions of said agreement.

(2) The Danish FSA shall lay down more detailed regulations regarding

- 1) when the conditions under subsection (1), section 102(1)–(3) and (5) and sections 103 and 104 have been met,
- 2) when an investment management company or management company shall be deemed to have delegated its functions to the extent that it becomes a letter-box entity pursuant to section 102(6) and can no longer be considered to be the manager of the SICAV, securities fund or the foreign UCITS, and
- 3) which tasks are considered significant in relation to delegation.

Special regulations for depositaries for Danish UCITS

106.(1) An investment management company shall ensure that one depositary is appointed for each Danish UCITS that it administers, in accordance with the rules in this part of the act.

(2) A depositary shall manage and keep separate the financial assets of a Danish UCITS in the sub-funds of the Danish UCITS. The depositary shall be able to provide sufficient financial and professional security such that it is capable of performing its duties for the Danish UCITS.

(3) The depositary shall act honestly, equitably, professionally, independently and solely in the interest of the UCITS in question and its investors in the performance of its tasks for a Danish UCITS.

(4) The depositary shall not carry out activities that could create conflicts of interest between a Danish UCITS, its investors, the investment management company and the depositary itself, unless from a functional and hierarchical point of view the depositary separates its depositary tasks from those of its activities that could create conflicts of interest, and the potential conflicts of interest are fully demonstrated, controlled, monitored and announced to the UCITS's investors.

(5) The depositary shall execute instructions from the investment management company or investment associations that have not delegated day-to-day management to an investment management company, unless said instructions contravene relevant legislation or the Danish UCITS's articles of association or fund rules.

106a. The depositary shall ensure that

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- 1) the issue and redemption by a Danish UCITS as well as cancellation of its investors' units shall be carried out in compliance with the regulations in the Investment Associations, etc. Act and with the articles of association or the fund rules,
- 2) calculation of the net asset value per share takes place in accordance with the relevant legislation and the articles of association or fund rules of the Danish UCITS,
- 3) the consideration connected with transactions into which the Danish UCITS enters is delivered to the Danish UCITS before the usual time limits for the relevant market,
- 4) dividend payments or retention of earnings to increase the assets only takes place in accordance with the articles of association or fund rules of the Danish UCITS,
- 5) valuation of a Danish UCITS's mortgage portfolio takes place in accordance with the regulations hereon,
- 6) buying and selling by a Danish UCITS of the instruments mentioned in Annex 5 takes place in accordance with section 70 of the Investment Associations, etc. Act, and
- 7) buying and selling of assets other than those mentioned in no. 6, including mortgages, takes place at prices that are not less advantageous than the fair value.

(2) Where the depositary is a depositary for a Danish UCITS, which is managed by a management company domiciled in a Member State of the European Union or in a country with which the Union has entered into an agreement for the financial area, the depositary, the board of directors of the investment association or SICAVs and the management company shall enter into a written agreement on exchange of the information necessary for the depositary to carry out its duties according to this Act, the Investment Associations, etc. Act and the regulations issued pursuant to these acts.

(3) Where the depositary is a depositary for a Danish UCITS which is master UCITS or feeder UCITS, cf. section 2, nos. 20 and 21 of the Investment Associations, etc. Act, but not depositary for both entities or institutions (UCITS) in the master-feeder structure, said depositary shall enter into an agreement, cf. section 4(4), no. 1 of the Investment Associations, etc. Act with the other depositary on exchanges of information to ensure that both depositaries are able to carry out their duties.

(4) The depositary for a Danish UCITS which is a master UCITS, cf. section 2, no. 20 of the Investment Associations, etc. Act, shall immediately notify the Danish FSA if it learns about irregularities in relation to the master UCITS. If the irregularities are deemed to have a negative impact on a feeder UCITS, the depositary shall also notify the feeder UCITS, its investment management company or management company and its depositary.

(5) The Danish FSA may lay down more detailed regulations regarding

- 1) the duties of the depositary to Danish UCITS for which it is a depositary,
- 2) the duty of the depositary to notify a feeder UCITS and its depositary, cf. subsection (3),
- 3) the duty of the depositary to notify the Danish FSA on matters concerning Danish UCITS for which it is a depositary, and
- 4) the contents of the agreement mentioned in subsection (2).

106b.(1) The depositary shall monitor the cash flows of the Danish UCITS.

(2) The depositary shall pay particular attention to ensuring that all payments made by or on behalf of the investors upon subscription of units of the Danish UCITS are received and booked in cash accounts in the name of the Danish UCITS, the depositary or the investment management company, when these are acting on behalf of the Danish UCITS, at an entity covered by the rules implementing article 18(1), points (a)–(c) of Commission Directive 2006/73/EC of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive, and maintained in accordance with the principles set out in article 16 of Commission Directive 2006/73/EC of 10 August 2006 implementing Directive 2004/39/EC of the European Parliament and of the Council as regards organisational requirements and operating conditions for investment firms and defined terms for the purposes of that Directive.

(3) If cash accounts are set up in the name of the Danish UCITS depositary pursuant to subsection (2), neither funds from the account-holding entity nor funds from the depositary shall be booked in said accounts.

106c.(1) The assets of the Danish UCITS shall be transferred to the depositary for safekeeping in accordance with the following rules:

- 1) The following applies to the instruments mentioned in Annex 5 which may be held in custody.
 - a) The depositary shall hold the instruments mentioned in Annex 5, which may be registered to an account or in a custody account with the depositary.
 - b) The depositary shall hold the physical instruments covered by Annex 5, which may be delivered to the depositary.

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- c) The depositary ensures, in compliance with section 72 and regulations established pursuant to this section, that the instruments held in custody which are covered by Annex 5 are registered to accounts or in custody accounts that are separate from the depositary's own accounts or custody accounts, and that the accounts and custody accounts used are set up in the name of the Danish UCITS or its investment management company, so that they can always be identified as belonging to the Danish UCITS.
 - 2) The following applies to other assets:
 - a) The depositary shall verify that the Danish UCITS is the owner of the assets, based on documentation provided by the Danish UCITS or the latter's investment management company and on any existing external documentation.
 - b) The depositary shall maintain an up-to-date record of those assets that it has verified, cf. a).
- (2) The depositary shall provide the Danish UCITS or the latter's investment management company, on a regular basis, with a comprehensive inventory of the assets of the UCITS.
- (3) The depositary or a third party to which the depositary function has been delegated, cf. section 106d, shall not sell, mortgage or otherwise dispose of the assets of the Danish UCITS without the prior consent of the UCITS or the latter's investment management company. Furthermore, assets that are held in custody with the depositary or by a third party to which the depositary function has been delegated shall only be sold, mortgaged or otherwise disposed of if
- 1) this is executed for the account of the UCITS,
 - 2) this is executed on the instructions of the investment management company or the Danish UCITS,
 - 3) this is executed in the interests of the Danish UCITS and its investors,
 - 4) this is covered by high-quality liquid collateral received by the Danish UCITS under a title transfer arrangement, and
 - 5) the market value of the collateral amounts at all times to at least the market value of the assets covered by the transaction plus a premium.

106d.(1) The depositary shall not delegate tasks covered by section 106a(1) and section 106b to a third party.

(2) The depositary may delegate tasks covered by section 106c(1) to a third party if the following conditions are met:

- 1) The tasks are not delegated for the purpose of evading the requirements of this act.
- 2) The depositary shall objectively be able to justify said delegation.
- 3) The depositary has exercised all due skill, care and diligence in connection with the selection of the third party to whom the tasks are delegated.
- 4) The depositary continues to exercise all due skill, care and diligence in the periodic review and ongoing monitoring of any third party's execution of the delegated tasks and of arrangements associated with this.

(3) The depositary shall ensure that, in connection with the execution of the delegated tasks, the third party fulfils the following conditions at all times:

- 1) The third party's structure and competence shall be adequate and proportionate to the nature and complexity of the assets which have been entrusted to the third party.
- 2) In regard to delegation of tasks covered by section 106c(1), the third party shall be subject to effective prudential regulation, including minimum capital requirements and supervision in the jurisdiction concerned, and periodic external auditing to ensure that the financial instruments mentioned in Annex 5 are in the third party's possession, however, cf. subsection (4).
- 3) The third party shall segregate the assets of the clients of the depositary from its own assets and from the assets of the depositary in such a way that they can, at any time, be clearly identified as belonging to clients of the depositary.
- 4) The third party shall take all necessary steps to ensure that in the event of insolvency of the third party, assets of a Danish UCITS held by the third party in custody are unavailable for distribution among, or realisation for the benefit of, creditors of the third party.
- 5) The third party shall comply with section 101(1), section 106(3) and section 106c(1) and (3), as well as section 5(2)–(4) of the Investment Associations, etc. Act.

(4) The depositary may delegate tasks to a third party, even if the requirements in subsection (3), no. 2 are not met, if the following conditions are met:

- 1) The delegation shall apply to those instruments mentioned in Annex 5 for which the legal constraints of a third country require these to be held in custody in a local entity.
- 2) The delegation does not exceed the legal constraint in the law of the third country.
- 3) No local entity meets the requirements for delegation in subsection (3), no. 2.

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4) The investors of the Danish UCITS shall be duly informed, prior to their investment, of the fact that the delegation is required due to legal constraints in the law of the third country, of the circumstances justifying the delegation and of the risks involved in such a delegation.

5) The Danish UCITS or the latter's investment management company shall have instructed the depository to delegate the custody of the instruments mentioned in Annex 5 to the local entity.

(5) Delegation pursuant to the exception in subsection (4) may only be upheld for as long as all conditions in subsection (4), nos. 1–3 are met.

(6) The provision of services by securities settlement systems that are covered by the regulations in part 18 of the Securities Trading, etc. Act, and provision of services by third-country securities settlement systems shall not be considered to be a delegation of the depository's tasks.

(7) The third party may, in turn, sub-delegate those tasks that have been delegated to it by the depository, cf. subsections (2) and (4), subject to the same requirements that apply to the delegation by the depository. Section 107(1) and (2) shall apply to the relevant parties in the event of sub-delegation.

107.(1) The depository is liable to the UCITS and to the investors of the UCITS for the loss by the instruments mentioned in Annex 5 held in custody pursuant to section 106c(1), no. 1, where such loss is caused by the depository or a third party to whom the task was delegated pursuant to section 106d(2), however, cf. subsection (2).

(2) The depository shall not be liable for losses pursuant to subsection (1) if it can prove that the loss has arisen as a result of an external event beyond its reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary.

(3) In the event of losses pursuant to subsection (1), the depository shall, without undue delay, compensate the Danish UCITS or the latter's investment management company on behalf of the UCITS in the form of the instruments mentioned in Annex 5 of the same type or an amount corresponding to the value of these.

(4) The depository shall be liable to the Danish UCITS and its investors for any other losses that these may suffer as a result of the depository's negligent or intentional failure to properly fulfil its obligations pursuant to this act.

(5) The liability of the depository shall not be affected by any delegation pursuant to section 106d.

(6) The depository shall not release itself from or limit its liability on connection with losses of instruments covered by Annex 5 held in custody pursuant to section 106c(1), no. 1. Agreements in contravention of the first sentence shall be void.

(7) Investors in Danish UCITS may invoke the liability of the depository directly or indirectly through the Danish UCITS or the latter's investment management company. However, this shall not lead to a duplication of redress or to unequal treatment of the investors.

107a.(1) The depository shall make available to the Danish FSA, on request, all information which it has obtained while performing its duties and that may be necessary for the Danish FSA as the supervisory authority of a Danish UCITS and the latter's investment management company.

(2) If the competent authorities of the UCITS or of the management company are different from those of the depository, the Danish FSA shall without delay share the information received with the competent authorities of the investment management company.

107b. The Danish FSA may lay down more detailed regulations regarding the following:

1) The conditions for performing the depository functions pursuant to section 106(5), section 106a(1), nos. 1–3 and 5, section 106b and 106c(1), including:

a) The types of financial instrument mentioned in Annex 5 to be covered by the custody duties of the depository in accordance with section 106c(1), no. 1.

b) The conditions subject to which the depository shall exercise its custody duties in regard to the financial instruments mentioned in Annex 5 that are registered with a central securities depository.

c) The conditions subject to which the depository shall, in accordance with section 106c(1), no. 1, safekeep the financial instruments mentioned in Annex 5 that are issued in a nominative form and registered with an issuer or registrar.

2) The depository's duties in connection with the selection and monitoring of third parties when delegating depository tasks, cf. section 106d(2), nos. 3 and 4.

3) The obligations of third parties to separate the depository's own assets from assets of the depository's clients, cf. section 106d(3), no. 3.

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- 4) The steps a third party shall take to ensure that in the event of insolvency of the third party, assets of a Danish UCITS held by the third party in custody are unavailable for distribution among, or realisation for the benefit of, creditors of the third party, cf. section 106d(3), no. 4.
- 5) When financial instruments held in custody by the depositary are to be considered to be lost, cf. section 107(1).
- 6) What is to be understood by external events beyond reasonable control, the consequences of which would have been unavoidable despite all reasonable efforts to the contrary, pursuant to section 107(2).
- 7) The conditions for fulfilling the independent requirement in section 101(1) and section 106(3).

Special regulations for insurance companies

108.(1) The board of management shall ensure that an insurance company has sufficient expertise to calculate insurance provisions.

(2) If the insurance company is licensed to carry out life-assurance activities, the board of directors shall employ a responsible actuary to carry out the actuarial functions necessary, including calculations and investigations. The position as actuary shall not be compatible with the position as a member of the board of management or the board of directors of the insurance company.

(3) If a responsible actuary resigns or is dismissed, the board of directors and the actuary shall submit separate statements detailing the reason for the resignation or dismissal to the Danish FSA no later than one month after the resignation or dismissal of the responsible actuary takes place.

(4) The responsible actuary shall ensure that the company complies with its technical basis, etc. The actuary shall, in this connection, review the actuarial contents of the company's activities and material, and ensure that the technical basis, etc., cf. section 20, complies with the conditions mentioned in section 21(1)–(6) at any time.

(5) The responsible actuary shall immediately notify the Danish FSA of any disregard of the conditions mentioned in subsection (4). The actuary shall be entitled to request from the board of management any information necessary for the execution of his duties. The Danish FSA may request from the actuary the information necessary to assess the financial position of the company.

(6) The responsible actuary shall submit a report to the Danish FSA annually.

(7) The Danish FSA may lay down more detailed provisions on the conditions mentioned in subsections (2)–(6), including the requirements that a person is required to fulfil in order to be employed as the responsible actuary.

109. Sections 73 and 74 shall apply correspondingly to the shareholder committee of the insurance company.

110. Section 199 of the Companies Act shall not apply to the acquisition of own shares by an insurance company.

Special regulations for mutual insurance companies

111.(1) The right of members and guarantors to make decisions in a mutual insurance company shall be exercised at the general meeting. Each member shall have at least 1 vote.

(2) Notwithstanding subsection (1), the articles of association may stipulate that the general meeting shall consist of representatives elected by the members and guarantors, or their proxies.

112. The articles of association of mutual insurance companies shall, apart from the conditions mentioned in sections 28 and 29 of the Companies Act, contain provisions regarding

- 1) the liability of members and guarantors to the obligations of the company, and regarding the mutual liability of members and guarantors, cf. section 284(2),
- 2) whether the company shall be permitted to accept reinsurance without mutual liability, and
- 3) whether the guarantee capital shall be subject to interest, and if so, under which regulations.

113.(1) Decisions to change the articles of association shall be made at the general meeting, cf. however sections 23 and 114 of this Act, and cf. section 159 of the Companies Act. The resolution shall only be valid if it is endorsed by no less than two-thirds of the votes cast. The resolution shall comply with any extra provisions stipulated in the articles of association.

(2) Significant changes in the objects of a company may, unless the articles of association stipulate otherwise, only be adopted if three-quarters of the guarantors and three-quarters of the members endorse it, or if the general meeting consists of representatives by three-quarters of said representatives. Notification to the guarantors about such changes shall be given no more than 8 days after the resolution was made at the general meeting. Guarantors who oppose such changes may require the other guarantors to take over their guarantee interests if they make such a request no more than 1 month after the general meeting.

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114.(2) Sections 77 and 86–88, section 89(1) and (3), sections 92 and 93, section 94(1), section 95, section 96(1), sections 100 and 100a, section 101(1)–(4) and (8), section 102(1)–(3), section 105, section 111(1), no. 1, and (2) and (4), sections 112–115, section 117(1), sections 118–122, 124–128, 131, 133 and 134, section 135(1)–(3) and (5), and sections 136–141 and 143 of the Companies Act shall apply to mutual insurance companies with the changes necessary and with the derogations appearing from the provisions of this Act.

(2) Of the provisions mentioned in subsection (1), the provisions regarding shareholders shall apply correspondingly for guarantors, and provisions regarding share capital and shares shall apply correspondingly with the necessary relaxations for guarantee capital and guarantee interests.

(3) Section 76(2), (3) and (5), section 80(1)–(4), section 81, section 90(1) and (2), sections 91, 98 and 99, section 101(1), (2) and (4), section 102(1)–(3), and sections 108, 109, 125 and 126 of the Companies Act shall apply to mutual insurance companies with the changes necessary and with the derogations appearing from the provisions of this Act.

(4) Of the provisions mentioned in subsection (3), the provisions regarding shareholders shall apply correspondingly to all those entitled to vote at the general meeting of the mutual insurance company.

(5) Sections 180(1) and section 194 of the Companies Act regarding payments to shareholders shall apply correspondingly to the payment of interest to guarantors and payments to members of mutual insurance companies.

Special regulations for multi-employer occupational pension funds

115.(1) Unless the Minister for Industry, Business and Financial Affairs, with regard to the conditions of the pension fund, authorises another composition of the board of directors, said board of directors shall consist of a chairman and an equal number of members of the board of directors, of which no less than half shall be elected by and amongst the members of said pension fund.

(2) The articles of association may stipulate that the election of the board of directors and changes to the articles of association shall be carried out by the members of the pension fund by ballot.

116.(1) The provisions for mutual companies in sections 23 and 114 shall apply correspondingly to multi-employer occupational pension fund, cf. however subsection (2) and section 284(2) and (3).

(2) Section 120(1) and (3) of the Companies Act shall not apply to multi-employer occupational pension funds.

Part 9

Disclosure of confidential information

117.(1) Members of the board of directors, members of local boards of directors or similar organs, members of the shareholder committee in a financial undertaking other than a savings bank, auditors and inspectors and their deputies, founders, valuation officers, liquidators, members of the board of management, responsible actuaries, general agents and administrators in an insurance company and other employees may not without due cause divulge or use confidential information obtained during the performance of their duties. This provision shall apply correspondingly to financial holding companies and insurance holding companies.

(2) Any person receiving information pursuant to subsection (1) shall fall within the scope of the duty of confidentiality specified in subsection (1).

117a.(1) A bank may divulge information about the name and address of a client to the person who has transferred money to a client's account as a result of an erroneous transfer of money to said client's account so that the person may pursue any claim against the client in connection with the transaction. Similarly, a bank may divulge information about the name and address of a client to a payee, when the client has utilised a means of payment to pay for goods or services at the payee, and there has been an erroneous transaction.

(2) The bank shall advise the client that the information is to be divulged, before information about the name and address of the client may be divulged.

(3) If the name and address of the client is protected under the Civil Registration System Act, the bank may not divulge information about said client, cf. subsection (1).

118.(1) Usual information on client matters may be divulged for the performance of administrative tasks.

(2) For the performance of administrative tasks, information may be divulged to a limited company wholly owned by ATP (Arbejdsmarkedets Tillægspension) and to ATP (Arbejdsmarkedets Tillægspension), cf. sections 26b(3) and 23(4) of the Arbejdsmarkedets Tillægspension Act, and to the administrative company of a joint administrative cooperation with regard to insurance.

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(3) Insurance companies and pension funds may, when giving advice about life assurance and pension schemes as well as pension schemes which are part of these schemes, divulge information about client relationships to insurance companies in the same group as the insurance company or pension fund, to the administrative company of a joint administrative cooperation with regard to insurance, to a limited company wholly owned by ATP (Arbejdsmarkedets Tillægspension), and to ATP (Arbejdsmarkedets Tillægspension), cf. sections 23(4) and 26b(3) of the Arbejdsmarkedets Tillægspension Act. Information about health and other sensitive information may only be divulged, if the person to whom the information divulged relates has consented to this.

(4) Information about a capital pension or an instalment pension which has been established in a bank as part of a labour-market pension scheme may, for use in giving advice about the scheme, be divulged from the bank to a joint administrative cooperation with regard to insurance in the same group as the bank.

(5) Any person receiving information pursuant to subsections (1)–(4) shall fall within the scope of the duty of confidentiality specified in section 117(1).

(6) The Danish FSA shall lay down more detailed regulations regarding what information constitutes usual client information under subsection (1).

119. Information on purely private matters shall not be divulged without the client's consent, unless such an action is lawful under section 117(1) or section 118(2).

120.(1) Information may be divulged to the parent undertaking of the financial undertaking for the purposes of risk management of undertakings within the group where such a parent undertaking is a financial undertaking or a financial holding company or an insurance holding company. This shall not, however, apply to information on purely private matters.

(2) Information on private clients shall not be divulged for the purpose of risk management, cf. subsection (1), except from in those exceptional cases where information on a private client concerns exposures which are or may become significant in size.

120a.(1) Information on corporate clients may be exchanged between banks and mortgage-credit institutions, within the same group, for the purposes of risk management, including credit rating and credit administration. The same shall apply to exchanges of information with the financial holding companies, insurance holding companies and subsidiary companies of the undertakings. Information may only be exchanged with subsidiary companies that grant loans or carry out leasing activities.

(2) The provision in subsection (1) shall also apply to exchanges of information between jointly owned banks and mortgage-credit institutions and owners of equity investments in the relevant bank or mortgage-credit institution when the owners mentioned are banks or mortgage-credit institutions and they jointly own more than 4/5 of the equity investments. The same shall apply to exchanges of information with those subsidiary companies of the jointly owned undertakings that grant loans or carry out leasing activities.

(3) Disclosure under subsections (1) and (2) shall not cover information as mentioned in section 119.

(4) Any person receiving information pursuant to subsections (1) and (2) shall fall within the scope of the duty of confidentiality specified in section 117(1).

120b. A lending bank or mortgage-credit institution may transmit information about a borrower to the issuing bank or mortgage-credit institution, if a loan agreement has been established which states that the loan may be financed by issuance by another bank or mortgage-credit institution of covered bonds or covered mortgage-credit bonds. Exchanges of information between the lending bank or mortgage-credit institution, and the bank or mortgage-credit institution which issues the covered bonds or covered mortgage-credit bonds by which the loan is financed may take place to the extent necessary with regard to risk management and administration of the portfolio in the register or the portfolio in a series or group of series with serial reserve funds.

121.(1) Information on a private client shall not be divulged for the purpose of marketing or consultancy unless prior consent has been obtained from the client, cf. however, section 118(3) and (4).

(2) Information may be divulged under subsection (1) without consent to group undertakings which are under a duty of confidentiality as mentioned in section 117(1), and to undertakings where several financial undertakings or Danish UCITS jointly own an undertaking carrying out activities that the financial undertaking is licensed to carry out through a subsidiary undertaking, or an undertaking which is ancillary to the financial undertaking under a duty of confidentiality as specified in section 117(1), where such information is general client information forming the basis for separation of client categories and where such disclosure is necessary to enable the undertaking receiving such information to pursue justifiable interests and regard for the private client does not override such interests.

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(3) Usual information on corporate clients may be divulged for the purposes of marketing and consultancy to a financial undertaking under a duty of confidentiality as specified in section 117(1).

122. The financial undertaking shall prepare guidelines on the extent to which information may be divulged from the undertaking. These guidelines shall be available to the general public.

123.(1) Consent to divulge information shall be given in writing.

(2) Where an insurance contract is entered into on the basis of communication over the telephone, however, consent for disclosure of information to be used in connection with such an agreement may be given verbally. In such cases, the insurance company shall, no later than 14 days after such an insurance contract has been entered into, inform the client in writing of the type of information disclosed with the verbal consent of said client, for what purpose such information is disclosed, and who receives information on the basis of the verbal consent given by said client.

(3) At the request of the client, the financial undertaking shall inform the client of the type of information which may be divulged with said client's consent, for what purpose(s) such disclosure may occur, and of who may receive information on the basis of the client's consent.

(4) When obtaining written consent, the financial undertaking shall inform clients of the possibility of receiving information on the scope of the consent pursuant to subsection (3).

V

Capital position of financial undertakings

Part 10

Solvency General regulations regarding solvency

124.(1) The board of directors and board of management of a bank and a mortgage-credit institution shall ensure that the institution has adequate own funds and has internal procedures for risk measurement and risk management for regular assessments and maintenance of own funds of a size, type and distribution adequate to cover the risks of the institution. These procedures shall be subject to regular internal review to ensure that they remain comprehensive and proportionate to the nature, scale and complexity of the activities of the institution concerned.

(2) The board of directors and board of management of a bank and a mortgage-credit institution shall, on the basis of the assessment pursuant to subsection (1), calculate the individual solvency need of the bank or mortgage-credit institution. The solvency need shall be calculated as the adequate own funds as a percentage of the total risk exposure. The solvency need may not be less than the own funds requirement laid down in Article 92(1)c and the minimum capital requirement laid down in Article 93 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

(3) The Danish FSA may individually stipulate a higher own funds requirement in the form of a supplement to the own funds requirement laid down in Article 92(1)c of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The individual solvency requirement shall express the Danish FSA's assessment of the institution's adequate own funds as a percentage of the total risk exposure.

(4) The Danish FSA may lay down further own funds requirements for a group of banks or mortgage-credit institutions with similar risk profiles which take into account the special risks of this group of institutions.

(5) The Danish FSA may require that the bank or mortgage-credit institution write down the value of assets, etc. for the calculation of own funds.

(6) For mortgage-credit institutions, Article 92(1)c of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms shall be complied with both in the individual series with serial reserve funds and in the institution in general.

(7) The Danish FSA may lay down more detailed regulations regarding publication by banks and mortgage-credit institutions of their statements of individual solvency need, cf. subsection (2) and individual solvency requirement, cf. subsection (3).

(8) The Minister for Industry, Business and Financial Affairs shall establish more detailed regulations on the type of capital to be used to comply with the individual solvency requirement, cf. subsection (3).

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125.(1) The board of directors and board of management of an investment firm I shall ensure that the firm has adequate own funds and has internal procedures for risk measurement and risk management for regular assessments and maintenance of own funds of a size, type and distribution adequate to cover the risks of the firm. These procedures shall be subject to regular internal review to ensure that they remain comprehensive and proportionate to the nature, scale and complexity of the activities of the investment firm concerned.

(2) The board of directors and the board of management of an investment firm I shall, on the basis of the assessment pursuant to subsection (1), calculate the individual solvency need of the firm.

(3) The Danish FSA may individually stipulate a higher own funds requirement for an investment firm I in the form of a supplement to the own funds requirement laid down in Article 92(1)c of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The individual solvency requirement shall express the Danish FSA's assessment of the institution's adequate own funds as a percentage of the total risk exposure. The Danish FSA may furthermore set requirements for the type of capital to be used to comply with the individual solvency requirement.

(4) The Danish FSA may lay down further own funds requirements for a group of investment firms I with similar risk profiles which take into account the special risks of this group of investment firms I.

(5) The Danish FSA may require that an investment firm I write down the value of assets, etc. for the calculation of own funds.

125a.(1) A bank, a mortgage-credit institution and an investment firm I where the investment firm I is licensed to exercise the activities mentioned in Annex 4, Section A, nos. 3 and 6, shall comply with a combined capital buffer requirement, cf. however, subsection (2).

(2) An investment firm I shall be exempt from meeting the capital preservation buffer and the undertaking-specific countercyclical capital buffer if

- 1) the firm employs less than 250 persons and
- 2) the firm has annual revenues of no less than EUR 50m or an annual balance sheet total of no less than EUR 43m.

(3) The capital preservation buffer of an undertaking referred to in subsection (1) shall make up at least 2.5% of the total risk exposure of the undertaking, calculated in accordance with Article 92(3) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

(4) The undertaking-specific countercyclical capital buffer of an undertaking referred to in subsection (1) shall make up at least the total risk exposure of the undertaking, calculated in accordance with Article 92(3) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms multiplied by the undertaking-specific countercyclical capital buffer rate.

(5) The G-SIFI buffer of a globally systemically important financial institution (G-SIFI), cf. section 310, shall, on a consolidated basis, make up at least the total risk exposure of the globally systemically important financial institution (G-SIFI), calculated in accordance with Article 92(3) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms multiplied by the G-SIFI buffer rate.

(6) A systemic buffer of an undertaking referred to in subsection (1) shall make up at least the total risk exposure of the undertaking on the basis of the exposures to which the systemic buffer shall apply in accordance with section 125h, calculated in accordance with Article 92(3) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, multiplied by the systemic buffer rate.

(7) The combined capital buffer requirement shall be met by Common Equity Tier 1 capital which shall be additional to the Common Equity Tier 1 capital required to meet the own funds requirement in Article 92 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and additional to the Common Tier 1 capital required to meet the individual solvency need laid down pursuant to section 124(3), or section 125(3), or the individual solvency need laid down pursuant to section 124(2), or section 125(4).

(8) The Danish FSA shall lay down more detailed regulations regarding calculation of the combined capital buffer requirement.

125b.(1) A bank, a mortgage-credit institution and an investment firm I where the investment firm I is licensed to exercise the activities mentioned in Annex 4, Section A, nos. 3 and 6 complying with the combined capital buffer requirement, cf. section 125a(1), may not make a distribution relating to Common Equity Tier 1 capital,

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cf. subsection (5), to an extent which reduces the Common Equity Tier 1 capital to a level where the combined capital buffer requirement is no longer met, cf. however, subsection (7).

(2) An undertaking referred to in subsection (1) which fails to meet the combined capital buffer requirement shall calculate the maximum distributable amount and immediately notify the Danish FSA of that maximum distributable amount.

(3) An undertaking referred to in subsection (1) which fails to meet the combined capital buffer requirement may not undertake the following actions until the undertaking has calculated the maximum distributable amount and notified the Danish FSA pursuant to section 125d:

- 1) Make a distribution in connection with Common Equity Tier 1 capital, cf. subsection (5).
- 2) Create an obligation to pay variable remuneration or discretionary pension benefits or pay variable remuneration if the obligation to pay was created at a time when the undertaking failed to meet the combined capital buffer requirements.
- 3) Make payments on Additional Tier 1 instruments.

(4) An undertaking referred to in subsection (1) may not distribute more than the maximum distributable amount in actions covered by subsection (3), nos. 1–3, cf. however, subsection (7).

(5) Distribution in connection with Common Equity Tier 1 capital, cf. subsections (1) and (3) shall mean:

- 1) A payment of cash dividends.
- 2) A distribution of fully or partly paid bonus shares or other capital instruments referred to in Article 26(1)(a) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.
- 3) A redemption or re-purchase made by an undertaking of own shares or other capital instruments referred to in Article 26(1)(a) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.
- 4) A re-purchase of an amount paid in connection with the capital instruments referred to in Article 26(1)(a) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.
- 5) A distribution of items referred to in Article 26(1)(b)–(e) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

(6) An undertaking referred to in subsection (1) shall take the necessary steps to ensure that the size of profit distributed and the maximum distributable amount are calculated accurately. The undertaking shall, on request, be able to document this accuracy to the Danish FSA.

(7) Subsections (1) and (4) shall only apply to payments which lead to a reduction in Common Equity Tier 1 capital or a reduction in profits, and where a suspension of payments or failure to pay does not constitute an event of default or a condition for the commencement of insolvency proceedings.

(8) The Danish FSA shall lay down regulations on calculation and reporting of the maximum distributable amount.

125c.(1) A bank, a mortgage-credit institution and an investment firm I where the investment firm I is licensed to exercise the activities mentioned in Annex 4, Section A, nos. 3 and 6 which fails to meet the combined capital buffer requirement, cf. section 125a(1), shall prepare and submit a capital conservation plan to the Danish FSA, no later than five business days after the undertaking should have ascertained its failure to meet the requirement, cf. however, subsection (2).

(2) The Danish FSA may on request from the undertaking extend the time limit in subsection (1) by up to five business days based on the individual situation of an undertaking and taking into account the scale and complexity of the undertaking's activities.

(3) The Danish FSA shall approve a capital conservation plan if it considers that, if implemented, the plan would be reasonably likely to preserve or raise sufficient capital to enable the undertaking to meet its combined capital buffer requirements, cf. section 125a(1), within a period laid down by the Danish FSA.

(4) If the Danish FSA does not approve the capital conservation plan, cf. subsection (3), the Danish FSA shall order the undertaking to increase its own funds within a time limit laid down by the Danish FSA. The Danish FSA may also specify stricter restrictions for distributions than those laid down in section 125b, if deemed necessary.

(5) The Danish FSA shall lay down more detailed regulations regarding the contents of a capital conservation plan.

125d.(1) A bank, a mortgage-credit institution and an investment firm I where the investment firm I is licensed for the activities mentioned in Annex 4, Section A, nos. 3 and 6, which fails to meet the combined capital buffer

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requirement, cf. section 125a(1), and which intends to take an action covered by section 125b(3), nos. 1–3, shall notify the Danish FSA immediately and state:

- 1) The amount of capital maintained by the undertaking, subdivided as follows:
 - a) Common Equity Tier 1 capital,
 - b) Additional Tier 1 and
 - c) Tier 2 capital.
- 2) The amount of its interim and year-end profits.
- 3) The maximum distributable amount.
- 4) The amount of distributable profits which the undertaking intends to allocate between the following:
 - a) dividend payments,
 - b) share buybacks,
 - c) payments on Additional Tier 1 instruments, and
 - d) the payment of variable remuneration or discretionary pension benefits, whether by creation of a new obligation to pay, or payment pursuant to an obligation to pay created at a time when the undertaking failed to meet its combined capital buffer requirements.

(2) In groups which include a bank, a mortgage-credit institution or an investment firm I where the investment firm I is licensed for the activities mentioned in Annex 4, Section A, nos. 3 and 6, subsection (1) shall apply correspondingly to the Danish group or subgroup. The ultimate bank, mortgage-credit institution or investment firm I where the investment firm I is licensed for the activities mentioned in Annex 4, Section A, nos. 3 and 6, of the group or subgroup shall ensure compliance with this provision.

125e.(1) In groups which include a bank, a mortgage-credit institution or an investment firm I where the investment firm I is licensed to the activities mentioned in Annex 4, Section A, nos. 3 and 6, sections 125a–125c shall apply to the Danish group or subgroup. The ultimate bank, mortgage-credit institution or investment firm I where the investment firm I is licensed to exercise the activities mentioned in Annex 4, Section A, nos. 3 and 6, of the group or subgroup shall ensure compliance with these provisions.

(2) In groups which include a globally systemically important financial institution (G-SIFI), cf. section 310, and which, on a consolidated basis, are subject to a G-SIFI buffer and a systemic buffer, the higher of the two buffers shall apply, cf. however, subsection (3).

(3) Where a systemic buffer only applies to Danish exposures to counter macroprudential risks in Denmark, both the systemic buffer and the G-SIFI buffer shall apply.

125f.(1) The Minister for Industry, Business and Financial Affairs shall, on a quarterly basis, lay down a countercyclical buffer rate concerning credit exposures in Denmark taking into account, among other things, the credit cycle, the risks due to excess credit growth in loans and specificities of the national economy. The Minister for Industry, Business and Financial Affairs shall decide the date from which banks, mortgage-credit institutions and investment firms I where the investment firm I is licensed for the activities mentioned in Annex 4, Section A, nos. 3 and 6, shall apply the countercyclical buffer rate to calculate their undertaking-specific countercyclical capital buffer, cf. section 125a(4). The Minister for Industry, Business and Financial Affairs shall announce the quarterly setting of the countercyclical buffer rate on the website of the Ministry of Industry, Business and Financial Affairs.

(2) A countercyclical buffer rate between 0 and 2.5% set by another country shall be applied by banks, mortgage-credit institutions and investment firms I if the investment firm I is licensed for the activities mentioned in Annex 4, Section A, nos. 3 and 6, for calculation of their undertaking-specific countercyclical capital buffer, cf. section 125a(4) in connection with credit exposures in the country concerned, cf. however, subsection (6).

(3) The Minister for Industry, Business and Financial Affairs may decide that a countercyclical buffer rate of more than 2.5% set in another country shall be applied by banks, mortgage-credit institutions and investment firms I if the investment firm I is licensed for the activities mentioned in Annex 4, Section A, nos. 3 and 6, for calculation of their undertaking-specific countercyclical capital buffer, cf. section 125a(4) in connection with credit exposures in the country concerned. Where the Minister for Industry, Business and Financial Affairs has decided to apply a buffer rate of more than 2.5% pursuant to the first sentence, the Minister for Industry, Business and Financial Affairs shall also decide the date from which the undertakings shall apply the buffer rate to calculate their undertaking-specific countercyclical capital buffer, cf. section 125a(4). The Minister for Industry, Business and Financial Affairs shall announce a buffer rate set pursuant to the first sentence on the website of the Ministry of Industry, Business and Financial Affairs. Where the Minister for Industry, Business and Financial Affairs has not made a decision on application of a countercyclical buffer rate of more than 2.5% pursuant to the first sentence, banks, mortgage-credit institutions and investment firms I, where the investment firm I is licensed

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for the activities mentioned in Annex 4, Section A, nos. 3 and 6, shall apply a buffer rate of 2.5% for calculation of their undertaking-specific countercyclical capital buffer, cf. section 125a(4) in connection with credit exposures in the country concerned.

(4) A countercyclical buffer rate of between 0 and 2.5% for another Member State of the European Union or in a country with which the Union has entered into an agreement for the financial area laid down pursuant to subsections (2) or (3) shall apply from the date stated on the website of the competent authority for the country concerned, cf. however, subsection (9). A countercyclical buffer rate of between 0 and 2.5% for a country outside the European Union with which the Union has not entered into an agreement for the financial area laid down pursuant to subsection (2) or (3) shall apply 12 months after the date on which a change in the buffer rate was published by the competent authority for the country concerned in compliance with the national regulations of the country concerned, cf. however, subsection (9).

(5) If a countercyclical buffer rate has not been set in a country outside the European Union with which the Union has not entered into an agreement for the financial area, the Minister for Industry, Business and Financial Affairs may set a countercyclical buffer rate which banks, mortgage-credit institutions and investment firms I where the investment firm I is licensed for the activities mentioned in Annex 4, Section A, nos. 3 and 6, shall apply for calculation of their undertaking-specific countercyclical capital buffer, cf. section 125a(4) in connection with credit exposures in the country concerned. The Minister for Industry, Business and Financial Affairs may lay down a buffer rate pursuant to the first sentence, if it is reasonable to assume that a buffer rate should be set in order to protect undertakings covered by section 125a(1) against excessive growth in lending in the country concerned.

(6) If a countercyclical buffer rate has been set in a country outside the European Union with which the Union has not entered into an agreement for the financial area, the Minister for Industry, Business and Financial Affairs may set another buffer rate for use for banks, mortgage-credit institutions and investment firms I where the investment firm I is licensed for the activities mentioned in Annex 4, Section A, nos. 3 and 6, for calculation of their undertaking-specific countercyclical capital buffer, cf. section 125a(4) in connection with credit exposures in the country concerned. The Minister for Industry, Business and Financial Affairs may set a buffer rate pursuant to the first sentence if it can be reasonably assumed that the buffer rate set by the country concerned does not appropriately protect undertakings covered by section 125a(1) against the risk of excessive growth in lending in the country concerned.

(7) If the Minister for Industry, Business and Financial Affairs sets a buffer rate pursuant to subsections (5) or (6) which increases the countercyclical buffer rate, the Minister for Industry, Business and Financial Affairs shall decide the date from which banks, mortgage-credit institutions and investment firms I where the investment firm I is licensed for the activities mentioned in Annex 4, Section A, nos. 3 and 6, shall apply the buffer rate concerned to calculate their undertaking-specific countercyclical capital buffer.

(8) The Minister for Industry, Business and Financial Affairs shall publish all rates set pursuant to subsections (5) and (6) of a countercyclical buffer rate for a country outside the European Union with which the Union has not entered into an agreement for the financial area on the website of the Ministry of Industry, Business and Financial Affairs.

(9) A bank, a mortgage-credit institution and an investment firm I where the investment firm I is licensed for the activities mentioned in Annex 4, Section A, nos. 3 and 6, may apply a reduced countercyclical buffer rate to calculate their undertaking-specific countercyclical capital buffer, cf. section 125a(4), from the day when a reduced countercyclical buffer rate is published.

125g.(1) The G-SIFI buffer rate shall depend on the sub-category in which the globally systemically important financial institution (G-SIFI) is placed, cf. regulations issued pursuant to section 310(3).

(2) The Minister for Industry, Business and Financial Affairs shall set G-SIFI buffer rates for the individual sub-categories of globally systemically important financial institution (G-SIFIs).

125h.(1) The Minister for Industry, Business and Financial Affairs may set a systemic buffer rate for use in the calculation of a systemic buffer taking into account prevention and limitation of long-term non-cyclical systemic or macroprudential risks not covered by Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The Minister for Industry, Business and Financial Affairs shall also lay down the exposures to which the buffer rate shall apply, the banks, mortgage-credit institutions and investment firms I where the investment firm I is licensed for the activities mentioned in Annex 4, Section A, nos. 3 and 6, to be covered by the buffer rate and the date from which the undertakings shall apply the buffer rate to calculate their systemic buffer, cf. section 125a(6). The Minister for Industry, Business and Financial Affairs may set different rates for different groups

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of the undertakings covered. The Minister for Industry, Business and Financial Affairs shall publish the setting of a systemic buffer rate on the website of the Ministry of Industry, Business and Financial Affairs.

(2) The Minister for Industry, Business and Financial Affairs may decide that a systemic buffer rate set in another Member State of the European Union or a country with which the Union has entered into an agreement for the financial area shall be used by banks, mortgage-credit institutions and investment firms I where the investment firm I is licensed for the activities mentioned in Annex 4, Section A, nos. 3 and 6, to calculate their systemic buffer, cf. section 125a(6) in connection with exposures in the relevant country. The Minister for Industry, Business and Financial Affairs shall also decide the date from which the undertakings shall apply the buffer rate to calculate their systemic buffer, cf. section 125a(6). The Minister for Industry, Business and Financial Affairs shall publish a notification on a buffer rate set pursuant to the first sentence on the website of the Ministry of Industry, Business and Financial Affairs.

(3) Where the Minister for Industry, Business and Financial Affairs pursuant to subsection (1) has set a systemic buffer rate applicable to all exposures and also, pursuant to subsection (2), has decided to apply the buffer rate for exposures set by another country in the relevant country, the Minister for Industry, Business and Financial Affairs shall decide which of the buffer rates mentioned shall apply to the undertakings to calculate their systemic buffer, cf. section 125a(6) in connection with exposures in the relevant country.

(4) The Minister for Industry, Business and Financial Affairs shall, once a year, evaluate the systemic buffer rate set pursuant to subsection (1) or (2). The Minister for Industry, Business and Financial Affairs shall publish a notification on the resetting of a systemic buffer rate on the website of the Ministry of Industry, Business and Financial Affairs.

125i.(1) Mortgage-credit institutions shall always have a debt buffer of 2% of the mortgage-credit institution's total unweighted lending. Equity and debt instruments included in the fulfilment of the debt buffer requirement shall be issued by the mortgage-credit institution in general.

(2) If a mortgage-credit institution, as a parent undertaking, owns a subsidiary undertaking that is also a mortgage-credit institution, the debt buffer requirement may be met at the mortgage-credit group level.

(3) The debt buffer requirement may be met with the following equity and debt instruments:

- 1) Common Equity Tier 1 capital.
- 2) Additional Tier 1 capital.
- 3) Tier 2 capital.
- 4) Unsecured senior debt.

(4) Equity and debt instruments as mentioned in subsection (3) may not be used simultaneously to meet

- 1) the own funds requirement, cf. article 92 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms,
- 2) the individual solvency need, cf. section 124(2),
- 3) the individual solvency requirement, cf. section 124(3),
- 4) the combined capital buffer requirement, cf. section 125a, or
- 5) the own funds requirement, cf. article 500(1)–(4) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

(5) The following applies to a debt buffer requirement that is met with equity and debt instruments covered by subsection(3), nos. 2–4:

- 1) Equity and debt instruments shall have an initial term of at least two years.
- 2) There must be an appropriate spread of maturity dates for the equity and debt instruments.

(6) The Danish FSA may decide that a mortgage-credit institution's debt buffer requirement is to be met, wholly or in part, with equity and debt instruments with a contractual option for impairment or conversion.

126.(1) The board of directors and board of management of group 2 insurance companies shall ensure that the undertaking has a capital base that is adequate to cover the undertaking's risks.

(2) The minimum capital base requirement for group 2 insurance companies is as follows, however, cf. subsection (3):

- 1) EUR 3.7m for companies carrying out activities covered by Annex 8.
- 2) EUR 2.5m for companies carrying out activities within insurance classes 1–9 and 16–18, cf. Annex 7.
- 3) EUR 3.6m for companies carrying out reinsurance activities.
- 4) EUR 1.2m for captive reinsurance companies.

(3) For mutual group 2 insurance companies covered by subsection (2), no. 2, in which the articles of association give the undertaking the possibility of collecting supplementary contributions or reducing the benefits, the minimum capital base requirement is as follows:

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- 1) EUR 0.225m for companies carrying out activities within insurance classes 1–8, 16 and 18, cf. Annex 7.
 - 2) EUR 0.15m for companies carrying out activities within insurance classes 9 and 17, cf. Annex 7.
- (4) The board of directors and board of management of group 2 insurance companies shall, on the basis of subsection (1) calculate the individual solvency need of the undertaking.
- (5) The Danish FSA may stipulate a higher individual solvency requirement than the individual solvency need calculated by the undertaking pursuant to subsection (4).

126a.(1) The board of directors and the board of management of an investment management company shall ensure that the company has adequate own funds and has internal procedures for risk measurement and risk management for regular assessments and maintenance of own funds of a size, type and distribution appropriate to cover the risks of the company. The board of directors and the board of management shall, on the basis of the assessment pursuant to subsection (1), calculate the individual solvency need of the company. The solvency need shall be calculated as the adequate own funds. The solvency need shall not be less than the minimum capital requirement in subsection (2) or the own funds requirement in subsection (5).

(2) The own funds in an investment management company shall constitute no less than

- 1) EUR 730,000 (the minimum capital requirement) for investment management companies which are members of a regulated market, or which are licensed to keep and manage the instruments mentioned in Annex 5 no. 3, including becoming a member of a central securities depository or a clearing centre where the company participates in clearing and settlement, cf. however, subsection (3), and
- 2) EUR 125,000 (the minimum capital requirement) for other investment management companies, cf. however subsection (3).

(3) An investment management company shall, irrespective of the requirement in subsection (2), include an addition to the minimum capital requirement of 0.02% of the part of said company's portfolio, cf. subsection (6), which exceeds EUR 250m. The minimum capital requirement and the addition combined shall not exceed EUR 10m. Investment management companies shall adjust the additional capital annually on the basis of their audited annual report. Said adjustment shall be made no later than 1 June of the following year.

(4) The Danish FSA may authorise that up to 50% of the addition under subsection (3) is covered by means of a guarantee from a credit institution or an insurance company. The credit institution or insurance company shall have its registered office in a Member State of the European Union in a country with which the Union has entered into an agreement for the financial area, or in a country with which the Union has not entered into such an agreement, but which has supervisory regulations that correspond to the regulations in the European Union.

(5) An investment management company shall, irrespective of the requirements in subsections (2) and (3), have own funds corresponding to no less than one quarter of the fixed costs of the previous year. The Danish FSA may adapt this requirement if a change in the company's activities within the previous year is deemed significant by the Danish FSA. If a company has not been operating for one year, it shall have own funds corresponding to no less than a quarter of the fixed costs appearing from its operating plan for the first year of operation unless the Danish FSA requires this plan to be amended.

(6) The assets of the UCITS that the investment management company is licensed to manage and the assets of the alternative investment funds that the investment management company is licensed to manage shall be included in said investment management company portfolio, cf. subsection (3). Portfolios that the investment management company has been assigned to manage under the provisions regarding delegation shall not be included in the company's portfolio, cf. subsection (3).

(7) The Danish FSA may lay down a higher requirement for own funds than the requirements stated in subsections (1)–(3) and (5).

(8) The Danish FSA may order the investment management company to account for impairment the value of assets, etc. for the calculation of own funds.

(9) Own funds for investment management companies shall be calculated in accordance with Articles 25–88 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and rules issued pursuant to Articles 25–88.

126b.(1) The own funds of group 1 insurance companies consist of the sum of the basic own funds and the additional own funds. Use of additional own funds in calculating the own funds is subject to the authorisation of the Danish FSA.

(2) The basic own funds consist of the sum of the amount by which the value of assets exceeds the value of obligations, minus the value of own shares owned by the group 1 insurance company, plus the value of subordinated debt.

(3) The additional own funds consist of capital that is not included in the basic own funds, and which can be used to cover losses.

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(4) Article 97 in Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency

II) establishes the capital that may be included in the own funds. Group 1 insurance companies wishing to use other capital shall apply to the Danish FSA for prior authorisation.

(5) The Danish FSA may lay down more detailed regulations regarding calculation of own funds for group 1 insurance companies.

126c.(1) The board of directors and board of management of group 1 insurance companies shall ensure that the undertaking's own funds cover the solvency capital requirement calculated by the company, cf. subsection (2), at all times.

(2) The solvency capital requirement is calculated either using the standard formula or using an internal model authorised by the Danish FSA, however, cf. subsection (4).

(3) Group 1 insurance companies that use the standard formula may apply company-specific parameters when calculating the solvency capital requirement, subject to the authorisation of the Danish FSA.

(4) Should the risk profile of the group 1 insurance company deviate substantially from the prerequisites on which the standard formula is based, the Danish FSA may require the undertaking to use an authorised internal model to calculate the solvency capital requirement for the relevant risk modules.

(5) Group 1 insurance companies shall calculate the solvency capital requirement at the end of each quarter, and report the result to the Danish FSA no later than 20 business days thereafter. In the event of significant changes relating to the calculated solvency capital requirement, the company shall perform a new calculation and report the result to the Danish FSA no later than 20 business days thereafter.

(6) The Danish FSA may establish more detailed regulations on own funds that may be used to cover the solvency capital requirement, on the calculation of the solvency capital requirement using the standard formula, and on the criteria for the Danish FSA's authorisation and calculation of any internal model.

126d.(1) The board of directors and board of management of group 1 insurance companies shall ensure that the undertaking's basic own funds cover the minimum capital requirement calculated by the company at all times.

(2) The minimum capital requirement shall comprise whichever is greatest of the amounts in subsection (3) and whichever is greatest of the amounts relevant to the undertaking in subsection (5).

(3) The European Commission, pursuant to Article 130 of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), establishes regulations on how group 1 insurance companies shall calculate the minimum capital requirement. The calculated minimum capital requirement shall comprise no less than 25% and no more than 45% of the company's solvency capital requirement calculated in accordance with section 126c, including any additional capital as decreed by the Danish FSA pursuant to section 350b. In the event that the actual calculated minimum capital requirement is equal to less than 25% of the company's solvency capital requirement, the minimum capital requirement will be set at 25%. In the event that the actual calculated minimum capital requirement is greater than 45% of the company's solvency capital requirement, the minimum capital requirement will be set at 45%.

(4) Group 1 insurance companies shall send a justification to the Danish FSA in connection with reporting pursuant to subsection (6) if the actual calculated minimum capital requirement is outside of the range in subsection (3).

(5) The lower limits for the minimum capital requirement are:

- 1) EUR 3.7m for insurance companies carrying out activities covered by Annex 8.
- 2) EUR 2.5m for insurance companies carrying out activities within insurance classes 1–9 and 16–18, cf. Annex 7.
- 3) EUR 3.7m for insurance companies carrying out activities within insurance classes 10–15, cf. Annex 7.
- 4) EUR 3.6m for insurance companies carrying out reinsurance activities.
- 5) EUR 1.2m for captive reinsurance companies.

(6) Group 1 insurance companies shall calculate the minimum capital requirement at the end of each quarter, and report the result to the Danish FSA no later than 20 business days thereafter. In the event of significant changes relating to the calculated minimum capital requirement, the company shall perform a new calculation and report the result to the Danish FSA no later than 20 business days thereafter.

(7) The Danish FSA may lay down more detailed regulations regarding the basic own funds that may be used to cover the minimum capital requirement.

126e.(1) The board of directors and the board of management of group 1 insurance companies shall ensure that the company is always in possession of adequate insurance provisions to cover all insurance liabilities in

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respect of policy holders and other beneficiaries of insurance contracts. The board of directors and the board of management of group 1 insurance companies shall ensure that a risk-free interest rate term structure established and published by The European Insurance and Occupational Pensions Authority (EIOPA) is used to calculate insurance provisions.

(2) The Danish FSA may permit a group 1 insurance company to use a matching adjustment for the risk-free interest rate term structure in subsection (1) for a portfolio of insurance liabilities selected by the undertaking.

(3) The Danish FSA may permit a group 1 insurance company to use a volatility adjustment for the risk-free interest rate term structure in subsection (1) for insurance provisions where the undertaking does not use a matching adjustment pursuant to subsection (2).

(4) Group 1 insurance companies which use a matching adjustment pursuant to subsection (2) or a volatility adjustment pursuant to subsection (3) shall, in the report on the undertaking's solvency and financial situation that they have a duty to publish, cf. section 283, state the amount-related impact of not using subsections (2) or (3) on the size of the insurance provisions, the solvency capital requirement and the minimum capital requirement, as well as on the size of the own funds that may be used to cover the solvency capital requirement, and the basic own funds that may be used to cover the minimum capital requirement.

(5) The Danish FSA may establish more detailed regulations on the matching adjustment calculation, cf. subsection (2), and on the volatility adjustment, cf. subsection (3), and on the prerequisites for obtaining authorisation pursuant to these provisions.

(6) The Minister for Industry, Business and Financial Affairs shall establish more detailed regulations on the valuation of assets and liabilities, cf. subsection (1), first sentence, for group 1 insurance companies and groups covered by subsection 175b(1).

126f. The board of directors and the board of management of group 2 insurance companies shall ensure that the company is always in possession of adequate insurance provisions to cover all insurance liabilities in respect of policy holders and other beneficiaries of insurance contracts. The Danish FSA may order a group 2 insurance company to use the risk-free interest rate term structure in section 126e(1) when calculating insurance provisions.

126g.(1) Group 1 insurance companies shall analyse which changes in significant risks affect the own funds, solvency capital requirement and minimum capital requirement calculated by the company. The undertaking shall report the result at the end of each quarter, and no later than 20 business days thereafter, to the Danish FSA.

(2) The Minister for Industry, Business and Financial Affairs may establish more detailed regulations on the analyses that the undertaking shall perform pursuant to subsection (1).

127. (Repealed)

128.(1) The capital base for group 2 insurance companies shall comprise Tier 1 capital plus Tier 2 capital with a deduction.

(2) The Danish FSA shall lay down more detailed regulations on the calculation of the capital base, including own funds and additional own funds for group 2 insurance companies.

(3) The Danish FSA shall lay down regulations for the calculation of own funds, including Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital for the ultimate parent undertaking in Denmark and the group to the extent that these are covered by section 170(1), (2), (4) and (5), and for investment firms which are solely licensed for investment services pursuant to Annex 4, Section A, nos. 1 and 5, and which do not keep client funds or securities for clients.

(4) The Danish FSA may, for banks, mortgage-credit institutions, investment firms I and investment firms licensed for the activities mentioned in Annex 4, Section A, nos. 2 or 4, and for financial holding companies in which consolidation is carried out pursuant to Article 11(1) and (2) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, lay down regulations for the calculation of own funds, including Common Equity Tier 1 capital, Additional Tier 1 capital and Tier 2 capital, taking into account the possibilities hereof in Article 49 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

128a. The Danish FSA may lay down regulations regarding issuance of debt instruments by financial undertakings with terms about conversion to share capital, guarantee capital or cooperative capital, including the extent to which Part 10 of the Companies Act shall apply.

128b. A bank's holdings acquired for pooled funds where the clients bear the risk shall not be included in the calculation of deductions in own funds. A bank's holdings acquired for pooled funds where the clients do not

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bear the risk shall be deducted in the calculation of own funds according to regulations on deductions for holdings in the second part of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

129–139. (Repealed)

140.(1) In mortgage-credit institutions, the own funds requirement for series with a repayment obligation opened before 1 January 1973 may be met with the part of the serial reserve funds in mortgage-credit institutions in series with repayment obligations which correspond to the requirement in section 124(6).

(2) In series with repayment obligations opened before 1 January 1973, serial reserve funds in mortgage-credit institutions in series without repayment obligations for the debtors, and the part of the serial reserve fund in series with repayment obligations, cf. section 25 of the Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act which cannot be paid and which are not covered by the requirements for the own funds of the series, may be included when meeting the requirement for own funds for mortgage-credit institutions in general.

141. (Repealed)

142. The Danish FSA may lay down regulations for the calculation of the total risk exposures for the ultimate parent undertaking in Denmark and the group, to the extent that these are covered by the requirements in section 170(1), (2), (4) and (5).

143.(1) The Danish FSA shall lay down more detailed regulations for

- 1) the time limits for reporting as a result of regulations issued pursuant to Article 35(9) of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II),
- 2) calculations pursuant to section 124(1) and (2), section 125(1) and (2), section 126(1) and (4), and section 126a(1),
- 3) notification of the solvency need for financial undertakings and groups covered by sections 171–174, notification of the requirement for minimum capital base and capital base for group 2 insurance companies, notification of the total risk exposures, the own funds requirement and the own funds for the ultimate parent undertaking in Denmark and the group, to the extent that these are covered by section 170(1), (2), (4) and (5), and notification of the own funds for investment firms solely licensed for the activities mentioned in Annex 4, Section A, nos. 1 and 5, and which do not keep funds or securities belonging to their clients, for investment management companies and for the ultimate parent undertaking in Denmark and the group, to the extent that these are covered by section 170(3),
- 4) calculation of share trading activities, etc.,
- 5) calculation of fixed costs of investment management companies and the fixed costs of the ultimate parent undertaking in Denmark and the group to the extent that these are covered by section 170(3) and (4), and the conditions for which the Danish FSA can adapt the requirement for an undertaking to have own funds of at least one quarter of the previous year's fixed costs in the event of significant changes to the undertaking's activities,
- 6) transitional regulations for groups where the ultimate parent undertaking in Denmark and the group to the extent that these are covered by section 170(1), (2), (4) and (5) use an internal method for calculation of total risk exposures to credit risk and operational risk, cf. section 143(3), and
- 7) benchmarking for undertakings licensed to use internal methods for calculation of risk-weighted exposures or own funds requirements except for operational risk.

(2) The Danish FSA may lay down more detailed regulations on the obligations of banks, mortgage-credit institutions, investment firms and investment management companies to supply information on their rating to clients.

(3) For the ultimate parent undertaking in Denmark and the group to the extent that these are covered by section 170(1), (2), (4) and (5), the overall risk exposure, cf. section 142, may also be calculated using internal methods. Use of internal methods requires authority from the Danish FSA. The Danish FSA shall lay down more detailed regulations regarding authority to use internal methods.

143a.(1) The Danish FSA may decide to publish the information in part 8 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms more frequently than once a year. The Danish FSA may stipulate a time limit for publication and set requirements for the use of another medium for publication than the annual report.

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(2) The Danish FSA may require that parent undertakings or institutions in a group publish a description of the group's legal and organisational structure and management. Publication may be by reference to material already published.

Special regulations regarding compulsory redemption for banks

144.(1) In a bank that does not meet the own funds requirement of Article 92(1)c, or the minimum capital requirement in Article 93 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and where the Danish FSA has set a time limit pursuant to section 225(1) and (4), the board of directors may, when requested to do so by a shareholder owning at least 70% of the shares in the bank, decide to redeem the shares of the other shareholders in the bank. This shall also apply to cases where the request is made by a shareholder who, after a capital injection which is part of a reconstruction plan, owns 70% or more of the shares in the bank, even though the bank, as a consequence of the capital injection, again meets the own funds requirement in Article 92(1)c or the minimum capital requirement in Article 93 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. Own shares and holdings of subsidiary companies in the parent undertaking shall not be included in the calculation of votes and equity interests. The decision made by the board of directors regarding compulsory redemption of shares shall be approved by the Danish FSA. Share redemption shall be carried out no later than 30 days after the request mentioned in the first sentence.

(2) At the same time, the board of directors shall invite shareholders to an information meeting regarding the compulsory redemption. This meeting shall be held no later than eight days after the decision, and the necessary costs of the meeting shall be paid by the person at whose request the compulsory redemption is to take place.

(3) The minority shareholders covered by such a decision regarding share redemption, cf. subsection (1), shall be requested in writing to transfer their shares to the shareholder mentioned in subsection (1) no later than 3 days after receipt of said request. Said request shall include information about the terms and conditions for the redemption and the assessment basis for the redemption price. The value of the shares of the bank shall be calculated on the basis of their open market value by the auditor elected at the general meeting of the bank.

(4) The purchase price shall be paid or deposited no later than 3 days after said redemption has been requested from the shareholders. This shall also apply to the purchase sum for shares called up via the Danish Business Authority's IT system, cf. the provisions regarding this in the Companies Act.

(5) The redemption and transfer of shares is regarded as final at the time of payment or deposit of the purchase sum, cf. subsection (4). In cases of disagreement regarding the pricing of the shares, said pricing shall be determined upon the request of either party by two auditors appointed by the Institute of State Authorised Public Accountants. The decision may be brought before the courts no later than two weeks after receipt of the auditors' decision.

Part 11

Placement and liquidity of funds

Regulations for banks and mortgage-credit institutions as well as investment firms and investment management companies regarding the placement and liquidity of funds

145. (Repealed)

146.(1) Equity investments in other companies held by banks, mortgage-credit institutions, investment firms and investment management companies may not exceed 100% of the own funds. Equity investments acquired for pooled funds shall not be included in the calculation under the first sentence.

(2) Share trading activities shall be included in calculations of the limit under subsection (1).

(3) Equity investments that shall be subtracted from the own funds and equity investments in undertakings that are fully included in consolidation shall not be included in the limit under subsection (1).

(4) The Danish FSA may grant exemptions from subsection (1).

146a. Securities and derivative financial instruments acquired for pooled funds may, in connection with calculation of the capital requirements for banks, be considered covered by the pool deposits contract entered into with the client, unless the bank has assumed an uncovered position when placing the pooled funds. The risk associated with an uncovered position shall be included in the calculation of the own funds requirement in Article 92 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms according to the regulations for positions in the trading portfolio. At the same time, the liabilities offsetting the uncovered position shall be included in the calculation

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of the own funds requirement in Article 92 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms according to the regulations for items outside the trading portfolio in Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

147.(1) Banks, mortgage-credit institutions, investment firms and investment management companies may not own real property or hold equity investments in property companies amounting to more than 20% of own funds. The real property of banks and mortgage-credit institutions shall include loans and guarantees to subsidiary companies that are property companies. Properties acquired by a bank, mortgage-credit institution, investment firm, or investment management company in order to carry out main or ancillary activities shall not, however, be included in these provisions.

(2) The Danish FSA may grant exemptions from the provisions of subsection (1), first sentence.

147a. The Minister for Industry, Business and Financial Affairs may lay down detailed regulations for a liquidity coverage requirement for banks and mortgage-credit institutions.

148. (Repealed)

Special regulations for banks regarding the placement and liquidity of funds

149.(1) A bank may not have a residual risk under leasing agreements, cf. subsection (2), the value of which, together with real property and equity investments covered by section 147, amounts to more than 25% of own funds.

(2) Residual risk under a leasing agreement shall mean the difference between the cost of the leased asset and the current value of the liability of the lessee to the bank under the leasing agreement.

(3) If a third party is liable for part of the residual risk, such part may be deducted in the calculation of the residual risk. Third party liability shall be added to the exposure of the person in question pursuant to Article 395(1) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

(4) The Danish FSA may grant exemptions from subsection (1).

150. Loans for subscribing to the share capital, cooperative share capital or guarantee capital of a bank in excess of 5% of the total share capital, cooperative share capital or guarantee capital may only be granted if collateral is provided for the excess amount. The collateral shall be of at least the same nature as particularly secure parts, cf. Article 400 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

151.(1) A savings bank may not acquire or receive as collateral guarantee certificates in its own capital.

(2) A cooperative savings bank may not acquire or receive as collateral cooperative share certificates in its own capital.

152.(1) The Danish FSA may stipulate a specific liquidity requirement for a bank or a group of banks with similar risk profiles taking into account special liquidity risks in the bank or group of banks and for systemic liquidity risks.

(2) The Danish FSA may establish more detailed regulations on the strategies and systems of banks for measuring and monitoring liquidity risks and the implementation of stress testing and emergency plans by banks in regard to liquidity risks.

152a.(1) Banks which have been granted a licence to issue covered bonds shall establish and maintain a group of assets which shall be held separate from the other assets of the bank. The total value of the assets shall correspond to the value of the covered bonds issued and the mortgage collateral for the individual loan shall comply with the lending limit for this.

(2) If the value of the assets mentioned in subsection (1) no longer corresponds to the value of the covered bonds issued, or does not comply with the lending limits applicable on the date on which the loan was granted, the bank shall provide supplementary collateral to fulfil the requirement and notify the Danish FSA of this. For loans issued in Denmark, the obligation to provide supplementary collateral, as well as the costs of this, may not be imposed on borrowers whose falling property prices have prompted the requirement for supplementary collateralisation.

(3) If the bank does not provide supplementary collateral pursuant to subsection (2), all bonds issued in the relevant register, cf. section 152g(1) shall lose the designation "covered bonds". If the bonds subsequently again

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fulfil the requirements for covered bonds, the Danish FSA may allow the bonds to again be designated “covered bonds”.

(4) Collateral provided pursuant to subsection (2) may not be invalidated pursuant to sections 70 or 72 of the Bankruptcy Act. Invalidation may, however, take place pursuant to the provisions mentioned, if the collateralisation did not specifically appear as ordinary.

152b.(1) Banks which have been granted a licence to issue covered bonds may raise loans to be used in order to fulfil the duty to provide supplementary collateral, cf. section 152a(2), or to increase excess liquidity in a register.

(2) The loan agreement shall state the register, cf. section 152g(1), for which loan funds pursuant to subsection (1) have been raised.

(3) Loan funds pursuant to subsection (1) shall be placed in the asset types mentioned in Article 129(1) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. From the time the loan is raised, assets shall be placed in a separate account, in a separate custody account or be labelled in some other way to indicate that they stem from the relevant loan.

(4) In the case of loans financed through the issuing of covered bonds when the bond term is shorter than the term of the underlying loan, the bond conditions, the prospectus or other tender material, shall state that, in situations covered by section 247a and in accordance with the conditions in section 247h(4), the administrator may extend the bonds by one year at a time. The nominal interest on the extended bonds shall be set to a variable reference rate plus up to 5%. The bond conditions, the prospectus or other tender material shall also state that the administrator may redeem the bonds at par.

(5) For loan agreements entered into after 1 January 2015, the loan terms and conditions shall specifically state that the administrator may raise the interest rate as a result of changes in financing terms, cf. subsection (4).

(6) If covered bonds are extended in accordance with subsection (4), the term of loans taken out as additional collateral pursuant to subsection (1) shall be extended to correspond to the term of the changed bonds.

(7) At the date of issue the term for covered bonds shall be more than 24 months.

(8) Subsections (4)–(7) shall not apply to covered bonds issued from a separate register due to assets that do not comply with Danish rules in all areas, but for which the derogated areas comply with the rules on assets used as collateral for covered bonds in countries within the European Union or countries with which the Union has entered into agreements for the financial area in which the cross-border activities are exercised, and in which the pledge is situated.

(9) The Minister for Industry, Business and Financial Affairs shall establish more detailed regulations on the extension of bonds in accordance with subsection (4), including the setting of interest rates.

152c.(1) A covered bond may not be issued with collateral in both real property and ships.

152d.(1) For loans secured with registered mortgages in real property and granted on the basis of issuance of covered bonds, the terms, repayment profiles and lending limits laid down in sections 3 and 4 of the Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act, cf. however, subsection (2).

(2) For loans secured with registered mortgages in real property and granted on the basis of issuance of covered bonds for properties covered by section 5(1) of the Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act, sections 3 and 4 of the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act shall not apply, if the lending limit does not exceed 75%.

(3) Fittings/accessories covered by section 38 of the Land Registration Act may be included in the valuation of the real property.

(4) Devices and fittings installed in a commercial property for use in the operation of the property may be included in the valuation. For agricultural properties, the livestock belonging to the property may also be included in the valuation to the extent that the livestock are part of the continuous production. For loans in agricultural properties, the value of the livestock which is part of the continuous production may be included at no more than 30% of the value of the land and buildings.

(5) Fittings/accessories in the form of pipes, cables, antennae, etc., that connect two or more fixed properties and are a condition for the operation of the real property, cf. section 37a of the Land Registration Act, may be included in the valuation of the real property.

152e.(1) Loans with mortgages in real property granted on the basis of issuance of covered bonds shall be secured on a separate mortgage and may not be granted with collateralisation in the form of owner's mortgage

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deeds and letters of indemnity, cf. however, subsections (2) and (3). The mortgage deed shall state that it may be used as collateral for a loan financed by the issuance of covered bonds.

(2) Mortgages in real property which were registered in the Land Register before 1 July 2007 may be used as collateral for loans financed by the issuance of covered bonds.

(3) The Danish FSA may grant exemptions from subsection (1) for loans which are granted for real property located outside Denmark, the Faroe Islands and Greenland.

152f. For loans covered by Article 129(1)(i)(g), of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, maturity may not exceed 15 years at the time of payment.

152g.(1) Banks shall keep registers of the assets covered by sections 152a and 152b as well as of the financial instruments which fulfil the conditions of subsection (4). A bank may keep one or several registers. A register may not contain assets with collateral in both real property and ships.

(2) For loans covered by section 152e(1) which shall be entered in a register, the loan limit shall be upheld at the time the loan is to be entered in the register, or at the time the loan is paid. If the loan limit has been upheld at the payment time and has been exceeded at the time the loan is to be entered in the register, registration collateral shall be provided for the loan limit of the loan in question. Collateral may not be provided as other loans for which the loan limit has been exceeded.

(3) Supplementary collateral shall be registered separately and individualised in relation to the other assets which serve as collateral for the covered bonds issued.

(4) Financial instruments may only be included in a register of assets, if they are used to hedge risks between assets in the register on the one hand and the issued covered bonds on the other hand, and if the agreement on the financial instrument stipulates that financial reconstruction, bankruptcy or non-compliance with the obligation to provide supplementary collateral pursuant to section 152a(2) by the bank does not constitute grounds for breach.

(5) Assets, including financial instruments, in a register shall serve to repay the holders of the covered bonds and the counterparties with whom the financial instruments are established as well as, after this, to repay loans raised pursuant to section 152b(1).

(6) The bank shall notify the Danish FSA of the assets, etc. included in the register. The Danish FSA, or a person authorised by the Danish FSA, shall verify the existence of these assets.

(7) Collateralisation for a register, which belongs to a bank which has a licence to issue covered bonds, and which has been provided by a financial counterparty to hedge financial instruments, shall be entered in the register. The same shall apply for collateralisation provided by another part of the bank as counterparty for the register, even if, at the time the collateral is provided, the register is part of the activities of the bank in question. Collateralisation in accordance with the first and second sentences may not be utilised by the register as the basis for issuing covered bonds.

152h. The Danish FSA shall lay down more detailed regulations regarding

- 1) measurement of the covered bonds issued and the regular calculation of the value of the assets in relation to the covered bonds,
- 2) measurement of the assets used as collateral for issuing covered bonds,
- 3) the conditions under which building loans may be granted for new ships or conversion of ships,
- 4) reporting, registration and verification of the existence of assets in the registers, cf. section 152g,
- 5) loans granted by banks financed by issuance of covered bonds secured on real property in circumstances where there is a final mortgage deed registered in the Land Register as well as the extent to which alternative collateralisation shall be provided in such circumstances, and, if the collateralisation is provided in the form of a guarantee from a bank, the extent to which this shall not be included in the 15% limit,
- 6) limitation of the risks in connection with issuing covered bonds, including interest-rate risks, currency risks and options risks, and
- 7) notification of supplementary collateral for covered bonds.

152i.(1) Upon application, the Danish FSA may license banks to set up a refinancing register.

(2) An application for a licence shall contain information necessary for the Danish FSA to make an assessment of whether the bank has an adequate organisation and resources to perform the duties of keeping and maintaining a refinancing register. The application shall have the following documents enclosed:

- 1) Instructions from the board of directors to the board of management on duties and allocation of responsibilities for operating the refinancing register.

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- 2) Procedures approved by the board of management on operating the refinancing register.
- 3) An operating plan for the refinancing register.
- 4) Procedures for IT, security and control functions to support the operation of the refinancing register.
- 5) A declaration issued by the bank's independent auditors stipulating that, based on a review of the bank's planned organisation and procedures, including the documents in nos. 1–4, they have no reason to assume that the bank's organisation, staff and IT-related resources are not sufficient to keep and maintain the refinancing register pursuant to the requirements hereto.

(3) The Danish FSA shall establish and keep a public register of banks licensed to establish a refinancing register. The register shall include information about the bank, the individual refinancing transactions, cf. section 152j, the inspector attached to the individual refinancing transactions, cf. section 152r, and representatives attached to bonds issued in connection with the individual refinancing transactions, cf. section 4a of the Securities Trading, etc. Act. For the purpose of ensuring that information in the register is correct and updated, the Danish FSA may combine and compare information from the register with information provided by the Danish FSA's other registers.

(4) The Danish FSA may lay down more detailed regulations regarding reporting information for use in keeping the register of the contents of the refinancing registers, cf. subsection (3), as well as further conditions in connection with applications for a licence to set up refinancing registers, cf. subsection (2).

152j.(1) A bank which is licensed to set up a refinancing register shall, in the register, register assets sold by the bank to the entity listed as entitled in the refinancing register, cf. section 152k(1). The refinancing register shall include a separate section for each refinancing transaction.

(2) The refinancing register shall include information enabling clear and unequivocal identification of the registered assets, including the preferential position on accompanying collateral and the entitled entity. For each asset, the register shall also include information on the date of registering the asset and any date of deletion of the asset.

(3) A bank may outsource the keeping of all or parts of the refinancing register.

(4) Verification of the existence of the assets in the refinancing register shall be maintained by an inspector, cf. sections 152r and 152s.

(5) The Danish FSA may lay down more detailed regulations regarding the design, registration and verification of the existence of assets in the refinancing registers.

152k.(1) The bank may only sell assets to an entitled entity which is a special-purpose vehicle, another bank, a jointly-owned sector company, an insurance company or a company pension fund.

(2) A bank may only sell assets to an entitled entity if the bank or companies which are in the same group as the bank do not exercise significant influence on the entitled entity. The bank's exercise of significant influence on the entitled entity shall mean situations, cf. however, subsection (3), where

- 1) the bank or companies which are in the same group as the bank, either
 - a) directly or indirectly, own more than 20% of the voting rights,
 - b) are entitled to more than 20% of the voting rights by virtue of an agreement or
 - c) can replace the majority of members in the supreme management body of the entitled entity or
- 2) one or more members of the board of directors or board of management of the bank or companies which are in the same group as the bank, except for the entitled entity, are a member of the board of directors or board of management or similar management bodies of the entitled entity.

(3) The requirement in subsection (2) that companies which are in the same group as the bank may not exercise significant influence on the entitled entity shall not preclude that the bank may be in the same group as the entitled entity, due to accounting consolidation. In exceptional circumstances, the Danish FSA may grant exemptions from subsection (2), first sentence.

(4) The Danish FSA may order that a bank take the measures necessary within a time limit specified by the Danish FSA, cf. subsection (1) and subsection (2), first sentence.

(5) Issue of securities from the entitled entity against collateral in assets in a refinancing register shall have a denomination of at least EUR 100,000.

152l. If the bank, through the refinancing register, sells assets to an entitled entity which issues securities against collateral in the assets, the bank shall be liable for the parts of the prospectus or similar tender documents describing these assets.

152m.(1) If the entitled entity has issued securities admitted to trading on a regulated market in Denmark, in another Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, or for which a request for admission to trading on such market has been made, the bank

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managing the assets in the refinancing register shall, as soon as possible, disclose significant knowledge about the assets in the refinancing register to the entitled entity.

(2) The Danish FSA may lay down more detailed regulations regarding banks' disclosure of significant knowledge pursuant to subsection (1).

152n.(1) An agreement on sale of assets covered by section 152p(1) entered into between a bank as the seller and an entitled entity as the buyer where the assets are recorded in a refinancing register, shall constitute a transfer to ownership.

(2) The sale of assets from a bank to the entitled entity shall take legal effect on the creditors of the bank from the time of recording into the refinancing register.

(3) Assets from a bank recorded in a refinancing register, cf. subsection (1) shall belong to the at all times registered entitled entity and shall be kept separate from the other assets of the bank.

(4) After the sale of assets recorded in a refinancing register, the bank shall continue managing the assets in the refinancing register with regard to borrowers and lessees and other third parties, including tax authorities. The bank shall be entitled to receive payments regarding the assets and to maintain claims on the assets.

(5) The access of borrowers and other third parties to making representations relating to the assets in the refinancing register or to offset against the bank shall not be affected by the recording of an asset in the refinancing register. Borrowers and other third parties may also in the winding up situations, cf. section 152w(1) offset against the entitled entity to the same extent as to the bank.

(6) The bank will be in a position to offset against the borrower even if the asset is recorded in a refinancing register.

(7) If it is not possible to identify an asset in the refinancing register the asset shall be deemed as not having been recorded in the register.

(8) Assets may solely be deleted from the refinancing register with the consent of the entitled entity.

152o.(1) An entitled entity may solely sell or mortgage assets acquired in a refinancing transaction to third party collectively, cf. however, subsection (2) and section 152w(10). Assets may solely be sold collectively to a company which meets the requirements for an entitled entity in section 152k(1) provided that the bank which has recorded the relevant assets in a refinancing register does not have significant influence on the new entitled entity, cf. section 152k(2).

(2) An entitled entity may, however, sell assets acquired through a refinancing register individually to the bank which initially recorded the asset in a refinancing register.

(3) The total sale by an entitled entity or mortgaging of the assets, cf. subsection (1) shall have no legal effect on the creditors of the entitled entity, unless the bank has been notified about the transfer. The bank shall register such transfer in the refinancing register as soon as possible. The notification shall lose its legal effect if the bank has not registered the right of the acquirer in the refinancing register within seven days after notification.

(4) Where an entitled entity has made a collective transfer of the assets, cf. subsection (1), to several different acquirers, a later acquirer which has had the assets in the register transferred, shall have priority once the bank has been notified about this transfer, and provided that the later acquirer was in good faith at the time of the notification.

152p.(1) The following asset types may be recorded in a refinancing register, cf. however, subsection (2):

- 1) Rights pursuant to loans and credits provided by banks to business undertakings or provided for the use of commercial activity.
- 2) Rights pursuant to collateral, support and warranties for loans and credits covered by no. 1.
- 3) Derivatives associated with loans and credits covered by no. 1.
- 4) Lease contracts entered into between banks and business undertakings or for the use of commercial activity and assets associated with these contracts.

(2) If there is a written agreement stating that an asset covered by subsection (1) may not be sold, the asset may not be recorded in a refinancing register. A loan which is included in a register of assets used as collateral for issuing covered bonds, cf. section 152g of the Financial Business Act, cannot at the same time be registered in a refinancing register.

152q.(1) Confidential information in relation to the assets recorded in the refinancing register may be disclosed or utilised to the extent necessary for the performance of tasks in connection with the refinancing transaction, management of the assets or the refinancing register.

(2) Disclosure pursuant to subsection (1) may only take place to the following persons or legal entities:

- 1) the bank which has granted the loans or leased the asset and its data processors, if any,
- 2) a supplier keeping the refinancing register on behalf of the original institution, cf. section 152j(3),

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- 3) the inspector of the register, cf. section 152r(4),
- 4) a third party acting on behalf of the selling bank,
- 5) a third party acting on behalf of the entitled entity or its creditors,
- 6) Finansielt Stabilitet or another administrator if the bank has filed for or has been declared bankrupt, cf. section 152w, is being wound up, cf. section 152u, or loses its licence to keep a refinancing register, cf. section 152i,
- 7) the acquirer of the assets cf. section 152y(1), or
- 8) the entitled entity and a managing bank on behalf of the entitled entity, if the assets are taken out of the refinancing register and ordinary acts of security are observed.

(3) Any person receiving information pursuant to subsection (1) shall fall within the scope of the duty of confidentiality.

152r.(1) The entitled entity shall designate an independent inspector for the refinancing transaction. The inspector shall be registered by the Danish FSA.

(2) The Danish FSA shall make a decision on registration of an inspector for a specific refinancing transaction if the inspector meets the following conditions:

- 1) The inspector shall be competent to verify regularly that the bank is registering assets correctly in the register,
- 2) the inspector shall be competent to verify whether there are loans, credits and lease contracts and that the relevant acts of security have been performed,
- 3) the inspector shall be in a position to manage sensitive personal data and confidential information, including inside information, and
- 4) the inspector shall have a professional indemnity insurance taken out to cover the activities described in section 152s.

(3) The inspector shall only be liable to the bank and the entitled entity or its creditors in the event of losses resulting from gross negligence or intent.

(4) The Danish FSA may lay down more detailed regulations regarding the documentation for meeting the conditions in subsection (2).

152s.(1) The inspector shall supervise that the refinancing register is kept in accordance with section 152j(1)–(3) and regulations issued pursuant to section 152j(5), section 152k(1)–(3) and section 152p(1).

(2) Among other things, the inspector shall verify that

- 1) the refinancing register contains necessary information about the assets, cf. section 152j(1) and (2) and regulations issued pursuant to section 152j(5),
- 2) the recording of the assets has taken place in a correct manner, and
- 3) there are loans, credits and lease contracts and the relevant acts of security have been performed.

(3) The inspector shall notify the entitled entity and the Danish FSA about circumstances indicating that

- 1) the refinancing register is not being kept in accordance with section 152j(1)–(3) and regulations issued pursuant to section 152j(5), section 152k(1)–(3) and section 152p(1), or
- 2) the bank managing the assets in the refinancing register is not disclosing significant knowledge about the assets in the refinancing register to the entitled entity, cf. section 152m(1).

(4) The inspector shall have access to all the bank's information about the assets in the refinancing register, cf. section 152q(2), no. 3.

152t. If the entitled entities and any other parties with rights pursuant to the assets in the refinancing register give their consent, the refinancing register may be closed down. Notification regarding closing down shall be submitted to the Danish FSA.

152u. If a bank which has established a refinancing register pursuant to section 152i(1) transfers all its assets and non-subordinate liabilities to another bank which is not a subsidiary company of Finansielt Stabilitet, the acquiring bank shall, with a licence from the Danish FSA, cf. section 152i, take over the keeping of the refinancing register, as well as the transferring bank's liabilities to the entitled entity.

152v.(1) If Finansielt Stabilitet is a participant in the winding-up of a bank in distress, which has established a refinancing register pursuant to section 152i(1), except for the circumstances covered by section 152u, Finansielt Stabilitet shall take over or secure the takeover of the liabilities mentioned in the second sentence concerning management of the assets for the entitled entity which has acquired the assets, provided that the agreement entered into between the bank and the entitled entity does not specify a secondary administrator of the assets. The liabilities for Finansielt Stabilitet, cf. subsection (1), shall cover liabilities in relation to management of the assets, including facilitation of payments regarding the payments by the individual

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borrower on the assets to the entitled entity which has acquired the assets, and management of established agreements on settlement of the assets and agreements on the interrelated preferential position between the bank and the entitled entity.

(2) If the agreement entered into between the bank and the entitled entity does not describe the terms of settlement of the assets in the register in the event that the bank fails, the assets shall be wound up as follows:

- 1) The assets in the register shall be managed according to the agreements applicable for six months, and
- 2) after six months the assets in the register shall be settled in the register over a period of five years where applicable, if they would not have been redeemed for this period according to the terms agreed, and the interest rate on the assets shall be retained during the settlement period at the same level as in the existing loan agreement.

152w.(1) The Danish FSA shall decide whether the assets in the bank's refinancing register shall be placed under administration, and shall then appoint an administrator for the register, if

- 1) the Danish FSA withdraws the bank's licence under section 224(1), no. 1 or 2,
- 2) the Danish FSA withdraws the bank's licence to keep a refinancing register under section 224(4),
- 3) a petition for bankruptcy is filed by the Danish FSA under section 234(1) or if the bank itself files for bankruptcy,
- 4) the bank is declared bankrupt following petition by others or
- 5) Finansielt Stabilitet participates in the winding-up of a bank in distress.

(2) If the agreement entered into between the bank and the entitled entity specifies a secondary administrator of the assets in a paragraph about the refinancing register, the administrator appointed by the Danish FSA for the register shall use this administrator of the assets registered in this sub-paragraph of the register.

(3) If the bank keeps its licence to operate banking activities but loses its licence to keep a refinancing register, the bank shall be able to repurchase all assets in the refinancing register from the entitled entities if this is included in the agreement between the bank and the entitled entities. In such cases, an administrator for the register shall not be appointed.

(4) When the assets in a bank's refinancing register are placed under administration, the Danish FSA shall institute registration of the decisions regarding the launch of the administration, as well as appointment of the administrator for the refinancing register, or in other ways induce publication by the Danish Business Authority. The administrator of the register shall furthermore notify the borrowers and other third parties that future payments regarding the assets may only take place to an administrator, an administrator of the assets or a subsidiary company of Finansielt Stabilitet, cf. section 152v(1).

(5) The administrator of the register shall meet the requirements regarding competence to act corresponding to the requirements set for the trustee, cf. section 238(1) and (2) of the Bankruptcy Act. An administrator for the register and any co-administrators shall not be the same person as the trustee of an estate in bankruptcy of the bank. An administrator and any joint administrators shall not be employed by the same undertaking as the trustee of an estate in bankruptcy of the bank.

(6) An administrator for the register may appoint one or more co-administrators with insight into matters relevant to the administration.

(7) Remuneration for the administrators and other expenses in connection with the administration shall be set aside on the basis of payments from the assets in the refinancing register, cf. section 152x(4).

(8) The Danish FSA shall supervise the administrator of the register appointed under subsection (1).

(9) The administrator of the register and any co-administrators shall, on appointment, have professional indemnity insurance, or immediately after appointment, take out such insurance policy.

(10) In the cases mentioned in subsection (1), assets in the register may also be sold individually.

(11) In the cases mentioned in subsection (1), the administration of the assets in the register may be taken over by other banks, Finansielt Stabilitet or a subsidiary company of Finansielt Stabilitet.

152x.(1) On commencement of the administration, assets in the refinancing register shall immediately be transferred to the administrator of the register. The administrator shall be entitled to full charge of the assets in the refinancing register. The same shall apply to assets replacing assets in the refinancing register.

(2) In connection with the transfer, the act of security relevant for the individual assets shall be observed.

(3) Transactions by the bank and its estate in bankruptcy regarding assets in a refinancing register carried out after a decision by the Danish FSA that the assets be placed under administration shall be without legal effect.

(4) All payments on assets in the refinancing register calculated after deductions of expenses for the administrator shall accrue to the entitled entities or their mortgagees.

(5) The administration of the assets may not be concluded until the assets or administration of the assets have been transferred or until there are no longer payments due on the assets.

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(6) The bank or its estate in bankruptcy shall, against payment, assist the administrator of the register with the administration of the assets in the refinancing register.

(7) The administrator of the register shall manage the assets in the refinancing register and may, if necessary, through immediate enforcement action, require that all material necessary for the administration be supplied from the bank or its estate in bankruptcy.

152y.(1) The administrator of the register shall, on behalf of the entitled entity(ies), as far as possible, ensure that the assets in the refinancing register are sold to another bank, that the management of assets in the refinancing register be transferred to a new third party in the form of another bank, or alternatively, that the assets are settled such that the entitled entity may satisfy the requirements from the investors consequential upon the securities issued.

(2) In the administration of the assets, the administrator of the register shall protect the interests of the entitled entities.

(3) Sale of all or part of the assets or transfer of the administration of the assets in the refinancing register shall be approved by the relevant entitled entity and its creditors if the creditors have security in the assets. If the assets are transferred to another credit institution which has been granted a licence in a Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, the transfer of assets shall be approved by the Danish FSA.

Special regulations for mortgage-credit institutions regarding the placement and liquidity of funds

153. The Danish FSA may stipulate a specific liquidity requirement for a mortgage-credit institution or a group of mortgage-credit institutions with similar risk profiles taking into account special liquidity risks in the mortgage-credit institution or group of mortgage-credit institutions and for systemic liquidity risks.

154.(1) Funds in series may not be paid in as Additional Tier 1 capital or subordinate loan capital in other series or in the mortgage-credit institution in general.

(2) Funds in the mortgage-credit institution in general may not be paid in series as Additional Tier 1 capital or subordinate loan capital unless Additional Tier 1 capital or subordinate loan capital for no less than a corresponding amount has been taken up in the mortgage-credit institution in general.

155. (Repealed)

Special regulations for investment firms and investment management companies regarding the placement of funds and liquidity

156. The Danish FSA may lay down a specific liquidity requirement for an investment firm I or a group of investment firms I with similar risk profiles taking into account special liquidity risks in the investment firm I or groups of investment firms I and systemic liquidity risks.

157.(1) Investment firms that are not licensed to trade on their own account, cf. Annex 4, Section A, no. 3, may place the undertaking's own funds in the instruments mentioned in Annex 5. Investment management companies may place the undertaking's own funds in shares and bonds admitted to trading on a regulated market, as well as units in UCITS, capital associations and foreign investment undertakings that correspond to capital associations, provided that the articles of association of the capital association or the foreign investment undertaking include the restrictions stated in sections 157a and 157 b.

(2) The Danish FSA may permit investment firms I that are not licensed to trade on their own account, cf. Annex 4, Section A, no. 3, and which execute investors' orders regarding financial instruments, cf. Annex 4, Section A, no. 2, to hold these instruments on their own account provided that the following conditions are met:

- 1) The positions are solely due to the fact that the undertaking is not in a position to ensure precise coverage of the orders received.
- 2) The total market value of the positions does not exceed 15% of the company's initial capital cf. section 9(8).
- 3) The undertaking meets the requirements set out in Articles 92–95 and Part IV of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.
- 4) The positions are of an occasional and temporary nature, and are strictly limited to the period that is necessary in order to execute the aforementioned transaction.

157a. The articles of association of a capital association or a foreign investment undertaking covered by section 157, second sentence, shall contain provisions

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- 1) that, at the request of an investor, the capital association or the foreign investment undertaking shall redeem the investor's share of the assets with funds derived from these,
- 2) that the capital association's or the foreign investment undertaking's sub-funds shall neither provide third party guarantees nor provide or raise loans, apart from raising short-term loans of a maximum of 10% of its assets in order to redeem investors, in order to utilise subscription rights or for temporary financing of transactions entered into,
- 3) that the capital association or the foreign investment undertaking shall be able to invest its assets in liquid funds, including currency, or in the financial instruments mentioned in Annex 5, in accordance with the requirements governing instruments and their issuers in part 14 of the Investment Associations, etc. Act, and
- 4) on risk-spreading, cf. section 157b.

157b.(1) A capital association or a foreign investment undertaking covered by section 157, second sentence, shall in its articles of association for each sub-fund, stipulate that the assets may be invested in accordance with the rules in subsections (2), (3), (4) or (5).

(2) The assets may be invested in accordance with Part 14 of the Investment Associations, etc. Act.

(3) The assets may be invested in liquid funds, including currency, or in the financial instruments mentioned in Annex 5. No more than 10% of the assets may be invested in financial instruments issued by the same issuer or issuers in the same group. The second sentence shall not apply in the following cases:

- 1) Where the sub-fund invests in bonds issued in a country or a public international body in which one or more Member States of the European Union or countries with which the Union has entered into an agreement for the financial area participate, and which have been approved by the Danish FSA, cf. section 147(1), no. 4 of the Investment Associations, etc. Act.
- 2) Where the sub-unit invests in the following types of bonds, in such a way, however, that a maximum of 30% of the assets are placed in financial instruments issued by a single issuer or issuers in the same group:
 - a) Credit and shipping bonds issued by Danmarks Skibskredit A/S, mortgage-credit bonds issued by Danish mortgage-credit institutions and similar mortgage-credit bonds issued by mortgage-credit institutions approved by a Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, if a competent authority has notified the bond issues and issuers to the European Commission.
 - b) Covered mortgage-credit bonds (SDRO) and covered bonds (SDO) issued by Danish banks, mortgage-credit institutions or Danmarks Skibskredit A/S or corresponding mortgage-credit bonds issued by mortgage-credit institutions approved by a Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, if a competent authority has notified the bond issues and issuers to the European Commission.

(4) The assets may solely be invested in money-market instruments, subject to the proviso that no more than 30% of the assets may be placed in money-market instruments issued by the same issuer or issuers belonging to the same group, but where the assets may be fully invested in money-market instruments issued by a country or a public international body in which one or more Member States, or countries with which the Union has entered into an agreement for the financial area, participate, and which are approved by the Danish FSA, cf. section 147(1), no. 4 of the Investment Associations, etc. Act.

(5) The assets may be invested in units of sub-funds of UCITS, capital associations or foreign investment undertakings, if the articles of association contain the limitations set out in section 157a, subject to the proviso that no more than 75% of the assets may be invested in units issued by a single sub-fund of said UCITS, capital associations or foreign investment undertakings.

Special regulations for insurance companies regarding the placement and liquidity of funds

158.(1) Insurance companies shall invest their assets in such a way as to safeguard the interests of the policyholders and beneficiaries to the best of their abilities.

(2) The Danish FSA may lay down more detailed regulations on the application of subsection (1).

159–166. (Repealed)

167.(1) Insurance companies shall have a group of assets, the total value of which at all times corresponds to the value of the total insurance provisions. To ensure the presence of sufficient assets, the insurance companies shall keep a register that includes a record of

- 1) assets, the total value of which at all times corresponds to the value of the undertaking's total insurance provisions, and

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2) the value of financial contracts that reduce the risk that assets pursuant to no. 1 do not cover the insurance liabilities.

(2) Insurance companies with activities in the insurance classes mentioned in Annex 7 shall also keep a register of assets that correspond to premiums received, where the insurance period commences after the end of the financial year.

(3) Loans secured on own life-assurance policies within the repurchase value of these policies shall not be registered.

(4) Assets in the registers pursuant to subsections (1) and (2) shall serve only to satisfy the policyholders and beneficiaries.

(5) The insurance company shall report the assets that are registered to the Danish FSA on a quarterly basis.

(6) The Danish FSA may require that the assets in the registers be deposited and pledged in favour of the Danish FSA, if the authority decides to limit or prohibit the availability of the assets to the company pursuant to section 251. The Danish FSA shall be registered as mortgagee, and any subsequent changes in the assets deposited shall be approved by the Danish FSA and noted in the registers.

(7) The Danish FSA may lay down more detailed regulations regarding the content, design, reporting, registration and verification of the existence of assets entered in the registers.

168 and 169. (Repealed)

Part 12

Group regulations, consolidation, etc.

Group regulations

170.(1) In groups where the ultimate parent undertaking in Denmark is a financial holding company, the regulations on the size of own funds in Article 92(1)(c), and paragraph 2(c) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms shall apply to the ultimate financial holding company and the group, cf. however, subsections (2) and (3). The parent undertaking shall ensure compliance with these provisions. When calculating the own funds of the group, cf. section 128, deductions shall be made of capital deposited by undertakings within the group which do not form part of the consolidated statements of said group.

(2) Regulations on own funds in Article 95(2)(a) and Article 92(2)(c) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms in groups in which the ultimate parent undertaking in Denmark is an investment holding company or an investment firm shall apply to the ultimate financial holding company as well as the group. The first sentence shall only apply to investment holding companies without a subsidiary undertaking which is a bank, a mortgage-credit institution or an investment firm I. The first sentence shall only apply to investment firms which are not an investment firm I and which do not have a subsidiary undertaking which is an investment firm I. The parent undertaking shall ensure compliance with these provisions. When calculating the own funds of the group, cf. section 128, deductions shall be made of capital deposited by undertakings within the group which do not form part of the consolidated statements of said group.

(3) The capital requirement regulations for investment management holding companies in section 126a(2)–(6) in groups in which the ultimate parent undertaking in Denmark is an investment management holding company or an investment management company shall apply to the ultimate financial holding company and the group. The first sentence shall only apply to investment management holding companies which do not have a subsidiary undertaking which is a bank, a mortgage-credit institution or an investment firm I. The parent undertaking shall ensure compliance with these provisions. When calculating the own funds of the group, cf. section 126a(9), deductions shall be made of capital deposited by undertakings within the group which do not form part of the consolidated statements of said group.

(4) Subsections (1)–(3) shall not apply to the ultimate parent undertaking in Denmark which is part of a group which is consolidated according to Article 11(1) and (2) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

(5) For groups in which the ultimate parent undertaking in Denmark is a bank holding company, a mortgage-credit institution holding company, an investment holding company, an investment management holding company or another financial holding company consolidated according to Article 11(1) and (2) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, the regulation in Article 92(1)(c) and sub-article (2)(c) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential

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requirements for credit institutions and investment firms shall apply to the parent undertaking. The first sentence shall only apply to investment holding companies and investment management holding companies which have a subsidiary undertaking which is a bank, a mortgage-credit institution or an investment firm I.

170a. (Repealed)

171. In groups where the parent undertaking is a bank or a bank holding company, sections 124(1)–(5) and sections 146, 147, 149, 150, 152 and 182 shall apply to the group. Calculation of the capital requirements in section 124(1)–(5) shall be in accordance with the Part 2 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and to the extent and in the manner prescribed by Part 1, Title II, Chapter 2, Sections 2 and 3 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The parent undertaking shall ensure compliance with these provisions. When calculating the own funds of the group, deductions shall be made of capital deposited by undertakings within the group which do not form part of the consolidated statements of said group.

172. In groups where the parent undertaking is a mortgage-credit institution or a mortgage-credit institution holding company, section 124(1)–(5) and sections 146–147, and 182 shall also apply to the group. Calculation of the capital requirements in section 124(1)–(5) shall be in accordance with the Part 2 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and to the extent and in the manner prescribed by Part 1, Title II, Chapter 2, Sections 2 and 3 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The parent undertaking shall ensure compliance with these provisions. When calculating the own funds of the group, deductions shall be made of capital deposited by undertakings within the group which do not form part of the consolidated statements of said group.

173.(1) In groups where the ultimate parent undertaking in Denmark is an investment firm or an investment holding company, section 125(1)–(4) and sections 146, 147, 156 and 182 shall also apply to the group. Calculation of the capital requirements in section 125(1)–(4) shall be in accordance with the Part 2 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and to the extent and in the manner prescribed by Part 1, Title II, Chapter 2, Sections 2 and 3 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. The first sentence shall only apply to investment holding companies with at least one subsidiary undertaking which is a bank, a mortgage-credit institution or an investment firm I. The first sentence shall only apply to investment firms which have either an investment firm I or at least one subsidiary undertaking which is an investment firm I. When calculating the own funds of the group, deductions shall be made of capital deposited by undertakings within the group which do not form part of the consolidated statements of said group.

(2) In groups where the ultimate parent undertaking in Denmark is an investment firm or an investment holding company, sections 146, 147 and 182 shall also apply to the group. The first sentence shall only apply to investment holding companies without a subsidiary undertaking which is a bank, a mortgage-credit institution or an investment firm I. The first sentence shall only apply to investment firms which are not an investment firm I and which do not have a subsidiary undertaking which is an investment firm I. The parent undertaking shall ensure compliance with these provisions. When calculating the own funds of the group, deductions shall be made of capital deposited by undertakings within the group which do not form part of the consolidated statements of said group.

(3) A consolidated calculation shall be made pursuant to the regulations of subsection (2) and section 170(2) between an investment firm, which is itself a subsidiary undertaking of a bank, a mortgage-credit institution, an investment firm or a financial holding company, and subsidiary undertakings of said investment firm which are an investment firm which is not subject to legislation in a Member State of the European Union or a country with which the Union has entered into an agreement for the financial area.

(4) The Danish FSA may stipulate that subsection (2) and section 170(2) shall apply in other cases where investment firms alone or jointly have such direct or indirect links to an undertaking that application of the regulations specified is deemed necessary.

(5) Subsections (2)–(4) shall not apply to groups in which the ultimate parent undertaking in Denmark is an investment firm or an investment holding company consolidated according to Article 11(1) and (2) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

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174.(1) In groups where the ultimate parent undertaking in Denmark is an investment management holding company or an investment management company, section 126a(1), (7) and (8), sections 146, 147 and 156 and Article 395 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms shall apply to the group. The first sentence shall only apply to investment management holding companies which do not have a subsidiary undertaking which is a bank, a mortgage-credit institution or an investment firm I. The parent undertaking shall ensure compliance with these provisions. When calculating the own funds of the group, cf. section 128, deductions shall be made of capital deposited by undertakings within the group which do not form part of the consolidated statements of said group.

(2) A consolidated calculation shall be made pursuant to the regulations in subsection (1) and section 170(3) between an investment management company, which is itself a subsidiary undertaking of a bank, a mortgage-credit institution, an investment management company or a financial holding company, and subsidiary undertakings of said investment management company, which are a management company which is not subject to legislation in a Member State of the European Union or a country with which the Union has entered into an agreement for the financial area.

(3) The Danish FSA may stipulate that subsection (1) and section 170(3) shall apply in other cases where investment management companies alone or jointly have such direct or indirect links to an undertaking that application of the regulations specified is deemed necessary.

175. The Danish FSA may decide that Article 395 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms shall apply to groups where the ultimate parent undertaking in Denmark is a financial holding company which is not an investment holding company or investment management holding company, and which is not part of a group consolidated according to Article 11(1) and (2) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

175a.(1) Groups where the ultimate parent undertaking in Denmark is a financial holding company or a financial undertaking or where the parent undertaking is an insurance holding company, shall once a year notify all exposures, cf. section 5(1), no. 18 representing more than 10% of the group's own funds.

(2) The Danish FSA shall lay down more detailed regulations on notification pursuant to subsection (1).

(3) Subsection (1) and regulations issued pursuant to subsection (2) shall not apply to the ultimate parent undertaking in Denmark which is part of a group consolidated according to Article 11(1) and (2) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

Special regulations on group solvency and group supervision for group 1 insurance companies, etc.

175b. The board of directors and board of management of the ultimate parent undertaking of a group shall ensure that the group holds own funds to cover the solvency capital requirement calculated by the ultimate parent undertaking for the group, when the ultimate parent undertaking of the group

1) is situated in Denmark, and

2) is a group 1 insurance company, an insurance holding company or a financial holding company covered by section 5(1), no. 10a, where at least one of the subsidiary undertakings is a group 1 insurance company.

(2) The own funds for the group, cf. subsection (1), shall be calculated in accordance with section 126b and regulations issued pursuant to subsection (9).

(3) The solvency capital requirement for the group shall be calculated using a method based on accounting consolidation, however, cf. subsection (4), and either by applying the standard formula in accordance with section 126c (2), (3) and (6), or by applying an internal model for the group authorised by the Danish FSA.

(4) In exceptional circumstances, the Danish FSA may decide that the solvency capital requirement for the group is not to be calculated using a method based on accounting consolidation in accordance with subsection (3), or that the calculation using a method based on accounting consolidation in accordance with subsection (3) shall be combined with another calculation method.

(5) Should the ultimate parent undertaking, cf. subsection (1), not meet the solvency capital requirement for the group, section 248a shall apply.

(6) The Danish FSA may set additional capital for the group in accordance with section 350b.

(7) The Danish FSA may decide not to include an undertaking in the group when calculating the solvency capital requirement for the group.

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(8) The ultimate parent undertaking shall calculate the solvency capital requirement for the group each year as at 31 December, and report the result to the Danish FSA no later than 20 business days thereafter. In the event of significant changes relating to the calculated solvency capital requirement for the group, the ultimate parent undertaking shall perform a new calculation and report the result to the Danish FSA no later than 20 business days thereafter.

(9) The Danish FSA may establish more detailed regulations on own funds for the group covered by subsection (1) that may be used to cover the solvency capital requirement for the group, on the calculation of the solvency capital requirement for the group in accordance with subsections (3) and (4), and on the Danish FSA's authorisation of any internal model for the group.

175c. In groups where the ultimate parent undertaking is not situated in Denmark, and which include a group 1 insurance company, the Danish FSA may, in accordance with rules established by the European Commission pursuant to article 216(7) of Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), decide that section 175b or parts thereof shall apply to the Danish part of the group. The ultimate insurance company, the ultimate insurance holding company or the ultimate mixed-activity financial holding company in the Danish part of the group shall ensure compliance with these provisions.

Consolidation

176.(1) Where an investment firm, an investment management company or a financial holding company, alone or with other undertakings within the group, holds participating interests in a credit institution or a finance institution which is not a subsidiary undertaking, and the credit institution or finance institution is operated jointly with other undertakings which are not part of the group, a pro rata consolidation of the undertaking shall take place in accordance with section 170, section 173(2)–(5) and section 174 in respect of the group undertakings' share of the equity and result of the undertaking in which said participating interest is held.

(2) Where the liability of the investment firm, the investment management company or the financial holding company for the undertaking is not limited to the ownership interest or the voting rights held, full consolidation shall take place in accordance with section 170, section 173 (2)–(5) and section 174.

(3) Subsections (1) and (2) shall not apply to the ultimate parent undertaking in Denmark which is part of a group which is consolidated according to Article 11(1) and (2) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

177.(1) Insurance companies and their subsidiary undertakings and undertakings which are temporarily operated by financial undertakings shall not be included in consolidation pursuant to sections 170, 173 (2)–(5) and section 174. The Danish FSA may, however, stipulate that these undertakings shall be included.

(2) Banks, mortgage-credit institutions or finance institutions which are subsidiary undertakings of insurance companies shall be included in the consolidation according to section 170 if the ultimate parent undertaking in Denmark is an investment holding company or an investment management holding company.

177a.(1) In groups where the ultimate parent undertaking is situated in Denmark and in which the parent undertaking is a bank, a mortgage-credit institution, an investment firm I, a mixed-activity holding company or a financial holding company that has at least one subsidiary undertaking that is a bank, a mortgage-credit institution or an investment firm I, sections 243a and 243c shall apply.

(2) In the event that a parent undertaking as specified in subsection (1) fulfils the conditions for the Danish FSA to apply one or more of the orders in sections 243a or 243c, the Danish FSA shall consult the other competent authorities in the College of Supervisors and notify the European Banking Authority before any order pursuant to sections 243a or 243c is imposed on the parent undertaking.

(3) If, as consolidating authority pursuant to subsection (1), the Danish FSA receives a consultation as mentioned in section 177b(1), the Danish FSA shall give its opinion of the effect of the intended order on the group within three business days after receipt.

(4) In the event that more than one competent authority in the College of Supervisors wishes to impose one or more orders in accordance with sections 243a or 243c on a group covered by subsection (1), the Danish FSA, in conjunction with the other competent authorities in the College of Supervisors, shall assess whether it is best to appoint the same temporary administrator, cf. section 243c, for all affected undertakings, or to coordinate the application of one or more orders in section 243a on more than one undertaking. The Danish FSA and the other competent authorities in the College of Supervisors shall strive to reach a joint decision no later than five business days after the consultation referred to in subsection (2). In the event that a joint decision is reached, the Danish FSA shall forward this to the parent undertaking.

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(5) If no joint decision has been reached no later than five business days after the consultation referred to in subsection (2), cf. subsection (4), the Danish FSA shall make a decision on the application of one or more orders, cf. sections 243a or 243c, in regard to the parent undertaking. The Danish FSA shall inform the parent undertaking and the other relevant competent authorities in the College of Supervisors of this decision. The Danish FSA shall delay the decision and decisions pursuant to subsection (2) if one of the competent authorities in the College of Supervisors has brought the case before the European Banking Authority, and shall make a decision thereafter in accordance with the decision from the European Banking Authority.

177b.(1) In the event that one or more subsidiary undertakings, which are banks, mortgage-credit institutions or investment firms I, are supervised by the Danish FSA, but another authority within the European Union or in countries with which the Union has entered into an agreement for the financial area, is the consolidating authority for the relevant group, when the conditions for the application of sections 243a or 243c are met in regard to one or more subsidiary undertakings, the Danish FSA shall consult with the consolidating authority before giving the subsidiary undertaking one or more orders pursuant to sections 243a or 243c. The Danish FSA shall notify the consolidating authority and the other competent authorities in the College of Supervisors of the decision. (2) In a group for which consolidated authority does not lie with the Danish FSA, cf. subsection (1), the Danish FSA may make a decision regarding the application of one or more orders, cf. sections 243a or 243c, in regard to a bank, a mortgage-credit institution or an investment firm I which is supervised by the Danish FSA, if no joint decision as referred to in section 177a(4), second sentence has been made within the time limit established in section 177a(4), second sentence. The Danish FSA shall notify the bank, the mortgage-credit institution or the investment firm I of this decision. In the event that the case has been put to the European Banking Authority, the Danish FSA shall delay the decision, and shall make a decision thereafter in accordance with the decision from the European Banking Authority.

Exemptions

178. The Danish FSA may in exceptional circumstances grant exemptions from the requirements stipulated in sections 170, 173(2)–(5) and 174.

Separation, disposal and intra-group transactions

179. The Danish FSA may order a parent undertaking which has ownership interests in financial undertakings to separate such financial undertakings and finance institutions in a subgroup under a financial holding company or insurance holding company where

- 1) the group is structured in a manner which entails that the parent undertaking need not meet the solvency requirement in section 170, Article 92(1), cf. Article 11(1) and (2) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, or the group solvency capital requirement in section 175b (1), (3) and (4),
- 2) a member of the board of directors or the board of management of the parent undertaking falls within the scope of section 64(3), nos. 1, 2 and 4, or
- 3) the structure renders performance of the tasks of the Danish FSA difficult in other ways.

180. The Danish FSA may order a financial holding company or an insurance holding company to dispose of ownership interests in a financial undertaking where

- 1) the parent undertaking or the group does not meet the solvency requirement in section 170 or Article 92(1), cf. Article 11(1) and (2) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, or the group solvency capital requirement in section 175b (1), (3) and (4),
- 2) a member of the board of directors or the board of management of the holding company does not have sufficient experience to carry out the business or position, or falls within the scope of section 64(3), nos. 1, 2 and 4, or
- 3) the parent undertaking impairs appropriate and reasonable management of the financial undertaking.

181.(1) The Danish FSA shall lay down more detailed regulations on transactions carried out between a financial undertaking and

- 1) undertakings directly or indirectly linked with said financial undertaking as subsidiary undertakings, associated undertakings or parent undertakings, or as the parent undertaking's associated undertakings and other subsidiary undertakings,
- 2) undertakings or persons linked to the financial undertaking through close links, cf. section 5(1), no. 19, or

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undertakings not covered by nos. 1 and 2 where the majority of the members of the management of said undertakings are the same individuals or where the undertakings have joint management under an agreement or provisions in their articles of association.

(2) Intra-group transactions carried out contrary to regulations laid down in subsection (1) shall be cancelled so that performance of all transactions is reversed where possible. This shall include termination of any collateralisation. Payments from the financial undertaking made in connection with intra-group transactions contrary to regulations laid down in pursuance of subsection (1) shall be returned with annual interest at an amount corresponding to the interest stipulated in section 5(1) and (2) of the Interest and other Conditions (lov om renter og andre forhold).

182.(1) A bank, mortgage-credit institution, an investment management company or an insurance company shall not, without a licence from the Danish FSA, have exposures to other undertakings within the same group, except for exposures to subsidiary undertakings. However, cf. sections 182b–182f.

(2) A bank, a mortgage-credit institution, an investment firm or an insurance company may furthermore not have an exposure with undertakings or persons who exercise direct or indirect controlling influence in the bank, mortgage-credit institution, investment firm or insurance company, or who are controlled by undertakings or persons with such an influence.

(3) The Danish FSA may allow exemptions from subsection (2).

(4) For undertakings with government capital injections pursuant to the Act on Government Capital Injections in Credit Institutions (lov om statsligt kapitalindskud i kreditinstitutter), the authorisation pursuant to subsection (1) requires that the undertaking can demonstrate that the exposure is not a consequence of the government capital injection and that it is not in contravention of section 8(2), no. 7 of the Act on Government Capital Injections in Credit Institutions (lov om statsligt kapitalindskud i kreditinstitutter).

182a. For credit institutions which comply with the criteria in Article 10 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, section 124 shall only apply following a consolidated calculation.

182b. Undertakings within a group that are banks, mortgage-credit institutions, investment firms I, finance institutions, mixed-activity holding companies or financial holding companies with at least one subsidiary undertaking that is a bank, mortgage-credit institution, investment firm I or finance institution may, if licensed by the Danish FSA, cf. subsection (3), enter into an agreement on intra-group financial support for one or more of the parties to the agreement, if one of the parties subsequently finds itself in a situation in which the conditions for early intervention in Part 15 are met. Any agreement on intra-group financial support shall be compatible with the conditions set out in section 182d.

(2) When entering into an agreement on intra-group financial support, cf. subsection (1), the undertakings that are party to the agreement shall act in their own interest. The agreement on intra-group financial support shall set out principles for calculating the remuneration that is to be paid for transactions in accordance with the agreement.

(3) Any application for a licence to enter into an agreement on intra-group financial support, cf. subsection (1), shall be submitted to the Danish FSA by the group's parent undertaking when the ultimate parent undertaking within the European Union is subject to the consolidated supervision of the Danish FSA. The application shall include a draft of the intended agreement, information about the undertakings that intend to participate in the agreement, and other information that is necessary in order for the Danish FSA to assess whether the agreement is compatible with the conditions set out in section 182d.

(5) The Danish FSA shall immediately forward the application submitted for a licence to enter into an agreement on intra-group financial support pursuant to subsection (3) to the competent authorities for each of the subsidiary undertakings that wish to participate in the agreement, in order to reach a joint decision.

(5) In accordance with the procedures in subsections (7) and (8), the Danish FSA shall notify the licence for the intended agreement if the agreement is deemed compatible with the conditions set out in section 182d for providing intra-group financial support.

(6) In accordance with the procedures in subsections (7) and (8), the Danish FSA may prohibit the intended agreement on intra-group financial support if the agreement is deemed incompatible with the conditions set out in section 182d for providing intra-group financial support.

(7) Upon receipt of the application mentioned in subsection (3), the Danish FSA shall, together with the authorities mentioned in subsection (4), reach a joint decision regarding the application within four months. In the event that a joint decision is reached, the Danish FSA shall forward this to the undertaking.

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(8) If no joint decision is reached within the time limit of four months, cf. subsection (7), the Danish FSA shall make its own decision regarding the application. The Danish FSA shall inform the undertaking and the authorities, cf. subsection (4), of the decision.

(9) If one of the authorities mentioned in subsection (4) has put the case to the European Banking Authority, the Danish FSA shall delay the decision, and shall make a decision thereafter in accordance with the decision from the European Banking Authority.

182c.(1) If the Danish FSA has granted a licence for an agreement on intra-group financial support in accordance with section 182b(1), the agreement shall be authorised by the capital owners of each of the undertakings wishing to participate in the agreement.

(2) The board of directors of each of the undertakings participating in the agreement on intra-group financial support shall provide a report for the capital owners each year regarding the implementation of the decisions reached pursuant to the agreement.

182d. An undertaking, cf. section 182b, may only provide intra-group financial support in accordance with the agreement that is entered into, cf. section 182b(1), to another undertaking that fulfils the conditions in Part 15a on early intervention, when the following conditions are met:

- 1) The intra-group financial support can reasonably be expected to alleviate the significant financial problems in the undertaking receiving support.
- 2) The purpose of the intra-group financial support is to maintain or restore the financial stability of the group as a whole or of one of the undertakings, and is in the interests of the undertaking providing support.
- 3) The intra-group financial support is provided on terms based on market conditions, including against payment, cf. section 182b(2).
- 4) There is a reasonable prospect that the payment for the intra-group financial support will be provided, including that the loan will be repaid by the undertaking providing support if the support is provided in the form of a loan.
- 5) Provision of the intra-group financial support will not threaten the liquidity or solvency of the undertaking providing support.
- 6) Provision of the intra-group financial support will not threaten the financial stability, particularly in Member States of the European Union or countries with which the Union has entered into an agreement for the financial area, in which the undertaking providing support is domiciled.
- 7) The undertaking providing support meets the capital and liquidity requirements at the time of providing the intra-group financial support, and provision of the support does not mean that these requirements are no longer complied with, unless the Danish FSA, or the competent authority in other Member States of the European Union or in countries with which the Union has entered into an agreement for the financial area that is responsible for supervision of the undertaking providing support, has specifically authorised this.
- 8) The undertaking providing support, at the time of providing the intra-group financial support, meets the requirements for large exposures set out in Part 4 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and provision of the support does not mean that these requirements are no longer complied with, unless the Danish FSA, or the competent authority in other Member States of the European Union or in countries with which the Union has entered into an agreement for the financial area which is responsible for supervision of the undertaking providing support, has specifically authorised this non-compliance.
- 9) Provision of the intra-group financial support does not change the opportunities for settlement of the undertaking providing support.

182e.(1) The board of directors of the undertaking providing support shall make a decision to provide intra-group financial support in accordance with the agreement hereon if the conditions in section 182d are met. The board of directors of the undertaking receiving support shall make a decision to accept intra-group financial support in accordance with the agreement.

(2) The board of directors of the undertaking providing support shall, prior to providing intra-group financial support in accordance with an authorised agreement hereon, cf. section 182b(5), notify

- 1) the Danish FSA,
- 2) the consolidating authority, if this is not the Danish FSA,
- 3) the competent authority for the undertaking receiving support, if this is not covered by nos. 1 or 2, and
- 4) the European Banking Authority.

(3) Notification in accordance with subsection (2) shall contain the justified decision of the board of directors, cf. subsection (1), and detailed information about the intended intra-group financial support, including a copy of the agreement on intra-group financial support.

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(4) Once the notification, cf. subsection (2), and the required information, cf. subsection (3), has been received the Danish FSA has five business days to prohibit or restrict the intra-group financial support, if it judges that the conditions in section 182d are not met.

(5) The decision of the Danish FSA to accept, prohibit or restrict the intra-group financial report shall be reported immediately to

- 1) the consolidating authority, if this is not the Danish FSA,
- 2) the competent authority for the undertaking receiving support, and
- 3) the European Banking Authority.

(6) Should the Danish FSA not prohibit or restrict the intra-group financial report within the time limit stated in subsection (4), intra-group financial support may be provided in accordance with the notification.

(7) The decision of the board of directors to provide intra-group financial support shall be sent to the authorities mentioned in subsection (2). The Danish FSA shall immediately notify the other members of the College of Supervisors and the members of the Resolution Group, if the Danish FSA has consolidating authority over the group.

182f.(1) Any undertaking that is party to an agreement on intra-group financial support, cf. section 182b, shall publish a description of the general terms and conditions of the agreement and the names and identification numbers of Danish undertakings in the form of CVR numbers of the undertakings that are party to the agreement on its website.

(2) Publication in accordance with subsection (1) shall take place at least once a year in conjunction with the publication of the annual report. Publication in accordance with subsection (1) shall also take place if significant changes are made to the agreement on intra-group financial support or to the undertaking during the year. Articles 431–434 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms shall similarly apply.

VI

Annual report, audit and appropriation of the profit for the year

Part 13

Annual report, audit and appropriation of the profit for the year General regulations regarding the annual report and audit

183.(1) Financial undertakings, financial holding companies and insurance holding companies shall prepare an annual report, which shall comprise a management review, a management endorsement, and financial statements comprising a balance sheet, an income statement, other comprehensive income, notes, including a statement of accounting policies, and a statement detailing the movements in equity. When a set of financial statements has been audited, the auditors' report shall be included in the annual report.

(2) The annual report shall be prepared in accordance with the regulations stipulated in this part of this Act as well as regulations issued pursuant to section 196, cf. however subsections (3)–(6).

(3) Where provisions in this part of this Act or regulations issued in pursuance hereof regulate the same aspects as the Council Regulation on the application of international accounting standards, cf. Article 4 of the Regulation, the provisions of this Part of this Act or the regulations issued in pursuance hereof shall not apply to the consolidated financial statements of the undertakings covered by Article 4 of the Regulation.

(4) Financial undertakings, financial holding companies and insurance holding companies, the securities of which are not admitted to trading on a regulated market in Denmark, in another Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, may, notwithstanding subsection (2), decide to apply the standards mentioned in subsection (3) in their consolidated financial statements.

(5) Financial undertakings which, pursuant to subsection (4), follow the standards mentioned in subsection (3) shall apply all approved standards in their consolidated financial statements. Where provisions of this Act or provisions issued pursuant to section 196 regulate the same aspects as the standards, undertakings which, pursuant to subsection (4), apply the standards shall apply the standards instead of the provisions concerned.

(6) The Danish FSA may lay down disclosure requirements for the undertakings following the standards mentioned in subsection (3).

184.(1) The board of directors and the board of management shall present the annual report of the undertaking.

(2) Each individual member of the management shall be responsible for ensuring that the annual report is prepared in accordance with the legislation and any further accounting and reporting requirements provided for in the articles of association or by agreement. Further, each individual member shall be responsible for ensuring

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that the financial statements and any consolidated financial statements may be audited in time and that the annual report may be approved in time. Finally, each individual member of the board of directors shall be responsible for ensuring that the annual report is submitted to the Danish FSA, cf. section 194(1) and the Danish Business Authority, cf. section 195(1), within the time limits stipulated in legislation.

185.(1) When the annual report has been prepared, it shall be signed and dated by all members of the board of directors and the board of management. They shall affix their signatures to a management endorsement in which the name and function in the company of each member is clearly stated, and in which they state whether

- 1) the annual report has been presented in accordance with the requirements provided for by legislation and any requirements provided for by the articles of association or by agreement,
- 2) the financial statements and any consolidated financial statements give a true and fair presentation of the undertaking's assets and liabilities, financial position and results for the year, and if consolidated financial statements are prepared, the group's assets and liabilities, financial position and results for the year, and
- 3) the management review contains a true and fair report of the development of the activities and financial conditions of the undertaking and, if consolidated financial statements have been prepared, the activities and financial conditions of the group, as well as a description of the most important risks and uncertainty factors to which the undertaking or group respectively may be subject.

(2) If the management has added supplementary reports to the annual report, the members of the board of directors and the board of management shall state in the statement by management whether the statement gives a fair review in accordance with generally accepted guidelines for such reports.

(3) Even if a member of the management disagrees with an annual report in full or in part or has objections to the annual report being approved with the contents decided upon, said member shall not be entitled to omit to sign the annual report. However, such member of the management may state their objections giving specific and adequate grounds in connection with their signature and the statement by management.

186.(1) The annual financial statements and any consolidated financial statements shall give a true and fair presentation of the undertaking's and group's assets and liabilities, financial position and results. The management's review shall contain a true and fair review of the circumstances dealt with in the review.

(2) If the application of the provisions of this Act or regulations issued pursuant to section 196 is not sufficient to give a true and fair presentation in accordance with subsection (1), further disclosure shall be made in the financial statements and group financial statements respectively.

(3) If, in exceptional circumstances, the application of the provisions set out in this part of this Act or the application of regulations issued pursuant to section 196 conflicts with the requirement of subsection (1), first sentence, such provisions or regulations shall be derogated from so that the requirement can be met. Any such derogation shall be disclosed in the notes for each year, giving specific and adequate grounds and indicating the effect, including, if possible, the effect in terms of amounts, of the derogation on the assets and liabilities, financial position and the results of the undertaking and the group respectively.

187.(1) In order for the financial statements and consolidated financial statements to give a true and fair presentation, and for the management review to contain a true and fair report, cf. section 186, the requirements of subsections (2) and (3) shall be complied with.

(2) The annual report shall be prepared so as to support users of financial statements in their financial decisions. Such users are private individuals, undertakings, organisations and public authorities, etc., whose financial decisions must normally be expected to be affected by an annual report, including present and prospective members of the undertaking, creditors, employees, clients, alliance partners, the local community, authorities providing government grants, and fiscal authorities. As a minimum, the decisions in question shall concern

- 1) investment of the user's own resources,
- 2) the management's administration of the resources of the undertaking, and
- 3) the distribution of the resources of the undertaking.

(3) The annual report shall be prepared so as to disclose information about matters which are normally relevant to users, cf. subsection (2). The information disclosed shall also be reliable in relation to users' normal expectations.

188.(1) The annual report shall be prepared in accordance with the basic assumptions set out below:

- 1) It shall be prepared in a clear and understandable manner (clarity).
- 2) The substance of transaction rather than formalities without any real content shall be accounted for (substance over form).

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- 3) All relevant matters shall be included in the annual report unless they are insignificant (materiality). But where several insignificant matters are deemed to be significant when combined, they shall be included.
- 4) The operation of an activity is based on a going concern assumption unless it is to be discontinued or it is assumed that it will not be possible to be continued. If an activity is discontinued, classification and presentation as well as recognition and measurement shall be adjusted accordingly.
- 5) Any change in value shall be shown irrespective of the effect on the equity and income statement (neutrality).
- 6) Transactions, events and changes in value shall be recognised when occurring irrespective of the time of payment (accruals basis).
- 7) Methods of recognition and measurement basis shall be applied uniformly to the same category of matters (consistency).
- 8) Each transaction, event and change in value shall be recognised and measured individually, and individual matters must not be offset against each other (gross presentation).
- 9) The opening balance sheet for the financial year shall correspond to the closing balance sheet for the previous financial year (formal consistency).

(2) Presentation and classification, method of consolidation, method of recognition and measurement basis as well as the monetary unit applied shall not be changed from period to period (actual consistency). However, a change may be made if this results in a more true and fair presentation being given, or if the change is necessary in order to comply with new regulations issued pursuant to section 196.

(3) The Danish FSA may, notwithstanding subsection (1), no. 8, lay down regulations on offsetting obligations.

(4) The provisions in subsection (1), nos. 6–9, and subsection (2) may be derogated from in exceptional circumstances. In such cases, section 186(3), second sentence shall apply correspondingly.

189. The assets and liabilities of financial undertakings shall, unless otherwise provided for pursuant to section 196, be measured at fair value. Assets and liabilities shall be depreciated and revalued in accordance herewith and depreciation and revaluation amounts shall be included in the income statement unless otherwise specified pursuant to section 196.

190.(1) Supplementary reports, for example reports on knowledge and know-how and employee conditions (knowledge accounts), environmental issues (green accounts), the social responsibility of the undertaking (social accounts), and ethical objectives and follow-up to these of the undertaking (ethical accounts), shall give a true and fair report in accordance with generally accepted guidelines for such reports. Such reports shall meet the quality requirements in section 187(3) and the basic assumptions set out in section 188(1) and (2) subject to the special terms required by the nature of the case.

(2) The methods and measurement basis used for the preparation of the supplementary reports shall be disclosed in the reports.

191.(1) The financial year shall be the calendar year.

(2) The first accounting period may comprise a period which is shorter or longer than 12 months, subject however to a maximum of 18 months.

(3) Parent undertakings and subsidiary undertakings shall ensure that the subsidiary undertaking has the same financial year as the parent undertaking, unless this is not possible due to circumstances beyond the control of the parent undertaking and the subsidiary undertaking.

(4) In exceptional circumstances, the Danish FSA may grant exemptions from the requirement in subsection (1).

192. Recognition, measurement and disclosure in monetary units shall be denominated in Danish kroner (DKK) or in euro (EUR). The Danish FSA may, in regulations issued pursuant to section 196, stipulate that these amounts shall be stated in other foreign currencies relevant to the undertaking or group, respectively.

193. The annual report shall be audited by the external auditors of the undertaking, cf. section 199. Such audit shall not apply to the management review and the supplementary reports included in the annual report, cf. section 190. The external auditors shall, however, issue a statement regarding the extent to which the information in the management review is in accordance with the financial statements and any consolidated financial statements.

194.(1) The annual report shall, in the form presented to and approved by the board of directors, be submitted to the Danish FSA without undue delay after the meeting of the board of directors at which the annual report was finally approved.

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(2) The external auditors' audit book comments and, for undertakings with an internal auditor, the audit book comments from the chief internal auditor, shall be submitted to the Danish FSA at the same time as the annual report is submitted pursuant to subsection (1). If the external auditors do not keep an audit book regarding the annual report, other comparable documentation shall be submitted.

195.(1) The approved annual report shall be submitted to the Danish Business Authority without undue delay after final approval, and no later than four months after the end of the financial year. Similarly, the half-yearly financial report produced by the undertaking shall be submitted to the Danish Business Authority no later than three months after the end of the six-month period. Upon receipt, the Danish Business Authority shall send a copy of the annual report and the half-yearly report to the Danish FSA.

(2) Subsection (1) notwithstanding, investment management companies shall submit the half-yearly financial report produced by the undertaking to the Danish Business Authority no later than two months after the end of the six-month period.

(3) The annual report submitted shall as a minimum include the compulsory elements and the full auditors' report. Where the undertaking wishes to publish supplementary reports as specified in section 190, such reports shall be submitted with the compulsory elements of the annual report, so that the compulsory elements and the supplementary reports jointly form a single document, designated as the "annual report".

(4) The Danish FSA may upon negotiation with Danish Business Authority establish rules for the submission of annual reports to the Danish Business Authority and rules for the publication of annual reports. This includes establishing rules concerning the annual reports and half-yearly reports being submitted digitally to the Danish Business Authority, and that the communication in connection with this shall take place digitally.

196.(1) The Danish FSA shall lay down more detailed regulations on the annual report, including regulations on the recognition and valuation of assets, liabilities, revenue and expenditure, presentation of the income statement and balance sheet, and requirements regarding notes and the management's review.

(2) The Danish FSA shall also lay down regulations on consolidated financial statements, including regulations on when the annual report is to include consolidated financial statements and which companies these are to cover.

(3) The Danish FSA may lay down regulations on the drafting and publication of financial reports covering shorter periods than the annual report.

197. In order to ensure that the annual reports of financial undertakings, financial holding companies and insurance holding companies are in accordance with the regulations of this part of this Act and the regulations issued in pursuance of section 196, and that the consolidated financial statements of financial undertakings covered by Article 4 of the Council Regulation on the application of international accounting standards are in accordance with the international accounting standards, the Danish FSA may

- 1) provide guidance,
- 2) take action against violations, and
- 3) order that errors be corrected and that violations be remedied.

198.(1) Financial undertakings, financial holding companies and insurance holding companies shall regularly submit financial statements to the Danish FSA in accordance with formats and guidelines in this respect prepared by the Danish FSA. Submissions shall be sent to the Danish FSA in electronic form.

(2) The Danish FSA may grant exemptions from section 198(1), second sentence.

199.(1) Financial undertakings, financial holding companies and insurance holding companies shall have at least one state-authorised public accountant, and for auditing of banks, mortgage-credit institutions or insurance companies, said state-authorised public accountant shall also be certified by the Danish FSA. If more than one auditor is elected or if an auditor is appointed under the third sentence, the remaining elected or appointed auditors shall be state-authorised, and in the event of auditing of banks, mortgage-credit institutions or insurance companies, the person or persons signing as auditors shall also be certified by the Danish FSA. The Danish FSA may, in exceptional circumstances, appoint an additional auditor. This auditor shall act on the same terms and in accordance with the same regulations as the auditors elected by the general meeting.

(2) The auditors of a financial undertaking, a financial holding company or an insurance holding company shall also be the auditors of the subsidiary undertakings. If a financial undertaking, a financial holding company or an insurance holding company has a subsidiary undertaking which is a bank, a mortgage-credit institution or an insurance company the signing auditors elected shall be certified by the Danish FSA to audit this type of financial undertaking, cf. subsection (1). It shall be sufficient that the auditors together are certified to audit the individual types of financial undertaking in the group.

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(3) Subsection (2) shall not apply to parent undertakings and subsidiary undertakings which are not domiciled in Denmark.

(4) The Danish FSA may cancel an auditor's certification, cf. subsection (1), first sentence, and thus the right to audit the specific type of financial undertaking and instead appoint another auditor, cf. subsection (1), third sentence, until a new election has been carried out, if

- 1) within a time limit set by the Danish FSA, the auditor fails to produce documentation stating that the requirements for certification have been met, or
- 2) the Danish FSA finds that the auditor has not acted satisfactorily in full or in part, and if there is reason to assume that the person in question will not be able to carry out the audit in an adequate manner.

(5) Auditors, which pursuant to subsection (4) have had their certification cancelled, may request to have the decision made by the Danish FSA brought before the courts. Such request shall be submitted to the Danish FSA within four weeks of the date on which the decision was issued to the person in question. The request shall not have a suspensory effect but the court may order the auditor concerned to maintain his duties and responsibilities as an auditor for the specific type of financial undertaking during the case proceedings. The Danish FSA shall bring the case before the courts within four weeks. The case shall be brought through civil proceedings.

(6) On a change of auditors, the undertaking and the outgoing auditor shall submit separate accounts of the change to the Danish FSA no later than one month after the termination of office where the change is caused by special circumstances.

(7) The Danish FSA may order the auditors and, where relevant, the chief internal auditor, to give information about a financial undertaking, a financial holding company, an insurance holding company or the subsidiary undertakings of such undertakings or companies.

(8) The Danish FSA may order that an extraordinary audit be carried out of a financial undertaking, a financial holding company, an insurance holding company or the subsidiary undertakings of such undertakings or companies. The financial undertaking may be ordered to pay for such audit. The Danish FSA shall approve the size of the fee.

(9) The provisions laid down in sections 144–149 of the Companies Act on the audit shall, with the necessary changes, apply to financial undertakings and financial holding companies and insurance holding companies which are not limited companies.

(10) The board of directors may not permit that the chief and deputy chief internal auditors perform audit tasks in undertakings outside the group, cf. section 80(1). Neither may the board of directors permit that the chief and deputy chief internal auditors perform work other than audit tasks in undertakings within the group or in undertakings within the same joint administrative organisation. In exceptional circumstances, the Danish FSA may grant exemptions from the first sentence.

(11) The board of directors may not permit, cf. section 80(1), the chief and deputy chief internal auditors to assume duties that mean that they come into conflict with provisions on legal capacity corresponding to those that apply to external auditors for public interest-entities pursuant to the Approved Auditors and Audit Firms Act and Regulation (EU) no. 537/2014 of the European Parliament and of the Council of 16 April 2014 on specific requirements regarding statutory audit of public-interest entities.

(12) The Danish FSA shall lay down provisions on audit proceedings in financial undertakings, financial holding companies, insurance holding companies and in the subsidiary undertakings of such undertakings or companies. In so doing, the Danish FSA may lay down provisions regarding internal audits and system auditing in shared data centres.

(13) The Danish FSA shall lay down detailed provisions regarding the certification of auditors, cf. subsections (1) and (4).

200. An external auditor and a chief internal auditor shall immediately notify the Danish FSA of matters which are of material importance to the continued operation of the undertaking, including matters which may be observed by the auditors while performing their audit in undertakings with which the undertaking is closely linked.

Special regulations regarding appropriation of profit for the year by banks

201. A bank shall make all the provisions necessary according to its financial position. The articles of association may provide for an obligation to appropriate larger amounts.

202.(1) The annual result of a savings bank shall be added to the equity except for amounts due to the employees of the savings bank under agreements on profit sharing, amounts that the board of representatives of the savings bank decides to use for return on the savings bank's guarantor capital, and amounts distributed to

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holders of Additional Tier 1 capital issued by the savings bank, provided that the guarantor capital or the Additional Tier 1 capital meets the conditions for equity.

(2) The board of representatives may, however, resolve that amounts from the savings bank's annual result shall be applied for the public good or for charitable purposes. Such amounts may be transferred to a special fund for payment later.

(3) Transfers to the guarantee capital from the other equity of the savings bank are not permitted.

203.(1) Decisions regarding distribution of the profit available to a cooperative savings bank according to the annual financial statements shall be made by the general meeting. The general meeting may not resolve distribution of a dividend more than that proposed or approved by the board of directors.

(2) The general meeting may resolve that gifts for social purposes or similar may be made from the funds of a cooperative savings bank provided that such gifts seem reasonable after taking account of the intention of the gift and the financial position of the cooperative savings bank, as well as other circumstances in general. For the purposes mentioned in the first sentence, the board of directors may apply amounts of little significance in relation to the financial position of the cooperative savings bank.

VII

Intervention in or cessation of the financial undertaking

Part 14

Amalgamation and conversion Amalgamation

204.(1) A financial undertaking may not, without a licence from the Minister for Industry, Business and Financial Affairs, be amalgamated with another financial undertaking or a specific business function of another financial undertaking. The same shall apply when the receiving undertaking is a foreign undertaking.

(2) Decisions pursuant to subsection (1) shall be notified to the applicant no more than two months after receipt of the application. If the application is incomplete, the decision shall be notified no later than two months after the applicant has submitted the information necessary to make a decision. At all events, a decision shall be made no later than six months after receipt of the application. These time limits may be extended by three months if the decision has to await notifications of objections, cf. subsections (6) and (7).

(3) A licence pursuant to subsection (1) may be denied, if the amalgamation conflicts with material matters of public interest.

(4) Section 238(2), section 239(2), section 242, second sentence, section 256(2), section 257(2), section 260, second sentence, section 277, second sentence, section 294(2), and section 297, second sentence of the Companies Act shall not apply for amalgamations covered by subsection (1).

(5) An insurance company which, in the event of amalgamation, transfers all or part of its portfolio of insurance contracts to another insurance company and the amalgamation is not covered by parts 15 or 16 of the Companies Act shall be released of its responsibility to the policyholders when being granted the licence mentioned in subsection (1).

(6) Unless the Minister for Industry, Business and Financial Affairs considers that a licence for the transfer of an insurance portfolio should be refused, the Danish FSA shall publish a report on the transfer in the Danish Official Gazette and in a national daily newspaper. The report shall contain an appeal to the policyholders whose insurance contracts are proposed to be transferred to notify the Danish FSA in writing no later than three months after the publication if they have any objections to the transfer. At the same time, the company shall submit a notice of the transfer and the report of the Danish FSA to the policyholders whose addresses are known to the company.

(7) After expiry of the time limit mentioned in subsection (6), the Minister for Industry, Business and Financial Affairs shall, under consideration of the objections made, decide whether the insurance portfolio may be transferred in accordance with the proposal made. The transfer may not be invoked as basis for cancelling an insurance contract.

(8) If the transfer of an insurance portfolio takes place in connection with a merger of insurance companies, said merger may, notwithstanding section 27 of the Insurance Contracts Act (lov om forsikringsaftaler), not be invoked by the policyholders as a ground for cancelling the insurance contract.

(9) In connection with the transfer of life-assurance business, the insurance conditions of the transferor company may only be modified to the extent deemed by the Danish FSA to be a necessary consequence of the transfer, including changes in the rules for bonuses.

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(10) Merger plans, division plans, and the statement of the valuation experts prescribed by sections 242 and 243 of the Companies Act shall, for insurance companies, be submitted to the Danish FSA no later than four weeks after having been signed, and the Danish FSA shall make public receipt of the merger plan, division plan and the statement of the valuation experts.

205. The Minister for Industry, Business and Financial Affairs may lay down regulations to the effect that, with the changes necessary, the provisions concerning mergers in parts 15 and 16 of the Companies Act shall apply to

- 1) merger of mutual insurance companies,
- 2) merger of cooperative savings banks and savings banks, and
- 3) merger of mutual insurance companies and savings banks and cooperative savings banks with a company with share capital.

206.(1) No later than one month before the merger of a bank or a mortgage-credit institution or a specific business function thereof, cf. section 204, the bank or mortgage-credit institution shall inform the depositors or investors of this, if it affects the depositors' or investors' coverage pursuant to sections 9 and 10 of the Act on a Depositors' and Investors' Guarantee Fund (lov om en indskyder- og investorgarantiordning).

(2) The Danish FSA may permit a shorter time limit than the one specified in subsection (1) if the Danish FSA judges that this is expedient to preserve business secrets or financial stability.

(3) Subsections (1) and (2) shall apply correspondingly, with the necessary adaptations, to branches in Denmark of credit institutions established in a different country.

Conversion of savings banks and cooperative savings banks into limited companies

207.(1) For savings banks that have carried out operations since 1 January 1989, and for cooperative savings banks that have operated since 1 January 1995, the board of representatives or the general meeting may, according to the regulations of this Part, resolve to dissolve the savings bank or cooperative savings bank without a liquidation by transferring the total assets and debt of said savings bank or cooperative savings bank to a limited company that is owned or established by the savings bank or cooperative savings bank and that has a licence to operate bank activities (savings bank limited company/cooperative savings bank limited company). Shares in the limited company corresponding to the value of the assets transferred less the debt of the savings bank or the individual cooperative savings bank, cf. however section 208(2), shall for savings banks be transferred to a fund; for cooperative savings banks to a fund or an association. The funds shall be regarded as corporate funds. The associations shall be covered by the Certain Commercial Undertakings Act and the members of the associations shall be shareholders of the limited company.

(2) Decisions in accordance with subsection (1) shall be made by the majority required to dissolve the savings bank or cooperative savings bank.

(3) In the event of a dissolution of an association established in pursuance of subsection (1), which owns shares in a cooperative savings bank limited company, the equity may not be distributed to the members of the association.

208.(1) Sections 236–251 and 271–290 of the Companies Act shall apply with the necessary adaptations to the merger, cf. section 207(1), between the limited company as the receiving company and the savings bank or the cooperative savings bank as the company to be wound up. Section 327(2), section 328(2) and section 331, second sentence of the Companies Act shall not apply.

(2) The guarantors of the savings bank and the members of the cooperative savings bank shall be offered conversion of their guarantee certificates and cooperative share certificates into shares in the limited company at market value, cash redemption or a combination thereof. If cash redemption is offered, this shall be done before the merger plan is signed. Cash redemption of guarantor capital or cooperative capital is conditional upon the conversion being effected.

(3) The merger plan mentioned in section 237(1), (3) and (4) of the Companies Act shall contain information and provisions on the rights afforded the guarantors and the members of the cooperative savings bank.

(4) The Minister for Industry, Business and Financial Affairs shall approve the merger in pursuance of section 204(1).

209.(1) The funds or associations established in pursuance of section 207(1) which own shares in a savings bank limited company or a cooperative savings bank limited company shall be managed by a board of directors of no less than three members. The boards of directors of the funds and associations mentioned in the first sentence shall protect the interests of the fund or association.

(2) The following persons may not together or on their own appoint or represent a majority of the board of directors of the fund or association mentioned in subsection (1):

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- 1) Members of the board of directors, the board of representatives or similar representative bodies and employees in the savings bank limited company or cooperative savings bank limited company, cf. section 207(1).
- 2) Members of the board of directors, the board of representatives or similar representative bodies and employees in the subsidiary companies or associated undertakings of the fund or association.
- 3) Shareholders of the savings bank limited company or cooperative savings bank limited company, the voting rights of whom directly or indirectly represent at least 5% of the voting rights of the share capital, or the nominal value of which directly or indirectly represents at least 5% of the share capital.

(3) The chairman of the board of directors of the savings bank limited company or cooperative savings bank limited company may not at the same time be a member of the board of directors of the funds or associations mentioned in subsection (1).

(4) For the board of directors of the funds or associations mentioned in subsection (1), one member shall be appointed by and from amongst the employee representatives of the savings bank limited company or the cooperative savings bank limited company, unless the regulations on group representation in the Corporate Funds Act (lov om erhvervsdrivende фонде) apply. The regulations in the Companies Act on group representation shall apply correspondingly for the relevant member.

(5) Funds and associations covered by subsection (1) shall provide the Danish FSA with the information necessary for the Danish FSA's activities. Section 347(2) shall apply correspondingly.

(6) The provisions in subsections (1)–(5) shall not apply if the savings bank limited company or the cooperative savings bank limited company has been wound up under sections 226 and 227 and the savings bank limited company or the cooperative savings bank limited company is not deemed to be continued. When a savings bank limited company or a cooperative savings bank limited company has been wound up and cannot be deemed to continue, the fund shall continue to be deemed as a corporate fund, cf. section 207(1). As the fund authority, the Danish Business Authority shall permit the changes in the articles of association of the fund that are necessary under the Corporate Funds Act (lov om erhvervsdrivende фонде). The same shall apply to associations, cf. section 207(1) for which the Danish Business Authority shall allow the changes in the association's articles of association necessary pursuant to the Certain Commercial Undertakings Act.

210. (Repealed)

211.(1) For savings banks that have carried out operations since 1 January 1989, the board of representatives may resolve to dissolve the savings bank without a liquidation by transferring the total assets and liabilities of the savings bank to a limited company that is owned or established by the savings bank and that has a licence to operate bank activities, and may resolve that an undistributable savings bank reserve be established corresponding to the value of the transferred assets after deduction of the debt of the savings bank.

(2) Section 7(7), sections 207 and 208 shall apply correspondingly.

212.(1) The undistributable savings bank reserve, cf. section 211, may be used to cover a loss that is not covered by amounts available for dividends in the limited company.

(2) In the event of a cessation of the bank, a distribution to shareholders may only take place after the obligations under subsection (4) have been fulfilled.

(3) In a merger with another bank, the receiving company shall take over the savings bank reserve on the same terms as applied up to the date of the merger.

(4) In the event of a cessation of the bank, the savings bank reserve may be used for the public good or for charitable purposes in accordance with more detailed regulations laid down in the decision under section 211.

213.(1) In addition to the provisions prescribed in section 201, 10% of the profit for the year that is not used to cover losses from previous years shall be transferred to the undistributable savings bank reserve, cf. section 211. If the provision exceeds interest on the savings bank reserve corresponding to the interest laid down pursuant to subsection (2) after deduction of a proportionate share of the corporation tax for the year, however, only an amount corresponding to this interest shall be provided.

(2) The Danish FSA shall lay down regulations for calculation of the interest applicable pursuant to subsection (1).

Mortgage-credit funds and mortgage-credit associations, that have been mortgage-credit institutions

214.(1) Funds that have been mortgage-credit institutions, and funds created in connection with conversion of mortgage-credit institutions into limited companies shall be covered by the Corporate Funds Act (lov om erhvervsdrivende фонде).

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(2) Irrespective of whether a mortgage-credit limited company is being wound up under sections 226 and 227 and is not deemed to continue, the funds shall, cf. subsection (1), continue to be deemed a corporate fund. Changes in the articles of association of the fund that are necessary under the Corporate Funds Act (lov om erhvervsdrivende fonde) shall be subject to approval by the Danish Business Authority, which shall be the fund authority.

214a. Associations which have been mortgage-credit institutions shall be covered by the Certain Commercial Undertakings Act, cf. section 1a of the Act.

215. (Repealed)

216.(1) A fund or association that has been a mortgage-credit institution, and a fund that was established in connection with a conversion of a mortgage-credit institution into a limited company, shall be managed by a board of directors with no less than five members, if the fund or association owns the mortgage-credit limited company.

(2) The members of the association or the borrowers of the mortgage-credit limited company and the holders of mortgage-credit bonds and other securities issued by the mortgage-credit limited company shall each elect one or more of the members of the board of directors of the fund or association covered by subsection (1). These members shall together comprise more than one half of the board of directors. The members elected by the owners of mortgage-credit bonds and other securities may not comprise more than one half of the board of directors.

(3) The following groups of persons may not together or on their own appoint or represent a majority of the board of directors of the fund or association mentioned in subsection (1):

- 1) Members of the board of directors, the board of representatives or similar representative bodies and employees in the mortgage-credit company.
- 2) Members of the board of directors, the board of representatives or similar representative bodies and employees in the subsidiary companies or associated undertakings of the fund or association.
- 3) Shareholders of the mortgage-credit limited company, the voting rights of whom directly or indirectly represent at least 5% of the voting rights of the share capital, or if the shareholdings in the mortgage-credit limited company have a nominal value which directly or indirectly represent at least 5% of the share capital.

(4) The chairman of the board of directors of the mortgage-credit limited company may not at the same time be a member of the board of directors of the fund or association mentioned in subsection (1).

(5) If the fund or association mentioned in subsection (1) holds no other assets than mortgage-credit bonds and similar or capital instruments issued by financial undertakings or financial holding companies in the group, which are included in the relevant company's equity or capital base at the time of acquisition, subsections (3) and (4) shall not apply. In such cases, at least one member of the board of directors of the fund or association may not also be a member of the board of directors of or an employee of the mortgage-credit company or other companies in the group.

217–218. (Repealed)

219. In the event of the winding-up of an association that has been a mortgage-credit institution, the equity may not be distributed to the members of the association.

220.(1) Mortgage-credit institutions that have been converted into limited companies in accordance with the encapsulation model may use the undistributable fund reserve to cover losses not covered by amounts that may be used for dividends by the limited company.

(2) In a merger of the mortgage-credit institution pursuant to section 204, the receiving company shall take over the fund reserve on the same terms as applied up to the date of the merger. (3) In the event that the mortgage-credit institution ceases trade, the fund reserve may be used for the public good or for charitable purposes in accordance with more detailed regulations laid down in the conversion decision. Distributions to shareholders may only take place after the obligations under the first sentence have been fulfilled.

221. Mortgage-credit institutions that have been converted into limited companies in accordance with the encapsulation model shall provide 10% of the profit for the year after covering any losses brought forward from previous years to the fund reserve. If the provision exceeds interest on the fund reserve corresponding to the interest laid down by the Danish FSA pursuant to section 213(2), after deduction of a proportionate share of the corporation tax for the year, only an amount corresponding to this interest shall, however, be provided.

Conversion of insurance companies

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222. Form, content and implementation of a conversion of an insurance company shall be subject to approval by the Danish FSA. The receiving insurance company shall be subrogated to the rights and obligations of the discontinuing insurance company.

Part 15

Cessation Withdrawal of licenses

223. The Danish FSA may withdraw the licence to operate as a bank, mortgage-credit institution, investment firm, investment management company, insurance company and securities dealer if the undertaking so requests.

224.(1) Furthermore, the Danish FSA may withdraw the licence to operate as a bank, mortgage-credit institution, investment firm, investment management company and insurance company,

- 1) if the financial undertaking wilfully or repeatedly violates this Act, the Securities Trading, etc. Act or the Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act, rules issued pursuant to these Acts, regulations issued pursuant to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, regulations and rules issued pursuant to Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms or regulations issued pursuant to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms.
- 2) if the financial undertaking fails to comply with the requirements for a licence, including the requirements of Part 3, cf. however section 126a(2), nos. 1 and 2, and Article 93(1) and (2) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.
- 3) if the undertaking fails to commence operation as a financial undertaking no later than 12 months after having been granted a licence by the Danish FSA, or
- 4) if the financial undertaking does not carry out financial activities for a period of more than six months.

(2) If a bank, mortgage-credit institution or investment management company is licensed as a securities dealer under section 9(1), the licence to operate as a securities dealer may be withdrawn if the conditions of subsection (1), nos. 1–4 are met.

(3) If a bank or mortgage-credit institution has a licence to issue covered bonds, the licence may be withdrawn, if

- 1) the bank wilfully or repeatedly violates sections 152a–152g or regulations stipulated pursuant to section 16a(4) or section 152h,
- 2) the mortgage-credit institution wilfully or repeatedly violates sections 33a–33e of the Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act or regulations stipulated pursuant to section 16a(4) of this Act or section 33f of the Mortgage-Credit Loans and Mortgage-Credit Bonds, etc.
- 3) issuance of covered bonds has not commenced no later than 12 months after the Danish FSA has granted a licence to the institution.

(4) If a bank is licensed to keep a refinancing register, the Danish FSA may withdraw the licence if the bank wilfully or repeatedly violates section 152j(1), second sentence, or subsection (2), section 152k(1), (2), (4) or (5), section 152l, section 152m(1) or regulations laid down pursuant to section 152j(5) or section 152m(2).

(5) If a bank or a mortgage-credit institution is licensed as a securities dealer under section 9(1), the licence to operate as a bank or mortgage-credit institution may be withdrawn if the conditions of subsection (1), nos. 1–4 are met.

(6) If a bank, mortgage-credit institution or investment firm I does not meet the liquidity coverage requirement in Article 412(1) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and if an investment firm I does not meet requirements laid down pursuant to section 156, and if they have not raised the required liquidity within a time limit set by the Danish FSA, the Danish FSA may withdraw the licence. The time limit may be extended if the Danish FSA deems it to be necessary.

(7) If a group 2 insurance company has not carried out the measures listed in the recovery plan in order to meet the minimum capital base requirement within the time limits in section 248, its licence to operate as an insurance company shall be withdrawn.

(8) If a group 1 insurance company has not carried out the measures listed in the recovery plan, cf. section 248a (1), in order to meet the solvency capital requirement within the time limits in section 248a(2) or (3), its

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licence to operate as an insurance company may be withdrawn. If a group 1 insurance company has not carried out the measures listed in the financing plan, cf. section 248b(1), in order to meet the minimum capital requirement within the time limits in section 248b(2), its licence to operate as an insurance company shall be withdrawn.

224a.(1) A bank, a mortgage-credit institution or an investment firm I shall be deemed to be in distress or expected to be in distress if

- 1) the undertaking breaches, or if there are objective indicators to support the expectation that in the near future the undertaking will breach, the requirements for maintaining its licence in a manner that means that the Danish FSA may withdraw the licence pursuant to section 224(1), no. 2 or section 225(1),
- 2) there are objective indicators to support a statement that in the near future the undertaking will be unable to cover its debt or other liabilities as they fall due, and the Danish FSA may therefore withdraw the licence pursuant to section 224(6), or
- 3) the undertaking is receiving extraordinary financial support from the public sector, unless this support is provided to avoid or relieve a serious disruption in Danish finance and to maintain financial stability, and takes the form of one of the following:
 - a) A state guarantee to cover liquidity facilities, provided by Danmarks Nationalbank.
 - b) A state guarantee for recently issued liabilities.
 - c) Injection of own funds or purchase of capital instruments to deal with a lack of funds identified via national stress testing or stress testing carried out at EU level.

(2) A group shall be regarded as in distress or expected to be in distress when the group at consolidated level is in one of the situations specified in subsection (1).

(3) The Danish FSA shall make a decision as to whether a bank, a mortgage-credit institution, an investment firm I or a group is deemed to be in distress or expected to be in distress after consulting Finansielt Stabilitet.

225.(1) If a bank, a mortgage-credit institution, an investment firm or an investment management company fails to meet the capital requirements mentioned in Article 92(1) and Articles 93, 97 and 500 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, section 124(3) and (6), section (125)(2) and section 126a(2)–(7), and has not raised the capital required prior to the time limit set by the Danish FSA, the Danish FSA shall withdraw the licence, cf. however, subsections (2), (5) and (6).

(2) A bank or mortgage-credit institution that meets the own funds requirement pursuant to Article 92(1) and the minimum capital requirement in Article 93 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, but does not meet the individual solvency requirement laid down pursuant to section 124(3) or article 500 of Reg

ulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, shall initiate the measures required in order to meet this solvency requirement. The Danish FSA may order the institution to take the necessary measures within a specific time limit set by the Danish FSA. The time limit may be extended. The Danish FSA may regularly specify additional measures if deemed necessary. The Danish FSA may lay down a time limit under subsection (1) for compliance with the individual solvency requirement laid down pursuant to section 124(3), or Article 500 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms after which the licence shall be withdrawn in accordance with subsection (1) if the institution fails to take the measures necessary pursuant to the second and third sentences.

(3) If raising the capital requires the ultimate authority of the bank, mortgage-credit institution, investment firm or investment management company to be convened, the Danish FSA may decide that a meeting may be convened at shorter notice than stipulated in the articles of association.

(4) If a group covered by sections 171–174 does not meet the solvency requirement of said provisions, and if said group has not raised the capital required within a time limit set by the Danish FSA, the Danish FSA may withdraw the licence of the bank, mortgage-credit institution, investment firm or investment management company, cf. however, subsections (5) and (6).

(5) The Danish FSA shall lay down the time limit specified in subsections (1), (2) and (4) taking into account the nature of the case and the specific circumstances. The time limit may be extended if the Danish FSA deems it to be necessary.

(6) The Danish FSA may omit to withdraw the licence pursuant to subsections (1), (2) and (4) where circumstances for appropriate crisis management or winding-up so dictates.

Winding up

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226.(1) When the Danish FSA withdraws the licence of a bank, mortgage-credit institution, investment firm or investment management company under section 223, section 224(1), (2), (5) and (6), and section 225, the activities shall be wound up, and other activities may not be commenced before the winding-up is complete.

(2) When the Danish FSA withdraws the licence under section 224(2) and (5), the activities for which the bank, mortgage-credit institution, investment firm or investment management company is no longer licensed shall be wound up. The Danish FSA may stipulate a time limit for the winding-up.

(3) When the Danish FSA withdraws the licence of an insurance company, the Danish FSA shall make decisions regarding whether said insurance company shall attempt to transfer its portfolio of insurance contracts to one or more insurance companies carrying out insurance activities in Denmark, or whether said insurance company shall attempt to terminate its portfolio of insurance contracts in another way. With regard to life-assurance companies, the Danish FSA may decide that the portfolio of insurance contracts is to be taken under administration in accordance with sections 253–258.

(4) The Danish FSA may, in connection with withdrawal of the licence of an insurance company, prohibit or restrict free access to the insurance company's assets. Section 167(6) shall apply correspondingly.

227. Winding-up, cf. section 226, is effected through liquidation or bankruptcy or through amalgamation under section 204. Where winding-up is conducted in another manner, the form, the content and implementation of said winding-up shall be approved by the Danish FSA.

228.(1) The Danish FSA may stipulate a time limit for such a decision on liquidation under section 217 of the Companies Act. If said time limit is exceeded, the Danish FSA may decide that the financial undertaking is to enter into liquidation.

(2) A decision to wind up a financial undertaking shall be submitted to the Danish FSA immediately.

229. A company carrying out life-assurance business may not be dissolved without the consent of each individual policyholder unless said company has, in advance, transferred its entire portfolio of insurance contracts to another company in accordance with the regulations laid down in section 204, or unless the portfolio of insurance contracts of said company has been placed under administration.

230. An insurance company carrying out industrial injury insurance business may not be dissolved unless said company has, in advance, transferred its entire portfolio of industrial injury insurance contracts to another company in accordance with the regulations laid down in section 204, or unless the portfolio of industrial injury insurance contracts of said company has been placed under administration by the Labour Market Insurance (Arbejdsmarkedets Erhvervssikring) in accordance with section 54 of the Workers' Compensation Act.

Special regulations on liquidation and bankruptcy

231.(1) A bank, mortgage-credit institution, investment firm or investment management company shall be liquidated by one or more liquidators appointed by the Minister for Industry, Business and Financial Affairs. One of the liquidators shall be a lawyer.

(2) In the event of liquidation of an insurance company, the Minister for Industry, Business and Financial Affairs may, when the interests of the insured parties, shareholders, guarantors or creditors so require, after having obtained a statement from the Danish FSA, appoint a liquidator to carry out the liquidation in cooperation with the liquidators appointed by the general meeting.

(3) If the Danish FSA decides under section 249 or 250 that an insurance company is to enter into liquidation, the bankruptcy court shall, after consultation with the Danish FSA, appoint one or more liquidators and at least one shall be a lawyer.

232.(1) The Danish FSA may suspend the articles of association of a financial undertaking during liquidation.

(2) Financial statements prepared in connection with liquidation shall be submitted to the Danish FSA.

233. A petition for bankruptcy for a financial undertaking under liquidation may only be submitted by said liquidators or the Danish FSA.

234.(1) The Danish FSA may submit a petition for bankruptcy when a financial undertaking becomes insolvent. A decision made by the Danish FSA to petition for bankruptcy may not be appealed against under section 372.

(2) Notwithstanding section 17(2) of the Bankruptcy Act, banks, mortgage-credit institutions or investment firms I not complying with their obligations regarding subordinated debt taken up as Additional Tier 1 capital or as Tier 2 capital shall not be regarded as insolvent. The same shall apply to other financial undertakings

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covered by this Act if they do not comply with their obligations regarding subordinated debt taken up as Additional Tier 1 capital or as subordinate loan capital.

(3) After issuing the bankruptcy order, the bankruptcy court shall, after consultation with the Danish FSA, appoint one or more trustees. One of the trustees shall be a lawyer.

(4) If an insurance company not carrying out life-assurance business is declared bankrupt, section 253 shall apply correspondingly.

(5) If a life-assurance company is declared bankrupt, its portfolio of insurance contracts shall be placed under administration in accordance with sections 253–258.

235. The Danish FSA shall be entitled to participate in meetings of creditor committees and committees of inspection. A draft for final financial statements and distribution of dividend of the estate in bankruptcy shall be presented by the trustee to the Danish FSA in order for the Danish FSA to make a statement before the trustee submits this to the bankruptcy court.

236. If a savings bank, a cooperative savings bank or a mutual insurance company is declared bankrupt, the trustee shall notify the Danish Business Authority and the Danish FSA of the commencement and completion of the bankruptcy proceedings.

237.(1) The Minister for Industry, Business and Financial Affairs may decide that the liquidator or the trustee is to, at the expense of the estate, notify policyholders of the winding up of the insurance company and of the consequences hereof for said policyholders.

(2) The Minister for Industry, Business and Financial Affairs may lay down more detailed regulations regarding the form and contents of said notification.

Financial reconstruction

238.(1) The Danish FSA may submit a petition for financial reconstruction for financial undertakings, if the interests of the depositors, bond owners, investors or policyholders so require.

(2) An application for financial reconstruction under subsection (1) shall be accompanied by a proposal by the Danish FSA regarding the appointment of a reconstructor and nominee during the financial reconstruction and a declaration from the relevant persons that they are willing to assume this duty and that they meet the conditions of section 238 of the Bankruptcy Act.

239.(1) The regulations of the Bankruptcy Act regarding financial reconstruction shall, with the authorisation of the Danish FSA, apply to insurance companies with the exception of life-assurance companies.

(2) In connection with the status report to be prepared when commencing negotiations with regard to financial reconstruction, cf. section 13b(1), no. 2 of the Bankruptcy Act, the bankruptcy court may, in cases of financial reconstruction of reinsurance companies, following consultation with the Danish FSA, appoint an independent actuary for the preparation of a statement of the value of the claims that have been made.

240. The provisions of this Act regarding the authorities of the Minister for Industry, Business and Financial Affairs and the Danish FSA, and regarding the obligations of financial undertakings towards the Minister for Industry, Business and Financial Affairs and the Danish FSA shall, with the changes necessary, apply to such undertakings, which have entered into financial reconstruction or are being dissolved.

241. Part 14 of the Companies Act shall, with the necessary changes, apply to savings banks, cooperative savings banks and mutual insurance companies.

242. The Minister for Industry, Business and Financial Affairs shall lay down regulations with a view to compliance with Union law regarding restructuring and liquidation of credit institutions, investment firms and insurance companies.

243. The Danish FSA may, in pursuance of the procedures laid down under Union law in this respect, prohibit a foreign credit institution, finance institution, investment firm, investment management company or insurance company covered by section 30(1) and section 31(1) domiciled in another Member State of the European Union or in a country with which the Union has entered into an agreement for the financial area from carrying out activities in Denmark through a branch or through offering services in Denmark. The Danish FSA may prohibit the undertakings mentioned in the first sentence from carrying out the activities mentioned in the first sentence if the undertaking has wilfully or repeatedly violated the provisions of this Act, regulations issued pursuant to this Act or other legislation regarding said credit institution, finance institution, investment firm, investment management company or insurance company, and if it has not been possible to cease said violation by means of orders or sanctions under this Act.

Part 15a

Early intervention

Special regulations for banks, mortgage-credit institutions and investment firms I

243a.(1) If a bank, a mortgage-credit institution or an investment firm I breaches, or if it becomes highly probable that a bank, a mortgage-credit institution or an investment firm I will, due to a substantial or quick deterioration in the undertaking's financial situation, breach, the requirements laid down in this Act, rules issued pursuant to this Act or Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, Title II of Directive 2014/65/EU of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments or Articles 3–7, 14–17 and 24–26 of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments, the Danish FSA may order the undertaking to undertake one or more of the measures laid out in subsections (2) and (3) within a time limit set by the Danish FSA. The Danish FSA may extend the time limit if deemed necessary.

(2) The Danish FSA may, cf. subsection (1), order the undertaking to

- 1) set in motion or update its recovery plan, which is prepared in accordance with sections 71a and 71b,
- 2) prepare and submit an action plan to the Danish FSA,
- 3) convene the undertaking's ultimate authority,
- 4) one or more members of the board of directors or board of management shall resign their position, cf. section 64,
- 5) prepare and submit a plan for negotiations regarding restructuring the undertaking's debt,
- 6) change its business strategy,
- 7) change its legal or operational structure and
- 8) contact potential buyers in order to prepare for the winding up of the undertaking.

(3) When the undertaking's ultimate authority is convened, cf. subsection (2), no. 3, the Danish FSA shall set the agenda. Sections 90 and 91 of the Companies Act shall not apply when authorities are convened in accordance with the first sentence. Should an undertaking fail to comply with an order pursuant to subsection (2), no. 3, the Danish FSA may, on behalf of the undertaking, convene the undertaking's ultimate authority and set the agenda for the meeting. Sections 89–91 and 93 of the Companies Act shall not apply to meetings convened in accordance with the third sentence.

243b.(1) The Danish FSA may order one or more members of the board of directors or the board of management of a bank, a mortgage-credit institution or an investment firm I to resign, if the undertaking's financial situation deteriorates substantially or if there are one or more serious breaches of financial legislation.

(2) The Danish FSA may apply subsection (1) if the orders laid out in section 243a are not deemed sufficient to restore the undertaking's financial situation.

(3) Any appointment of a new board of management, board of directors or members thereof shall take place in accordance with this Act, rules issued pursuant to the Act, the Companies Act, rules issued pursuant to the Companies Act, and the undertaking's articles of association.

Temporary administrator

243c.(1) The Danish FSA may order a bank, a mortgage-credit institution or an investment firm I to install one or more temporary administrators, cf. subsection (2) or (3), if the financial situation of the bank, the mortgage-credit institution or the investment firm I deteriorates substantially, or if there are one or more serious breaches of financial legislation and an order pursuant to section 243b is not sufficient to restore the undertaking's financial situation.

(2) The Danish FSA may, cf. subsection (1), order the undertaking to

- 1) the temporary administrator takes the place of the full board of directors, or
- 2) the temporary administrator assists the board of directors in their work.

(3) The provisions in this Act and in the Companies Act on an undertaking's board of directors shall apply, with the necessary modifications, to a temporary administrator taking the place of the board of directors, cf. subsection (2), no 1.

(4) When a temporary administrator is appointed to take the place of the full board of directors, the board of directors steps down, and the temporary administrator is accorded the authority to sign and represent the undertaking in accordance with section 135 of the Companies Act and the undertaking's articles of association.

(5) No later than at the time of the order, cf. subsection (1), the Danish FSA must have established the detailed framework for the work of the temporary administrator, including which decisions the temporary administrator

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should put to the Danish FSA for authorisation. Convening the undertaking's ultimate authority always requires the prior authorisation of the Danish FSA. The Danish FSA may continuously change the framework for the work of the temporary administrator if the Danish FSA deems this necessary in order to restore the undertaking's financial situation. The Danish FSA may decide that the temporary administrator is to report to the Danish FSA.

(6) A temporary administrator is appointed for a period of up to one year. In exceptional circumstances, this period may be extended by the Danish FSA. Any extension shall be justified to the undertaking's owners of capital holdings by the Danish FSA. A temporary administrator, cf. subsections (2) and (3), may be removed at any time by the Danish FSA. Section 82 of this Act and section 120 of the Companies Act shall not apply to a temporary administrator taking the place of the full board of directors, and the undertaking's ultimate authority cannot remove a temporary administrator. Section 121(1) of the Companies Act shall not apply to the temporary administrator, who must give the Danish FSA at least two months' notice of any intention to step down.

(7) The Danish FSA shall ensure that the temporary administrator is impartial and in possession of the competencies required in order to undertake the task.

(8) Any temporary administrator who, in the performance of their role, causes losses to the undertaking intentionally or via gross negligence, shall replace said loss. The same applies if the damage is done to owners of capital holdings or a third party. The Danish FSA cannot incur liability for the temporary administrator's actions and omissions under the general rules of Danish tort law.

(9) The provisions in section 117 shall apply correspondingly to a temporary administrator.

(10) The Danish FSA may lay down more detailed regulations for the temporary administrator.

243d.(1) An order from the Danish FSA pursuant to sections 243a–243c does not, in itself, comprise an enforcement event or insolvency proceedings as defined in section 58h (1), second sentence of the Securities Trading, etc. Act, if the affected undertaking continues to meet the essential material obligations of the contract, including payment and delivery obligations and requirements for collateralisation.

(2) Should the affected undertaking continue to meet the essential obligations of the contract, including payment and delivery obligations and requirements for collateralisation, an order pursuant to sections 243a–243c or measures directly associated with this shall not, in itself, entitle the undertaking's contractual party to

- 1) terminate, suspend, change, net or offset the contract,
- 2) take possession of, exercise control over or seek to obtain any asset belonging to the undertaking, or
- 3) exercise influence over the undertaking's contractual rights in general.

(3) Subsections (1) and (2) shall apply correspondingly to contracts entered into by a subsidiary undertaking, if the parent undertaking or another undertaking within the group guarantees or supports the subsidiary undertaking's obligations, and to contracts entered into by an undertaking in the same group, which contain provisions on cross-defaulting.

(4) Subsections (1)–(3) shall apply correspondingly when an order corresponding to an order pursuant to sections 243a–243c is initiated in a country outside the European Union with which the Union has not entered into an agreement for the financial area.

Part 16

Crisis management

244. The Minister for Industry, Business and Financial Affairs shall establish a measurement board, cf. section 245, which in connection with a tax-free merger or a transfer of assets between banks as a result of a bank no longer meeting, or coming close to no longer meeting, the requirements of Article 92(1) and Articles 93 and 500 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, may stipulate the tax value at the date of merger of loans and guarantees, etc. made by the bank in distress. Correspondingly, in connection with a taxable transfer the measurement board may decide the tax value at the transfer date of loans and guarantees, etc., in the event that the transfer is part of the winding up of the bank in distress. The measurement board may only make decisions on request from one of the banks involved.

245.(1) The measurement board shall be composed of three members. The Minister for Industry, Business and Financial Affairs shall, after consulting the Minister for Taxation, appoint the members of the board and their proxies. Members and their proxies shall be appointed for four years.

(2) The chairman of the board shall possess legal, financial or accounting expertise and the other members of the board shall have special expertise in valuation of assets and liabilities.

(3) The Minister for Industry, Business and Financial Affairs shall lay down more detailed regulations regarding remuneration for the decisions of the board.

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(4) The board shall make decisions no later than five days after it has received a complete basis for its decision.

(5) The decisions of the board cannot be brought before a higher administrative authority, and they shall form the basis of the assessment by the tax authorities.

(6) The Minister for Industry, Business and Financial Affairs may, after consulting the Minister for Taxation, lay down regulations for the work of the board.

245a.(1) Banks, mortgage-credit institutions and investment firms I shall have effective case procedures and systems which ensure that the undertaking can produce the necessary statements and information within 24 hours immediately before or in connection with a assessment of whether the undertaking is in distress or is expected to be in distress, cf. section 224a, or when the conditions in section 272 are met.

(2) The Danish FSA may order a bank, a mortgage-credit institution and an investment firm I to prepare a register of financial contracts into which the undertaking has entered.

(3) Subsection (1), with the necessary adaptations, shall apply to mixed-activity holding companies, financial holding companies and finance institutions, if the finance institution is a subsidiary undertaking of a bank, a mortgage-credit institution or an investment firm I. The first sentence shall only apply to financial holding companies that have at least one subsidiary undertaking that is a bank, mortgage-credit institution or investment firm I.

(4) After consulting Finansielt Stabilitet, the Danish FSA may lay down detailed rules regarding the statements and information that the undertaking must produce, including the requirements for the register of financial contracts, and the measures and systems that are required in order to secure this.

245b.(1) Banks, mortgage-credit institutions, investment firms I, mixed-activity holding companies and financial holding companies shall notify the Danish FSA of names and identification numbers for Danish undertakings in the form of CVR numbers of the finance institutions that are subsidiary undertakings of the relevant undertakings and which are included in the Danish FSA's consolidated supervision of the group. The first sentence shall only apply to financial holding companies which have at least one subsidiary undertaking which is a bank, a mortgage-credit institution or an investment firm I.

(2) Subsection (1) shall apply correspondingly to finance institutions situated in Denmark that are subsidiary undertakings of the undertakings covered by subsection (1), but for which the consolidated supervision of the group is situated in another Member State of the European Union or countries with which the Union has entered into an agreement for the financial area.

246.(1) If a bank fails to meet the capital requirement of section 124(3) and (6) and Article 92(1), Articles 93 and 500 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and if the Danish FSA has stipulated a time limit for re-establishment of said capital, cf. section 225(1), the board of directors may convene the ultimate authority of the bank at three days' notice to make a decision regarding the necessary measures for compliance with the requirements of section 124(3) and (6) of this Act and Article 92(1), Articles 93 and 500 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms. For banks that are limited companies, the shares of which have been admitted to trading on a regulated market, however, notwithstanding the provisions of the articles of association in this regard, the ultimate authority of the bank shall be convened at no less than three weeks' notice.

(2) The board of directors of the bank may, in the situation mentioned in subsection (1), transfer the activities of said bank fully or partly to another bank, cf. however section 204(1) regarding approval by the Minister for Industry, Business and Financial Affairs. The agreement on transfer

shall be subject to such approval. At the same time, the board of directors shall convene the ultimate authority of the bank, cf. subsection (1). The board of directors at the general meeting or, for savings banks, the board of representatives, shall account for the situation of the bank or savings bank as well as for the agreement entered into. If the general meeting or the board of representatives in savings banks resolves upon other measures that involve the bank meeting the capital requirement of section 124(3) and (6), and Article 92(1), Articles 93 and 500 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, or resolves upon liquidation on terms that the Danish FSA can approve, the agreement regarding transfer mentioned in the second sentence shall be annulled.

(3) The notice convening the meeting shall be forwarded to all known shareholders, members of cooperative savings banks, or members of the board of representatives in savings banks. At the same time, the notice convening the meeting shall be available to the public as stipulated in section 67.

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(4) No later than 24 hours before the general meeting, or meeting of the board of representatives in savings banks, the agenda and the full proposals shall be available for review to the shareholders, members of cooperative savings banks, or members of the board of representatives in savings banks, at the headquarters of the bank. With regard to convening general meetings for banks, which are limited companies, the shares of which have been admitted to trading on a regulated market, cf. subsection (1), second sentence, sections 95–98 of the Companies Act shall apply.

(5) Decisions regarding measures under subsection (1) may, notwithstanding sections 106 and 107 of the Companies Act, always be made with two-thirds of the capital represented. If half of the share capital is represented at the general meeting, decisions regarding measures may be made by simple majority. In savings banks and cooperative savings banks, decisions regarding measures under subsection (1) may always be made by two-thirds of the members of the board of representatives of said savings banks or members of said cooperative savings banks who are present at the meeting.

(6) The procedures mentioned in subsections (1)–(5) shall apply notwithstanding any provisions hereon in the articles of association.

247.(1) If the bank has lost its equity, or if it becomes insolvent or must expect to become insolvent, the board of directors of the bank may transfer the activities of said bank fully or partly to another bank, cf. however section 204(1) regarding approval by the Minister for Industry, Business and Financial Affairs.

(2) The board of directors shall, at the same time, invite the shareholders, members of the cooperative savings bank, or the members of the board of representatives of the savings bank, to an information meeting regarding said transfer. Said meeting shall be held no later than eight days after the decision has been made, and the necessary costs of the meeting shall be paid by the bank taking over, and said bank shall be entitled to participate in the meeting.

(3) The procedures mentioned in subsections (1) and (2) shall apply notwithstanding any provisions hereon in the articles of association.

247a.(1) If the Danish FSA withdraws the licence of a bank pursuant to section 224(1), no. 1 or 2, if the Danish FSA, pursuant to section 234(1), or the bank files a petition for bankruptcy, or if the bank is declared bankrupt at the request of others, the Danish FSA shall decide whether repayments by the bank to holders of covered bonds issued by the bank are to be taken under administration. Similarly, in situations covered by section 224(3), no. 1, the Danish FSA may decide that repayments by the bank to holders of covered bonds issued by the bank are to be taken under administration. At the same time the Danish FSA shall appoint an administrator to, in conjunction with any co-administrators, administer repayments to the holders of covered bonds.

(2) When repayments by a bank to holders of covered bonds issued by the bank are taken under administration, the Danish FSA shall cause the decisions to commence administration and appoint administrators to be registered or made public in some other way at the Danish Business Authority. The estate under administration shall also notify the borrowers that future payments regarding the loan of the individual borrower may only be to the estate under administration in full satisfaction of all claims.

(3) The estate under administration shall be an independent legal person.

(4) An administrator shall satisfy requirements regarding competence to act corresponding to requirements for trustees etc. in section 238(1) and (2) of the Bankruptcy Act. An administrator and any co-administrators shall not be the same person as the trustee of an estate in bankruptcy of the bank. An administrator and any joint administrators shall not be employed by the same undertaking as the trustee.

(5) An administrator may appoint one or more co-administrators with insight into matters relevant to the administration.

(6) Remuneration for administrators and other expenses in connection with the administration shall be set aside from the estate under administration. Remuneration shall be set in consultation with the Danish FSA.

(7) The estate under administration shall be subject to supervision by the Danish FSA. Section 152h, nos. 4 and 6 shall apply for the estate under administration.

(8) The provisions of this Act regarding the authorities of the Minister for Industry, Business and Financial Affairs and the Danish FSA, and regarding the obligations of financial undertakings towards the Minister for Industry, Business and Financial Affairs and the Danish FSA shall, with the changes necessary, apply for the estate under administration.

(9) If an administrator and any co-administrators do not already have indemnity insurance which can be considered as adequate to cover the liability of the estate under administration for errors and negligence during administration of the estate, the administrator shall take out such insurance immediately after the appointment.

(10) Immediately after appointment, an administrator shall secure the estate against losses by taking out ordinary suretyship insurance or in some other similar way. The amount of collateral shall at all times correspond to 1% of the value of the assets, however no more than DKK 100m. In the period until an assessment of the

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value of the registered assets has been performed pursuant to section 247b(3), the collateral shall be calculated on the basis of a value estimated by the administrator. The costs of suretyship insurance shall be incurred as estate costs.

247b.(1) At the commencement of administration the registered assets, cf. section 152g(1) shall be transferred to the estate under administration immediately. The estate under administration represented by the administrator shall be entitled to have full charge of said assets. With regard to investment securities, these shall be registered in a central securities depository, with regard to rights in real property, these shall be registered in the Land Register, and with regard to ships, these shall be registered in a register of shipping.

(2) If a bank is declared bankrupt, the trustee shall transfer immediately the assets mentioned in subsection (1) to the administrator.

(3) The administrator shall have the registered assets assessed in accordance with the regulations stipulated pursuant to section 152h, no. 2.

(4) The bank shall continue to be liable for ensuring that there are the necessary assets in the register, notwithstanding that this is under administration. In the event that, in the assessment according to subsection (3), it is ascertained that the value of the assets does not correspond to the value of the bonds, financial instruments and loans pursuant to section 152b(1) for which the assets are collateral, the administrator shall raise claims against the bank to replenish the register so that the value of the assets corresponds to the value of bonds, financial instruments and loans. Correspondingly the administrator shall raise claims against the bank to replenish the register if, at any time during the administration it is ascertained that the register is underfunded. In the event that the administrator transfers all or some of the register, the buyer shall not be able to raise new claims against the bank if further underfunding arises after the transfer. If only part of the register is transferred, the bank shall continue to be liable for any underfunding in the remaining part of the register. If the bank is declared bankrupt, the provisions of section 247d shall apply.

(5) In the event that, during assessment of the registered assets, it is ascertained that the estate under administration is insolvent, the administrator shall submit a petition for bankruptcy. Similarly, the administrator shall submit a petition for bankruptcy if the administrator subsequently ascertains that the estate under administration is insolvent. The estate under administration is insolvent if it is unable to satisfy its liabilities as they fall due, unless the lack of ability to pay can be considered as merely temporary.

(6) The estate under administration may not be completed before all the liabilities pursuant to section 247a and the registered assets covered by this section have been transferred, cf. section 247g, a petition for bankruptcy has been submitted and the bankruptcy proceedings have been concluded, or all the bonds for which the assets in the register provide collateral have been redeemed and the financial instruments have matured. If there are surplus funds in the estate at the conclusion, these shall be transferred back to the bank or the bank administered in bankruptcy, cf. section 247d(4).

(7) If a bank is declared bankrupt after commencement of administration, the bankruptcy shall have no effect for the estate under administration.

(8) The administrator shall manage the assets received from the bank and may, possibly with the assistance of the sheriff, demand from the bank delivery of all materials necessary for administration.

247c. If a bank is declared bankrupt, or if a bank does not fulfil the obligation to provide supplementary collateral pursuant to section 152a(2), this may not be used by the holders of the covered bonds or by the lenders as a reason for early fulfilment of payment obligations pursuant to section 152b(1). Nor shall it deprive borrowers, whose loan has been granted on the basis of the covered bonds, from any right they may have to carry out full or part redemption of the loan in accordance with the redemption terms applicable for the loan.

247d.(1) If a bank is declared bankrupt, the assets in the register, including financial instruments, calculated after deduction of expenses for the administrator, shall be used to pay amounts due to the holders of the covered bonds and counterparties to the financial instruments on which the registered assets and agreements are based. After this, loans taken out by the bank, cf. section 152b(1), shall be covered. Surplus funds shall be included in the assets available for distribution, cf. section 32 of the Bankruptcy Act.

(2) The individual holders of covered bonds, counterparties to the financial instruments as well as lenders pursuant to section 152b(1) may not make claims against the estate. However, the administrator may, on behalf of the estate under administration, make claims against the estate for what is deemed to be outstanding in order to satisfy the holders of the covered bonds, counterparties to the financial instruments and lenders pursuant to section 152b, as well as claims for interest accrued on the claims from the date of the bankruptcy order in order to satisfy the bond holders, counterparties to the financial instruments as well as lenders pursuant to section 152b.

(3) If the funds in the register are insufficient to satisfy the holders of the covered bonds and counterparties to the registered financial instruments as well as to cover debt the bank raised pursuant to section 152b(1), the

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administrator may, on completion of the estate under administration, notify uncovered outstanding claims on the assets available for distribution as simple claims.

(4) Any surplus funds in a register may not be transferred to other registers but shall be transferred to the estate in bankruptcy.

(5) Set-off from a creditor, as dealt with in section 42 of the Bankruptcy Act, may not take place to satisfy a claim to which the bank is entitled and which relates to a loan taken out on the basis of covered bonds issued by the bank.

247e. Proceeds from loans taken out by the bank pursuant to section 152b(1), which are not included in a register, shall, in the event of the bankruptcy of the bank, serve to cover the holders of the covered bonds and counterparties to the financial instruments in the register for which the loan was taken. Any surplus funds shall be paid to the lender.

247f.(1) Holders of bonds which have lost the designation covered bonds, cf. section 152a(3), first sentence, and counterparties to the registered agreements on financial instruments on which the registered assets and agreements are based, shall retain the bankruptcy law ranking afforded holders of covered bonds and financial counterparties, cf. section 247d(1), first sentence. The same shall apply correspondingly to loans which the bank has taken pursuant to section 152b(1).

(2) Any outstanding claims shall be notified by the administrator in the estate in bankruptcy of the bank as simple claims.

(3) The regulations of section 152a(1), first sentence, sections 152b–152h and sections 247a–247e shall apply correspondingly for bonds which have lost the designation covered bonds, cf. section 152a(3), as well as financial instruments linked to these.

247g.(1) After the registered assets have been assessed, cf. section 247b(3) the administrator shall work to have the liabilities of the estate pursuant to section 247a and the registered assets covered by section 247b transferred to a credit institution which has been granted a licence in a Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, and which has a licence to issue covered bonds as defined in Annex VI, Part 1, points 68-71 of the Directive relating to the taking up and pursuit of the business of credit institutions.

(2) If the administrator cannot transfer the liabilities of the estate pursuant to section 247a and the registered assets covered by section 247b, the administrator shall continue the estate under administration in accordance with the provisions of section 247h, unless there are appropriate conditions to submit a petition for bankruptcy, cf. section 247b(5). The administrator shall, however, continue work to have the transfer made according to subsection (1).

(3) Transfer of all or part of the liabilities of the estate pursuant to section 247a and the registered assets covered by section 247b to another credit institution, cf. subsection (1), shall be authorised by the Minister for Industry, Business and Financial Affairs. This shall not apply, however, if only individual assets are disposed of pursuant to section 247h(3).

(4) Unless the Minister for Industry, Business and Financial Affairs, on the existing basis, finds that a transfer should not be authorised, the Danish FSA shall make public in the Danish Official Gazette and in national daily newspapers a report regarding the planned transfer. The report shall include an appeal to the bondholders affected to notify the Danish FSA in writing, within a time limit stipulated by the Danish FSA which is no shorter than one month, that they have objections to the transfer. At the same time, the administrator shall send notification regarding the planned transfer and the report to the bondholders for whom the administrator knows the address.

(5) After expiry of the time limit mentioned in subsection (4), the Minister for Industry, Business and Financial Affairs shall, under consideration of the objections made, decide whether the register may be transferred in accordance with the proposal made.

(6) Transfer may not be cited by the owners of covered bonds as a reason for premature redemption of payment liabilities.

247h.(1) The administrator may issue bonds to refinance covered bonds which mature. The bonds shall be designated refinancing bonds and they may not be called covered bonds. In the same way as the covered bonds they replace, refinancing bonds shall have collateral in the assets of the estate under administration. The administrator may not issue refinancing bonds, if, after the issue, it is not estimated that there will be adequate funds in the estate to pay interest and instalments to the holders of covered bonds, any refinancing bonds and counterparties to financial instruments. The administrator may also enter into agreements on financial instruments for hedging purposes.

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(2) The administrator may take out short-term loans to cover temporary liquidity deficits in the estate under administration which arise because of timing differences between receipts to the estate from borrowers and payments by the estate to holders of bonds. The proceeds of such loans may only be applied to pay interest and instalments to the owners of the covered bonds and any refinancing bonds.

(3) The administrator may sell assets in order to cover temporary liquidity deficits in the estate under administration which arise because of timing differences between receipts to the estate from borrowers and payments by the estate to holders of bonds. Sales of assets may only be to a limited extent and at a minimum price set in advance.

(4) If the administrator finds that the options in subsections (1)–(3) are insufficient and that holders of covered bonds cannot be repaid in a full and timely manner, the administrator may delay the repayment date of the covered bonds in accordance with section 152b, subsections (4)–(6).

247i.(1) If the estate under administration becomes administered in bankruptcy, the estate shall be treated pursuant to the provisions of the Bankruptcy Act, cf. however subsection (2).

(2) The assets of the estate under administration, including financial instruments, calculated after deduction of expenses for the administrator, shall be used in equal proportions to pay amounts due to the holders of the covered bonds and counterparties to the financial instruments on which the registered assets and agreements are based, holders of any refinancing bonds issued by the administrator pursuant to section 247h(1), and to cover loans which the estate under administration has taken out pursuant to section 247h(2). Surplus funds shall be included in the assets available for distribution, cf. section 32 of the Bankruptcy Act.

Special regulations for insurance companies regarding restoration and measures

248.(1) A group 2 insurance company that does not meet the minimum capital base requirement, cf. section 126(2) and (3), shall prepare a plan for recovery that describes the measures that are necessary in order for the company to meet the minimum capital base requirement. The recovery plan shall be submitted to the Danish FSA for approval within a time limit set by the Danish FSA.

(2) The Danish FSA may lay down detailed rules regarding the information to be included in the recovery plan and on the period for which the plan shall be prepared.

248a.(1) A group 1 insurance company that does not meet the solvency capital requirement, cf. section 126c, shall prepare a plan for recovery that describes the measures that are necessary in order for the company to meet the solvency capital requirement. The recovery plan shall be submitted to the Danish FSA for approval no later than two months after the company has established that it does not meet the solvency capital requirement.

(2) The recovery plan shall result in the solvency capital requirement being met no later than six months after the company established that it did not meet said requirement. The Danish FSA may extend this time limit by three months on one occasion, if the company can render it likely that it will be in a position to meet the solvency capital requirement if the time limit is extended.

(3) In extraordinary circumstances, when the European Insurance and Occupational Pensions Authority judges that an exceptional adverse situation is affecting insurance companies representing a significant share of the market, the Danish FSA may, after consulting the European Systemic Risk Board, extend the time limit in subsection (2). The extension of the time limit may be renotified multiple times, but the overall extension of the time limit may not exceed seven years.

(4) Group 1 insurance companies for which the time limit has been extended in accordance with subsection (3) shall send a report to the Danish FSA every three months, describing the measures taken to date and progress towards meeting the solvency capital requirement. Should the report show that no significant progress has been made towards meeting the solvency capital requirement, the Danish FSA may withdraw the extension of the time limit.

(5) The Danish FSA may lay down detailed rules regarding the information to be included in the recovery plan.

248b.(1) A group 1 insurance company that does not meet the minimum capital requirement, cf. section 126d, shall prepare a financing plan that describes the measures that are necessary in order for the company to meet the minimum capital requirement. The financing plan shall be submitted to the Danish FSA for approval no later than one month after the company has established that it does not meet the minimum capital requirement.

(2) The financing plan shall result in the minimum capital requirement being met no later than three months after the company established that it did not meet said requirement.

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(3) The Danish FSA may lay down detailed rules regarding the information to be included in the financing plan.

249.(1) The Danish FSA shall order that a life-assurance company take the steps necessary within a time limit specified by the Danish FSA, if

- 1) the company does not comply with this Act,
- 2) the company deviates from the basis of its activities,
- 3) the basis mentioned in no. 2 or the way in which the company's funds are placed is not adequate,
- 4) it appears that the funds allocated for coverage of insurance provisions are not adequate, or
- 5) the company's financial position has deteriorated to such a degree that the interests of the insured parties are at risk.

(2) If the measures ordered have not been implemented within the time limit laid down under subsection (1), and it is deemed that the omission could cause risk for the insured parties, the portfolio of insurance contracts of the company may be placed under administration in accordance with sections 253–258.

(3) A portfolio of insurance contracts shall be placed under administration if it appears that it is not possible to obtain the funds necessary to cover the insurance provisions before the time limit laid down under subsection (1).

(4) If a company enters into liquidation, the Danish FSA may decide that the portfolio of insurance contracts of the company is to be placed under administration.

(5) If the Danish FSA finds that, when the portfolio of insurance contracts has been placed under administration, it is also necessary to dissolve the company, the Danish FSA shall make such decision.

250.(1) The Danish FSA shall order an insurance company not carrying out life-assurance business to take the measures necessary within a time limit specified by the Danish FSA, if

- 1) the company has not allocated sufficient funds to cover its insurance liabilities,
- 2) the Danish FSA does not deem the way in which the company's funds are placed adequate, or
- 3) the company does not comply with this Act.

(2) If the measures ordered have not been implemented within the time limit laid down, and it is deemed that the omission could cause risk for the insured parties, the Danish FSA may decide that the company shall enter into liquidation. If the company carries out industrial injury insurance business, the Danish FSA may withdraw said company's licence to carry out industrial injury insurance business, and after such withdrawal the portfolio of insurance contracts shall be placed under administration by the Labour Market Insurance (Arbejdsmarkedets Erhvervssikring) under section 54 of the Workers' Compensation Act.

251. The Danish FSA may, in connection with the measures mentioned in sections 248, 248a(2), 248b(2), 249(1) and 250(1), prohibit or limit said company from having full charge of its assets. Section 167 shall apply correspondingly.

252.(1) The Danish FSA shall, as soon as possible after the liquidation under section 250 has entered into effect, in consultation with the liquidators, implement an investigation of whether it would be appropriate to attempt to transfer the portfolio of insurance contracts fully or partly to one or more insurance companies. If an offer of such transfer is received, the Danish FSA shall, if it finds the offer acceptable, have prepared a report regarding such transfer as well as a draft agreement with the relevant company.

(2) The report and draft shall be published in the Danish Official Gazette and in daily newspapers. The report shall include an appeal to the policyholders to notify the Danish FSA in writing if they have any objections to the transfer within a time limit stipulated by the Danish FSA which is no shorter than one month. The company shall, at the same time, forward the report and draft to those policyholders whose address is known to said company.

(3) After expiry of the time limit mentioned in subsection (2), the Minister for Industry, Business and Financial Affairs shall, under consideration of the objections made, decide whether the insurance portfolio may be transferred in accordance with the proposal made.

(4) The Danish FSA may, in connection with the report made and after negotiations with the company taking over, decide whether insurance contracts arranged for periods of more than one year, are to be terminable by both parties according to the provisions that would have been in force if the multi-year period of the agreement had expired. Provisions regarding such access to termination shall be indicated in the report from the Danish FSA.

(5) Section 27(2) of the Insurance Contracts Act (lov om forsikringsaftaler) shall apply correspondingly until the Minister for Industry, Business and Financial Affairs has made a decision under subsection (3). If a transfer takes place in accordance with such decision by the Minister for, Industry, Business and Financial Affairs, the

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liquidation and the transfer cannot, irrespective of sections 26 and 27 of the Insurance Contracts Act (lov om forsikringsaftaler) be cited as a basis for cancelling the insurance contract.

Special regulations for insurance companies regarding administration of a portfolio of life-assurance activities

253.(1) If the Danish FSA decides that the portfolio of insurance contracts of a life-assurance company is to be placed under administration under section 224(1), nos. 1 and 2 and subsection (7), section 226(3) and (4), section 234(5) or section 249, the Danish FSA shall at the same time appoint an administrator to administer the portfolio of insurance contracts in cooperation with any co-administrators.

(2) When a portfolio of insurance contracts is placed under administration, the Danish FSA shall withdraw the licence of said life-assurance company, and arrange for the decisions regarding the implementation of said administration, regarding appointment of administrators, and regarding the withdrawal of the licence to be registered at the Danish Business Authority.

(3) In order to ensure proper attendance to the administration, the administrator may appoint one or more co-administrators with knowledge of relevant conditions for the administration. Section 108 shall apply correspondingly to estates under administration.

(4) Expenses that, under tax legislation, rest upon the estate under administration consisting of the insured parties, shall be paid by the estate under administration through the administrator.

(5) Remuneration for administrators and other expenses in connection with the administration shall be paid by the estate under administration. The size of the remuneration shall be fixed after consultation with the Danish FSA.

(6) The estate under administration shall be subject to supervision by the Danish FSA.

254.(1) At the beginning of the administration, the registered assets mentioned in section 167(1) shall be transferred immediately to the estate under administration. The estate under administration represented by the administrator shall be entitled to have full charge of said assets. With regard to investment securities, this shall be registered at a central securities depository and, with regard to real property, in the Land Register.

(2) If a life-assurance company is declared bankrupt, the bankruptcy court shall immediately transfer the assets mentioned in subsection (1) to the administrator.

(3) The administrator shall have the registered assets valued in accordance with the current regulations regarding valuation.

(4) The individual insured parties may not make claims against the company. On the other hand, the administrator may, on behalf of the estate under administration, request from the company the amount remaining according to the valuation of the assets taken over, cf. subsection (3), in order to cover the insurance provisions and claims reported and claims due according to the calculation mentioned in section 256. In addition, the administrator may, on behalf of the estate under administration, request an amount corresponding to the company's capital requirement calculated at the commencement of the estate under administration.

(5) If a life-assurance company is declared bankrupt after the commencement of the administration, said bankruptcy shall have no effect for the estate under administration.

(6) The administrator shall manage the assets received from the company, and may require from the company all material necessary for the administration, possibly with the assistance of a sheriff.

(7) The administrator shall respect agreements on netting at close-out, cf. section 58h of the Securities Trading, etc. Act, of financial contracts which may be included in the group of assets pursuant to section 167(1), first sentence.

255. When the portfolio of insurance contracts has been placed under administration, surrender of insurance contracts may not take place.

256.(1) The administrator shall calculate the insurance provisions and determine the size of the claims reported and the claims due under the insurance contracts at the commencement of the administration.

(2) Insurance claims that were due or reported before the commencement of the administration shall be determined according to the regulations in force before that date. Insurance contracts that fall due at a later time shall, in the first instance, only be paid by an amount that the administrator deems appropriate under the circumstances. If the final determination of the insurance amounts, cf. subsection (4), shows that, in this way, too much has been paid, repayment shall not be possible.

(3) The insurance provisions shall be calculated using the calculation basis reported for the company, cf. section 20, unless the administrator deems it necessary to determine another calculation basis, which shall then be reported to the Danish FSA.

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(4) The determination of the insurance amounts, including any reduction, cf. section 257(1), fourth sentence, or 258(1), first sentence, shall be carried out in accordance with the calculation basis under subsection (3) and after a distribution of the company's assets that is deemed fair in the individual case in consideration of the conditions in the portfolio of insurance contracts, including the content of the insurance contracts.

257.(1) The administrator shall, as soon as possible after the assessment and calculation under section 254(3) and 256 has taken place, attempt to transfer the entire portfolio of insurance contracts to one or more insurance companies. If an offer of such transfer is received, the administrator shall submit an application to the Minister for Industry, Business and Financial Affairs regarding said transfer. The application regarding transfer shall be accompanied by the composition agreed upon by the estate under administration and the company taking over, and by any information regarding said company that the Minister for Industry, Business and Financial Affairs deems necessary to be able to assess whether the transfer is appropriate in the interests of the policyholders. If such composition results in a reduction in the insurance amounts or a change in the policy terms, including the bonus provision, this shall be indicated.

(2) Unless the Minister for Industry, Business and Financial Affairs, on the existing basis, finds that a licence for transfer should be denied, the Danish FSA shall make public in the Danish Official Gazette and in daily newspapers a report regarding the planned transfer. The report shall include an appeal to the policyholders to notify the Danish FSA in writing if they have any objections to the transfer within a time limit stipulated by the Danish FSA which is no shorter than one month. The company shall, at the same time, forward the report and draft to those policyholders whose address is known to said company.

(3) After expiry of the time limit mentioned in subsection (2), the Minister for Industry, Business and Financial Affairs shall, under consideration of the objections made, decide whether the insurance portfolio may be transferred in accordance with the proposal made. The transfer may not be invoked as basis for cancelling an insurance contract.

(4) If the transfer has taken place in such a way that not all the assets of the estate under administration have been included, the administrator shall surrender the excess amount to the company or its estate.

258.(1) If the portfolio of insurance contracts cannot be transferred in accordance with section 257, the administrator shall carry out the final determination of the insurance amounts in accordance with the calculations made as well as any changes in the policy terms including bonus provisions, and the administrator shall also convene a general meeting of the policyholders in order to establish a mutual company formed by the estate under administration, cf. section 23 and sections 24 and 25 of the Companies Act. Two months' notice shall be given of said general meeting. Such notice convening a general meeting and a report on the contents of the company formation document and the administrator's calculated determination of the insurance amounts shall be made public in the way mentioned in section 257(2).

(2) At the time of registration, the mutual company shall be subrogated to the right against the former company mentioned in section 254(4). (3) If a new company cannot be formed, the administration shall continue, and the administrator shall decide whether a further attempt to transfer the insurance contracts to a new or another company is to be made.

Part 17

Resolution planning Resolution plans

259.(1) The Danish FSA shall prepare, adopt and maintain a resolution plan for a bank, a mortgage-credit institution and an investment firm I, however, cf. section 260. The resolution plan shall be adopted by the Danish FSA following input from Finansielt Stabilitet. The resolution plan shall

- 1) contain the resolution actions that it is judged can be used in the resolution of the undertaking, cf. section 12 of the Restructuring and Resolution of Certain Financial Undertakings Act,
- 2) take into account relevant scenarios, including the fact that the undertaking's failure may be due to specific conditions within the undertaking or may be a consequence of a period of general financial instability, including circumstances affecting the entire financial system,
- 3) include an analysis of how and when an undertaking may apply, in the conditions addressed by the plan, for the use of central bank facilities and identify those assets which would be expected to qualify as collateral, and
- 4) include models as to how the resolution tools and resolution powers set out in the Restructuring and Resolution of Certain Financial Undertakings Act may be applied to the undertaking.

(2) The resolution plan for mortgage-credit institutions may not assume the use of bail-in, cf. section 2, no. 4 of the Restructuring and Resolution of Certain Financial Undertakings Act.

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(3) When preparing and maintaining a resolution plan under subsection (1) for a systemically important financial institution and a globally systemically important financial institution, cf. sections 308 and 310, the Danish FSA shall consult Danmarks Nationalbank regarding the content of the resolution plan.

(4) The Danish FSA and Finansielt Stabilitet may consult any competent authorities in the other countries within the European Union, or in countries with which the Union has reached an agreement for the financial area, in which important branches are situated, about the resolution plan.

(5) The Danish FSA shall forward the final resolution plan, once adopted under subsection (1), to Finansielt Stabilitet. For institutions covered by subsection (3), the resolution plan is furthermore forwarded to Danmarks Nationalbank.

(6) The Minister for Industry, Business and Financial Affairs may lay down detailed rules on the preparation, content and maintenance of resolution plans and the division of work between the Danish FSA and Finansielt Stabilitet.

260.(1) The Danish FSA shall prepare, adopt and maintain a group resolution plan for groups whose ultimate parent undertaking is situated in Denmark, and where the parent undertaking is a bank, mortgage, investment firm I, mixed-activity holding company or a financial holding company. The group resolution plans shall be adopted by the Danish FSA following input from Finansielt Stabilitet and in conjunction with the resolution authorities for the subsidiary undertakings, and following consultation with any resolution authorities and competent authorities of other countries within the European Union, or countries that have reached an agreement with the Union for the financial area, in which significant branches are situated. The first sentence shall only apply to financial holding companies which have at least one subsidiary undertaking which is a bank, a mortgage-credit institution or an investment firm I.

(2) Subsection (1) notwithstanding, the Danish FSA may decide that a resolution plan must be prepared and maintained under section 259 for each individual subsidiary undertaking which is a bank, mortgage-credit institution or investment firm I.

(3) A group resolution plan shall contain specific actions for resolution of the group as a whole and of the undertakings and branches that are part of the group.

(4) Section 259 shall apply correspondingly to group resolution plans.

(5) The Danish FSA forwards information received for use in preparation of the group recovery plan to

- 1) the European Banking Authority,
- 2) Finansielt Stabilitet,
- 3) the resolution authorities for the subsidiary undertakings,
- 4) the resolution authorities in those countries in which significant branches are situated,
- 5) the relevant competent authorities, cf. Articles 115 and 116 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, and
- 6) the resolution authorities in other countries within the European Union in which a financial holding company has been established.

(6) The Danish FSA and Finansielt Stabilitet, along with the authorities mentioned in subsection (5), shall evaluate whether the group resolution plan meets the requirements established in subsections (3) and (4), cf. section 259, in order to make a joint decision on the group resolution plan no later than four months after the Danish FSA has forwarded information as mentioned in subsection (5).

(7) The Danish FSA shall make a decision on the group resolution plan, if the authorities covered by subsection (5) have not, no later than four months after the Danish FSA has the group resolution plan, reached a joint decision, cf. subsection (6). The Danish FSA shall inform the group's parent undertaking and the authorities mentioned in subsection (5) of this decision. In the event that any of the authorities mentioned in subsection (5), nos. 3–5, has put the case to the European Banking Authority, the Danish FSA shall delay its decision until a decision is made by the European Banking Authority. The Danish FSA shall make a decision thereafter in accordance with the decision from the European Banking Authority.

(8) The Minister for Industry, Business and Financial Affairs may lay down detailed rules on the preparation, content and maintenance of group resolution plans and the division of work between the Danish FSA and Finansielt Stabilitet.

261. The Danish FSA may order an undertaking or a parent undertaking to assist in the work on and preparation of the resolution plan for the undertaking or the group, cf. sections 259 and 260, including ordering the undertaking or parent undertaking to send all relevant information.

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262.(1) In connection with preparation of the resolution plan, cf. section 259, the Danish FSA and Finansielt Stabilitet shall assess whether there are any substantial impediments to the resolvability of an undertaking.

(2). In the case of a systemically important financial institution and a globally systemically important financial institution, cf. sections 308 and 310, the Danish FSA shall consult Danmarks Nationalbank regarding the assessment made by the Danish FSA and Finansielt Stabilitet under subsection (1).

(3) The Danish FSA and Finansielt Stabilitet may consult any competent authorities in the other countries within the European Union, or countries with which the Union has reached an agreement for the financial area, in which important branches are situated, about the resolution plan.

263.(1) In connection with preparation of the group recovery plan, the Danish FSA and Finansielt Stabilitet shall assess, cf.

section 260, whether there are substantial impediments to the resolvability of a group.

(2) If the group is a systemically important financial institution or a globally systemically important financial institution, cf.

sections 308 or 310, Danmarks Nationalbank shall be consulted in the assessment under subsection (1).

(3) The assessment under subsection (1) shall be performed in conjunction with the resolution authorities for the subsidiary undertakings and following consultation with the competent authorities for the subsidiary undertakings and the resolution authorities in countries in which significant branches are situated, if this is relevant to the branch in question.

Powers to address or remove impediments to resolvability

264.(1) If, in their assessment of the resolvability of an undertaking, cf. section 262, the Danish FSA and Finansielt Stabilitet establish, that there are substantial impediments to the resolvability of the relevant undertaking, the Danish FSA shall, in writing, inform the undertaking and any resolution authorities in other countries within the European Union, or countries that have reached an agreement with the Union for the financial area, in which significant branches are situated, of this.

(2) No later than four months after the undertaking has received notification in accordance with subsection (1), the undertaking shall submit to the Danish FSA proposed potential actions intended to address or remove the substantial impediments that follow from the notification. The Danish FSA and Finansielt Stabilitet shall assess whether the relevant actions effectively address or remove the relevant substantial impediments.

(3) If the Danish FSA and Finansielt Stabilitet judge that the actions proposed by an undertaking under subsection (2) do not effectively address or remove the substantial impediments, the Danish FSA may

- 1) require the undertaking to revise any intra-group financial support agreements or review the absence thereof, and draw up service agreements, whether intra-group or with third parties, to cover the provision of critical functions,
- 2) require the undertaking to limit its maximum individual and aggregate exposures,
- 3) impose specific or regular additional information requirements relevant for resolution purposes,
- 4) require the undertaking to divest specific assets,
- 5) require the undertaking to limit or cease specific existing or proposed activities,
- 6) restrict or prevent the development of new or existing business areas or the sale of new or existing products,
- 7) require changes to legal or operational structures of the undertaking or any subsidiary undertaking either directly or indirectly under its control, so as to reduce complexity in order to ensure that critical functions may be legally and operationally separated from other functions through the application of the resolution tools,
- 8) require the undertaking to set up a financial holding company,
- 9) require a bank or investment firm I to issue eligible liabilities to meet the requirements in section 266,
- 10) require a bank or investment firm I to take other actions in order to meet the minimum requirement for own funds and eligible liabilities (MREL) in accordance with section 266, or
- 11) require a mixed-activity holding company to set up a separate financial holding company to control the undertaking, if necessary in order to facilitate the resolution of the undertaking and to avoid the application of the resolution tools and powers referred to in Part 4 of the Restructuring and Resolution of Certain Financial Undertakings Act having adverse effects on the non-financial part of the group.

(4) Within one month of being notified of orders under subsection (3), the undertaking shall present a plan to the Danish FSA for compliance with said orders.

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(5) The requirement for the Danish FSA and Finansielt Stabilitet to prepare resolution plans is suspended in consequence of the notification covered in subsection (1), until the actions, cf. subsection (2), or orders, cf. subsection (3), are executed.

(6) The Minister for Industry, Business and Financial Affairs may establish more detailed regulations on the orders listed in subsection (3) and application thereof.

265.(1) If Danish FSA and Finansielt Stabilitet, in assessing the resolvability of a group, cf. section 263, establish that there are substantial impediments to the resolvability of the relevant group, the Danish FSA shall, following input from Finansielt Stabilitet in conjunction with the European Banking Authority, and after consulting the competent authorities, prepare and present a report to

- 1) the parent undertaking,
- 2) Finansielt Stabilitet,
- 3) the resolution authorities for the subsidiary undertakings, and
- 4) the resolution authorities in those countries in which significant branches are located, if relevant to the branch in question.

(2) Section 264 shall apply correspondingly to groups.

(3) The report under subsection (1) shall

- 1) analyse substantial impediments to effective use of the resolution tools and exercising of the resolution powers in regard to the group, cf. Part 4 of the Restructuring and Resolution of Certain Financial Undertakings Act,
- 2) include considerations of consequences of the undertaking's business model, and
- 3) recommend any proportionate and targeted orders that, in the Danish FSA's view, are necessary or appropriate to address or remove the relevant impediments.

(4) No later than four months after the parent undertaking has received the report prepared in accordance with subsection (1), the parent undertaking may send comments and proposals to the Danish FSA for alternative changes or orders to address or remove the impediments pointed out in the report from the Danish FSA. The Danish FSA shall report the parent undertaking's comments and proposals to Finansielt Stabilitet, the European Banking Authority, and the authorities mentioned in subsection (1), nos. 3 and 4.

(5) Within four months after the Danish FSA forwarded a notification pursuant to subsection (4), second sentence, the Danish FSA shall review the parent undertaking's comments and proposals with Finansielt Stabilitet and the authorities mentioned in subsection (1), nos. 3 and 4, in order to reach a joint decision on the application of orders, cf. subsection (4) and section 264(3). If the Danish FSA has not received comments or proposals for changes from the parent undertaking, the Danish FSA, together with Finansielt Stabilitet and the authorities mentioned in subsection (1), nos. 3 and 4, shall review the report in order to reach a joint decision on the application of orders, cf. section 264(3). This shall be done no later than four months after the end of the time limit in subsection (4).

(6) If the Danish FSA, Finansielt Stabilitet and the authorities covered by subsection (1), nos. 3 and 4, have not reached a joint decision within the time limits mentioned in subsection (5) regarding orders, cf. subsection (5), the Danish FSA shall make a decision regarding the application of one or more orders. The Danish FSA shall inform the group's parent undertaking, Finansielt Stabilitet and the authorities mentioned in subsection (1), nos. 3 and 4, of this decision. If any of the authorities mentioned in subsection (1), nos. 3 and 4, has brought the case before the European Banking Authority, the Danish FSA shall delay its decision until the decision from the European Banking Authority is available, and shall make a decision thereafter in accordance with the decision from the European Banking Authority.

(7) Subsection (5) notwithstanding, the Danish FSA may decide that actions shall be imposed on each individual subsidiary undertaking pursuant to section 264(2) and (3).

(8) Within one month after receiving a decision, cf. subsection (5) or (6), the parent undertaking shall present a plan for compliance with the orders.

(9) The Minister for Industry, Business and Financial Affairs may establish detailed regulations on the application of the orders listed in section 264(3) for groups.

Own funds and eligible liabilities (MREL)

266.(1) After consulting with Finansielt Stabilitet, the Danish FSA sets a requirement for the size of the own funds and eligible liabilities of a bank and an investment firm I. The requirement is set individually for each subsidiary undertaking within a group. The minimum requirement for own funds and eligible liabilities is set as a percentage of total liabilities.

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(2) After consulting with Finansielt Stabilitet, the Danish FSA may specifically decide that finance institutions and financial holding companies are to meet the requirement in subsection (1).

(3) Parent undertakings covered by subsections (1) and (2) that are subject to consolidated supervision shall correspondingly meet the requirement in subsection (1) at consolidated level.

(4) The Danish FSA may grant exemptions from the requirement in subsection (1) for a parent undertaking covered by subsection (3) if

- 1) the group meets the minimum requirement for own funds and eligible liabilities at consolidated level, and
- 2) The Danish FSA has granted an exemption from the use of individual capital requirements for the parent undertaking, cf. Article 7(3) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

(5) The Danish FSA may grant exemptions from the requirement in subsection (1) and the requirement, cf. subsection (2), for a subsidiary undertaking if

- 1) the subsidiary undertaking is part of a group that is under consolidated supervision, and whose parent undertaking is a bank or an investment firm I, and
- 2) The Danish FSA has granted an exemption from the use of individual capital requirements for the subsidiary undertaking, cf. Article 7(3) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

(6) The Danish FSA may, where relevant, grant exemptions from the requirement in subsection (1) for bridge institutions as covered in section 21 of the Restructuring and Resolution of Certain Financial Undertakings Act.

267. Own funds and eligible liabilities consist of the own funds and eligible liabilities which meet the following conditions:

- 1) The liability has a remaining maturity of at least one year.
- 2) The liability does not arise from a derivative.
- 3) The instrument has been issued and is fully paid up with funds that are not financed, directly or indirectly, by the bank or the investment firm I.
- 4) The liability is not owed to the bank or the investment firm I itself, and the bank or investment firm I has not secured or guaranteed the liability.
- 5) The liability does not arise from a deposit which takes precedence over the simple creditors in the bankruptcy order, cf. section 13 of the Restructuring and Resolution of Certain Financial Undertakings Act and Part 10 of the Bankruptcy Act.

268.(1) After consulting Finansielt Stabilitet, the Danish FSA shall establish the minimum own funds and eligible liabilities requirement for a bank or an investment firm I, or for undertakings and groups covered by section 266(2) or (3), at consolidated level based on a specific assessment of the following criteria:

- 1) The undertaking can be wound up using the resolution tools.
- 2) If bail-in is applied, the undertaking has sufficient own funds and eligible liabilities to ensure that the losses can be absorbed and the undertaking's Common Equity Tier 1 capital can be restored to a level at which the undertaking can continue to meet the requirements for a licence, and to sustain sufficient market confidence.
- 3) The undertaking has sufficient own funds and eligible liabilities to ensure that, certain categories of own funds and eligible liabilities are excluded from bail-in, the losses can be absorbed and an undertaking's Common Equity Tier 1 capital can be restored to a level at which the undertaking can continue to meet the requirements for a licence, and to sustain sufficient market confidence.
- 4) The undertaking's size, business model and risk profile.
- 5) The extent to which the depositor and investor guarantee scheme can help to finance the resolution in accordance with section 2a of the Act on a Depositors' and Investors' Guarantee Fund (lov om en indskyder-og investorgarantiordning).
- 6) The extent to which the fact that an undertaking is failing has a negative impact on financial stability, including infecting other financial undertakings.

(2) The Danish FSA shall inform the undertaking of the size of the minimum own funds and eligible liabilities requirement established on the basis of the criteria in subsection (1). The Danish FSA may require the own funds and eligible liabilities to consist, wholly or partly, of liabilities that can be converted.

(3) If the undertaking, at the time of notification under subsection (2), does not meet the minimum own funds and eligible liabilities requirement, the Danish FSA shall set a time limit for compliance with this, taking into account the nature of the case and the specific circumstances. If the Danish FSA is subsequently notified that the undertaking no longer meets the requirement, the Danish FSA may similarly set a time limit for compliance with this pursuant to subsection (1).

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(4) When setting a minimum own funds and eligible liabilities requirement for parent undertakings at consolidated level, the Danish FSA shall set the requirement in accordance with a joint decision made by the competent authorities for the individual subsidiary undertaking. The joint decision shall be issued within four months. If no joint decision is reached within four months, the Danish FSA shall make a decision regarding the minimum own funds and eligible liabilities requirement at consolidated level. The Danish FSA shall delay the decision if one of the competent authorities for the individual subsidiary undertaking has put the case to the European Banking Authority, and shall make a decision thereafter in accordance with the decision from the European Banking Authority.

(5) When setting a minimum own funds and eligible liabilities requirement for subsidiary undertakings on an individual basis, the Danish FSA shall make a decision in accordance with a joint decision made with the consolidating group resolution authority. The joint decision shall be issued within four months. If no joint decision is reached within four months, the Danish FSA shall make a decision regarding the minimum own funds and eligible liabilities requirement for the subsidiary undertaking at individual level. In the event that the consolidating resolution authority has put the case to the European Banking Authority, the Danish FSA shall delay the decision, and shall make a decision thereafter in accordance with the decision from the European Banking Authority. The consolidating resolution authority cannot put the case to the European Banking Authority if the level set by the Danish FSA for own funds and eligible liabilities is within 1% of the minimum own funds and eligible liabilities requirement at consolidated level.

269.(1) The Danish FSA shall check that the individual undertaking meets the minimum own funds and eligible liabilities requirement, cf. section 266(1), at all times.

(2) If the undertaking establishes that the minimum own funds and eligible liabilities requirement, cf. sections 266 and 268, is not met, the undertaking shall immediately notify the Danish FSA of this.

270. The Minister for Industry, Business and Financial Affairs may lay down detailed rules on the minimum own funds and eligible liabilities requirement, including the underlying criteria, the frequency at which the requirement is set and the division of work between the Danish FSA and Finansiell Stabilitet.

Resolution colleges

271.(1) The Danish FSA shall set up resolution colleges in order to execute the tasks mentioned in sections 260, 261, 263, 265, 266 and 268 for a group where the ultimate parent undertaking is situated in Denmark and in which the parent undertaking is a bank, a mortgage-credit institution, an investment firm I, a mixed-activity holding company or a financial holding company that has at least one subsidiary undertaking that is a bank, a mortgage-credit institution or an investment firm I.

(2) The Danish FSA may participate in resolution colleges under subsection (1) which are set up by a group resolution authority in countries within the European Union, or countries with which the Union has reached an agreement for the financial area.

(3) The Danish FSA may set up or participate in European resolution colleges if a parent undertaking, which is situated outside the European Union or in countries with which the Union has entered into an agreement for the financial area, has more than one subsidiary undertaking or significant branch established or situated in a Member State of the European Union or in countries with which the Union has entered into an agreement for the financial area, if the subsidiary undertaking or significant branch is a bank, a mortgage-credit institution, an investment firm I, a mixed-activity holding company or a financial holding company. At least one subsidiary undertaking or significant branch, cf. the first sentence, shall be established or situated in Denmark.

Part 17a

Write down and conversion of capital instruments

272.(1) The Danish FSA shall, without undue delay, write down or convert relevant capital instruments in a bank, mortgage-credit institution or investment firm I to Common Equity Tier 1 capital instruments, if the Danish FSA establishes that the bank, mortgage-credit institution or investment firm I would not be viable unless this power is used.

(2) A bank, a mortgage-credit institution or an investment firm I may, in relation to subsection (1), be regarded as not viable if the Danish FSA has established that the bank, mortgage-credit institution or investment firm I is failing or expected to fail, cf. section 224a(3), and the Danish FSA judges that there is no prospect of other measures, including measures initiated by the private sector or the Danish FSA, within an appropriate time frame, preventing the need to resolve the undertaking. The Danish FSA shall consult with Finansiell Stabilitet regarding the assessment in the first sentence.

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(3) Relevant capital instruments mentioned in subsection (1) are Additional Tier 1 instruments, which meet the requirements of Article 52(1) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and Tier 2 capital or subordinated loans which meet the requirements of Article 63(1) of said Regulation.

(4) The Danish FSA's establishment under subsection (1) shall be done on the basis of a valuation in accordance with Part 3 of the Restructuring and Resolution of Certain Financial Undertakings Act. This valuation shall be undertaken by Finansiell Stabilitet on the request of the Danish FSA. A decision on the size of the write down or conversion shall similarly be made on the basis of this valuation.

(5) Capital instruments shall be written down and converted in accordance with section 17(4), and section 18 of the Restructuring and Resolution of Certain Financial Undertakings Act. With regard to the condition in section 18(2), no. 1 of the Restructuring and Resolution of Certain Financial Undertakings Act, the Danish FSA shall approve the issuance. Sections 44–46 of the Restructuring and Resolution of Certain Financial Undertakings Act, with the necessary modifications, shall apply to the Danish FSA's write down or conversion under subsection (1).

(6) Section 74(2) and (3), sections 76, 104–107, 154–157, 162–164, 167–169, 185 and 186 of the Companies Act shall not apply in regard to the Danish FSA's write down or conversion in accordance with this provision. In connection with the conversion of relevant capital instruments on behalf of the undertaking, the Danish FSA may arrange for the relevant amount of Common Equity Tier 1 capital instruments to be issued to the owners of the relevant capital instruments.

(7) The undertaking's board of directors is required to ensure that the requisite changes are made to the undertaking's articles of association and that the necessary registrations are performed in accordance with the rules of the Companies Act.

Groups

273.(1) The provision in section 272 on write down and conversion of capital instruments shall apply correspondingly to groups when

- 1) the relevant capital instruments have been issued by a subsidiary undertaking and the relevant capital instrument is included in the own funds at individual and consolidated level, and when the authority responsible for consolidated supervision of the affected group and the Danish FSA have jointly established that, unless the capital instrument is written down or converted, the group will not continue to be viable, or
- 2) the relevant capital instrument has been issued by a parent undertaking supervised by the Danish FSA, and the relevant capital instrument is included in the own funds at the level of the parent undertaking or at consolidated level, and Danish FSA has established that, unless the capital instrument is written down or converted, the group will not continue to be viable.

(2) A group shall, in relation to subsection (1), be regarded as not viable if the Danish FSA, after consulting with Finansiell Stabilitet, has established that the group is failing or expected to fail, cf. section 224a(3), and the Danish FSA judges that there is no prospect of other measures, including measures initiated by the private sector or the Danish FSA, within an appropriate time frame, preventing the need to resolve the group.

(3) A relevant capital instrument issued by a subsidiary shall not be written down to a greater extent or converted on worse terms, cf. subsection (1), no. 1, than equally ranked capital instruments at the level of the parent undertaking which have been written down or converted.

274.(1) Banks, mortgage-credit institutions and investment firms I shall ensure that contracts entered into by the undertaking after 1 June 2015, and which are regulated by legislation in a third country, include a provision by which the counterparty acknowledges that the liability to which the agreement refers may be subject to the powers of the Danish FSA or Finansiell Stabilitet in regard to write down and conversion, cf. sections 272 and 273, as well as sections 17 and 24 of the Restructuring and Resolution of Certain Financial Undertakings Act; however, cf. section 24(4) of the Restructuring and Resolution of Certain Financial Undertakings Act. The contracts shall similarly contain provisions by which the counterparty agrees to be bound by any write down of the principal amount or the outstanding amount, conversion or termination that is affected by the Danish FSA's or Finansiell Stabilitet's exercising of these powers.

(2) The Danish FSA may require the undertaking to obtain a legal opinion to the effect that the contractual provisions under subsection (1) are binding for the counterparty and can be enforced in accordance with the terms and conditions.

(3) Subsections (1), (2) and (6) shall apply correspondingly to financial holding companies.

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(4) Subsections (1), (2) and (6) shall apply correspondingly to financial parent holding companies in Denmark, financial parent holding companies in the European Union, mixed-activity holding companies in Denmark and mixed-activity holding companies in the European Union.

(5) Subsections (1), (2) and (6) shall apply correspondingly to finance institutions established within the European Union, if the finance institution is a subsidiary undertaking of a credit institution, investment firm or a company mentioned in subsections (2) and (6) which is included in the supervision of the parent undertaking on a consolidated basis.

(6) Subsection (1) shall not apply if the liability is exempt from bail-in, cf. section 25(3) of the Restructuring and Resolution of Certain Financial Undertakings Act. The same applies in the case of eligible deposits, cf. section 2, no. 5 of the Restructuring and Resolution of Certain Financial Undertakings Act.

(7) Subsection (1) shall not apply, if the Danish FSA or Finansielt Stabilitet judges that the liabilities or instruments in question may be subject to write down or conversion in pursuance of the legislation in a third country, or in pursuance of a binding agreement entered into with the relevant third country.

(8) The Minister for Industry, Business and Financial Affairs may lay down detailed rules on the content of the contractual provisions mentioned in subsection (1) and on the liabilities to which the exemption in subsection (7) shall apply.

275–283. (Repealed)

VIII

Special regulations for insurance companies

Part 18

Special regulations for insurance companies Report on solvency and financial situation

283.(1) Group 1 insurance companies shall publish an annual report about their solvency and financial situation. Furthermore, group 1 insurance companies shall send a detailed report annually to the Danish FSA about their solvency and financial situation.

(2) The ultimate parent undertaking in a group covered by section 175b(1) shall publish an annual report on the group's solvency and financial situation. Furthermore, the ultimate parent undertaking shall send a detailed report annually to the Danish FSA about the group's solvency and financial situation.

(3) The Minister for Industry, Business and Financial Affairs may lay down detailed rules regarding the information that the reports must contain, and on the transitional provisions regarding publication and submission to the Danish FSA.

Members of mutual insurance companies and their liability for the liabilities of the company

284.(1) Members of a mutual insurance company shall only be the policyholders of said company.

(2) If the members are to be liable for the liabilities of the company, the extent of such liability shall be stipulated in the articles of association.

(3) The liability of the members for the company's liabilities may only be asserted by the company.

(4) The company's claim against members regarding performance of said liability for the company's liabilities may not be transferred or lodged as collateral.

285. The Danish FSA may lay down regulations for mutual insurance companies regarding liability for members and guarantors, repayment of guarantee capital, and conditions for distribution to the members of the company's funds.

286. If an insurance company becomes a policyholder in a mutual company by reinsurance, agreement may be made in pursuance of the articles of association that said insurance company is exempt from membership liabilities. The total amount of such reinsurance contracts on the company's own account may not, however, with regard to life-assurance, exceed 10% of the total insurance sum of the company taking over. With regard to annuity insurance, the insurance sum shall, in this calculation, be 10 times the annual interest amount. With regard to non-life assurance, the premium for such reinsurance contracts may not exceed 10% of the company's total premium income without the authorisation of the Danish FSA.

Payment of guarantee interests, etc. in mutual insurance companies

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287.(1) A mutual insurance company may not, for a consideration, acquire its own guarantee interests for ownership or as collateral.

(2) The subsidiary companies of a mutual insurance company may not, for a consideration, acquire guarantee interests in the parent undertaking for ownership or as collateral.

288.(1) In mutual insurance companies, a register shall be kept of guarantee interests.

(2) Said guarantee interests shall be noted in the register stating the name, position and address of the guarantors.

(3) The company shall endorse the guarantee interest regarding the registration mentioned in subsection (2).

General meetings in mutual insurance companies

289.(1) Legal proceedings regarding a resolution of a general meeting that has not been made legally or is contrary to this Act or to the articles of association of the company, may be commenced by a voting participant, a member of the board of directors, or by a member of the board of management.

(2) Such legal proceedings shall be commenced no later than three months after the decision. Otherwise, the decision shall be regarded as valid.

(3) The time limit mentioned in subsection (2) shall not apply when

- 1) the decision could not be made legally even with the consent of all voting participants,
- 2) the company's articles of association require consent for the decision by all or certain members, guarantors or voting participants, and when such consent has not been given,
- 3) the general meeting has not been called, or the company's regulations regarding calling a meeting have been substantially disregarded, or
- 4) the person who has commenced legal proceedings after expiry of the time limit mentioned in subsection (2), but no later than two years after the resolution was made, has had a good reason for the delay, and the courts, for this reason and in consideration of the general circumstances, find that application of the provisions in subsection (2) would lead to obvious unfairness.

(4) If the court finds that the resolution at the general meeting has not been made legally or is contrary to this Act or to the articles of association of the company, cf. subsection (1), said resolution shall be made invalid or changed by the court. A change of the general-meeting resolution may, however, only be carried out if a claim in this regard is made and the court is able to determine the rightful content of said resolution. The court decision shall be valid for all members and guarantors.

Dividend distribution, contingency fund, etc.

290.(1) Only the profit for the year in accordance with the audited annual report for the most recent financial year, retained earnings from previous years, and other reserves that are not non-distributable in pursuance of legislation or the articles of association of the company after deduction of both uncovered losses and amounts that are to be allocated to a contingency fund or other purposes in pursuance of legislation or the articles of association of the company may be used as dividends to shareholders, interest to guarantors, or payments to members of mutual companies.

(2) Funds covered by subsection (1) and the profit for the current financial year up to the date of the interim balance sheet, cf. section 183(2) of the Companies Act, may be utilised for extraordinary dividends, if the amount has not been distributed, used or tied. Distributable reserves arising or released in the current financial year may also be utilised for extraordinary dividends.

291. As long as the group 1 insurance company does not meet the solvency capital requirement, cf. section 126c, or the minimum capital requirement, cf. section 126d, or the group 2 insurance company does not meet the minimum capital base requirement in section 126, no dividend or extraordinary dividend may be paid to shareholders, nor interest to guarantors, nor amounts to members of mutual companies.

292.(1) In limited insurance companies, distributions of the company's funds to the shareholders, in addition to distributions under sections 290 and 291, may only take place as payment of a dividend in connection with a reduction in the share capital or dissolution, including liquidation, of the company. In mutual companies, distribution to members in other respects may only take place in accordance with regulations in the articles of association.

(2) Dividends or extraordinary dividends to shareholders, interest to guarantors, or payments to members of mutual insurance companies may not exceed what is appropriate in consideration of the company's financial position or the group's financial position in parent companies.

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293.(1) An insurance company may, if the articles of association contain provisions in this respect, make provisions to a contingency fund.

(2) Funds which have been allocated to the contingency fund, may not be withdrawn from said contingency fund. Similarly, no changes to the articles of association may be made, which have the effect that funds that have already been allocated to the contingency fund under subsection (1) can be withdrawn from said contingency fund. The funds of the contingency fund may, however, be used to cover losses in connection with payment of insurance liabilities, or in other ways that are advantageous for the insured parties.

Special regulations for mutual non-life assurance companies with limited objects

294.(1) The provisions of sections 295–303 shall apply to mutual non-life assurance companies whose articles of association state

- 1) that the objects of the company are limited to effecting contracts of insurance against accidents and sickness in such manner that the insured parties are also policyholders, or to effecting contracts of insurance for domestic animals,
- 2) that the company only carries out business in Denmark,
- 3) that the company does not take out contracts of insurance for periods of more than one year at a time,
- 4) that the company only effects direct insurance contracts,
- 5) the maximum sum which the company may accept on a single risk without reinsurance, or state a provision to the effect that regulations thereon shall be laid down by the Danish FSA in connection with the issue of the concession, and
- 6) the possibility of collecting supplementary contributions or reducing the benefits.

(2) A mutual non-life assurance company shall not be covered by the provisions of this part of this Act if

- 1) its annual premium income exceeds an amount fixed by the Danish FSA, or
- 2) less than one-half of its annual premium income derives from natural persons who are members of the company.

295.(1) The provisions of sections 112, no. 2 and 126(2) of this Act shall not apply in relation to the formation of companies covered by this part of this Act.

(2) The articles of association may provide that a board of management shall not be appointed.

296. No members or guarantors may be enrolled before draft articles of association have been drawn up. The draft articles of association shall be available on such enrolment.

297–298. (Repealed)

299. If the company has no board of management, the duties imposed on the board of management by this Act shall be performed by the board of directors.

300. (Repealed)

301.(1) Mutual non-life assurance companies which are covered by section 294(1) and which only operate within a small geographical area shall not be covered by the provisions of this Act, cf. however subsections (2) and (3), if the total value of contracts of insurance effected does not exceed DKK 3m.

(2) Companies which are covered by subsection (1) shall, however, designate themselves as mutual companies. Section 11(10) shall apply correspondingly.

(3) Where a mutual non-life assurance company is subject to supervision in pursuance of this Act, the company shall remain under supervision, even though it may later satisfy the conditions for exemption set out in subsection (1). The Danish FSA may, however, exempt the company from supervision, if the company makes a request to this effect in pursuance of a resolution passed by the general meeting.

302.(1) The Danish FSA may exempt a mutual non-life assurance company covered by section 294(1) from the provisions of this Act provided that:

- 1) the total value of contracts of insurance does not exceed DKK 6m and the company's risk on a single contract of insurance does not exceed 3% of its total annual premium income, or
- 2) the company only effects contracts of insurance within a limited geographical area and only for a single type of insurance.

(2) In the application of subsection (1), no. 1, account shall not be taken of the extent to which the company has hedged its risk through reinsurance.

(3) The Danish FSA may apply the provision contained in subsection (1), no. 2, even though the company effects contracts of insurance which are not covered by section 294(1), no. 1 provided, however, that the

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company does not take out professional indemnity insurance, industrial injuries insurance, motor vehicle insurance, suretyship insurance or credit insurance.

(4) A company's request for exemption in pursuance of subsection (1) shall have been approved by the general meeting.

303. If a mutual non-life assurance company covered by the provisions of this part of this Act so requests in pursuance of a resolution of the general meeting, the Danish FSA may determine that the company shall be subject to this Act. However, even though such decision has been taken, the provisions of this part of this Act may be applied again if permitted by the Danish FSA.

Special regulations regarding multi-employer occupational pension funds

304. For the purposes of this Act, multi-employer occupational pension funds shall mean associations or affiliations

- 1) whose members have either received training or education within specific fields of training or education or are employed by undertakings of a specific nature and which have as their object to provide a pension in accordance with uniform rules for all the members as part of their conditions of employment or as part of some other form of attachment to an undertaking, or
- 2) whose members are self-employed persons within the same industry and which have as their object to provide a pension in accordance with uniform rules for all their members.

305.(1) Subject to the exceptions mentioned in subsection (2), the provisions regarding mutual life-assurance companies shall apply correspondingly to multi-employer occupational pension funds.

(2) Section 284(2)–(4) shall not apply to multi-employer occupational pension funds.

306. The Danish FSA may lay down more detailed regulations defining the membership and activities of multi-employer occupational pension funds.

Special regulations regarding labour-market-related life-assurance limited companies

307.(1) A labour-market-related life assurance company shall mean a life-assurance limited company that:

- 1) is directly or indirectly owned by the trade unions of the policyholders, possibly in association with employers' organisations from the relevant sectors,
- 2) has been established through a collective agreement, and
- 3) according to its articles of association does not pay dividends to the owners.

(2) In addition to the condition mentioned in subsection (1), no. 3, the articles of association of the company shall state that the company is a “labour-market-related life assurance company”.

(3) Surrender of shares in the company to persons or organisations other than those mentioned in subsection (1), no. 1 or changes to the articles of association regarding the conditions mentioned in subsection (1), no. 3 and subsection (2) shall not take place without the approval of the Danish FSA. The Danish FSA may only issue such approval provided that the surrender of shares or changes in the articles of association is deemed to be in the interests of the insured parties.

(4) The articles of association of the company shall also state how the assets of the company are to be applied when there are no more insurance claims against the company. The articles of association shall state that the tax-exempt part of the equity accumulated shall be applied for the public good or for charitable purposes.

(5) If the company transfers its portfolio of insurance contracts, the company shall also apply the tax-exempt part of the equity accumulated to the benefit of the insured parties. In cases of transfer of a specific part of the portfolio of insurance contracts, only the proportional share of the tax-exempt equity accumulated shall be applied to the benefit of the insured parties.

IX

Special regulations for systemically important financial institutions and globally systemically important financial institutions

Part 19

Identification of systemically important financial institutions (SIFIs)

308.(1) No later than 30 June each year, the Danish FSA shall appoint systemically important financial institutions (SIFIs) in Denmark, cf. subsections (2) and (3). Banks, mortgage-credit institutions and investment firms I, where the investment firm I is licensed to exercise the activities mentioned in Annex 4, Section A, nos.

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3 and 6 which are covered by Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, may be appointed as systemically important financial institutions (SIFIs) on an individual, sub-consolidated or consolidated basis. The appointment of systemically important financial institutions (SIFIs) in Denmark shall be made no later than 30 June each year and the first time no later than 30 June 2014. Subsection (1) notwithstanding, the Danish FSA may appoint additional systemically important financial institutions (SIFIs), cf. subsections (2) and (3).

(2) A bank, a mortgage-credit institution and an investment firm I where the investment firm I is licensed to exercise the activities mentioned in Annex 4, Section A, nos. 3 and 6 covered by Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, shall be appointed as a systemically important financial institution (SIFI) if it exceeds one or more of the following indicators for two consecutive years, cf. however, subsection (4):

- 1) The balance sheet total of the institution represents more than 6.5% of Denmark's gross domestic product.
- 2) The institution's lending in Denmark represents more than 5% of total lending in Denmark of Danish banks and mortgage-credit institutions.
- 3) The institution's deposits in Denmark represent more than 5% of total deposits in Denmark of Danish banks.

(3) The Minister for Industry, Business and Financial Affairs may appoint an institution mentioned in subsection (1) as a systemically important financial institution (SIFI) which significantly exceeds one or more of the indicators mentioned in subsection (2), nos. 1–3, irrespective of whether the indicators pursuant to subsection (2) have not been exceeded for two consecutive years.

(4) A systemically important financial institution (SIFI) shall be below the indicators, cf. subsection (2) for three consecutive years in order no longer to be a systemically important financial institution (SIFI), cf. however, subsection (5).

(5) Notwithstanding subsection (4), the Minister for Industry, Business and Financial Affairs may, upon request from the institution, decide that a systemically important financial institution (SIFI) is no longer systemic, if the systemically important financial institution (SIFI) is significantly below the indicators in subsection (2), nos. 1–3.

(6) The Danish FSA shall calculate the systemicness of a systemically important financial institution (SIFI) as an average of the institution's balance sheet total as a percentage of the balance sheet total of all Danish banks, mortgage-credit institutions and investment firms I, where the investment firm I is licensed to exercise the activities mentioned in Annex 4, Section A, nos. 3 and 6, the balance sheet total, the institution's lending in Denmark as a percentage of total lending in Denmark of Danish banks and mortgage-credit institutions and the institution's deposits in Denmark as a percentage of total deposits of Danish banks in Denmark. The systemicness shall be calculated in parallel with the appointment of systemically important financial institutions (SIFIs), cf. however subsection (1), and shall be calculated on the basis of the most recent financial statements.

(7) On the basis of this calculation, systemically important financial institutions (SIFIs) shall be placed in one of five categories of systemicness:

- 1) Category 1: Systemically important financial institution with systemicness below 5.
- 2) Category 2: Systemically important financial institution with systemicness of 5 and up to 15.
- 3) Category 3: Systemically important financial institution with systemicness of 15 and up to 25.
- 4) Category 4: Systemically important financial institution with systemicness of 25 and up to 35.
- 5) Category 5: Systemically important financial institution with systemicness of 35 and above.

(8) The Danish FSA shall lay down more detailed regulations for the calculation of indicators and whether the calculation shall be carried out on an individual, sub-consolidated or consolidated basis pursuant to subsection (2).

(9) The Danish FSA shall lay down more detailed regulations for the calculation of the individual factors included in the calculation of systemicness, cf. subsection (6) and whether the calculation shall be carried out on an individual, sub-consolidated or consolidated basis.

(10) The Danish FSA may lay down regulations for publication by systemically important financial institutions of the indicators, factors and systemicness of the systemically important financial institution.

309.(1) A bank, a mortgage-credit institution and an investment firm I, where the investment firm I is licensed to exercise the activities mentioned in Annex 4, Section A, nos. 3 and 6, which is appointed as a systemically important financial institution (SIFI) pursuant to section 308, shall comply with the SIFI buffer requirements, cf. section 125h, cf. section 125a(6) by no later than the end of the subsequent year.

(2) A bank, a mortgage-credit institution or an investment firm I, where the investment firm I is licensed to exercise the activities mentioned in Annex 4, Section A, nos. 3 and 6, appointed as a systemically important financial institution (SIFI) on a consolidated or sub-consolidated basis, cf. section 308, shall be subject to the

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SIFI buffer requirement, cf. section 125e, cf. section 125a(6), cf. section 125h, with the same percentage requirements at a consolidated level for the group and at an individual level for each bank and mortgage-credit institution included in the group.

(3) A systemically important financial institution (SIFI), cf. section 308, shall meet the SIFI buffer requirement following from the changes in its systemicness, cf. section 125h, cf. section 125a(6) at the end of the year in which changes have taken place in its systemicness.

(4) Subsections (1) and (3) shall apply correspondingly to the banks and mortgage-credit institutions which, pursuant to subsection (2), are subject to the same percentage SIFI buffer requirement at an individual level as applies to the appointed systemically important financial institution (SIFI) on a consolidated basis.

(5) The Minister for Industry, Business and Financial Affairs may decide that a systemically important financial institution (SIFI) appointed in accordance with section 308, subsection (1) or (3), must meet the SIFI buffer requirements, cf. section 125h, cf. section 125a(6), before the time limit specified in subsection (1).

Identification of globally systemically important financial institutions (SIFIs)

310.(1) Once a year, the Danish FSA shall appoint globally systemically important financial institutions in Denmark (G-SIFIs). A bank, a mortgage-credit institution, an investment firm I, where the investment firm I is licensed to exercise the activities mentioned in Annex 4, Section A, nos. 3 and 6, and a financial holding company covered by Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, may be appointed as a globally systemically important financial institution (G-SIFI) at a group level.

(2) The appointment of globally systemically important financial institutions (G-SIFIs) and placement into five sub-categories for globally systemically important financial institutions (G-SIFIs) shall be on 1 January 2016 at the earliest and shall be on the basis of at least one of the following indicators:

- 1) Size.
- 2) Interconnectedness with the financial system.
- 3) Substitutability of the institution's assets or the financial infrastructure provided by the institution.
- 4) Complexity.
- 5) Cross-border activities.

(3) The Minister for Industry, Business and Financial Affairs may lay down more detailed regulations regarding calculation of the indicators mentioned in subsection (2) as well as calculation of the systemicness of globally systemically important financial institutions.

Publication of identification of systemically important financial institutions (SIFIs) and globally systemically important financial institutions (G-SIFIs)

311. Once a year, the Danish FSA shall publish on its website the systemically important financial institutions (SIFIs) and globally systemically important financial institutions (G-SIFIs) appointed pursuant to sections 308 and 310 and their placement into categories and sub-categories of systemicness.

Management and organisation of the undertaking

312.(1) Sections 77c, 80a and 80b shall apply correspondingly to systemically important financial institutions (SIFIs) and globally systemically important financial institutions (G-SIFIs) whose shares have not been admitted to trading on a regulated market, and which, in the two most recent financial years at the balance sheet date, on average have 1,000 or more full-time employees.

312a.(1) A systemically important financial institution (SIFI) and a globally systemically important financial institution (G-SIFI) shall, as part of the undertaking's corporate management, cf. section 71(1), identify the institution's key function holders.

(2) A systemically important financial institution (SIFI) and a globally systemically important financial institution (G-SIFI) shall inform the Danish FSA of the employees identified as key function holders pursuant to subsection (1), including the positions they hold.

312b.(1) Postponement of variable remuneration under section 77a(1), no. 5, in regard to members of the board of directors and the board of management of a systemically important financial institution (SIFI) and a globally systemically important financial institution (G-SIFI), shall be effected over a period of at least five years starting one year after the time of calculation, distributed equally over the years or with a growing percentage at the end of the period.

(2) A substantial proportion of the postponed variable remuneration under subsection (1) for the board of directors and the board of management of a systemically important financial institution (SIFI) and a globally

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systemically important financial institution (G-SIFI) shall consist of a balance of shares, corresponding equity interests depending on the legal structure of the undertaking, share-based instruments, or in the event of an undertaking the holdings of which have not been admitted to trading on a regulated market, of corresponding instruments reflecting the credit rating of the undertaking. Banks, mortgage-credit institutions, investment firms I and investment firms licensed to execute orders and discretionary portfolio management, cf. Annex 4, Section A, nos. 2 and 4, shall, where possible and appropriate, apply the instruments regulated by Articles 52 and 63 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, or other instruments which can be converted to Common Equity Tier 1 capital instruments or written down, and which appropriately reflect the credit rating of the undertaking as an undertaking whose activity is presumed to continue. The instruments may be issued in the undertaking or its parent undertaking which fully owns the undertaking.

Limits for number of managerial positions

313.(1) A member of the board of directors of a systemically important financial institution (SIFI) and of a globally systemically important financial institution (G-SIFI) may, including the position in the relevant bank, mortgage-credit institution, investment firm I or financial holding company covered by EU Regulation no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, only occupy one of the following combinations of positions on a board of management and board of directors, cf. however, subsections (2)–(8):

- 1) One position as a member of the board of management combined with two positions as a member of the board of directors.
- 2) Four positions as a member of the board of directors.

(2) Subsection (1) shall not apply to members of the board of directors of systemically important financial institutions (SIFIs) and of globally systemically important financial institutions (G-SIFIs) if the member has been appointed to the board of directors of the relevant systemically important financial institution (SIFI) or globally systemically important financial institution (G-SIFI) by the Danish state or by a company owned by the Danish state.

(3) The following management positions shall not be included in the calculation of the number of positions on a board of management and board of directors pursuant to subsection (1):

- 1) Positions on a board of management and board of directors in undertakings and organisations which do not pursue general commercial objectives.
- 2) Positions on a board of management and board of directors in undertakings covered by section 80(5) and similar sector companies.
- 3) Positions on a board of directors in undertakings, where the member is appointed to the board of directors by the Danish state or by a company owned by the Danish state, or where the undertaking is owned by the Danish state.

(4) The following positions on a board of management and the board of directors shall be considered a single position in the calculation of the number of positions in a board of management and board of directors pursuant to subsection (1):

- 1) Positions on a board of management and board of directors in undertakings which are group companies.
- 2) Positions on a board of management and board of directors in undertakings in which the systemically important financial institution in Denmark (SIFI) or globally systemically important financial institution (G-SIFI) holds an ownership interest, cf. section 5(3).

(5) The Danish FSA may authorise a member of the board of directors to occupy one more position on a board of directors than mentioned in subsection (1), if this is deemed appropriate taking into account the other management positions of the member of the board of directors and the work associated with these.

(6) The Danish FSA may, in exceptional circumstances, where a position on a board of management or board of directors requires a very moderate workload, authorise that the relevant position not be included in the calculation of the number of positions on a board of management and board of directors pursuant to subsection (1).

(7) A member of the board of directors of an undertaking which is appointed as a systemically important financial institution (SIFI) pursuant to subsection 308(1), or a globally systemically important financial institution in Denmark (G-SIFI) pursuant to section 310(1), who, at the time of the appointment occupies more positions on a board of management or board of directors than permitted pursuant to subsection (1), may continue to occupy such positions on a board of management or board of directors until the expiry of the election period for the board position entailing that the member of the board of directors is covered by subsection (1).

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(8) Proxies for the board of directors of an undertaking which has been appointed or is being appointed as a systemically important financial institution (SIFI) pursuant to section 308(1), or a globally systemically important financial institution in Denmark (G-SIFI) pursuant to section 310(1), and who, at the time when the person in question joins the board of directors, occupy more positions on a board of management or board of directors than permitted pursuant to subsection (1), may continue to occupy such positions on a board of management or board of directors until the expiry of the election period for the relevant board position in the systemically important financial institution (SIFI) or the globally systemically important financial institution (G-SIFI).

Special regulations for key function holders in systemically important financial institutions (SIFIs) and in globally systemically important financial institutions (G-SIFIs)

313a. Section 64, subsections (1)–(5) shall apply correspondingly to employees of a systemically important financial institution (SIFI) and a globally systemically important financial institution (G-SIFI) identified as key function holders pursuant to section 312a(1).

313b.(1) A systemically important financial institution (SIFI) and a globally systemically important financial institution (G-SIFI) shall not, without the approval of the board of management, grant exposure to or receive collateral from

- 1) employees of the institution who are identified as key function holders pursuant to section 312a(1), or
- 2) undertakings where the group of persons specified in no. 1 are direct or indirect owners of a qualifying holding, or are members of the board of directors or members of the board of management.

(2) The exposures specified in subsection (1) shall be granted in accordance with the usual business terms of the institution and on terms based on market conditions. The external auditor of the institution shall make a statement in the audit book comments concerning the annual report on whether the requirements set out in the first sentence have been met.

(3) The board of management shall monitor the appropriateness and progress of the exposures mentioned in subsection (1).

(4) The provisions of subsections (1)–(3) shall also apply to exposures with persons related to employees who are identified as key function holders pursuant to section 312a(1) by marriage, cohabitation for no less than two years, kinship in the direct line of ascent or descent or as siblings, and to exposures with undertakings in which such persons are members of the board of management.

Special regulations for liquidity in systemically important financial institutions (SIFIs) and in globally systemically important financial institutions (G-SIFIs)

314. The Minister for Industry, Business and Financial Affairs may lay down regulations concerning a liquidity coverage requirement for systemically important financial institutions (SIFIs) and globally systemically important financial institutions (G-SIFIs).

315–333. (Repealed)

IXa

The Money and Pension Panel

Part 19a

The Money and Pension Panel

333a.(1) The Minister for Industry, Business and Financial Affairs shall establish the Money and Pension Panel, which shall be composed of a chairman and eight members. The chairman shall have special expertise on consumer behaviour.

(2) The Panel shall be appointed on the basis of the following nominations:

- 1) One member nominated by the Danish Bankers' Association and the Danish Securities Dealers Association.
- 2) One member nominated by the Danish Insurance Association.
- 3) One member nominated by the Council of the Danish Mortgage Banks and the Association of Mortgage-Credit Institutions jointly or independently.
- 4) One member nominated by the Danish Investment Association (IFB).
- 5) One member nominated by the Danish Confederation of Trade Unions, the Danish Confederation of Professional Associations and the Confederation of Professionals in Denmark jointly or independently.
- 6) One member nominated by the Danish Shareholders Association.
- 7) Two members nominated by the Danish Consumer Council.

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(3) The Minister for Industry, Business and Financial Affairs shall appoint the members of the Money and Pension Panel for terms of up to four years. The chairman and members of the Panel may be reappointed.

(4) A proxy shall be appointed for each member. In the absence of a member, the relevant proxy shall participate for said member.

(5) The Minister for Industry, Business and Financial Affairs shall lay down the rules of procedure of the Money and Pension Panel.

333b.(1) The objective of the Money and Pension Panel is to objectively promote consumers' interest in and knowledge of financial products and services.

(2) The Panel shall

- 1) prepare objective consumer information on financial products and services,
- 2) carry out and publish tests of financial products and services, including tests performed using anonymous data collection, and
- 3) initiate and publish surveys of consumer matters in the financial area.

(3) Secretariat assistance for the Money and Pension Panel shall be made available by the Ministry of Industry, Business and Financial Affairs.

X Savings undertakings

Part 20

Savings undertakings Licenses for savings undertakings

334.(1) An undertaking which carries out activities that consist of receiving deposits or other repayable funds from the general public either commercially or as a significant part of its operations, and placing of such funds in a manner other than through deposits with a bank, shall have a licence as a savings undertaking, if said undertaking is not

- 1) covered by section 7(1),
- 2) covered by section 8(1), or
- 3) established in accordance with special legislation, or if establishment has not been approved in accordance with special legislation.

(2) An undertaking seeking a licence under subsection (1) shall have a share capital of an amount corresponding to no less than EUR 1m.

335. Sections 13 and 14 shall apply correspondingly to savings undertakings.

336.(1) Section 15 shall apply correspondingly to savings undertakings.

(2) The provisions of the Companies Act on notification and registration, etc. shall apply correspondingly to savings undertakings that are not limited companies.

Management

337.(1) Sections 70, 71 and 75 shall apply correspondingly to savings undertakings.

(2) Section 5(1), nos. 27 and 29–31 and section 72a on outsourcing by financial undertakings shall apply correspondingly for savings undertakings.

338. The articles of association shall state the rights and obligations of depositors as well as regulations on the organisation and management, etc. of the undertaking, and regulations on the placement of funds.

Capital

339. Savings undertakings shall have equity of an amount corresponding to no less than EUR 1m.

Financial statements

340. The financial year shall be the calendar year. The first financial period may be shorter or longer than 12 months, but not longer than 18 months.

341.(1) The audited and approved annual report of the savings undertaking shall be submitted to the Danish FSA in duplicate without undue delay after final approval. The annual report shall be received by the Danish FSA no later than four months after the end of the financial year.

(2) Savings undertakings shall have at least one auditor who is a state-authorized public accountant.

(3) A copy of the audit book comments from the external auditor shall be submitted to the Danish FSA at the same time as the annual report is submitted pursuant to subsection (1). If the external auditor does not keep an audit book regarding the annual report, other comparable documentation shall be submitted.

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(4) The Danish FSA may lay down more detailed regulations for savings undertakings regarding financial statements and audit.

(5) Where digital communication is used, the requirement for submission of multiple copies of annual reports, cf. subsection (1), may be departed from.

Withdrawal of licence and cessation

342.(1) If the Danish FSA finds that, considering the interests of the depositors, it would be improper for a savings undertaking covered by this Act to continue operations, the Danish FSA may withdraw its licence.

(2) The provisions applying to withdrawal of licenses and cessation for banks shall, with the changes necessary, also apply to savings undertakings.

Miscellaneous provisions

343.(1) Sections 6, 6a and 6b, Parts 21, 22 and 23 and rules issued pursuant to these Parts shall, with the changes necessary, apply to savings undertakings.

(2) The Danish FSA shall lay down more detailed regulations regarding minimum requirements for the content of contracts for special purpose vehicles.

Xa Investment advisors

Part 20a

Investment advisors Scope

343a.(1) Undertakings which provide investment advice, cf. section 343b, shall have a licence as investment advisor.

(2) The provision in subsection (1) shall not apply to the following:

- 1) Financial undertakings, cf. section 5(1), no. 1.
- 2) Collective investment schemes granted a licence under the Investment Associations, etc. Act or the Alternative Investment Fund Managers etc. Act and investment undertakings and pension funds, irrespective of whether or not they are coordinated at EU level, depositaries and the managers of such institutions.
- 3) Advice provided for a parent undertaking, subsidiary undertaking or one of the subsidiary companies of the parent undertaking (fellow subsidiary).
- 4) Advice which is only provided occasionally in connection with commercial activities, if these other activities are regulated by law or other provisions on professional ethics and these provisions do not preclude provision of advice.
- 5) Advice which solely relates to employee schemes.
- 6) Advice which is not remunerated separately.
- 7) The administrative company of a joint administrative cooperation with regard to insurance.

(3) Investment advice pursuant to subsection (1) may be provided by limited companies, partner companies, limited liability companies, limited partnerships, partnerships and sole proprietorships.

343b. Investment advice shall mean personal recommendations to a client either on request or at the own initiative of the investment advisor for one or more transactions linked to financial instruments, cf. Annex 4, Section A, no. 5.

Licence

343c.(1) The Danish FSA shall grant a licence to provide investment advice when

- 1) members of the board of directors and board of management of the undertaking fulfil the requirements of section 64,
- 2) the undertaking has taken out indemnity insurance which covers the whole Union, or some other similar guarantee for claims for compensation arising from negligence, with cover of no less than EUR 1m for each claim, however no less than EUR 1.5m in total per year for all claims,
- 3) the procedures and administrative conditions of the undertaking are appropriate,
- 4) the undertaking has its head office and registered office in Denmark,
- 5) the owners of qualifying holdings fulfil the requirements of sections 61–62, and
- 6) the conditions of section 14(1), nos. 5 and 6 are met.

(2) An application for a licence pursuant to subsection (1) shall contain

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- 1) all the information necessary for assessment by the Danish FSA of whether the conditions of subsection (1) have been met,
- 2) information on in which Member States within the European Union or countries with which the Union has entered into an agreement for the financial area the undertaking intends to carry out activity, and
- 3) information on the size of the qualifying holdings and the organisation of the undertaking.

(3) Section 14(3) shall apply correspondingly.

(4) When the Danish FSA has granted a licence pursuant to subsection (1), the Danish Business Authority shall make the necessary registrations.

(5) The Danish FSA may lay down more detailed regulations regarding the indemnity insurance mentioned in subsection (1), no. 2.

343d.(1) Investment advisors may provide investment advice and activities ancillary to this, cf. Annex 4, Section B, no. 3, first limb.

(2) Investment advisors may also provide advisory services on financial products to consumers pursuant to the Act on Financial Advisors and Housing Credit Intermediaries (lov om finansielle rådgivere og boligkreditformidlere).

Foreign investment advisors

343e. Section 30(1), (4) and (10) and section 31(1) shall apply correspondingly for investment advisors from another Member State within the European Union or from a country with which the Union has entered into an agreement for the financial area.

Danish investment advisors abroad

343f.(1) Section 38(1), nos. 1–4, (2), (4), (5) and (6), and section 39(1) and (2) shall apply correspondingly for investment advisors in Denmark who wish to provide investment advice in another Member State of the European Union or in a country with which the Union has entered into an agreement for the financial area.

(2) At the same time as forwarding the information pursuant to section 38(2), the Danish FSA shall provide information that the investment advisor is not covered by a guarantee scheme in Denmark and the reason for this.

(3) An investment advisor shall notify the Danish FSA and the host country of each change in the conditions mentioned in section 39(1) and (2) no less than one month before the change is implemented. If it proves impossible to notify the Danish FSA of the change no later than one month before the change is implemented, notification shall take place without delay.

Good practice

343g. Section 43(1), (2) and (4) shall apply correspondingly to investment advisors.

Management and ownership

343h. Sections 61–63 shall apply correspondingly for investment advisors.

343i.(1) Section 64(1)–(5) shall apply correspondingly for investment advisors.

(2) Subsection (1) applies correspondingly when provision of investment advice is not operated in the form of a limited company.

343j. An investment advisor shall organise and arrange activities in such a way as to ensure that the risk of conflicts of interest between the advisor and the client is mitigated as far as possible.

Withdrawal of licenses

343k.(1) Section 223 and section 224(1), nos. 1, 3 and 4 shall apply correspondingly for investment advisors.

(2) The Danish FSA shall withdraw the licence if indemnity insurance is no longer taken out, cf. section 343c(1), no. 2.

343l.(1) The licence of an investment advisor shall lapse when the investment advisor is declared bankrupt or the investment undertaking ceases in some other way.

(2) If provision of investment advice is operated as a sole proprietorship, the licence shall lapse on the death of the investment advisor.

Supervision

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343m.(1) Parts 21 and 23 and rules issued pursuant to these Parts shall, with the changes necessary, apply correspondingly to investment advisors.

(2) The Governing Board of the Danish FSA shall take part in supervision pursuant to subsection (1) with the authority conferred on the Council pursuant to section 345(7).

(3) Sections 6, 6a and 6b on digital communication shall apply correspondingly to investment advisors.

343n.(1) Undertakings which provide investment advice shall, once a year, submit a declaration that the undertaking fulfils with the conditions for a licence according to section 343c.

(2) The declaration dealt with in subsection (1) shall be signed by the board of directors and board of management of the company. If the undertaking is not operated in the form of a company, the declaration shall be signed by the day-to-day management.

Xb Credit rating agencies

Part 20b

Credit rating agencies

343o. In this Act, a “credit rating agency” shall mean a credit rating agency as defined in Article 3 of the Regulation of the European Parliament and of the Council on credit rating agencies.

343p. The Danish FSA shall perform the supervisory tasks which the European Securities and Markets Authority delegates to the Danish FSA pursuant to the Regulation of the European Parliament and of the Council on credit rating agencies. Moreover, the Danish FSA shall, upon request, assist the European Securities and Markets Authority in performing its tasks in connection with investigations of credit rating agencies and on-the-spot checks.

Xc

Shared data centres

Shared data centres Part 20c

Shared data centres

343q.(1) For the purposes of this Act, “shared data centres” shall mean undertakings whose most important activities include IT operation or development for several financial undertakings, financial holding companies, insurance holding companies or subsidiary undertakings of such undertakings and which are primarily owned by

- 1) one or more financial undertakings, financial holding companies, insurance holding companies or subsidiary undertakings of such undertakings jointly, or
- 2) one or more associations whose members are primarily financial undertakings, financial holding companies, insurance holding companies or subsidiary undertakings of such undertakings.

(2) The regulations for shared data centres in this Act shall also extend to data centres performing important IT operations and IT development for the joint payment infrastructure.

(3) In exceptional circumstances, the Danish FSA may grant exemptions from subsections (1) and (2) if special reasons apply. Exemptions shall be limited in time but may be renewed.

343r.(1) The regulations on adequate IT control and security measures in the IT field issued in pursuance of section 71(2) of this Act shall apply correspondingly to shared data centres.

(2) The regulations on outsourcing issued in pursuance of section 72a shall apply correspondingly to shared data centres if the shared data centres outsource important IT tasks performed for undertakings covered by section 5(1) of the Act.

(3) Sections 6, 6a and 6b on digital communication shall apply correspondingly to shared data centres.

(4) Parts 21 and 23 and rules issued pursuant to these Parts shall, with the changes necessary, apply correspondingly to shared data centres.

Xd

The Systemic Risk Council

Part 20d

This text is to be regarded as an unofficial translation based on the latest official Consolidating Act no. 174 of 31 January 2017. Only the Danish document has legal validity.

The Systemic Risk Council

343s.(1) The Danish Minister for Industry, Business and Financial Affairs shall establish a Systemic Risk Council consisting of ten members. This Council shall be composed as follows:

- 1) Two members shall be nominated by Danmarks Nationalbank (Central Bank of Denmark), of whom one shall be the chairman of the board of management of Danmarks Nationalbank. The chairman of the board of management of Danmarks Nationalbank (Central Bank of Denmark) shall undertake chairmanship of the council.
- 2) Two members shall be nominated by the Danish FSA.
- 3) One member shall be nominated by each of the Ministry of Industry, Business and Financial Affairs, the Ministry of Finance and the Ministry of Economic Affairs and the Interior.
- 4) Three members shall be nominated by the Ministry of Industry, Business and Financial Affairs after consultation with Danmarks Nationalbank. The members shall be independent experts possessing knowledge about financial affairs.

(2) The Minister for Industry, Business and Financial Affairs shall appoint members of the Systemic Risk Council as well as proxies. The members shall be appointed for a period of up to four years at a time and may be reappointed.

(3) The Systemic Risk Council is an advisory council commissioned to

- 1) identify and monitor systemic financial risks in Denmark,
- 2) make statements through observations on systemic financial risks,
- 3) issue warnings about the development of systemic financial risks,
- 4) recommend initiatives for the financial area, which may reduce or prevent the development of systemic financial risks, and
- 5) be consulted on warnings and recommendations from the European Systemic Risk Board (ESRB).

(4) Generally, warnings and recommendations from the Systemic Risk Council issued pursuant to subsection (3), nos. 3 and 4 will be directed towards the Danish FSA, and towards the Government, if they concern legislation.

(5) The Systemic Risk Council shall decide to issue observations, warnings and recommendations by a simple majority of votes. In the event of a parity of votes, the chair has the casting vote. Representatives from the Ministry of Industry, Business and Financial Affairs, the Ministry of Finance, the Ministry of Economic Affairs and the Interior, and the Danish FSA shall not have voting rights in relation to observations, warnings and recommendations directed towards the Government. If the council issues observations, warnings and recommendations directed towards the government, such observations, warnings and recommendations shall include a statement by the representatives of these ministries.

(6) Observations, warnings and recommendations issued pursuant to subsection (3), nos. 2–4 shall be made public. However, on the grounds of e.g. financial stability, the Systemic Risk Council may decide that the situation calls for a confidential warning or recommendation which is not to be made public.

(7) The Danish FSA, relevant ministries and Danmarks Nationalbank (Central Bank of Denmark) shall be obligated to supply relevant information, including information regarding certain institutions, etc., as well as to supply relevant documents, etc. at the request of the council, if the council deems such information necessary in order for the council to fulfil its duties. At the request of the council, Danmarks Nationalbank may pass on confidential statistical information collected by Danmarks Nationalbank pursuant to section 14a(1) and (2) of the Danmarks Nationalbank Act, including information regarding individuals, where it is possible directly or indirectly to identify individuals or enterprises, if the council deems such information to be necessary in order for the council to fulfil its duties.

(8) Danmarks Nationalbank is secretariat for the Systemic Risk Council. The Ministry of Industry, Business and Financial Affairs, the Ministry of Finance, the Ministry of Economic Affairs and the Interior, and the Danish FSA shall participate in the secretariat.

(9) The Minister for Industry, Business and Financial Affairs shall lay down rules of procedure for the Systemic Risk Council on recommendation by the council.

Xe

Setting referenced interest rates

Part 20e

Setting referenced interest rates

This text is to be regarded as an unofficial translation based on the latest official Consolidating Act no. 174 of 31 January 2017. Only the Danish document has legal validity.

343t.(1) On setting referenced interest rates, the quoters shall ensure that the framework for setting the rates is adequate for the credit institutions and their clients.

(2) "Quoters of referenced interest rates" shall mean credit institutions which, through reports, contribute to setting referenced interest rates.

(3) The Danish FSA shall supervise that the frameworks for setting referenced interest rates are adequate, cf. subsection (1), including that the quoters have sufficient guidelines and checks, etc.

(4) The Danish FSA may lay down more detailed regulations regarding the supervision mentioned in subsection (3), including requirements for documentation, preparation of guidelines, implementation of checks, and external auditing, etc.

Supervision

343u. The Danish FSA may collect information pursuant to section 347(1)–(4) on setting referenced interest rates for use by the Financial System of Central Banks, the European Banking Authority, the European Systemic Risk Board, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority as well as bodies established by these authorities, provided that recipients of information need said information to perform their duties.

Xf

CO2 allowance bidders

Part 20f

CO2 allowance bidders

Scope

343v.(1) Undertakings which bid directly at auctions for greenhouse gas emission allowances on their own account, or for clients within the main activity of such undertakings shall be licensed by the Danish FSA, cf. section 343x(1), as CO2 allowance bidders.

(2) Subsection (1) shall not apply to:

- 1) Banks licensed pursuant to section 9(1), cf. section 7(2).
- 2) Investment firms licensed as securities dealers pursuant to section 9(1), first sentence.

(3) A licence pursuant to subsection (1) may only be granted to undertakings which trade on their own account with financial instruments or provide investment services with commodity derivatives or derivative agreements, cf. Annex 5, no. 10, to clients within the main activity of the undertakings where such activity is an ancillary activity for the main activity of the undertaking at group level and where such main activity is not an investment service or undertaking such as bank or mortgage-credit institution pursuant to this Act.

(4) The activity pursuant to subsection (1) may only be provided by limited companies, partner companies, limited liability companies, limited partnerships, partnerships and sole proprietorships.

Licence

343x.(1) The Danish FSA shall grant a licence to an undertaking for bidding at auctions on greenhouse gas emission allowances if the undertaking

- 1) is of sufficiently good repute and is sufficiently experienced to ensure compliance with the rules of conduct laid down in Article 59(2) and (3) of Commission Regulation no. 1031/2010 of 12 November 2010 (the CO2 Auctioning Regulation),
- 2) has introduced processes and control procedures which manage conflicts of interest and protect the interests of its clients as best as possible,
- 3) complies with the requirements laid down in the Act on Measures to Prevent Money Laundering and Financing of Terrorism as well as regulations issued pursuant to this Act and
- 4) complies with any other measures deemed necessary having regard to the nature of the bidding services being offered, the clients' investor or trading profile and risk-based assessments of the likelihood of money laundering, terrorist financing and criminal activity.

(2) An application for a licence under subsection (1) shall contain all information necessary for assessment by the Danish FSA of whether the conditions in subsection (1) have been met.

(3) Section 14(3) shall apply correspondingly to CO2 allowance bidders.

Withdrawal of licenses

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343y. Section 223 and section 224(1), nos. 1, 3 and 4 shall apply correspondingly to CO2 allowance bidders. If a CO2 allowance bidder wilfully or repeatedly violates Article 59(2) and (3) of Commission Regulation no. 1031/2010 of 12 November 2010 (the CO2 Auctioning Regulation) the Danish FSA may also withdraw the licence of the CO2 allowance bidder.

343z.(1) The licence as a CO2 allowance bidder shall lapse when the bidder is declared bankrupt or ceases trade in some other way.

(2) If the undertaking licensed as a CO2 allowance bidder is a sole trader the licence shall lapse on the death of the owner.

Supervision

343æ. Parts 21 and 23 and rules issued pursuant to these Parts shall, with the changes necessary, apply correspondingly to CO2 allowance bidders.

Xg

ISPVs (Insurance Special Purpose Vehicles)

Part 20g

ISPVs

343ø. Legal persons carrying out activities as ISPVs, cf. section 5(1), no. 47, shall be licensed as an ISPV.

(2) The Danish FSA may lay down rules on ISPVs, including on the possibility of withdrawing the licence to carry out activities as an ISPV.

XI

Supervision and fees

Part 21

Supervision, etc.

General regulations regarding supervision

344.(1) The Danish FSA shall supervise compliance with Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, regulations and rules issued pursuant to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, regulations issued pursuant to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), regulations issued pursuant to Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms and this Act and the regulations issued pursuant to this Act, with the exception of section 75b and section 77, subsections (1) and (2). The Danish Business Authority shall, however, supervise compliance with section 15, subsections (1), (2) and (4) and sections 83, 87, 91 and 112. The Danish FSA shall supervise that the regulations regarding financial information in annual reports and interim financial reports laid down pursuant to sections 183–193 and in regulations issued pursuant to section 196 are observed by financial undertakings which have issued securities admitted to trading on a regulated market, cf. section 83, subsections (2) and (3), and section 83b of the Securities Trading, etc. Act. In regard to undertakings subject to supervision by the Danish FSA, the Danish FSA is furthermore responsible for supervision under section 32(3), no. 1, cf. section 32(6), of the Approved Auditors and Audit Firms Act.

(2) The Danish FSA shall organise its routine supervisory activities with a view to promoting financial stability and confidence in financial undertakings and markets, and, for the insurance industry, to protecting the interests of policyholders. In its supervisory activities the Danish FSA shall examine in particular the viability of the business model of the individual financial undertaking. The supervisory activities must be organised on the basis of considerations of materiality, with supervisory action being proportional to the potential risks or harmful effects. Each year, the Danish FSA shall review the solvency need of banks and mortgage-credit institutions which have a working capital of more than DKK 250m. The consideration of materiality means that the Danish FSA shall carry out an intensified supervision of systemically important financial institutions (SIFIs) and globally systemically important financial institutions (G-SIFIs). The executive management of the Danish FSA shall be responsible for the organisation of supervisory activities.

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(3) In its organisation of supervisory activities, the Danish FSA shall consider the potential consequences for the financial stability in other Member States of the European Union or a country with which the Union has entered into an agreement for the financial area. This shall apply in particular in connection with crisis situations. With regard to branches in Denmark of foreign undertakings which have been granted a licence to carry out the activities mentioned in sections 7–11 in a Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, the Danish FSA shall monitor the branches and assist the competent supervisory authorities in supervision of the branches. For important branches and subsidiary companies of foreign undertakings which have been granted a licence to carry out the activities mentioned in sections 7–11 in a country within the European Union or in a Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, the Danish FSA shall participate in any cooperation fora regarding supervision of the overall group.

(4) The Danish FSA may enter into agreements on carrying out certain types of tasks, possibly in return for a payment, for public authorities, government institutions, etc. if the Danish FSA judges that the performance of the task may contribute to ensuring financial stability.

(5) The Danish FSA may, in exceptional circumstances, utilise external assistance.

(6) If the Danish FSA judges that a bank, a mortgage-credit institution or an investment firm I is not complying with or probably not complying with the requirements of this Act or Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms in order to maintain its licence, the Danish FSA may lead discussions with interested parties and stakeholders with a view to finding a solution to the undertaking's situation.

(7) The Danish FSA shall inform Finansiel Stabilitet, if the Danish FSA judges that there is a risk that a bank, a mortgage-credit institution or an investment firm I will fail or is likely to fail, and the Danish FSA reaches a decision under section 224a(3) or section 225(1), and there is no prospect of achieving a solution to the undertaking's situation in accordance with subsection (6).

(8) The Danish FSA shall inform the Minister for Industry, Business and Financial Affairs, when the Danish FSA reaches a decision under section 224a(3) in regard to a bank, a mortgage-credit institution, an investment firm I or a group to the effect that the undertaking or the group will fail or is likely to fail, if the decision could have an impact on the real economy or financial stability.

(9) The Minister for Industry, Business and Financial Affairs may lay down rules regarding the Danish FSA's obligations in regard to cooperation with other competent authorities and resolution authorities in Member States of the European Union, or in countries with which the Union has reached an agreement for the financial area, including requirements for Colleges of Supervisors and resolution colleges.

(10) The Danish Minister for Industry, Business and Financial Affairs may lay down more detailed regulations on the procedures of the Danish FSA in accordance with the provisions laid down in European Union law.

(11) The Danish FSA may in certain cases, where a parent undertaking of a group is a financial holding company, an insurance holding company or a financial undertaking, deviate from provisions for groups laid down in this Act or in regulations issued pursuant to this Act taking into account the purpose of the relevant provisions and the activities of the group.

(12) The Minister for Industry, Business and Financial Affairs may lay down more detailed regulations regarding coordination of supervisory practices.

344a.(1) If the Danish FSA establishes, or has grounds for assuming, that a foreign credit institution which has a branch or provides services in Denmark, and for which Denmark is the host country, does not comply with the rules implementing Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms or Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, the Danish FSA shall inform the competent authorities in the home country with the aim of clarifying whether the rules are being breached.

(2) In particularly urgent cases, the Danish FSA may take the steps necessary in order to protect the collective interests of the depositors, investors and clients from financial instability, which could be a serious threat to such collective interests. The steps taken shall be reasonably proportionate to their objective of protecting the collective interests of the depositors, investors and clients in Denmark from financial instability, and shall cease as soon as the competent authorities in the home country have taken appropriate steps in regard to the credit institution.

344b. If a bank, a mortgage-credit institution or an investment firm I within the following 12 months is likely to violate the requirements laid down in this Act or regulations issued pursuant to this Act or Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for

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credit institutions and investment firms, the Danish FSA may order the bank, mortgage-credit institution or investment firm I to take the necessary measures within a time limit set by the Danish FSA.

344c.(1) The Danish FSA shall ensure that a bank, a mortgage-credit institution or an investment firm I meets the requirements for using internal methods for calculation of risk-weighted exposures or own funds requirements pursuant to the third part of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

(2) If the undertaking is no longer meeting the requirements to use an internal method, cf. subsection (1), the Danish FSA shall withdraw or restrict the licence to use the internal method or order the undertaking to improve its internal method. The Danish FSA may also order the undertaking to make an addition to its own funds requirement or other measures to restrict the consequences of failure to meet the requirements to use an internal method.

(3) If for an internal market risk model, numerous overshootings referred to in Article 366 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms indicate that the model is not or is no longer sufficiently accurate, the Danish FSA shall withdraw the licence for using the model or impose appropriate measures to ensure that the model is improved promptly.

344d.(1) The Danish FSA shall perform the tasks laid down in Parts 17 and 17a, including in regard to resolution planning, with appropriate operational independence from the Danish FSA's supervision of banks, mortgage-credit institutions and investment firms I.

(2) The Director General of the Danish FSA shall organise the tasks mentioned in subsection (1). The Governing Board of the Danish FSA shall approve the organisation of the tasks.

345.(1) The Minister for Industry, Business and Financial Affairs shall appoint a Governing Board and a Director General for the Danish FSA. Said Director General shall be appointed after consulting the Governing Board.

345.(1) The Minister for Industry, Business and Financial Affairs shall appoint a Governing Board and a Director General for the Danish FSA. Said Director General shall be appointed after consulting the Governing Board.

(2) The Governing Board shall comprise seven members who together shall have legal, economic and financial insight. The Governing Board shall be composed of

- 1) three members holding legal, economic and financial competences,
- 2) two members with a managerial background from the financial sector,
- 3) one member with a managerial background from the rest of the business community and
- 4) one member from Danmarks Nationalbank (Central Bank of Denmark).

(3) The Minister for Industry, Business and Financial Affairs shall appoint one chairman and one vice-chairman for the Governing Board from among its members.

(4) The Minister for Industry, Business and Financial Affairs shall appoint one observer from the Ministry of Industry, Business and Financial Affairs for the Governing Board.

(5) The Minister for Industry, Business and Financial Affairs shall appoint members of the Governing Board and the observer for periods of up to two years at a time. The members and the observer may be reappointed.

(6) The members of the Governing Board and the observer may not be employed with, or members of the board of directors of financial undertakings, cf. section 5(1), no. 1 in undertakings which are part of a group of financial undertakings, or in undertakings with qualified ownership shares, cf. section 5(3) in financial undertakings.

(7) The Governing Board

- 1) shall approve the organisation of supervisory activities,
- 2) shall set strategic goals for the supervisory activities of the Danish FSA and for activities pursuant to Parts 17 and 17a,
- 3) shall approve the annual report for the Danish FSA,
- 4) shall make decisions on reactions in matters of a principle nature and in supervisory matters with far-reaching, significant consequences,
- 5) shall make decisions in cases on orders according to section 347b(1),
- 6) shall make decisions on turning over cases covered by no. 4 to police investigation,
- 7) shall approve regulations and guidelines for issuance by the Danish FSA, and
- 8) shall assist the Danish FSA in handling cases pursuant to Parts 17 and 17a that are not covered by no. 2.

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(8) The Governing Board shall set up a panel of experts which together possess competences within the financial area, including banks, mortgage-credit institutions, insurance companies and pension companies, investment holding companies, consumer matters, capital market matters, securities trading and accounting matters. The Governing Board may request assistance from this panel of experts, as appropriate, in connection with processing of specific supervisory matters.

(9) The Consumer Ombudsman may be summoned as part of the Governing Board's processing of supervisory matters regarding honest business principles, good practice and price information. In cases covered by the first sentence, the Consumer Ombudsman shall have the same authority as the members of the Governing Board.

(10) In the cases mentioned in subsection (7), nos. 4–6 the party shall be entitled to an interview with the Governing Board. The first sentence may be derogated from in cases of extreme urgency, subject to the decision of the chairman. In addition, the right to an interview shall lapse if issues relating to investigations make this inadvisable.

(11) Section 354(1) shall apply to members of the Governing Board, the observer, members of the panel of experts and the Consumer Ombudsman.

(12) The Governing Board shall make its decisions subject to a simple majority of votes. In the event of a parity of votes, the chair has the casting vote.

(13) The Governing Board shall lay down its own rules of procedure, including regulations on an interview with the Governing Board, cf. subsection (10) and on the panel of experts, cf. subsection (8). The rules of procedure shall be approved by the Minister for Industry, Business and Financial Affairs.

(14) The Governing Board may, on instruction, delegate its capacity under subsection (7), nos. 4, 6 and 8, to the executive management of the Danish FSA.

(15) The Government of the Faroe Islands and the Greenland Self Government shall each appoint one special expert who may participate in the meetings of the Governing Board, without voting rights, subject to a decision by the chairman.

345a. The Minister for Industry, Business and Financial Affairs shall approve rates for fees, deposits and regular charges for administration and reserve fund-building, etc. for loans financed by mortgage-credit bonds, covered mortgage-credit bonds or covered bonds and to which state subsidies are provided, except for loans within the agricultural area.

346.(1) The Danish FSA shall examine the circumstances of financial undertakings, financial holding companies and insurance holding undertakings, including reviews of regular reports and on-site inspections of individual undertakings. The Danish FSA may also make inspection visits to savings undertakings.

(2) Following an on-site inspection of a financial undertaking, a financial holding company or an insurance holding company, a meeting shall be held, including as participants the undertaking's board of directors, board of management, the responsible actuary, the external auditor and the chief internal auditor, unless such on-site inspection exclusively concerns clearly demarcated areas of activity within said undertaking. At said meeting, the Danish FSA shall announce its conclusions regarding the on-site inspection.

(3) Following an inspection visit, significant conclusions shall be submitted in the form of a written report to the undertaking's board of directors, board of management, the responsible actuary, the external auditor and the chief internal auditor.

(4) The supervisory authorities of another Member State of the European Union or a country with which the Union has entered into an agreement for the financial area may, after prior notification to the Danish FSA, carry out on-site inspections of branches located in Denmark of foreign financial undertakings which have their registered office in the relevant country. Furthermore, the Danish FSA may carry out on-site inspections of the branches of foreign credit institutions or investment firms located in Denmark. As regards insurance companies, the Danish FSA shall participate in the on-site inspection mentioned in the first sentence, or may, in exceptional circumstances and at the request of the supervisory authority of the home country of the branch, carry out the on-site inspection of the branch alone. As regards investment firms and management companies, the Danish FSA may carry out the on-site inspection mentioned in the first sentence at the request of the supervisory authority of the home country of the branch.

(5) The supervisory authorities of another Member State of the European Union or a country with which the Union has entered into an agreement for the financial area may, with the authorisation of the Danish FSA, verify information provided by the financial holding companies, insurance holding companies, financial undertakings, finance institutions or undertakings carrying out ancillary financial business, which are situated in Denmark and subject to supplementary supervision by the relevant supervisory authority under provisions laid down in directives within the financial area.

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346a. The Danish FSA may cooperate with other Danish authorities to ensure compliance with this Act and with regulations issued pursuant to this Act concerning the investment management companies' management of Danish UCITS and UCITS with registered office in other Member States of the European Union or in countries with which the Union has entered into an agreement for the financial area, as well as the depositary function for the mentioned UCITS. The Danish FSA may delegate tasks to other Danish authorities, as well as bodies or persons.

346b. The Danish FSA may request the competent authorities in other Member States of the European Union or in countries with which the Union has entered into an agreement for the financial area to help supervise compliance with this Act and the regulations issued pursuant to this Act concerning management of investment management companies of UCITS with registered office in other Member States of the European Union or in countries with which the Union has entered into an agreement for the financial area through supervision activities, on-the-spot checks or on-site inspections in the territory of another Member State.

346c.(1) The Danish FSA shall cooperate with the competent authorities in other countries within the European Union or in countries with which the Union has entered into an agreement for the financial area on contributing to supervision activities, on-the-spot checks or on-site inspections in Denmark with regard to investment management companies managing UCITS subject to supervision in another country within the European Union or countries with which the Union has entered into an agreement for the financial area, or a UCITS that is subject to Danish supervision but which operates in other Member States.

(2) If a competent authority in another EU Member State, or in a country with which the Union has entered into an agreement for the financial area, asks the Danish FSA to assist in verification or investigation of a foreign UCITS that is subject to supervision by the competent authority concerned, cf. subsection (1), but which is managed by a Danish investment management company or a Danish UCITS, cf. subsection (1), the Danish FSA may

- 1) carry out the verification or investigation itself,
- 2) allow the requesting authority to carry out the verification or investigation, or
- 3) allow an auditor or other expert to carry out the verification or investigation.

(3) If a Danish investment management company opposes the investigation made by a competent foreign authority, cf. subsection (2), the investigation may only be carried out with the help of the Danish FSA.

(4) The Danish FSA may lay down more detailed regulations regarding cooperation with the competent authorities in other countries within the European Union and in countries with which the Union has entered into an agreement for the financial area.

347.(1) The financial undertakings, financial holding companies, insurance holding companies, mixed-activity holding companies, suppliers and sub-suppliers shall provide the Danish FSA with the information necessary for the Danish FSA's performance of duties. In accordance with the provisions laid down in directives, this shall apply correspondingly to foreign credit institutions, management companies and investment firms that carry out activities in Denmark through establishing branches or through offering financial services.

(2) The Danish FSA may at all times, on proof of identity and without a court order, gain access to a financial undertaking and its branches, a financial holding company, an insurance holding company or a shared data centre with a view to obtaining information, including during on-site inspections.

(3) To the extent required to assess the financial position of a financial undertaking, a financial holding company or an insurance holding company, the Danish FSA shall be entitled to obtain information and at any time, on proof of identity and without a court order, have access to the undertakings with which said financial undertaking, financial holding company or insurance holding company has specific direct or indirect links.

(4) The Danish FSA may ask for any information, including financial statements, accounting records, printouts of books, other business records, and electronically stored data deemed necessary for the activities of the Danish FSA or for deciding whether a natural or legal person is covered by the provisions of this Act.

(5) The Danish FSA may, at any time, on presentation of appropriate identification, and without a court order, be entitled to access to a supplier or a sub-supplier with a view to gathering information about the outsourced activity.

(6) The Danish FSA may collect information pursuant to subsections (1)–(4) for use by the authorities and bodies mentioned in section 354(6), nos. 23–34.

(7) In cases where a group has a foreign subsidiary company which is a credit institution or an investment firm and this subsidiary company is not included in a consolidated supervision pursuant to Article 19 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, the competent authority in the Member State of the European Union or in a country with which the Union has entered into an agreement for the financial area, in

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which the credit institution or investment firm is located, may request a bank, a mortgage-credit institution, an investment firm I, a financial holding company or a mixed financial holding company, as defined in Article 4(1), nos. 20 and 21 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, which is a parent undertaking for the credit institution or investment firm, to present information which may facilitate supervision by the competent authority of that credit institution or investment firm.

347a. The Minister for Industry, Business and Financial Affairs may lay down more detailed regulations regarding the duty of financial undertakings, financial holding companies and insurance holding companies to make public information about the Danish FSA's assessment of the undertaking, and whether the Danish FSA has had the opportunity to publish this information before the undertaking.

347b.(1) The Danish FSA may order a financial undertaking, a financial holding company or an insurance holding company to arrange for and pay the costs of holding an impartial investigation of one or more aspects of the financial undertaking, the financial holding company, the insurance holding company or the shared data centre, if the Danish FSA deems that this is significant for supervision of the undertaking and this is not a routine investigation for the Danish FSA. The results of the impartial investigation shall be given in a written report which shall be available within a time limit set by the Danish FSA. The Danish FSA may decide that the experts, cf. subsections (2)–(6), are to carry out regular reporting to the Danish FSA about matters in connection with the investigation.

(2) The impartial investigation shall be carried out by one or more experts. The financial undertaking, the financial holding company, the insurance holding company or the shared data centre shall appoint the experts within a time limit set by the Danish FSA. The proposed experts shall be subject to approval by the Danish FSA.

(3) The financial undertaking, the financial holding company, the insurance holding company or the shared data centre shall provide the expert with such information as is necessary for the performance of the impartial investigation.

(4) The experts shall submit a copy of the written report of the investigation to the Danish FSA by no later than at the time the report is submitted to the financial undertaking, financial holding company, insurance holding company or shared data centre.

(5) The experts shall immediately provide the Danish FSA with information about conditions they observe during the impartial investigation, if the information is of significant importance to the undertaking's risk profile or business model and may result in a not insignificant risk that these conditions could develop such that the undertaking will lose its licence.

(6) If, because of his special situation, the expert cannot disclose the information under subsections (4) and (5) to the Danish FSA, notification of the Danish FSA may be effected by others than the expert, including by the financial undertaking, financial holding company, insurance holding company or shared data centre.

347c. The Danish FSA may set further disclosure requirements for banks, mortgage-credit institutions and investment firms I.

348.(1) The Consumer Ombudsman may institute legal proceedings regarding actions contrary to honest business principles and good practice, cf. section 43(1) and (2), including proceedings on prohibitions and orders, compensation, and claims for repayment of illegally demanded amounts. Furthermore, the Consumer Ombudsman may consider cases concerning violation of provisions subject to penalty in regulations issued pursuant to section 43(3) of this Act. Section 20, section 22(2), section 23(1), section 27(1) and section 28 of the Marketing Practices Act shall apply correspondingly to legal proceedings the Consumer Ombudsman wishes to institute pursuant to this provision. The Consumer Ombudsman may be appointed as group representative in group actions, cf. Part 23a of the Administration of Justice Act.

(2) The Danish FSA may order that matters which are contrary to sections 43, 57 and 72 be rectified. In connection with this, the Danish FSA may carry out inspection visits of branch offices of management companies and investment firms.

348a.(1) The Danish FSA shall notify the Consumer Ombudsman if it comes to the attention of the Danish FSA that a client of an undertaking may have suffered a loss as a consequence of the undertaking having violated section 43(1) or provisions issued in pursuance of section 43(2).

(2) Notwithstanding section 354, the Consumer Ombudsman shall have access to all the information in Danish FSA cases covered by subsection (1).

349.(1) The Danish FSA may order the management of a financial undertaking to prepare an account of the financial circumstances and future prospects of the undertaking. The board of directors, board of management,

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the responsible actuary, the external auditor and the chief internal auditor of such an undertaking shall confirm that they have been made aware of the contents of the order issued by the Danish FSA by signing said order.

(2) The statement shall

- 1) include a statement made by the external auditor of the undertaking, unless the account has been prepared by said auditor in its entirety,
- 2) be submitted for the approval by the board of directors of the undertaking, and
- 3) be submitted, in the form of a copy, to the Danish FSA.

350.(1) The Danish FSA may require a financial undertaking to take the measures necessary within a time limit specified by the Danish FSA, if

- 1) the financial position of the undertaking has deteriorated to such a degree that the interests of the depositors, the insured parties, the bond owners, the Danish UCITS or other investors are exposed to danger, or
- 2) there is a not insignificant risk that, because of internal or external conditions, the financial position of the undertaking will develop so that the undertaking loses its licence.

(2) Where the measures ordered have not been taken within the time limit specified, the Danish FSA may withdraw the undertaking's licence.

(3) Sections 248–252 shall also apply to insurance companies.

(4) Subsections (1) and (2) shall apply correspondingly to a group of companies where the parent undertaking is a financial holding company, an insurance holding company or a financial undertaking, if there is a significant risk that the financial position of the group will develop in such a way that the group will not comply with the capital requirement for the group.

350a.(1) The Minister for Industry, Business and Financial Affairs shall be empowered to set stricter national measures within the frameworks of Article 458(2)(d), points i-vii of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms if changes occur in the intensity of macroprudential or systemic risk in the financial system with the potential to have serious negative consequences for the financial system and the real economy.

(2) In connection with national measures instigated by the Minister for Industry, Business and Financial Affairs implemented pursuant to subsection (1), the Minister for Industry, Business and Financial Affairs shall implement the notification and approval procedure following from Article 458(3)–(9) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, cf. however, subsection (3).

(3) Notwithstanding the procedure in Article 458(3)–(9) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, the Minister for Industry, Business and Financial Affairs may

- 1) increase risk-weights by up to 25% for exposures pertaining to Article 458(2)(d), points vi and vii of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and
- 2) reduce the limit by up to 15% for large exposures covered by Article 395 of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

(4) The measures implemented by the Minister for Industry, Business and Financial Affairs pursuant to subsections (1) and (3) may apply for a period of up to two years, or until the macroprudential or systemic risk ceases to exist depending on what occurs sooner, provided that the conditions and notification requirements in Article 458(2) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms are met. The Minister for Industry, Business and Financial Affairs may extend the use of national measures implemented pursuant to subsection (2) by up to one year at a time, cf. Article 458(9) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

350b.(1) The Danish FSA may set an additional capital requirement for the solvency capital requirement for a group 1 insurance company, if the Danish FSA judges that

- 1) the company's risk profile deviates substantially from the conditions in the standard formula or the authorised internal model used to calculate the solvency capital requirement, cf. section 126c(2),
- 2) the company's corporate management deviates substantially from section 71, or
- 3) the company's risk profile deviates substantially from the conditions for using in a matching adjustment, cf. section 126e(2), or a volatility adjustment, cf. section 126e(3).

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(2) Whether a substantial deviation exists under subsection (1) shall be assessed in accordance with detailed rules on this established by the European Commission pursuant to Article 37(6) of Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II).

(3) If the condition in subsection (1), no. 1 is met, the additional capital is calculated in accordance with the solvency capital requirement, cf. section 126c.

(4) The Danish FSA shall review the additional capital requirement at least once a year, and the requirement will cease when the company has corrected the conditions that gave rise to said requirement.

(5) If the Danish FSA sets additional capital under subsection (1), the solvency capital requirement, cf. section 126c, together with the additional capital, make up the new solvency capital requirement.

(6) If the group 1 insurance company does not meet the new solvency capital requirement under subsection (5), section 248a shall apply correspondingly.

351.(1) The Danish FSA may order that a financial undertaking remove a member of the board of management within a time limit specified by the Danish FSA, if, pursuant to section 64(2) or (3), or section 64a, said person may not occupy the position.

(2) The Danish FSA may order a member of the board of directors of a financial undertaking to resign his position within a time limit specified by the Danish FSA, if, pursuant to section 64(2) or (3), or section 64a, or furthermore, for a member of the board of directors of a bank, mortgage-credit institution or an insurance company, section 64b(1), said person may not occupy the position

(3) The Danish FSA may order a member of the board of directors of a systemically important financial institution (SIFI) or a globally systemically important financial institution (G-SIFI) to resign his position within a time limit specified by the Danish FSA, if, pursuant to section 313(1), said person fails to meet the requirements pursuant to section 313(1).

(4) The Danish FSA may order a systemically important financial institution (SIFI) and a globally systemically important financial institution (G-SIFI) to remove an employee identified as a key function holder pursuant to section 312a(1), within a time limit specified by the Danish FSA, if, pursuant to section 64(2) and (3), cf. section 313a, said person may not occupy the position .

(5) The Danish FSA may order a group 1 insurance company to remove an employee identified as a key function holder pursuant to section 71(3), within a time limit specified by the Danish FSA, if, pursuant to section 64(2) or (3), said person may not occupy the position .

(6) The Danish FSA may order a financial undertaking to remove a member of the board of management or an employee who is a key function holder pursuant to section 71(3) or section 312a(1), when legal proceedings have been instigated against said person in a criminal procedure on violation of the Criminal Code or the financial legislation, until the criminal procedure has been concluded, if a conviction would mean that the member of the board of management does not fulfil the requirements of section 64(3), no. 1, that the key function holder of a group 1 insurance company does not fulfil the requirements of section 64(3), no. 1, cf. section 64(8), or that the key function holder of a systemically important financial institution (SIFI) or a globally systemically important financial institution (G-SIFI) does not fulfil the requirements of section 64(3), no. 1, cf. section 313a. The Danish FSA shall lay down a time limit within which the requirements of the order shall be met. The Danish FSA may, under the same conditions as the first sentence, order a member of the board of directors of a financial undertaking to cease their duties. The Danish FSA shall lay down a time limit within which the requirements of the order shall be met. (7) The duration of the order issued pursuant to subsection (2) shall appear on the order on the basis of section 64(2) or (3), no. 2, 3 or 4, or section 64b(1), or pursuant to subsection (3) on the basis of section 313(1).

(8) Orders issued pursuant to subsections (1)–(6) may be brought before the courts at the request of the financial undertaking and of the person to whom the order relates. Such request shall be submitted to the Danish FSA within four weeks from the date on which the order was issued to the person. The request shall not act as stay of proceedings for the order, but the court may, by court order, decide that the relevant member of the board of management or the relevant member of the board of directors may retain their position during the legal proceedings. The Danish FSA shall bring the case before the courts within four weeks of receiving a request. The case shall be brought through civil proceedings.

(9) The Danish FSA may, of their own accord or based on an application, revoke an order issued to a board member under subsections (2) and (3), and subsection (6), third sentence. Should the Danish FSA deny an application for revocation, the applicant may demand the denial be brought before the courts. Such request shall be submitted to the Danish FSA within four weeks from the date on which the refusal was notified to the person. Requests for judicial review may, however, only be submitted if the order has no time limit, and no less than

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five years have elapsed from the date of issue of the order, or no less than two years after the refusal of withdrawal by the Danish FSA was affirmed by judgement.

(10) If the financial undertaking does not remove the member of the board of management, if the systemically important financial institution (SIFI) or the globally systemically important financial institution (G-SIFI) does not remove an employee identified as a key function holder pursuant to section 312a(1) or if the group 1 insurance company does not remove an employee identified as a key function holder pursuant to section 71(3), before expiry of the time limit, the Danish FSA may withdraw the licence of the undertaking, cf. section 224(1), no. 2. The Danish FSA may also withdraw the licence of the undertaking, cf. section 224(1), no. 2, if a member of board of directors fails to comply with an order notified pursuant to subsections (2), (3) and (6).

352.(1) The Danish FSA may independently or in collaboration with other authorities carry out such investigations as are appropriate to promote transparency within the financial market and publish the results of such investigations.

(2) In order to promote transparency and competition on the financial market, the Danish FSA may collate and publish price information for mortgages from banks and mortgage-credit institutions.

352a.(1) In cases where a financial undertaking is declared bankrupt, the majority of the operations of the financial undertaking have ceased or have been transferred, or where the insurance portfolio of an insurance company has been taken under administration, the Danish FSA shall prepare a report on the causes of this, if one of the situations mentioned below has occurred in connection with, or in a short period before, the bankruptcy etc.:

- 1) Finansiell Stabilitet has been involved in transfer of the activities, cf. sections 7 and 8 of the Financial Stability Act, or the State has suffered a loss on an individual state guarantee pursuant to section 16a of the Financial Stability Act.
- 2) The State has suffered a loss on capital injected into the undertaking pursuant to the Act on Government Capital Injections in Credit Institutions (lov om statsligt kapitalindskud i kreditinstitutter) or on certificates of ownership which the State has acquired as part of conversion of such capital.
- 3) The State has in some other way granted a guarantee or made funds available for the undertaking, its creditors or an acquirer of all or part of the undertaking.

(2) The Danish FSA shall publish the report pursuant to subsection (1). Section 354 shall not apply in connection with publication, unless the information relates to client relationships or third parties who are or have been involved in attempts to save the financial undertaking.

(3) The report pursuant to subsection (1) shall describe the role of the Danish FSA during the course of events leading up to the bankruptcy, etc.

(4) The duty of the Danish FSA to prepare a report under subsection (1) shall also include financial undertakings which satisfy the requirements of the provision after 1 March 2009.

353. In cooperation with the Danish Competition and Consumer Authority, the Danish FSA shall submit an annual report on the status regarding issue of regulations on good practice as well as regulations on price information and regarding experience with application of such regulations to the Minister for Industry, Business and Financial Affairs, cf. section 43(2) and (3).

354.(1) By virtue of sections 152–152e of the Criminal Code, employees of the Danish FSA shall be obliged to keep secret any confidential information they receive in the course of their supervisory and resolution duties, and confidential information they receive from Finansiell Stabilitet. The same shall apply to persons performing services as part of the operations of the Danish FSA and experts who act on behalf of the Danish FSA. This shall also apply after the termination of the employment contract or any other contract. Sentences one to three shall also apply to employees of the Danish Business Authority with regard to information which they receive through performance of tasks pursuant to section 83(2) and (3) of the Securities Trading, etc. Act.

(2) Consent from the individual whom the duty of confidentiality is intended to protect shall not entitle the persons mentioned in subsection (1) to divulge confidential information.

(3) Subsection (1) shall not, however, apply to information in cases regarding

- 1) good business practice and price information, cf. section 43 and executive orders issued pursuant to this provision,
- 2) Additional Tier 1 capital or subordinate loan capital in the form of mass debt instruments, cf. section 45,
- 3) arrangement of capital injections, cf. section 46,
- 4) consumer protection, cf. executive orders on pension pools and placements of funds in securities issued in pursuance of section 50(2),
- 5) cover by the Depositors' and Investors' Guarantee Fund, cf. section 51,

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- 6) the independence of depositaries, cf. section 52,
- 7) reduction of mortgage-credit loans granted in contravention of the Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act, cf. section 53(1),
- 8) agreements on placement of the funds of clients' portfolios, cf. section 54(2),
- 9) the prohibition on entering into certain life assurance contracts, cf. section 55(1),
- 10) information when entering into insurance contracts and during general client contact and relations, cf. executive orders issued in pursuance of section 56,
- 11) notice of cancellation of consumer insurance contracts, cf. section 57(1),
- 12) the duty to take over building insurance, cf. section 59(1), and
- 13) the prohibition on cancelling a policy for fire insurance of buildings, cf. section 60(1).
- 14) Finansiel Stabilitet, provided that Finansiel Stabilitet needs such information to perform its duties.

(4) The provision of subsection (1) shall not prevent the Danish FSA from disclosing, on its own initiative, confidential information in the form of summaries, insofar as neither individual undertakings nor their clients are identifiable.

(5) Confidential information may be divulged during civil legal proceedings, when a financial undertaking has been declared bankrupt or is in liquidation, and provided that such information does not involve clients or third parties where said clients or third parties are or have been involved in attempts to save the undertaking.

(6) The provision of subsection (1) shall not prevent confidential information from being disclosed to:

- 1) The Systemic Risk Council.
- 2) Other public authorities, including the prosecution service and the police, in connection with investigations and legal prosecution of possible criminal offences covered by the Criminal Code or the supervision legislation.
- 3) The Minister concerned as part of their overall supervision, cf. however subsection (15).
- 4) Administrative authorities and courts hearing decisions made by the Danish FSA.
- 5) The Ombudsman of the Danish Parliament.
- 6) The relevant minister in the event of notification pursuant to the Arbejdsmarkedets Tillægspension Act, the Lønmodtagernes Dyrtdidsfond Act and the Workers' Compensation Act.
- 7) A parliamentary commission set up by the Danish Parliament, cf. subsection (13) and (15).
- 8) Courts of inquiry set up by law or in accordance with the Courts of Inquiry Act (lov om undersøgelseskommissioner), cf. however, subsections (13) and (15).
- 9) The standing committee of the Danish Parliament regarding the general financial circumstances of a financial undertaking with respect to crisis management of financial undertakings when a decision is to be made on the extent to which the government is to grant guarantees or make funds available. The same shall apply correspondingly in connection with parliamentary control in cases covered by the first sentence.
- 10) Members of the Public Accounts Committee and the National Audit Office of Denmark ("Rigsrevisionen").
- 11) Interested parties, including authorities involved in attempts to save a failing financial undertaking or department thereof, if the Danish FSA has received a mandate from the Minister for Industry, Business and Financial Affairs, provided that the recipients of information need said information, cf. however subsection (15).
- 12) Auditors appointed by the Institute of State Authorised Public Accountants pursuant to section 144(5), second sentence, and according to section 16g(9) of the Financial Stability Act.
 - 13) The bankruptcy court, cf. however subsection (13), other authorities participating in liquidation, bankruptcy proceedings or similar procedures, and the trustee, as well as persons responsible for the statutory audit of the financial statements of a financial undertaking, provided that such recipients of information need said information to perform their duties.
- 14) Institutions managing depositor, investor or insurance guarantee scheme provided that such information is required by the recipients for the performance of their duties.
- 15) Finansiel Stabilitet, provided that Finansiel Stabilitet needs such information to perform its duties.
- 16) The Ministry of Industry, Business and Financial Affairs in cases regarding applications for and cases regarding government capital injections, cf. the Act on Government Capital Injections in Credit Institutions (lov om statsligt kapitalindskud i kreditinstitutter), cf. however, subsection (15).
- 17) The Ministry of Taxation, when the information derives from mortgage-credit institutions and is to be used to develop or improve methods and models for assessing real estate. On receipt, the Ministry of Taxation undertakes not to compile or integrate the information with other available information in such

a way that confidential information could be deduced. Access to information is limited to information for the years 2012–2016.

- 18) Committees, groups, etc. established by the Minister of Industry, Business and Financial Affairs, which aim to discuss and coordinate efforts to ensure financial stability.
- 19) The Danish Business Authority in its capacity as supervisory authority for observance of company law when disclosure takes place to strengthen the stability and integrity of the financial system, cf. however, subsection (13), the Danish Business Authority and the Revisornævnet (the disciplinary board for state-authorised public accountants and registered public accountants) in their capacity as supervisory authority for the statutory auditing of the financial statements of financial undertakings, cf. however subsection (13), and the Danish Business Authority when such information relates to a fund or an association covered by sections 207, 214, 214a or 222. Disclosure pursuant to the first sentence may only take place provided that the recipient needs said information to perform its duties.
- 20) Experts who assist the Danish FSA, the Danish Business Authority, the Revisornævnet (the disciplinary board for state-authorised public accountants and registered public accountants) and institutions which manage depositor's guarantee schemes, investor compensation schemes or insurance guarantee schemes with the performance of their supervisory functions provided that the recipient needs said information to perform their duties, cf. however, subsections (13) and (15).
- 21) Danmarks Nationalbank (Central Bank of Denmark), central banks in Member States of the European Union or countries with which the Union has entered into an agreement for the financial area, the European System of Central Banks and the European Central Bank in their capacity as monetary policy authorities, as well as public authorities which monitor payment systems in Denmark and other Member States of the European Union or countries with which the Union has entered into an agreement for the financial area, provided that the information is necessary for said banks to meet their statutory obligations, including performance of monetary policy, monitoring of payment and securities management systems as well as safeguarding the stability of the financial system.
- 22) An institution which carries out clearing proceedings for securities or money, provided that such information is required to ensure that said institution reacts duly to non-compliance or potential non-compliance within the market where said institution is responsible for clearing proceedings.
- 23) Financial supervisory authorities in other Member States of the European Union or in countries with which the Union has entered into an agreement for the financial area which are responsible for the supervision of financial undertakings, finance institutions, investment undertakings, credit rating agencies, or of the financial markets, as well as authorities and bodies which are responsible for maintaining financial stability through macroprudential regulation, authorities or bodies the purpose of which is to ensure financial stability, contractual or institutional protection schemes as referred to in Article 113(7) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, institutions which manage depositor's guarantee schemes, investor compensation schemes or insurance guarantee schemes, bodies participating in liquidation, bankruptcy proceedings or similar procedures for financial undertakings, as well as persons who are responsible for the statutory auditing of the financial statements of financial undertakings, provided that the recipients of information need said information to perform their duties.
- 24) Bodies in other Member States of the European Union or in countries with which the Union has entered into an agreement for the financial area which supervise bodies participating in liquidation, bankruptcy proceedings or similar procedures for financial undertakings, authorities which are responsible for the supervision of contractual or institutional protection schemes as referred to in Article 113(7) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and authorities which supervise persons who are responsible for the statutory auditing of the financial statements of financial undertakings, provided that the recipient of the information needs said information to perform its duties, cf. however, subsection (13).
- 25) Bodies in other Member States of the European Union or in countries with which the Union has entered into an agreement for the financial area which are responsible for proving violations of company law, provided that the recipients of information need it to perform their duties and that disclosure takes place to strengthen the stability and integrity of the financial system, cf. however, subsection (13).
- 26) Experts who assist authorities in other Member States of the European Union or in countries with which the Union has entered into an agreement for the financial area which supervise bodies participating in liquidation, bankruptcy proceedings or similar procedures for financial undertakings, authorities which are responsible for the supervision of contractual or institutional protection schemes as referred to in Article 113(7) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June

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- 2013 on prudential requirements for credit institutions and investment firms, and authorities which supervise persons who are responsible for the statutory auditing of the financial statements of financial undertakings, provided that the recipient of the information needs said information to perform their duties, cf. however, subsection (13).
- 27) Authorities in other Member States of the European Union or in countries with which the Union has entered into an agreement for the financial area which are responsible for legislation regarding supervision of financial undertakings in emergency situations as referred to in Article 114(1) of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, provided that the recipient of the information needs it to perform its duties, cf. however, subsection (15).
 - 28) Bodies in Member States of the European Union or in countries with which the Union has entered into an agreement for the financial area which are responsible for supervising compliance with the regulations for financial information from issuers of securities admitted to trading on a regulated market.
 - 29) Ministers with responsibility for the financial legislation in other countries within the European Union or in countries with which the Union has entered into an agreement for the financial area, in connection with crisis management of a financial undertaking.
 - 30) Investigatory committees established by the European Parliament in accordance with article 226 of the Treaty on the Functioning of the European Union.
 - 31) The European Banking Authority, the European Systemic Risk Board, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority, as well as bodies established by these authorities, provided that recipients of information need said information to perform their duties.
 - 32) The financial supervisory authorities in countries outside the European Union with which the Union has not entered into an agreement for the financial area which are responsible for the supervision of financial undertakings, finance institutions, investment undertakings, credit rating agencies or of the financial markets as well as authorities and bodies which are responsible for maintaining financial stability through macroprudential regulation, authorities or bodies the purpose of which is to ensure financial stability, contractual or institutional protection schemes referred to in Article 113(7) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, institutions which manage depositor's guarantee schemes, investor compensation schemes or insurance guarantee schemes, bodies participating in liquidation, bankruptcy proceedings or similar procedures for financial undertakings, as well as persons responsible for the statutory auditing of the financial statements of financial undertakings, cf. however, subsections (12) and (13).
 - 33) Bodies in countries outside the European Union or in countries with which the Union has not entered into an agreement for the financial area which supervise bodies participating in liquidation, bankruptcy proceedings or similar procedures for financial undertakings, authorities which are responsible for the supervision of contractual or institutional protection schemes as referred to in Article 113(7) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and authorities which supervise persons who are responsible for the statutory auditing of the financial statements of financial undertakings, cf. however, subsections (12) and (13).
 - 34) Bodies in countries outside the European Union or in countries with which the Union has not entered into an agreement for the financial area which are responsible for proving violations of company law, provided that disclosure takes place to strengthen the stability and integrity of the financial system, cf. however, subsections (12) and (13).
 - 35) Experts who assist the authorities in countries outside the European Union or in countries with which the Union has not entered into an agreement for the financial area which supervise bodies participating in liquidation, bankruptcy proceedings or similar procedures for financial undertakings, authorities which are responsible for the supervision of contractual or institutional protection schemes as referred to in Article 113(7) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and authorities which supervise persons who are responsible for the statutory auditing of the financial statements of financial undertakings, provided that the recipient of the information need said information to perform his duties, cf. however, subsections (12) and (13).
 - 36) The customs and tax authorities in cases covered by section 6D(2) of the Tax Inspection Act (skattekontrolloven).

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- 37) The Faroese Minister of Finance, as part of the responsibility for economic stability in the Faroe Islands and for crisis management of financial undertakings in the Faroe Islands.
- 38) The Greenlandic Minister for Industry, and Labour Market, as part of the responsibility for economic stability in Greenland and for crisis management of financial undertakings in Greenland.
- 39) The standing committee of the Faroese Parliament regarding the general financial circumstances of a Faroese financial undertaking with respect to crisis management of Faroese financial undertakings when a decision is to be made on the extent to which the Faroese government is to grant guarantees or make funds available. The same shall apply correspondingly in connection with parliamentary control in cases covered by the first sentence.
- 40) The standing committee of the Greenlandic Parliament regarding the general financial circumstances of a Greenlandic financial undertaking with respect to crisis management of Greenlandic financial undertakings when a decision is to be made on the extent to which the Greenlandic government is to grant guarantees or make funds available. The same shall apply correspondingly in connection with parliamentary control in cases covered by the first sentence.
- 41) Faroese supervisory authorities for the financial area provided that the recipients of said information are subject to a statutory duty of confidentiality corresponding, as a minimum, to the duty of confidentiality pursuant to subsection (1) and that said recipients require said information to perform their duties, cf. however subsection (13).
- 42) Authorities, etc. in other Member States of the European Union or in countries with which the Union has entered into an agreement for the financial area, which are responsible for the resolution of banks, mortgage-credit institutions and investment firms I, in connection with drafting by the authorities of group resolution plans.
- 43) Resolution authorities in countries outside of the European Union with which the Union has not entered into an agreement for the financial area.

(7) The Danish FSA may disclose confidential information to the European Banking Authority relating to the result of stress tests carried out by the Danish FSA pursuant to Article 100 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms or pursuant to Article 32 of Regulation (EU) no. 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority).

(8) All those receiving confidential information from the Danish FSA under subsections (5) and (6) shall be subject to the duty of confidentiality mentioned in subsection (1) with regard to said information.

(9) Confidential information received pursuant to subsection (6), no. 31, may, notwithstanding the duty of confidentiality mentioned in subsection (8), directly be exchanged between the European Banking Authority, the European Insurance and Occupational Pensions Authority and the European Securities and Markets Authority and bodies established by said authorities on the one hand and the European Systemic Risk Board on the other hand.

(10) Confidential information received by the Danish FSA may only be used in the course of its supervisory duties, to impose sanctions in connection with resolution, or where appeals are made against the decision of the Danish FSA to a higher administrative authority or where such a decision is brought before the courts of law.

(11) Access to issue confidential information to the standing committee of the Danish Parliament under subsection (6), no. 9 shall be limited to documents in cases were been established in the Danish FSA after 16 September 1995. As regards mortgage-credit institutions, this limitation shall apply to documents in cases which were established in the Danish FSA after 1 June 1995. Access to issue confidential information to the standing committee of the Faroese Parliament under subsection (6), no. 39, and to the standing committee of the Greenlandic Parliament under subsection (6), no. 40, shall be limited to documents in cases which were established in the Danish FSA after 1 January 2006.

(12) Information may only be divulged pursuant to subsection (6), nos. 32–35

- 1) on the basis of an international co-operation agreement, and
- 2) provided that the recipients of said information are, at a minimum, subject to a statutory duty of confidentiality corresponding to the duty of confidentiality pursuant to subsection (1) and that said recipients require said information to perform their duties.

(13) Confidential information from Member States of the European Union or countries with which the Union has entered into an agreement for the financial area shall only be disclosed pursuant to subsection (6), nos. 7, 8, 13, 19, 20, 24–26, 32–35 and 41 where the authorities submitting said information have granted express licence to do so, and said information shall only be used for the purposes specified by said licence. On disclosure of information pursuant to subsection (6), nos. 20, 26 and 35 the Danish FSA shall inform the authorities or bodies

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which have disclosed said information of the experts to which said information will be disclosed, specifying the authority of said experts.

(14) Confidential information may only be disclosed to resolution authorities pursuant to subsection (6), no. 42, if the conditions in subsection (12), no. 2, and subsection (13) are met and the resolution functions of the resolution authorities correspond to the functions laid down in Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms.

(15) Confidential information may only be disclosed pursuant to subsection (6), nos. 3, 7, 8, 11, 16, 20 and 27 if the authorities or bodies which have issued said information, or the authorities of the Member State in which the inspection visit or on-site inspection has been carried out, have given their express licence, where the information received either from the European Banking Authority, the European Systemic Risk Board, the European Insurance and Occupational Pensions Authority or the European Securities and Markets Authority and bodies established under these, as well as pursuant to this Act, provisions issued pursuant to this Act, other directives regarding credit institutions, regulations issued pursuant to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, Article 15 of Regulation (EU) no. 1092/2010 of the European Parliament and of the Council of 24 November 2010 on European Union macro-prudential oversight of the financial system and establishing a European Systemic Risk Board, Articles 31, 35 and 36 of Regulation (EU) no 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority), as well as Articles 31 and 36 of Regulation (EU) no. 1095/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Securities and Markets Authority), or from authorities which are responsible for supervision of financial undertakings, finance institutions, investment undertakings, credit rating agencies and the financial markets, authorities and bodies which are responsible for maintaining the stability of the financial system through the use of macroprudential regulations, authorities or bodies the purpose of which is to ensure the financial stability, contractual or institutional protection schemes as referred to in Article 113(7) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, institutions, which manage depositor's guarantee schemes, investor compensation schemes or insurance guarantee schemes, bodies participating in liquidation, bankruptcy proceedings or similar procedures for financial undertakings, as well as persons responsible for the statutory auditing of the financial statements of financial undertakings where the information has been obtained through an inspection visit or inspection pursuant to section 346(4). (16) Where a debtor, guarantor, or investor has significant exposures with several financial undertakings, the Danish FSA may notify the relevant undertakings of this fact.

354a.(1) Reactions pursuant to section 345(7), no. 4 or from the Danish FSA following delegation from the Governing Board of the Danish FSA to a supervised undertaking shall be made public specifying the name of the undertaking, cf. however, subsection (4). The undertaking shall make this information public on its website in a place where it logically belongs without delay and no later than three business days after the undertaking has received notification of the reaction, or no later than the time of publication required according to the Securities Trading, etc. Act. At the time of publication, the undertaking shall insert a link which provides direct access to the reaction, on the home page of the undertaking's website in a visible manner, and the link and any attached text shall clearly state that this is a reaction from the Danish FSA. If the undertaking comments on the reaction, this shall be further to the reaction, and the comments shall be clearly separated from the reaction. Removal of the link on the home page and of the information from the website of the undertaking shall be according to the same principles as the undertaking applies for other notifications, but at the earliest the link and information have been available on the website for three months, and no later than after the next general meeting or meeting of the board of representatives. The duty of the undertaking to publish information on the website of the undertaking shall only apply for legal persons. The Danish FSA shall publish the information on the website of the authority. Reactions pursuant to section 345(7), no. 6 and decisions made by the Danish FSA to pass on cases for police investigation shall be made public on the website of the Danish FSA specifying the name of the undertaking, cf., however, subsection (4). If the reaction published pursuant to the first sentence is brought before the Company Appeals Board or the courts, this shall be stated in the publication from the Danish FSA, and status and subsequent decision by the Company Appeals Board or courts shall also be published on the website of the Danish FSA as soon as possible.

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(2) Reactions pursuant to section 345(7), nos. 4 and 6 or from the Danish FSA following delegation from the Governing Board of the Danish FSA to an undertaking not under supervision shall be published specifying the name of the undertaking, cf. however, subsection (4).

(3) If a case is passed on for police investigation and a conviction has been made in full or in part or a fine has been accepted, or if a case has been decided through adoption of an administrative fine notice, the judgement, the fine or a summary hereof shall be made public, cf. however subsection (4). If the judgement is not final, or if it has been appealed, this shall be stated in said publication. Publication by the undertaking shall be made on the website of the undertaking in a place where such publication logically belongs, as soon as possible and no later than ten business days after a judgement has been delivered or a fine has been accepted, or no later than the time required for publication laid down in the Securities Trading, etc. Act. At the same time as publication, the undertaking shall insert a link providing direct access to the judgement, the acceptance of fine or summary, made visible on the home page of the undertaking, and the link and any attached text shall clearly state whether this relates to a judgement or an acceptance of fine. Any comments by the undertaking on the judgement, the acceptance of fine or summary shall be made further to this, and the comments shall be clearly separated from the judgement, the acceptance of fine or summary. Removal of the information from the website of the undertaking shall be according to the same principles of as the undertaking applies for other notifications, however, no later than when the link and information have been available on the website for three months, and at the earliest after the next general meeting or meeting of the board of representatives. The undertaking shall notify the Danish FSA about the publication, and forward a copy of the judgement or acceptance of fine. The Danish FSA shall subsequently publish the judgement, acceptance of fine or a summary hereof on its website. The duty of the undertaking to publish information on the website of the undertaking shall only apply for legal persons. Publication pursuant to the first and second sentences relating to undertakings that are not under supervision shall also take place on the website of the Danish FSA.

(4) Publication pursuant to subsections (1)–(3) may not, however, take place if it will mean disproportionate damage for the undertaking, or issues relating to investigations make publication inadvisable. Publication may not contain confidential information on client relationships or information covered by section 30 of the Access to Public Administration Files Act. Publication may not contain confidential information which originates from financial supervisory authorities in other countries within or outside the European Union unless the authorities which have issued the information have given their express consent.

(5) If publication is omitted pursuant to subsection (4), first sentence, publication pursuant to subsections (1)–(3) shall be effected when the considerations necessitating omission no longer apply. This shall only apply, however, for up to two years after the date of the reaction.

(6) In cases where the Danish FSA has published a decision to turn over a case to police investigation under subsection (1), sentence 8, and subsection (2), and a decision of discharge or no case to answer is reached or the claim is dismissed, the Danish FSA shall, upon request from the undertaking or person the case concerns, publish information to this effect. The undertaking shall submit a copy of the decision of discharge or no case to answer or a copy of the judgement to the Danish FSA together with a request for publication. The decision of discharge, no case to answer, or judgement shall be stated in the publication. If the Danish FSA receives documentation that the case is closed by decision of discharge, no case to answer, or judgement of final dismissal, the Danish FSA shall remove all information on the decision to turn the case over to police investigation and any consequent judgements in the case from the homepage of the Danish FSA.

354b.(1) The Danish FSA shall inform the public about cases dealt with by the Danish FSA, the prosecution service or the courts, and which are of public interest or of significance for interpretation of the following provisions:

- 1) good business practice and price information, cf. section 43 and executive orders issued pursuant to this,
- 2) Additional Tier 1 capital or subordinate loan capital in the form of mass debt instruments, cf. section 45,
- 3) arrangement of capital injections, cf. section 46,
- 4) consumer protection, cf. executive orders on pension pools and placements of funds in securities issued in pursuance of section 50(2),
- 5) the independence of depositaries, cf. section 52,
- 6) reduction of mortgage-credit loans granted in contravention of the Mortgage-Credit Loans and Mortgage-Credit Bonds, etc. Act, cf. section 53(1),
- 7) agreements on placement of the funds of clients' portfolios, cf. section 54(2),
- 8) the prohibition on entering into certain life assurance contracts, cf. section 55(1),
- 9) information when entering into insurance contracts and during general client contact and relations, cf. executive orders issued in pursuance of section 56,
- 10) notice of cancellation of consumer insurance contracts, cf. section 57(1),

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- 11) the duty to take over building insurance, cf. section 59(1), and
- 12) the prohibition on cancelling a policy for fire insurance of buildings, cf. section 60(1).

(2) The Danish FSA shall also make public the name of an undertaking which contravenes the prohibition on carrying out financial business without a licence, cf. sections 7–11 and 334.

354c. The Danish FSA shall publish information on penalties imposed on a financial undertaking according to section 373(2) for violation of Article 4(1) of the Regulation of the European Parliament and of the Council on Credit Rating Agencies, unless such publication would present a serious risk for the financial markets or if it would cause disproportionate damage to the parties involved.

354d.(1) If a financial undertaking has disclosed information about the financial undertaking and if such information receives publicity, the Danish FSA may order the undertaking to publish the correct information within a time limit set by the Danish FSA if

- 1) the Danish FSA finds such information to be misleading and
- 2) the Danish FSA considers that the information could cause damage to the clients of the undertaking, depositors, other creditors, the financial markets on which shares in the undertaking or securities issued by the undertaking are traded, or financial stability in general.

(2) If the undertaking fails to correct the information in compliance with the order by the Danish FSA and within the time limit set by the Danish FSA, the Danish FSA may publish the order issued pursuant to subsection (1).

354e.(1) In the cases mentioned in subsection (2), the Danish FSA shall publish on its website reprimands, orders or default fines issued pursuant to section 344(1), as well as the name of the undertaking or person. The first sentence shall apply correspondingly to reprimands, orders and default fines made by the Governing Board of the Danish FSA in the cases mentioned in subsection (2).

(2) Publication, cf. subsection (1), shall take place in cases of violation of section 7(1), section 61(1), section 61b, section 61c, section 64(1)–(3), 64a, section 71(1), section 71a(1), section 77d(1), section 125b(1)–(4) and (6), section 125d, section 125e(1), cf. section 125b(1)–(4) and (6), section 313(1), and Articles 28 and 51, cf. Articles 52, 63 and 92(1), Article 99(1), Article 101(1) and (2), Article 394(1), Article 395, Article 405(1), Article 412(1), Article 415(1) and (2), Article 430(1), first sub-paragraph, first point, and the second paragraph, Article 431(1)–(3), Article 435 and Article 451(1) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms.

(3) Publication pursuant to subsection (1) shall be anonymised if publication will entail disproportionate damage for the undertaking or person if issues relating to investigations make publication inadvisable, if publication will threaten financial stability or if societal concerns for publication of a person's name may be considered disproportionate with the consideration for the person.

(4) If the reprimand, order or default fine mentioned in subsection (1), cf. subsection (2) is brought before the Company Appeals Board or the courts, this shall be stated in the publication. Status and subsequent result of the decision made by the Company Appeals Board or the courts shall also be published on the Danish FSA website as soon as possible.

(5) Publication pursuant to subsections (1)–(4) shall take place as soon as possible after the person or undertaking has been notified about the reprimand, order or default fine and shall be shown on the website of the Danish FSA for at least five years from publication. Publication regarding persons shall only be shown on the Danish FSA website, however, as long as the information is considered necessary in relation to the societal concerns behind the publication.

354f. The Danish FSA may publish the result of the Danish FSA's stress test of a financial undertaking carried out pursuant to Article 100 of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms and pursuant to Article 32 of Regulation (EU) no. 1093/2010 of the European Parliament and of the Council of 24 November 2010 establishing a European Supervisory Authority (European Banking Authority).

354g.(1) Employees at the Danish FSA may not disclose information regarding a person if said person has reported an undertaking or a person to the Danish FSA for violation or potential violation of financial regulations supervised by the Danish FSA, cf. however, subsection (2).

(2) The provision in subsection (1) shall not prevent personal data from being divulged pursuant to section 354(6).

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(3) All those receiving personal data under subsection (2) shall fall under the duty of confidentiality mentioned in subsection (1) with regard to said information.

355.(1) A financial undertaking, a financial holding company, an insurance holding company, a mixed-activity holding company, a foreign financial undertaking or a foreign financial holding company against which a decision has been made by the Danish FSA under this Act or regulations laid down in pursuance of this Act shall be considered a party in relation to the Danish FSA under Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, regulations issued pursuant to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, regulations and rules issued pursuant to Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and regulations issued pursuant to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), cf. however, subsections (2) and (3).

(2) In the instances specified below persons other than the undertaking shall also be considered a party to the decision made by the Danish FSA as regards the parts of the case which concern said person:

- 1) The parent undertaking, where said parent undertaking is a financial holding company, an insurance holding company or a financial undertaking.
- 2) Undertakings with which a financial undertaking has special direct or indirect links, and where the supervisory authorities may collect information and carry out inspection visits, cf. section 347(3).
- 3) Any person, natural or legal, about whom the Danish FSA requires information to determine whether said person falls within the scope of the provisions of this Act, cf. section 347(4).
- 4) The intended acquirer or holder of a qualifying investment where the Danish FSA deals with cases on authorising acquisitions, cf. sections 61, 61a and 61b as well as where the Danish FSA reacts as a result of omission to notify the Danish FSA about an investment or withdraws the voting rights associated with the relevant owner's investment, cf. section 62(1)–(3).
- 5) An auditor of a financial undertaking where the Danish FSA withdraws said auditor's certification pursuant to section 199(1), cf. section 199(4) or orders said auditor to provide information on the status and circumstances of the undertaking, as well as in cases concerning the prohibition against an auditor having business exposures, etc., with the financial undertaking audited by said auditor, cf. section 199(4)–(7) and (9).
- 6) Undertakings with which a bank, an investment firm, an investment management company, or a mortgage-credit institution has such links that the Danish FSA decides that said undertaking shall be included in consolidation, cf. section 177(1).
- 7) Any undertaking applying for a licence to conduct bank business, investment dealing, investment management, securities dealing, mortgage-credit business, insurance business or life-assurance business cf. sections 7(1), 8(1), 9(1), 10(1) and (2), 11(1) and 14, or if such an application is suspended, cf. section 14(4).
- 8) A member of the board of directors or the board of management of a financial undertaking or an owner of capital when the Danish FSA refuses to grant a licence or withdraws such licence in whole or in part, cf. section 14(1), nos. 1, 2 and 4 and subsection (2), section 224, and section 225(1).
- 9) Undertakings which the Danish FSA finds have close connections to a financial undertaking and therefore refuses or withdraws a licence in accordance with section 14(1), nos. 5 and 6, and section 224.
- 10) Any person who violates the prohibition laid down in this Act on employing in the name or characterisation of an undertaking the words that are covered by the exclusive right of financial undertakings to names, cf. sections 7(5) and 8(5), section 9(5), second sentence and (6), second sentence, and section 11(9).
- 11) Any person contravening the prohibitions in this Act against carrying out activities covered by section 7(1), (3) and (4), section 8(1) and (3), section 9(1) and (3), section 10(1) and (5), and section 11(1) without a licence.
- 12) Any person regarding whom the Danish FSA has made a decision on the extent to which said person may offer investment services without a licence, cf. section 9(11).
- 13) UCITS when the Danish FSA makes a decision in a case regarding the investment management company that manages the UCITS concerned.
- 14) The responsible actuary in cases where the actuary does not fulfil his duty to supply information to the Danish FSA, cf. section 108(5), first sentence.

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15) The temporary administrator who is installed on the board of directors of a bank, a mortgage-credit institution or an investment firm I, pursuant to section 243c, in cases that concern the appointment or removal of the temporary administrator.

(3) A member of the board of directors, a responsible actuary, an auditor, a member of the board of management, or other senior employees of a financial undertaking, a financial holding company, an insurance holding company, a foreign financial undertaking or a foreign financial holding company shall also be considered a party where decisions made by the Danish FSA are aimed specifically at said person. This shall also apply to a liquidator, an administrator of a life-assurance portfolio and an administrator of an estate under administration for covered bonds.

(4) Both the affected financial undertaking and the member of the board of directors, the member of the board of management or the key function holder to which the decision pertains shall be considered a party in regard to decisions made by the Danish FSA on fit and proper requirements. The same shall apply to decisions made by the Danish FSA under sections 64a, 64b, 313 and 351.

(5) Furthermore, any party which the Danish FSA considers as party to the case shall be considered as party in relation to decisions made by the Danish FSA as part of the Authority's inspection of financial statements submitted according to the regulations of Part 13 of this Act and the regulations issued pursuant to section 196, and of consolidated financial statements covered by Article 4 of the Regulation of the European Parliament and the Council on application of international accounting standards.

(6) Status as party and powers as party according to subsections (2) and (3) shall be limited to matters where the Danish FSA's decision was made after 8 October 1998, however, for mortgage-credit institutions after 20 October 1998. With regard to disclosure of confidential information, cf. Part 9 of this Act, status as a party and powers as party shall be limited to matters where the decisions of the Danish FSA were made after 1 January 2004. For investment management companies, status as a party and powers as parties shall be limited to circumstances where the decisions of the Danish FSA were made after 1 January 2004. Status as party and powers as party according to subsection (4) shall be limited to matters where the Danish FSA's decisions were made after 1 July 2009.

(7) The Danish FSA may, when instituting proceedings regarding disclosure of confidential information, cf. Part 9, grant certain powers as party to natural or legal persons other than those mentioned in subsections (2) and (3). The powers as party may only be granted for such part of the case as is of direct and material importance to the party concerned. The powers as party shall be granted having regard to the protection of confidential information about the undertakings that are subject to supervision. The powers as party shall be limited to circumstances where the decisions of the Danish FSA were made after 1 January 2004.

356.(1) Employees of the Danish FSA shall not be members of the board of management, the board of directors, the board of representatives, or be employed by undertakings which are under supervision by the Danish FSA or by the organisations of such undertakings. Nor shall such employees own or operate an independent business undertaking or take part in the management or operation of a business undertaking without authorisation from the Director General at the Danish FSA. Such employees may, however, own, operate and participate in the administration of real property.

(2) Employees of the Danish FSA shall not conduct or participate in speculative business on their own account, cf. section 77(1). For the Director General of the Danish FSA, the deputy directors general and persons of equal status in the Danish FSA, the Minister for Industry, Business and Financial Affairs shall prepare guidelines on reporting of investments and similar transactions.

(3) The Director General of the Danish FSA may not, without authorisation from the Minister for Industry, Business and Financial Affairs, enter into agreements on an exposure with or provide collateral to financial undertakings. For other employees of the Danish FSA, the Minister for Industry, Business and Financial Affairs shall lay down more detailed guidelines on the approval of agreements on an exposure with and collateralisation provided to financial undertakings. Such guidelines may specify different procedures of approval for each employee category.

Time limits

357.(1) The time limits fixed in or pursuant to this Act shall take effect from the day following the day when the event triggering the time limit occurred. This shall apply to the calculation of time limits involving days, weeks, months and years.

(2) Where the time limit is indicated in weeks, cf. subsection (1), said time limit shall expire on the day in the week when the event occasioning the time limit occurred.

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(3) Where the time limit is indicated in months, cf. subsection (1), it shall expire on the day in the month when the event occasioning the time limit occurred. If the day when the event occasioning the time limit occurred is the last day of a month or if the time limit expires on a day of the month which does not exist, the time limit shall always expire on the last day of the month, irrespective of its length.

(4) Where the time limit is indicated in years, cf. subsection (1), said time limit shall expire on the day in the year when the event occasioning the time limit occurred.

(5) If a time limit expires during a weekend, on a holiday, 5 June, 24 December or on 31 December, the time limit shall be extended to the next weekday.

Special regulations for insurance companies regarding supervision

358. Decisions permitting new shares to be paid up through conversion of debt in pursuance of section 161 of the Companies Act shall be approved by the Danish FSA.

359. Insurance companies and branches of foreign companies that have obtained a licence from the Danish FSA shall be registered with the Danish Business Authority.

Part 22

Fees

360.(1) The appropriation in the Finance Act for the Danish FSA, plus the expected expenses for lawyers, less sales of goods and services, shall be collected as fees from undertakings subject to supervision by the Danish FSA, cf. sections 361–370.

(2) The appropriation of the Danish FSA as calculated according to subsection (1) shall also be covered by fees from the charitable organisations which, pursuant to section 16(4) of the Act on Measures to Prevent Money Laundering and Financing of Terrorism and section 3(2) of the Faroese Act on Information Accompanying Transfers of Funds, have requested registration with the Danish FSA, cf. section 361(1), no. 19.

(3) Tasks which the Danish FSA performs pursuant to section 344(5) in return for payment shall be invoiced separately and shall not be included in collection of fees pursuant to subsection (1).

(4) The Danish FSA collects the appropriation in the Finance Act for Finansiell Stabilitet from banks, mortgage-credit institutions and investment firms I. The fee shall be distributed in relation to the individual undertaking's share of the total book balance sheet totals of the undertakings covered by subsection (1). A minimum fee of DKK 2,000 shall always be imposed.

361.(1) The following undertakings shall pay an annual basic amount to the Danish FSA:

- 1) The Labour Market Insurance (Arbejdsmarkedets Erhvervssikring) shall pay DKK 510,000.
- 2) Arbejdsmarkedets Tillægspension (supplementary pension, temporary pension savings and special pension savings) shall pay DKK 1,180,000.
- 3) Operators of regulated markets and alternative markets shall pay basic amounts of DKK 12,000 per company, the securities of which have been admitted to trading at the end of the previous year.
- 4) Each financial holding company and insurance holding company shall pay DKK 5,000.
- 5) Each issuer of collateralised mortgage obligations, ISPV bonds and similar undertakings shall pay DKK 10,000 per series.
- 6) Lønmodtagernes Dyrtdidsfond shall pay DKK 670,000.
- 7) VP Securities A/S shall pay DKK 1,840,000.
- 8) The Guarantee Fund for Non-Life Insurance Companies shall pay DKK 50,000.
- 9) Financial undertakings, financial holding companies and insurance holding companies the securities of which are admitted to trading on a regulated market and with a market value of their traded securities of DKK 1bn or more at the end of the year, shall pay DKK 40,000. If the market value of the traded securities is DKK 250m or more, but less than DKK 1bn at the end of the year, said financial undertakings, financial holding companies and insurance holding companies shall pay DKK 20,000, and if the market value of the traded securities is less than DKK 250m at the end of the year, a sum of DKK 10,000 shall be paid. Compartments of Danish UCITS which have issued units that are admitted to trading on a regulated market shall pay DKK 5,000.
- 10) Banks, mortgage-credit institutions and investment firms I pay a total of DKK 2,300,000, and from 2017 a total of DKK 1,500,000. The fee shall be distributed in relation to the individual undertaking's share of the total book balance sheet totals of the undertakings covered. A minimum fee of DKK 2,000 shall always be imposed.

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- 11) Reinsurance broker firms shall pay DKK 15,000. Natural or legal persons who request the approval by the Danish FSA of a prospectus in accordance with Part 6 of the Securities Trading, etc. Act shall pay a fee of DKK 25,000 per request.
- 12) Undertakings and persons covered by section 1(1), no. 12 of the Act on Measures to Prevent Money Laundering and Terrorist Financing shall pay DKK 2,000.
- 13) Issuers which are obliged to send information to the Danish FSA according to section 27a(2) and (3) of the Securities Trading, etc. Act shall pay DKK 6,800.
- 14) Issuers which request official listing from the Danish FSA of shares, share certificates or bonds shall pay a fee of DKK 12,400 per request. After this, the relevant issuers shall pay DKK 1,650 annually for as long as the security is officially listed.
- 15) Each operator of a regulated market with a licence to operate multilateral trading facilities shall pay DKK 12,400.
- 16) Investment advisors shall pay DKK 8,250.
- 17) Organisations with charitable objectives, which request admission to a register of charitable organisations, and which may receive transfers of funds of up to EUR 150 without disclosure requirements in connection with transfers of funds, cf. section 16(4) of the Act on Measures to Prevent Money Laundering and Terrorist Financing, shall pay DKK 750 per request.
- 18) Securities dealers which are obligated to report transactions with securities admitted to trading on a regulated market to the Danish FSA according to section 33(2) of the Securities Trading, etc. Act shall pay
 - a) DKK 1,650 for up to 10,000 transactions,
 - b) DKK 8,250 for between 10,000 and 100,000 transactions,
 - c) DKK 53,750 for between 100,000 and 1m transactions, and
 - d) DKK 227,500 for more than 1m transactions.
- 19) Payment institutions, cf. the Payment Services and Electronic Money Act, shall pay DKK 40,900.
- 20) Undertakings with restricted authorisation to provide payment services, cf. the Payment Services and Electronic Money Act, shall pay DKK 4,100.
- 21) Real estate credit companies, cf. the Real Estate Credit Companies Act, shall pay DKK 13,600.
- 22) E-money institutions, cf. the Payment Services and Electronic Money Act, shall pay DKK 60,000.
- 23) Undertakings with restricted authorisation to issue electronic money, cf. the Payment Services and Electronic Money Act, shall pay DKK 6,000.
- 24) Foreign investment undertakings covered by section 27 of the Investment Associations, etc. Act, shall pay DKK 8,000.
- 25) For every notification or application on cross-border marketing of units in investment undertakings, cf. sections 27 and 28 of the Investment Associations, etc. Act, an amount of DKK 2,500 shall be paid.
- 26) A shared data centre shall pay DKK 53,000. If a shared data centre has an average of less than 25 full-time employees during a financial year, the shared data centre shall pay DKK 1,000.
- 27) Licensed central counterparties, cf. Article 14 of Regulation (EU) no. 648/2012 of the European Parliament and of the Council of 4 July 2012 (the EMIR Regulation), cf. section 83(1) of the Securities Trading, etc. Act, shall pay DKK 387,250.
- 28) Foreign alternative investment fund managers from a Member State of the European Union or a country with which the Union has entered into an agreement for the financial area, and foreign alternative investment fund managers from a third country for which Denmark is the country of reference and which have been granted a licence to manage Danish alternative investment funds shall pay DKK 20,000.
- 29) Foreign alternative investment fund managers which have been granted a licence to place on the market a foreign alternative investment fund in Denmark shall pay DKK 2,000 per alternative investment fund plus DKK 2,000 per sub-fund in the fund.
- 30) Undertakings which provide advice on financial products to consumers, cf. the Financial Advisors Act, shall pay DKK 12,000.
- 31) CO2 allowance bidders shall pay DKK 8,250.
- 32) Approved foreign clearing centres, cf. section 8a of the Securities Trading, etc. Act, shall pay DKK 68,150.
- 33) Housing credit intermediaries, cf. the Act on Financial Advisors and Housing Credit Intermediaries (lov om finansielle rådgivere og boligkreditformidlere), shall pay DKK 7,500.

(2) The basic amounts, cf. subsection (1), have been stated at the 2004 level and shall be adjusted annually according to developments in appropriations to the Danish FSA in each year's Finance Act.

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362.(1) Investment firms shall pay an annual 10.5% of their expenses for wages, commission and performance-related bonuses. A minimum fee of DKK 15,000 shall always be imposed.

(2) Investment management companies shall pay an annual 10.5% of their expenses for wages, commission and performance-related bonuses. Alternative investment fund managers with registered office in Denmark and which have been issued with a licence to manage alternative investment funds, shall pay 10.5% annually of their expenses for wages, commission and performance-related bonuses. A minimum fee of DKK 20,000 shall always be imposed.

(3) Insurance broker companies shall pay an annual 4.0% of their expenses for commission and other remuneration. A minimum fee of DKK 2,000 shall always be imposed.

(4) Managers with registered office in Denmark which have been registered by the Danish FSA to manage European social entrepreneurship funds or to manage qualifying venture capital funds, shall pay an annual 10.5% of their wages, commission and performance-related bonuses. A minimum fee of DKK 5,000 shall always be imposed.

363.(1) Banks, undertakings covered by the Act on a Ship Financing Institution (lov om et skibsfinansieringsinstitut), savings institutions other than those mentioned in section 361(1), no. 5, and the Forvaltningsinstituttet for Lokale Pengeinstitutter (trust corporation for local banks) shall annually pay 49.4% of the difference between the expenses of the Danish FSA and the fees paid in pursuance of sections 361 and 362.

(2) The fee shall be distributed in relation to the individual undertaking's share of the total debt and guarantee liabilities of the undertakings covered by subsection (1). A minimum fee of DKK 2,000 shall always be imposed.

363a.(1) Branches in Denmark of foreign undertakings which have been granted a licence to carry out the activities mentioned in sections 7–11 in a Member State of the European Union, or in a country with which the Union has entered into an agreement for the financial area, shall pay 15% annually to the Danish FSA of what is paid by undertakings of a similar nature and size with a Danish licence, cf. section 363 and sections 364–366. A minimum fee of DKK 2,000 shall always be imposed. (2) If a College of Supervisors has been set up, branches of foreign undertakings pay 20% of what is paid by undertakings of a similar nature and size with a Danish licence, cf. sections 365 and 366.

(3) If a College of Supervisors has been set up, branches of foreign credit institutions pay 50% of what is paid by undertakings of a similar nature and size with a Danish licence, cf. sections 363 and 364.

(4) If the branch's balance sheet, the branch's lending in Denmark or the branch's deposits in Denmark exceed one or more of the indicators in section 308(2), branches of foreign credit institutions pay 80% of what is paid by undertakings of a similar nature and size with a Danish licence under sections 363 and 364. This also applies to foreign groups with several branches of credit institutions in Denmark, for which a College of Supervisors has been set up, and in which the totals of the balance sheets, lending in Denmark or deposits in Denmark for the branches exceed one or more of the indicators in section 308(2). The same applies to branches of credit institutions in foreign groups with one or more branches and with one or more banks or mortgage-credit institutions in Denmark, for which a College of Supervisors has been set up, and for which the totals of the balance sheets, lending in Denmark or deposits in Denmark for the branches, banks and mortgage-credit institutions exceed one or more of the indicators in section 308(2).

364.(1) Mortgage-credit institutions shall pay an annual 13.2% of the difference between the expenses of the Danish FSA and the fees paid in pursuance of sections 361 and 362.

(2) The fee shall be distributed in relation to the individual undertaking's share of the total book balance sheet totals of the undertakings covered by subsection (1). A minimum fee of DKK 2,000 shall always be imposed.

365.(1) Insurance companies carrying out life-assurance business and company pension funds shall pay an annual 18.3% of the difference between the expenses of the Danish FSA and the fees paid in pursuance of sections 361 and 362.

(2) The fee shall be divided into two equal parts. One part of the fee shall be distributed in relation to the individual undertaking's share of the total gross premiums and membership contributions of the undertakings covered by subsection (1). The other part of the fee shall be distributed in relation to the individual undertaking's share of the balance sheet total less the own funds for group 1 insurance companies and capital base for group 2 insurance companies and company pension funds, for the undertakings covered by subsection (1). A minimum fee of DKK 2,000 shall always be imposed.

366.(1) Insurance companies not carrying out life-assurance business shall pay an annual 14.7% of the difference between the expenses of the Danish FSA and the fees paid in pursuance of sections 361 and 362.

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(2) The fee shall be distributed in relation to the individual undertaking's share of the total direct and indirect gross premium income of the undertakings covered by subsection (1) plus gross claims, as negative premium income is ignored. A minimum fee of DKK 2,000 shall always be imposed. Insurance companies covered by section 294 shall, however, pay a minimum fee of DKK 800.

367.(1) Danish UCITS and alternative investment fund managers with a licence to manage alternative investment funds shall under section 11 of the Alternative Investment Fund Managers etc. Act pay an annual 4.4% of the difference between the expenses of the Danish FSA and the fees paid in pursuance of sections 361 and 362.

(2) The fee shall be distributed between undertakings with DKK 10,000 per Danish UCITS and with DKK 10,000 per alternative investment fund managed by an alternative investment fund manager covered by subsection (1). Danish UCITS shall also pay DKK 3,000 per compartment of each UCITS, and alternative investment fund managers covered by subsection (1) shall pay DKK 2,000 per sub-fund of each alternative investment fund. The remaining fee shall be distributed in relation to the individual undertaking's share of the balance sheet totals of the undertakings covered by subsection (1).

368.(1) Calculation of fees from undertakings covered by sections section 360(4) and 362–367 shall be made on the basis of information in the annual report submitted for the most recent financial year, or, if this is not available, on the basis of the most recently submitted accounting returns. With regard to insurance broker companies, the calculation shall be made on the basis of the most recently submitted income analysis.

(2) Any undertaking that has been under supervision for at least a part of the relevant calendar year shall pay fees in full. Payment of fees shall await calculation of the full amount of fees.

(3) If two or more undertakings under the supervision of the Danish FSA are amalgamated, the receiving undertaking shall pay the fees of the terminating undertaking.

(4) If an undertaking ceases to be under supervision in another way than by amalgamation, the fee for the calendar year in which the activities are wound up shall be determined in the following way:

- 1) Undertakings covered by section 361 shall pay the basic amount.
- 2) Undertakings covered by section 362 shall pay the per mille fixed in relation to the fee basis used in the previous year's annual report or income analysis. If the previous year's annual financial statements or income analysis has not been submitted to the Danish FSA at the time of cessation, the fee shall be calculated in relation to the fee basis used in the most recently submitted accounting returns or income analysis.
- 3) Undertakings covered by sections 363–367 shall pay the percentage used on the most recent fee charge in relation to the fee basis used in the annual report for the previous year. If the previous year's annual report has not been submitted to the Danish FSA at the time of cessation, the fee shall be calculated in relation to the fee basis used in the most recently submitted accounting returns.

(5) In exceptional circumstances, the Danish FSA may reduce the fee.

369. The fees for the relevant year shall be charged at the beginning of December and be payable by the end of the year.

370.(1) Surpluses and deficits shall be equalised on a savings account.

(2) Any difference between the fees charged and the actual fees paid shall be transferred as a total amount for fees demanded in the following fiscal year.

XII

Penalties, entry into force and transitional provisions, etc.

Part 23

Provisions concerning delegation and appeals

371. If the Minister for Industry, Business and Financial Affairs delegates his authorities under this Act to the Danish FSA, the Minister may lay down regulations concerning the right of appeal, including regulations to the effect that appeals cannot be made to another administrative authority.

372.(1) Decisions made by the Danish FSA or the Danish Business Authority pursuant to this Act and regulations issued pursuant to this Act and Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, or rules issued pursuant to regulations issued pursuant to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, regulations issued pursuant to Directive 2014/59/EU of the European Parliament and of

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the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, regulations and rules issued pursuant to Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, and regulations issued pursuant to Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), may be brought before the Company Appeals Board by the person against whom the decision is directed by no later than four weeks after the person concerned has been notified about the decision.

(2) Decisions made by the Danish FSA in connection with matters covered by section 246 which are to be appealed shall be brought before the Company Appeals Board by no later than 24 hours after the person concerned has been notified of the decision.

(3) If a decision made by the Danish FSA to the effect that an insurance company shall enter into liquidation, or that its portfolio of life-assurance contracts shall be taken under administration, is overruled, the Danish Business Authority shall immediately enter this fact in its register. If the company owns real estate, the Danish FSA shall ensure the necessary registration of title.

(4) Joint decisions made by the Danish FSA, Finansiel Stabilitet, the competent authorities that are part of a College of Supervisors, or other authorities pursuant to this Act, may, subsection (1) notwithstanding, not be brought before the Company Appeals Board.

General enabling provisions

372a. The Minister for Industry, Business and Financial Affairs may lay down regulations necessary for the application or implementation of decisions or legislative instruments adopted by the European Commission pursuant to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, Directive 2014/59/EU of the European Parliament and of the Council of 15 May 2014 establishing a framework for the recovery and resolution of credit institutions and investment firms, Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), and Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014 amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) no. 1060/2009, (EU) no. 1094/2010 and (EU) no. 1095/2010 in respect of the powers of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority).

Part 24

Penalties

373.(1) Violation of section 7(1) and (3)–(6), section 8(1) and (3)–(6), section 9(1)–(3) and (5)–(7), section 10(1), (2), (5) and (6), section 11(1), (9) and (10), section 16a(2), section 16b(2), section 24(1), second sentence, section 25, second sentence, sections 27 and 28, section 31(7), (8) and (10), section 33(1), section 36, section 38(1) and (6), and subsection (7), first sentence, section 39(1), (3) and (4), sections 40 and 44–46, section 49(1) and (2), section 52, section 53(1) and (2), section 61(1), sections 61b and 61c, section 63(1), (2) and (4), section 64(5), cf. subsection (3), nos. 1 and 2, section 64a, section 65(1), section 66, section 67(1), section 74(1) and (3), sections 75, 76, 78 and 101, section 102(2), (3), (5) and (6), sections 103–106, section 106a(1)–(4), section 106b, section 106c, section 106d(1)–(5), section 107a and section 117, section 118(5), section 119, section 120(1), second sentence, and subsection (2), section 124(1), (2) and (5), section 125(1) and (2), section 125b(1)–(4) and (6), section 125c(1), section 125d, section 125e(1), cf. section 125b(1)–(4) and (6), section 125e(1), cf. section 125c(1), section 125i(1), section 126(1) and (4), section 126a(1)–(3), (5), (7) and (9), section 126c(1)–(3), section 126d(1), section 126e(1), section 126f, first sentence, section 126g(1), section 146(1), section 147(1), section 149(1) and (3), sections 150 and 151, section 152(1), section 153(1), sections 154, 156 and 170–175a, section 182(1) and (2), sections 194, 195, 200 and 201, section 202(1) and (3), section 203(1), section 204(1), section 226(1) and (2), section 227, section 248(1), section 248a(1) and (4), section 248b(1), section 334, section 343a(1), section 343f(3), section 343j, section 343v(1), section 343ø(1) and section 417c(1), (2) and (4), and Article 11, Article 26(2), Article 31(1)h, Article 73(1), Article 92(1), Article 93(1)–(5), Article 97(1), Article 394(1), Articles 395 and 398 and Article 500(1) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, shall be liable to a fine or imprisonment for up to four months unless more severe penalty is incurred under other legislation.

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(2) Violation of section 16c, section 16d(1), section 16f(1)–(3), section 54(2), section 57(1), section 57a(1), section 64(8), second sentence, section 70(1)–(5), section 71(1), (3) and (4), section 71a(1) and subsection (2), first sentence, section 71b(1), section 71c(1), second sentence, section 72(1) and (2), and subsection (3), third sentence, section 73(1), first sentence, and subsection (2), section 75a(1), section 77(1)–(6) and (10), section 77a(1)–(6), sections 77b and 77c, section 77d(1)–(4), section 77f(1) and(2), section 77g(1) and(3), section 79a(1), no. 1, section 80(1), subsection (2), first sentence, and subsections (3), (7) and (8), section 80a, section 80b(1)–(3) and (5), and section 80c(1) and (2), section 108(1)–(6), section 121(1), sections 122 and 123, section 126b(1), second sentence, and subsection (4), second sentence, section 126c(5), section 126d(4) (6), section 126e(4), section 152a(1), first sentence, section 152b(4)–(7), section 152c(1), section 152d(1), section 152e(1), section 152g(1), first and third sentences, subsection (2) and subsection (4), first sentence, section 152j(1), second sentence, or subsection (2), section 152k(1), (2) or (5), section 152m(1), section 167(1)–(3) and (5), section 175b(1), (2), (4) and (9), section 182d, section 182e(2) and subsection (7), first sentence, and section 182f, section 183(1), first sentence, and subsection (5), section 184(1), section 185(1) and (2), and subsection (3), first sentence, sections 186 and 187, section 188(1), subsection(2), first sentence and subsection (3), second sentence, sections 189 and 190, section 191(1)–(3), section 192, first sentence, section 193, first sentence, section 198(1), section 199(2) and (6), section 206, section 245a(1) and (3), section 245b(1), first sentence, and subsection 2, section 247a(9) and (10), section 283(1) and (2), section 264(2), sections 312–312b, section 343t(1), section 347b(3) and (6), section 354a(1), sentences one to five, and subsection (3), sentences one to seven, section 417a (4), section 417b(5), section 417c(3), and Article 4 of the Regulation of the European Parliament and the Council on application of international accounting standards, and Article 4(1) of the Regulation of the European Parliament and of the Council on credit rating agencies, and Article 28, Article 41(1)(b), Article 49(1)(c), Article 51, cf. Article 52, Article 54(5)(a) and (c), Article 63, Article 73(6), Article 76(2), Article 77, Article 99(1), Article 101(1) and (2), Article 113(7)(i), Article 129(3) and (7), Article 221(1) and (2), Article 256(7)(i), Article 259(1)(b) and (e), Article 262(2)(ii), Article 263(2)(i), Article 393, Article 394(2), Article 405(1), Article 412(1) and(2), Article 415(1) and (2), Article 430(1)(i), points 1 and 2, Article 431(1), cf. Articles 435 and 436, Article 437(1), Articles 438 and 439, Article 440(1), Article 441(1), Articles 442 and 444–450, Article 451(1), Article 431(3), Article 433, (i)–(iii), Article 434(i), points 2 and 3, and (ii), point 2, Article 471(1), Article 492(2)–(4), Article 499(1), and Article 501(3) of Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, shall be liable to a fine. Violation of the duty to notify in section 152a(2), first sentence shall be subject to the same penalty.

(3) A financial undertaking, financial holding company or insurance holding company which fails to comply with an order issued pursuant to section 126c(4), section 126f, section 152k(4), section 243a(2), section 245a(2), section 261, section 264(3), section 347b(1), first sentence, section 348(2), first sentence, or section 350(1), shall be liable to a fine, as shall violations of section 112(1) of the Companies Act. Furthermore, any person who fails to comply with an order issued pursuant to section 351(2) and (3), and subsection (6), third sentence, shall be liable to a fine.

(4) In regulations issued pursuant to this Act and regulations issued pursuant to Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, fines or imprisonment for up to four months may be stipulated for violation of the provisions of said regulations.

(5) Companies, etc. (legal persons) may incur criminal liability according to the rules in Part 5 of the Criminal Code.

(6) A member of the board of directors or board of management of a financial undertaking, a financial holding company or an insurance holding company who omits to take the steps necessary in the event of losses or imminent danger of material losses shall be liable to a fine or imprisonment for up to four months unless a more severe penalty is incurred under other legislation. This shall apply correspondingly for members of the board of directors or the board of management in a savings undertaking or administrators of an estate under administration established pursuant to section 247a.

(7) Persons who are connected to a financial undertaking and who submit incorrect or misleading information on matters pertaining to said undertaking to public authorities, the general public, any company body, or to depositors, the insured parties, bond owners or to any other investors in said financial undertaking, or who are guilty of gross or repeated negligence or carelessness which may entail losses for the undertaking or its depositors, the insured parties, bond owners or other investors in the financial undertaking shall be liable to a fine or imprisonment for up to four months unless a more severe penalty is incurred under other legislation. This shall apply correspondingly for persons connected to a savings undertaking or administrators of an estate under administration established pursuant to section 247a.

(8) The period of limitation for violations of the provisions in this Act or regulations issued pursuant to this Act shall be five years.

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(9) The Danish FSA may lay down regulations on penalties of fines for violation of provisions included in the Regulations of the European Union adopted by the European Commission pursuant to Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to the activity of credit institutions and the prudential supervision of credit institutions and investment firms, Regulation (EU) no. 575/2013 of the European Parliament and of the Council of 26 June 2013 on prudential requirements for credit institutions and investment firms, Directive 2009/138/EC of the European Parliament and of the Council of 25 November 2009 on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II), and Directive 2014/51/EU of the European Parliament and of the Council of 16 April 2014 amending Directives 2003/71/EC and 2009/138/EC and Regulations (EC) no. 1060/2009, (EU) no. 1094/2010 and (EU) no. 1095/2010 in respect of the powers of the European Supervisory Authority (European Insurance and Occupational Pensions Authority) and the European Supervisory Authority (European Securities and Markets Authority).

(10) In setting fines pursuant to subsections (1)–(7) and (9), the gravity of the violation and the economic circumstances of the offender are taken into account. For violations committed by legal persons, the annual net turnover of the undertaking at the time of the offence is taken into account. For violations committed by natural persons, the annual income of the person is taken into account.

(11) A higher fine shall be fixed for violations under subsections (1)–(7) and (9) that involve

- 1) a risk to the continued operation of a financial undertaking,
- 2) operation of a financial undertaking without a legal licence, or
- 3) severe or repeated disregard of the reporting obligations of financial undertakings in respect of the Danish FSA under aggravating circumstances.

(12) If a violation resulted in an economic advantage, this is confiscated under the rules in Part 9 of the Criminal Code. If confiscation is not feasible, this is taken into consideration when determining the amount of a fine.

373a.(1) The Minister for Industry, Business and Financial Affairs may lay down regulations stipulating that the Danish FSA in specified cases on violations of this Act, which are not deemed to entail higher penalty than a fine, in notifications of fines may state that the case may be decided without court proceedings, if the offender declares himself guilty of the offence and ready to pay a fine as stated in the notification of fines within a specified time limit.

(2) The provisions laid down in the Danish Administration of Justice Act on requirements concerning the content of indictments and on the right of the accused to remain silent, shall apply correspondingly to notifications of fines.

(3) Further prosecution shall be discontinued on acceptance of a fine.

374.(1) Where the board of directors, board of management, external auditor, chief internal auditor, responsible actuary, liquidator, general agent, branch manager or board of representatives of a financial undertaking fail to comply within the proper time with the duties and obligations imposed on them under this Act or under regulations laid down pursuant to this Act towards the Danish FSA or the Danish Business Authority, the Danish FSA or the Danish Business Authority may as a coercive measure impose daily or weekly fines.

(2) If a natural or legal person omits to fulfil the obligations consequential upon section 347(3) and (4), the Danish FSA may, as a coercive measure, impose daily or weekly fines on the natural or legal person or on the persons responsible for said legal person.

(3) If a financial undertaking omits to comply with an order issued pursuant to section 351(1), (4) and (5), and subsection (6), first sentence, it may be liable to daily or weekly default fines.

(4) In the event that a financial undertaking, a financial holding company or an insurance holding company which has issued securities admitted for trading on a regulated market does not meet its obligations under the provisions of sections 183–193 or provisions laid down in pursuance of section 196, the Danish FSA may order the relevant undertaking to rectify the matter and to make public amended or supplementary information. If deemed appropriate, the Danish FSA itself may make public the relevant information or the order, or suspend or remove the securities involved from trading on a regulated market.

(5) The financial undertaking, the financial holding company or the insurance holding company not complying with an order issued by the Danish FSA or giving incorrect or misleading information to the Danish FSA in respect of the authority's tasks pursuant to subsection (4) shall be liable to a fine, provided that the offence does not carry a more severe penalty under other legislation.

(6) Subsections (1)–(3) shall apply correspondingly to the Danish FSA with regard to the authority's inspection under section 344(1), third sentence.

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Part 25

Entry into force, transitional provisions, amendments to other legislation, the Faroe Islands and Greenland *Entry into force*

375.(1) This Act shall enter into force on 1 January 2004, cf. however subsections (2) and (3).

(2) Section 167, section 169(1), no. 4, section 271, section 278(4), section 373(2), section 380 and section 425, no. 31 shall enter into force on the day following promulgation of this Act in the Danish Law Gazette. Section 57 shall enter into force on 1 July 2004.

(3) The Minister for Industry, Business and Financial Affairs shall determine the time of entry into force of sections 183–198 of this Act.

(4) Notwithstanding sections 199(1) and 376, the requirement that certain financial undertakings shall have no less than two auditors, cf. section 34(1) of the Commercial Banks and Savings Banks, etc., Act, section 23(2) of the Investment Companies Act, section 179(1) of the Insurance Business Act and section 90(1) of the Mortgage Credit Act, shall remain in force for the financial year commencing 1 January 2004.

(5) Section 430, no. 6 shall apply to conversions taking place on 1 January 2004 or later.

376.(1) The following Acts and provisions shall be repealed:

- 1) The Financial Business Act, cf. Consolidating Act no. 660 of 7 August 2002.
- 2) The Commercial Banks and Savings Banks, etc. Act, cf. Consolidating Act no. 214 of 25 March 2003, cf. however sections 377 and 378 of this Act.
- 3) The Investment Companies Act, cf. Consolidating Act no. 787 of 19 September 2002.
- 4) The Insurance Business Act, cf. Consolidating Act no. 147 of 7 March 2003, cf. however sections 379 and 380 of this Act.
- 5) Section 1(1)–(3), sections 2, 4–20, 46, 50, 51, 53–53i, 60–95 and 98a, section 100(1)–(3), sections 100a and 101 and section 102(1) of the Mortgage Credit Act, cf. Consolidating Act no. 57 of 20 January 2003, however, cf. sections 381 and 382.
- 6) The Electronic Money Institutions Act, cf. Consolidating Act no. 661 of 7 August 2002.
- 7) The Savings Institutions Act, cf. Consolidating Act no. 655 of 7 August 2002.
- 8) Section 6 of Act no. 1090 of 17 December 2002 on the promotion of private rental housing.

(2) Executive Orders issued in pursuance of the Acts mentioned in subsection (1) shall be maintained until they are repealed or replaced by Executive Orders issued in pursuance of this Act.

Transitional provisions

377–383. (Omitted)

384. (Repealed)

385. (Repealed)

386. Section 7(5) and (6) shall not apply to FIH – Finance for Danish Industry.

387. Notwithstanding the provision in section 13(1), banks whose share capital was, at the entry into force of this Act, divided into classes of shares with different voting rights may retain any provisions in the articles of association in this respect.

388. Banks and savings banks that legally commenced business before 28 May 1980 may continue their activities without a licence. Imposition of a prohibition on continued operation shall be equivalent to withdrawal of a licence pursuant to section 225.

389.(1) Undertakings that were covered by section 13(2) of Act no. 156 of 2 May 1934 before 1 May 1985 and which operated before 1 January 1983 may continue their activities without a licence provided that they were registered with the Danish FSA before 1 October 1985 as

- 1) cooperative savings banks, cf. sections 9–13, or
- 2) savings and lending institutions, cf. sections 17 and 18.

(2) Notwithstanding section 341(2), undertakings which, until the repeal of Act no. 156 of 2 May 1934 with later amendments, were covered by said Act shall have at least one auditor who is a state-authorised public accountant or a registered public accountant.

390. A cooperative savings bank, whose cooperative capital is no more than DKK 25m, may not reduce the cooperative capital without a licence from the Danish FSA.

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391. Placement of funds in assets that are not covered by sections 50 and 51 shall not entail a duty to sell, provided that said assets were part of the equity investments on 31 December 1992.

392. Notwithstanding section 26, banks that, on 1 June 2000, carried out other business with banks, insurance companies, investment firms or mortgage-credit institutions that form part of a group with said banks may continue such business if the bank notified the Danish FSA to this effect before 30 June 2000.

393. Section 234(2), which stipulates that subordinated debt is not included in the assessment of whether a bank, mortgage-credit institution, investment firm or investment management company is insolvent, shall only apply to subordinated debt issued after 1 July 2001.

394.(1) Section 48(4)–(6) shall apply to guarantee agreements entered into on or after 1 July 2002.

(2) Section 48(4)–(7) shall not apply to guarantee agreements entered into before 1 July 2002. Section 48(1)–(3) shall only apply if the relevant services fall due after this Act enters into force.

395. Guidelines agreed upon in pursuance of section 17 of the Marketing Practices Act before entry into force of this Act shall continue to apply for financial undertakings until they are repealed or replaced by regulations issued by the Minister for Industry, Business and Financial Affairs in pursuance of section 43(2) of this Act.

396. Any provisions of the articles of association which were confirmed or brought into force before 18 December 1980 and which are not in accordance with the regulations of section 111 of this Act or those of section 59(1)–(3) of the Public Companies Act, cf. Consolidating Act no. 649 of 15 June 2006, shall remain valid.

397. Mutual non-life assurance companies, which are covered by section 294(1) but which, on 1 October 1981, were subject to supervision in pursuance of section 120(1) and (3) of the Insurance Business Act, cf. Consolidating Act no. 544 of 27 October 1975, shall not be exempted from supervision except as provided by the regulations of section 301(3) of this Act.

398. Any provisions of the articles of association regarding the liquidity of the shares, which were in force before 1 October 1981, shall remain valid.

399.(1) Section 13(2) of this Act shall not apply to shares subscribed before 1 October 1981 and to which no voting rights were attached at that time.

(2) Section 13(2) of this Act shall not apply to shares subscribed before 1 October 1981 and having voting weights more than ten-times the voting weights of any other share or any other nominal share value of the same size.

400.(1) Insurance companies that did not have a fully paid-up share capital on 1 October 1981 may maintain this arrangement.

(2) In insurance companies covered by subsection (1), a shareholder or guarantor shall not be liable for payment of shares or guarantee interests of an amount totalling more than 5% of the share or guarantee capital or for amounts larger than DKK 50,000, unless collateral approved by the Danish FSA is provided for amounts in excess thereof.

(3) The Danish FSA may grant exemption from the regulation set out in subsection (2).

(4) In insurance companies covered by subsection (1), a share or guarantee interest that is not fully paid up may only be transferred with the approval of the board of directors. Such approval shall not be granted unless it is deemed that the transferee will be able to make the future payments or unless adequate collateral is provided. Where adequate collateral is provided, approval may not be denied unless the desired transfer is in contravention of other valid regulations restricting the transferability of the shares or guarantee interests.

(5) When the board of directors has approved the transfer and the transferee has issued a promissory note for the amount that has not been paid up, the obligations of the transferor shall cease.

(6) If a shareholder or guarantor in insurance companies covered by subsection (1) does not make a payment payable by him when due, said shareholder or guarantor shall, unless otherwise provided by the articles of association, pay annual interest, from the due date, on the amount due and payable at a rate as defined by section 5(1) and (2) of the Act on interest on late payment, etc. (lov om renter ved forsinket betaling m.v.).

(7) If payment in accordance with subsection (7) is not made within the proper time, the company shall, without undue delay, seek to obtain payment of the amount due either by legal action or, where possible, after four weeks' notice to the shareholder or guarantor, by seeking to sell the share or guarantee interest for the account of the shareholder or guarantor with an obligation on the part of the transferee to pay up the amounts outstanding together with accrued interest. The sale shall be made through a stockbroking company, a credit institution with a special licence, a bank or by public auction. If the sale involves the issue of a new share

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certificate or interim certificate, said share certificate or interim certificate shall, in addition to stating its purpose, reproduce the contents of the old share certificate or interim certificate, and shall be signed by the board of directors. Interim certificates may, however, be signed by a person authorised by the board of directors.

(8) If it proves impossible to collect the amount due in any of the ways indicated, the share or guarantee interest shall be annulled, and the capital shall then be deemed to be reduced by an amount equal to the nominal value of the share or guarantee interest. The amount paid up shall be transferred to a fund that may not be reduced without the consent of the Danish FSA.

(9) Notice of the capital reduction shall be sent to the Danish Business Authority. Moreover, proof that the conditions for annulment of the share or guarantee interest have been fulfilled shall be submitted to the Danish FSA.

401.(1) Exposures and collateralisations entered into legally before 1 January 1998 between the elected external auditors, a chief internal auditor or deputy chief internal auditor, employees of ATP (Arbejdsmarkedets Tillægspension) or LD (Lønmodtagernes Dyrtdidsfond) on the one hand, and the insurance company, bank, mortgage-credit institution, securities dealer, investment firm or ATP (Arbejdsmarkedets Tillægspension) where the relevant person is employed on the other hand, may continue until the originally agreed expiry date.

(2) Chief internal auditors or deputy chief internal auditors may, notwithstanding the prohibition in section 77(10), maintain and utilise financial interests owned by said chief internal auditors or deputy chief internal auditors at the entry into force of this Act.

402.(1) Regulations laid down in pursuance of section 72(5) of this Act regarding placement by investment firms and investment firms of funds of clients in a special client account shall apply correspondingly to funds of clients received before 1 June 2000.

(2) The provisions of the Bankruptcy Act regarding reversal shall apply correspondingly to funds of clients transferred to a special client account in pursuance of subsection (1).

403.(1) Banks and mortgage-credit institutions that, at the entry into force of this Act, carry out activities or normally expect to carry out activities requiring a licence in pursuance of section 9(1), cf. section 7(2), and section 8(2) may continue said activities if they report them to the Danish FSA before 1 July 2004. The Danish FSA shall be responsible for granting a licence in pursuance of section 9(1) for said reported activities.

(2) The bank or mortgage-credit institution may, in the period between the report and granting of a licence in pursuance of section 9(1) by Danish FSA, continue the activities reported.

(3) Banks covered by section 124(2) that are granted a licence under subsection (1) shall only be required to meet the capital requirement in force for said bank on the date of entry into force of this Act.

404. (Repealed)

404a. (Omitted)

405. Undertakings that, on the date of entry into force of this Act, are licensed to operate as issuers of prepaid credit cards, and who meet the requirements stipulated in this Act, may operate as electronic money institutions.

406.(1) The capital requirement mentioned in section 339 shall not apply to savings undertakings which were granted a licence before 1 January 2004 and whose equity did not at that time meet the capital requirement in section 339.

(2) If the equity of the savings undertakings mentioned in subsection (1) falls below the amount reached at 1 January 2004, the Danish FSA may either fix a time limit within which the equity shall be brought up to the required minimum, or immediately withdraw the licence.

(3) Where control of a savings undertaking which falls within the scope of subsection (1) is taken over by another natural or legal person, the equity of said savings undertaking shall meet the capital requirement in section 339 no later than three months after the date of the takeover.

407. For banks that have issued capital in pursuance of section 22(2) of the Commercial Banks and Savings Banks Act before 1 January 2004, the Danish FSA may, if said banks do not meet the solvency requirement in section 124(2), no. 1 and the capital requirement in section 125a, decide that the board of directors shall convene the ultimate authority under the articles of association within a fixed time limit notwithstanding any provisions in the articles of association in this respect in order for the board of directors to account for the financial situation of the bank.

408. (Repealed)

409. (Repealed)

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410.(1) Section 147(1) of this Act shall not apply to investment firms if all properties and shares (equity investments) in property companies were acquired before 8 October 1998.

(2) Assets covered by subsection (1) may not be revalued at a higher carrying amount than the carrying amount of the assets on 8 October 1998.

411.(1) Section 147(1) shall not apply to investment management companies if all properties and shares (equity investments) in property companies were acquired before introduction of the bill to the Danish Parliament on 12 March 2003.

(2) Assets covered by subsection (1) may not be revalued at a higher book value than the book value of the assets at the time of introduction of the bill to the Danish Parliament on 12 March 2003.

412. Banks that, at the entry into force of this Act, have schemes according to which shareholders exercise their voting rights at the general meeting through members of the shareholder committee in pursuance of section 8a of the Commercial Banks and Savings Banks Act, cf. Consolidating Act no. 654 of 7 August 2002, may continue such schemes.

413. (Omitted)

414. Persons who, on the date of entry into force of this Act, were not covered by the prohibition in section 19(1) of Act no. 660 of 7 August 2002 may, notwithstanding the provisions of section 77(3), section 425, no. 15 and section 426, no. 9, maintain positions taken out before 1 January 2004.

415.(1) Persons covered by section 80(1) who, on the date of entry into force of this Act, had duties in pursuance of section 24 of Act no. 660 of 7 August 2002 may, without the consent of the board of directors, continue with such duties provided that the relevant duties are notified to the Danish FSA no later than 30 June 2004. If, as at 1 January 2004 the financial undertaking has exposures with the undertaking for which said duties are performed, as at 1 January 2004 the exposure assumed may continue until the originally agreed expiry date, irrespective of section 80(4).

(2) Persons covered by section 80(2) who, on the date of entry into force of this Act, had duties in pursuance of section 24 of Act no. 660 of 7 August 2002, or who at the date of entry into force of this Act were not covered by section 24 of Act no. 660 of 7 August 2002 may, without the consent of the board of management, continue with such duties provided the relevant duties are notified to the Danish FSA no later than 30 June 2004. If, as at 1 January 2004 the financial undertaking has exposures with the undertaking for which said duties are performed, as at 1 January 2004, the exposure assumed may continue until the originally agreed expiry date, irrespective of section 80(4).

(3) For undertakings in which persons covered by section 80(1) and (2), on the date of entry into force of this Act had duties in pursuance of sections 28, 29, 34, and 35 of Act no. 660 of 7 August 2002, and with which the financial undertaking had exposures as at 1 January 2004, such exposures as at 1 January 2004 may continue until the originally agreed expiry date, irrespective of section 80(4).

(4) Subsections (1)–(3) shall apply correspondingly to persons covered by section 425, no. 5 and section 426, no. 11.

416. (Repealed)

417. (Omitted)

417a.(1) A group 1 insurance company that does not use a match adaptation for the risk-free interest rate term structure under section 126e(2) for the insurance liabilities, may be licensed by the Danish FSA to use an adjusted interest rate term structure calculated in accordance with subsection (2) in the period from 1 January 2016 to 1 January 2032 for insurance liabilities in accordance with agreements entered into before 1 January 2016, however, cf. the third sentence. Group 1 insurance companies that have been licensed under the first sentence may not obtain a licence under section 417b. A group 1 insurance company may be licensed by the Danish FSA to use an adjusted interest rate term structure for insurance liabilities in accordance with agreements renewed after 31 December 2015.

(2) The adjusted interest rate term structure is calculated separately for each currency at the end of each year as a share of the difference between the interest set according to the discount interest term structure as at 31 December 2015 and the annual effective interest rate set according to the risk-free interest rate term structure, cf. section 126e(1) and (3). This share is calculated as a linear drop from 100% to 0% for the period from 1 January 2016 to 1 January 2032.

(3) The Danish FSA may set additional capital in accordance with section 350b, if the Danish FSA judges that the risk profile of a group 1 insurance company that is using the adjusted interest rate term structure deviates substantially from the conditions on which said use is based.

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(4) Group 1 insurance companies which have been licensed under subsection (1) shall, in the report on the company's solvency and financial situation that they have a duty to publish, cf. section 283, state that the company is using an adjusted interest rate term structure, and specify the amount-related impact of not using this adjusted interest rate term structure on the size of the insurance provisions, the solvency capital requirement, the minimum capital requirement, the basic own funds, the own funds that may be used to cover the solvency capital requirement, and the basic own funds that may be used to cover the minimum capital requirement.

417b.(1) A group 1 insurance company may be licensed by the Danish FSA to use a deduction in the insurance provisions calculated under subsection (2) in the period from 1 January 2016 to 1 January 2032. Group 1 insurance companies that have been licensed under the first sentence may not obtain a licence under section 417a.

(2) The deduction is calculated as a share, which is calculated as a linear drop from 100% to 0% in the period from 1 January 2016 to 1 January 2032, of the difference between

- 1) the insurance provisions after deduction of amounts that may need to be repaid in accordance with reinsurance agreements and agreements with ISPVs, and calculated in compliance with rules issued pursuant to section 126e(6), in regard to the valuation by group 1 insurance companies of assets and liabilities, including insurance provisions on 1 January 2016, and
- 2) the insurance provisions after deduction of amounts that may need to be repaid in accordance with the Executive Order on financial reports for insurance companies and multi-employer occupational pension funds on 31 December 2015.

(3) The deduction is calculated once for the entire period from 1 January 2016 to 1 January 2032. However, the Danish FSA may order or licence a group 1 insurance company whose risk profile changes substantially in the period from 1 January 2016 to 1 January 2032 to calculate the insurance provisions under subsection (2), including the volatility adjustment, cf. section 126e(3), every two years or more frequently.

(4) The Danish FSA may limit the deduction calculated under subsection (2) if the use of said deduction results in the solvency capital requirement, cf. section 126c, being less than the largest total of the amounts specified in nos. 1–5, below, and the largest amount relevant to the company in nos. 6–10:

- 1) 4% of the risk-weighted items for life-assurance provisions plus 0.3% of the risk-weighted items for the risk sum for life-assurance business in insurance classes I-IV and VI, cf. Annex 8, where the company has an investment risk.
- 2) 1% of the risk-weighted items for life-assurance provisions plus 0.3% of the risk-weighted items for the risk sum for life-assurance business in insurance class V, cf. Annex 8, and in insurance class III, cf. Annex 8, where the company does not have an investment risk, and where the amount intended to cover the operating costs set in the insurance contract shall be determined for a period of more than five years.
- 3) 25% of the previous year's insurance-related administration costs plus 0.3% of the risk-weighted items for the risk sum for life-assurance business in insurance class III, where the company does not have an investment risk, and where the amount intended to cover the operating costs set in the insurance contract shall not be determined for a period of more than five years.
- 4) 25% of the previous financial year's insurance-related administration costs for separate SP (Special Pension Savings Scheme) accounts.
- 5) The largest amount in a non-life assurance company of
 - a) 18% of the risk-weighted items for the maximum of gross premiums and gross premium income up to EUR 61.3m plus 16% of amounts exceeding this figure, and
 - b) the annual average of 26% of the risk-weighted items for the gross costs of claims for amounts up to EUR 42.9m and 23% of amounts exceeding this figure in the last 3 financial years.
- 6) EUR 3.7m for insurance companies carrying out life insurance activities.
- 7) EUR 2.5m for insurance companies carrying out activities within insurance classes 1–9 and 16–18, cf. Annex 7.
- 8) EUR 3.7m for insurance companies carrying out activities within insurance classes 10–15, cf. Annex 7.
- 9) EUR 3.6m for insurance companies carrying out reinsurance activities.
- 10) EUR 1.2m for captive reinsurance companies.

(5) Group 1 insurance companies which have been licensed under subsection (1) shall, in the report on the company's solvency and financial situation that they have a duty to publish, cf. section 283, state that the company is using the deduction, and specify the amount-related impact of not using this deduction on the size of the insurance provisions, the solvency capital requirement, the minimum capital requirement, the basic own funds, the own funds that may be used to cover the solvency capital requirement, and the basic own funds that may be used to cover the minimum capital requirement.

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(6) The Danish FSA may lay down more detailed regulations for calculation of the risk-weighted items under subsection (4), nos. 1, 2, 3 and 5.

417c.(1) A group 1 insurance company that is using the adjusted interest rate term structure under section 417a or the deduction under section 417b shall immediately inform the Danish FSA if the company would not meet the solvency capital requirement calculated under section 126c if the company did not use the adjusted interest rate term structure or deduction.

(2) No later than two months after establishing that the solvency capital requirement cannot be met without using the adjusted interest rate term structure or the deduction, the group 1 insurance company shall submit a report to the Danish FSA containing the measures planned in order to ensure compliance with the solvency capital requirement on 1 January 2032. If the company changes the planned measures during the transitional period under the first sentence, the company shall immediately inform the Danish FSA of the changes.

(3) Each year at the end of the first quarter, the group 1 insurance company shall send a report to the Danish FSA specifying the measures taken to date and progress towards ensuring compliance with the solvency capital requirement on 1 January 2032.

(4) On 1 January 2032, the group 1 insurance company shall comply with the solvency capital requirement, cf. section 126c, without using the adjusted interest rate term structure under section 417a or the deduction under section 417b.

(5) The Danish FSA shall withdraw the licence under section 417a or section 417b if, based on the report under subsection (3), the Danish FSA judges that it is unlikely that the group 1 insurance company will be able to comply with the solvency capital requirement on 1 January 2032.

417d. The requirements in Articles 254–257 of Commission Delegated Regulation (EU) 2015/35 of 10 October 2014 supplementing Directive 2009/138/EC of the European Parliament and of the Council on the taking-up and pursuit of the business of Insurance and Reinsurance (Solvency II) shall apply exclusively to investments in securitisation positions issued before 1 January 2011, if the underlying exposure is changed after 31 December 2014.

Amendments to other legislation

418–437. (Omitted)

The Faroe Islands and Greenland

438.(1) This Act shall not apply to the Faroe Islands and Greenland, but may, by Royal Decree, be brought into force for these parts of the Realm subject to any variations necessitated by the specific conditions prevailing in the Faroe Islands and Greenland respectively, cf. however subsections (2)–(4).

(2) This Act may not be brought into force for the Faroe Islands with regard to insurance activities and mortgage-credit activities.

(3) The same shall apply correspondingly to sections 420 and 421.

(4) Section 419 may not be made effective for the Faroe Islands and Greenland.

Act no. 1171 of 19 December 2003 (Implementation of the directive on agreements for financial collateralisation, the Hague convention on applicable law, administration of the Labour Market Supplementary Pension Scheme, solvency requirements and capital requirements for life insurance companies and monitoring of payment transfers) shall contain the following entry into force and transitional provisions:

6.

(1) This Act shall enter into force on 1 January 2004, cf. however subsections (2) and (3).

(2) (Omitted)

(3) Section 3, nos. 6, 20–23, 27 and 29 shall enter into force on 1 January 2005.

7 and 8.

(Omitted)

9.

(1)–(2) (Omitted)

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(3) The members of the board of management and other senior employees who, at the time of entry into force of this Act, are legally employed in a manner covered by the prohibitions in section 99(2), as worded in section 3, no. 15 of this Act, may continue such employment after notification to the Danish FSA.

Act no. 577 of 6 June 2007 (Covered bonds) contains the following entry into force and transitional provisions:

12.

(1) This Act shall enter into force on 1 July 2007, cf. however subsections (2)–(4).
(2)–(4) (Omitted)

13.

In the case of loans covered by section 152d(2) of the Financial Business Act, as worded in section 1, no. 4 of this Act, the loan limit is 70% if the loan was offered before 1 July 2009.

14–17.

Act no. 1231 of 18 December 2012 (Mandatory digital communication and modifications arising from transfer of responsibility, etc.) contains the following entry into force and transitional provisions:

69.

(1) This Act shall enter into force on 1 January 2013.
(2) Administrative rules issued in accordance with the previous provisions shall remain in effect until amended or repealed.

Act no. 1613 of 26 December 2013 (Strengthening the market for corporate bonds by introducing rules on representatives in connection with bond issuance and the possibility for banks to set up refinancing registers, access to parties other than the borrowers in a mortgage credit limited company being able to exert influence on the association that owns the mortgage credit company, etc.) contains the following entry into force and transitional provisions:

5.

(Omitted)

Act no. 512 of 17 June 2008 (Transfers of funds between Denmark and the Faroe Islands) contains the following entry into force provision:

3.

The Minister for Industry, Business and Financial Affairs shall lay down the date of entry into force of this Act.

Act no. 1556 of 21 December 2010 (Standards of competence for financial advisors, risk labelling of loans, remuneration policy, duty to supply information for issuers of securities, publication, administrative notifications of fines, clearing and settlement of payments, redemption of coins, etc.) contains the following entry into force and transitional provisions:

28.

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(1) This Act shall enter into force on 1 January 2011, cf. however subsections (2)–(4).

(2)–(6) (Omitted)

(7) Section 77a and 77b of the Financial Business Act as worded in section 1, no. 23 of this Act, shall apply to agreements by financial undertakings and financial holding companies entered into, prolonged and renewed after entry into force of this Act.

(8) Section 77c and section 77d(1), as worded in section 1, no. 25 of this Act, shall first take effect for the individual undertaking from the next general meeting or equivalent held after entry into force of this Act.

(9) (Omitted)

(1) This Act shall enter into force on 1 January 2014, cf. however, subsections (2) and (3).

(2)–(3) (Omitted)

(4) If, before entry into force of this Act, it has been agreed that an asset may not be sold, the asset may not be entered in a refinancing register, cf. section 1, no. 28, unless otherwise agreed by the parties.

(5) (Omitted)

Act no. 244 of 19 March 2014 (Regulation of refinancing risks of mortgage-credit bonds, covered mortgage-credit bonds and covered bonds, etc) contains the following entry into force and transitional provision:

3.

(1) This Act shall enter into force on 1 April 2014, cf. however, subsections (2) and (3).

(2) Section 1, no. 2 and section 2 shall enter into force on 1 January 2015.

(3) Section 152b(7) of the Financial Business Act, as worded in section 2, no. 2 of this Act, shall enter into force on 1 April 2014.

(4) Section 1, no. 3, and section 2, no. 1 shall apply to loans taken up after entry into force of this Act.

(5) For existing loans, the Act shall apply from the next refinancing after the entry into force of the Act.

(6) For bonds issued for financing of real estate located outside of Denmark, the Act applies only to bonds for financing of loans taken up after the entry into force of the Act.

Act no. 268 of 25 March 2014 (Implementation of the Credit Institution and Capital Requirements Directive (CRD IV) and amendments as a consequence of the associated Regulation (CRR), as well as legislation concerning SIFIs, etc.) contains the following entry into force and transitional provisions:

22.

(1) This Act shall enter into force on 31 March 2014, however, cf. subsections (2)–(6).

(2) Section 1, no. 34 shall enter into force on 1 April 2014.

(3) Section 1, no. 2 shall enter into force on 22 July 2014.

(4) Section 1, no. 65 shall enter into force on 1 January 2015.

(5) The Minister for Industry, Business and Financial Affairs shall lay down the date of entry into force for section 75a of the Financial Business Act, as worded in section 1, no. 37, section 1, no. 133 of this Act, section 344a of the Financial Business Act, as worded in section 1, no. 134 of this Act, section 11a of the Securities Trading, etc. Act, as worded in section 2, no. 2 of this Act, section 27a of the Alternative Investment Fund Managers, etc. Act, as worded in section 4, no. 22 of this Act, section 24b of the Supervision of Company Pension Funds Act, as worded in section 5, no. 1 of this Act, section 63a of the Investment Associations, etc. Act, as worded in section 7, no. 1 of this Act, section 18a of the Insurance Mediation Act, as worded in section 10, no. 1 of this Act, section 18a of the Payment Services and Electronic Money Act as worded in section 11, no. 1 of this Act, section 10a of the Financial Advisors Act, as worded in section 12, no. 1 of this Act, section 5a of the Mortgage Companies Act, as worded in section 13, no. 1 of this Act, section 5f of the Lønmodtagernes Dyrtdisfond Act, as worded in section 14, no. 2 of this Act, section 24g of the Arbejdsmarkedets Tillægspension Act, as worded in section 15, no. 2 of this Act, and for section 63b of the Workers' Compensation Act as worded in section 16, no. 1 of this Act. The Minister for Industry, Business and Financial Affairs may also decide that the provisions shall enter into force on different dates.

(6) (Omitted)

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(7) Section 77a(1), nos. 2 and 3 of the Financial Business Act as worded in section 1, no. 38 of this Act, shall only apply to agreements by financial undertakings, financial holding companies and insurance holding companies entered into, prolonged and renewed after entry into force of this Act.

(8) (Omitted)

(9) Section 313 of the Financial Business Act as worded in section 1, no. 129 of this Act shall take effect from 1 July 2014.

(10) The Governing Board of the Danish FSA, cf. section 1, no. 135 shall be appointed for the first time on 1 July 2014. Until 1 July 2014 the regulations on the Financial Council hitherto in force shall apply.

(11) (Omitted)

23.

(1) The capital preservation buffer, cf. section 125a(3) of the Financial Business Act as worded in section 1, no. 65 shall be fixed for the period from 1 January 2015 to 31 December 2015 at 0% of the total risk exposure. From 1 January 2016 to 31 December 2016 the capital preservation buffer shall be fixed at 0.625% of the total risk exposure. From 1 January 2017 to 31 December 2017 the capital preservation buffer shall be fixed at 1.25% of the total risk exposure. From 1 January 2018 to 31 December 2018 the capital preservation buffer shall be fixed at 1.875% of the total risk exposure.

(2) The countercyclical buffer rate, cf. section 125f(1) of the Financial Business Act as worded in section 1, no. 65 may be fixed at 0.5% in 2015, 1.0% in 2016, 1.5% in 2017, 2.0% in 2018 and 2.5% in 2019.

(3) Members of the board of directors who, at the time at which section 1, no. 129 of this Act, cf. the proposed section 313 of the Financial Business Act, takes effect, occupy more management positions than permitted under this provision, may continue to occupy such management positions until the expiry of the board position entailing that the member of the board of directors is covered by section 313(1).

(4) Banks, mortgage-credit institutions and investment firms I, where the investment firm I is licensed to exercise the activities mentioned in Annex 4, Section A, nos. 3 and 6, which at the latest on 30 June 2014 have been appointed as systemically important financial institutions (SIFIs), cf. section 308 of the Financial Business Act, shall comply with the SIFI buffer requirements, cf. section 125h, cf. section 125a(6) as worded in section 1, no. 65 of this Act, from 1 January 2015. The time limit in the first sentence shall apply correspondingly to banks and mortgage-credit institutions which, pursuant to section 309(2) of the Financial Business Act, are subject to the same percentage SIFI buffer requirement at an individual level as applies on a consolidated basis for the appointed systemically important financial institution (SIFI).

(5) Section 1, no. 49 shall only apply to annual reports relating to financial years commencing on 1 January 2014 or later.

(6) Globally systemically important financial institutions in Denmark (G-SIFIs) appointed by the Danish FSA pursuant to section 310 shall, before 1 July 2014, report the following information to the Commission for each Member State and third country in which they are established:

- 1) Profit or loss before tax.
- 2) Tax on profit or loss.
- 3) Public subsidies received.

Act no. 403 of 28 April 2014 (Introduction of regulations entitling pension clients to receive the total economic value of their pensions in connection with certain cases of re-election, the possibility of members of the board of management and other senior employees to participate in management or operating of other business undertakings, requirements for the composition of the board of directors of a fund or an association that owns a mortgage-credit limited company, amending the regulations on penalties for violation of the CO2 Auctioning Regulation, regulation of CO2 allowance bidders, amending the regulations on the possibilities of alternative investment fund managers to place on the market alternative investment funds, including exemption of marketing units in the funds for employees and certain retail investors from the requirement for a special marketing licence and introduction of the possibility that managers from third countries may market funds for retail investors, amending the limit for the duty to make a bid laid down by the Securities Trading, etc. Act, as well as better safeguarding of the rights of small shareholders, prohibition against the use of variable remuneration which is dependent on achieving a certain sales goal for retail clients, amending the rules on supervision of shared data centres, supervision of depositaries for alternative investment funds, etc.) contains the following entry into force and transitional provisions:

22.

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(1) This Act shall enter into force on 15 May 2014, cf. however, subsections (2)–(4).

(2) The Minister for Industry, Business and Financial Affairs shall determine the date of entry into force of section 1, nos. 43 and 46. The Minister for Industry, Business and Financial Affairs may also decide that the provisions shall enter into force on different dates.

(3)–(4) (Omitted)

(5) Section 77e.(1) of the Financial Business Act as worded in section 1, no. 19 of this Act, shall apply to agreements entered into, extended and renewed after entry into force of this Act.

(6) Section 1, no. 34 shall apply from and including the first ordinary election of members to the board of directors after the entry into force of this Act.

(7)–(8). (Omitted)

Act no. 1490 of 23 December 2014 (Liability for actions in contravention of the rules on good business practice, consumer protection for guarantees, requirement for a basic course for board members, user protection when offering payment services and issuing electronic money, etc.) contains the following entry into force and transitional provisions:

14.

(1) This Act shall enter into force on 1 January 2015, cf. however, subsections (2) and (3).

(2) The Minister for Industry, Business and Financial Affairs shall determine the time of entry into force of section 1, nos. 7, 18, 24 and 25.

(3) (Omitted)

(4) Sections 48 and 53a of the Financial Business Act, as worded in section 1, nos. 5 and 6 of this Act, shall enter into force on 1 July 2015.

(5) Section 48(1), (2) and (10) of the Financial Business Act as worded in section 1, no. 5 of this Act, shall not apply to guarantee agreements and third-party collateral agreements entered into before the entry into force of this Act, cf. subsection (4).

(6) Section 48(6)–(8) of the Financial Business Act as worded in section 1, no. 5 of this Act, shall only apply to guarantee agreements and third-party collateral agreements if the relevant services fall due after the entry into force of this Act, cf. subsection (4).

(7) Section 48(3), (4) and (9) of the Financial Business Act as worded in section 1, no. 5 of this Act, shall not apply to third-party collateral agreements entered into before the entry into force of this Act, cf. subsection (4).

(8) Section 1, no. 6, shall not apply to guarantee agreements and third-party collateral agreements entered into before the entry into force of this Act, cf. subsection (4). Section 48 (6)–(8) of the Financial Business Act, as worded in section 1, no. 4 of this Act, shall apply to guarantees for loans provided by mortgage-credit institutions and to third-party collateral agreements for mortgage-credit loans, if the relevant services fall due after entry into force of this Act, cf. subsection (4).

(9) In the case of guarantee agreements and third-party collateral agreements entered into before the entry into force of this Act, cf. subsection (4), or which are covered by the transitional provisions in subsections (5)–(8), the regulations hitherto in force shall apply.

(10) Section 1, no. 7 shall not apply to members who, at the time of entry into force, cf. subsection (2), are elected to the board of directors of banks, mortgage-credit institutions and insurance companies.

(11) (Omitted)

Act no. 308 of 28 March 2015 (Implementation of the Solvency II and Omnibus II Directive) contains the following entry into force and transitional provisions:

2.

(1) This Act shall enter into force on 1 January 2016, cf. however subsections (2)–(4).

(2) Section 1, nos. 43, 57 and 92 shall enter into force on the day following promulgation of this Act in the Danish Law Gazette.

(3)–(4) (Omitted)

3.

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(1)–(4) (Omitted)

(5) In the case of employees who, at the time of entry into force of this Act, cf. section 2(1), take a position in a group 1 insurance company which means that the employee is to be identified as a key function holder pursuant to section 71(4) of the Financial Business Act as worded in section 1, no. 28 of this Act, section 64(8), first sentence of the Financial Business Act, as worded in section 1, no. 26 shall only apply to circumstances arising after the entry into force of this Act.

4.

(1) Insurance companies which, on 1 January 2016, have ceased or are ceasing to enter into new insurance or reinsurance agreements, and are solely managing their existing portfolio with the aim of ceasing to carry out insurance business, are classed as group 2 insurance companies, however, cf. subsections (2)–(4), if the company

1) declares to the Danish FSA that it wishes to conclude its operation before 1 January 2019, or
2) is covered by rules established pursuant to section 242 of the Financial Business Act and an administrator has been appointed.

(2) An insurance company shall fulfil the following conditions in order to be covered by subsection (1):

1) The company is not part of a group, or the company is part of a group in which all insurance companies cease to enter into new insurance or reinsurance agreements after 31 December 2015,
2) no later than 20 business days after 31 December 2015, the company sends a report to the Danish FSA regarding the measures the company has taken in connection with winding up its activities, and
3) the company notifies the Danish FSA that it is covered by subsection (1).

(3) If an insurance company covered by subsection (1), no. 1 does not wind up its activities before 1 January 2019, as of 1 January 2019 the status of the company will be changed to a group 1 insurance company, if the company meets the conditions in section 5(1), no. 24 of the Financial Business Act as worded in section 1, no. 7 of this Act. If the Danish FSA judges that the company's activities are unlikely to be wound up before 1 January 2019, the Danish FSA may decide that, as of a date to be set by the Danish FSA, the company will become a group 1 insurance company, if the company meets the conditions in section 5(1), no. 24 of the Financial Business Act as worded in section 1, no. 7 of this Act.

(4) An insurance company covered by subsection (1), no. 2, whose activities are not wound up before 1 January 2021, becomes a group 1 insurance company as of that date, if the company meets the conditions set out in section 5(1), no. 24 of the Financial Business Act, as worded in section 1, no. 7 of this Act. If the Danish FSA judges that the insurance company's activities are unlikely to be wound up before 1 January 2021, the Danish FSA may decide that, as of a date to be set by the Danish FSA, the company will become a group 1 insurance company if the company meets the conditions in section 5(1), no. 24 of the Financial Business Act, as worded in section 1, no. 7 of this Act.

5.

(1) A group 1 insurance company that, as at 31 December 2015, complies with the solvency requirement in the Financial Business Act applicable at this time, and which as at 31 December 2016 does not hold adequate own funds to cover the solvency capital requirement under section 126c of the Financial Business Act, as worded in section 1, no. 34 of this Act, shall take the requisite measures to comply with the solvency capital requirement before 31 December 2017.

(2) A group 1 insurance company covered by subsection (1) shall submit a plan for restoration in accordance with section 248a(1) of the Financial Business Act, as worded in section 1, no. 58 of this Act, and shall, every three months thereafter, submit a report describing the measures taken to date and progress towards complying with the solvency capital requirement. Should the report show that no significant progress has been made towards complying with the solvency capital requirement, the Danish FSA may require the company to meet the solvency capital requirement by a date to be set before the time limit under subsection (1).

(3) In exceptional circumstances, the Danish FSA may extend the time limit in subsection (1) in accordance with section 248a(3) of the Financial Business Act, as worded in section 1, no. 58 of this Act.

(4) Section 248a(2) of the Financial Business Act, as worded in section 1, no. 58 of this Act, shall not apply to companies covered by subsections (1) and (3).

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6.

(1) Groups where the ultimate parent undertaking is situated in Denmark and the ultimate parent undertaking is a group 1 insurance company, an insurance holding company or a financial holding company covered by section 5(1), no. 10(a) of the Financial Business Act, and where at least one of the subsidiary undertakings is a group 1 insurance company and, as at 31 December 2015, the ultimate parent undertaking complies with the solvency requirement applicable to the ultimate parent undertaking pursuant to the Financial Business Act, but which, as at 31 December 2016, do not hold adequate own funds to cover the solvency capital requirement calculated by the ultimate parent undertaking under section 175b of the Financial Business Act, as worded in section 1, no. 52 of this Act, shall take the requisite measures to comply with the solvency capital requirement under section 175b of the Financial Business Act, as worded in section 1, no. 52 of this Act, before 31 December 2017.

(2) The ultimate parent undertaking covered by subsection (1) shall submit a plan for restoration in accordance with section 248a(1) of the Financial Business Act, as worded in section 1, no. 58 of this Act, and shall, every three months thereafter, submit a report describing the measures taken to date and progress towards complying with the solvency capital requirement for the group. Should the report show that no significant progress has been made towards complying with the solvency capital requirement for the group, the Danish FSA may require the ultimate parent undertaking to meet the solvency capital requirement for the group by a date to be set before the time limit under subsection (1).

(3) In exceptional circumstances, the Danish FSA may extend the time limit in subsection (1) in accordance with section 248a(3) of the Financial Business Act, as worded in section 1, no. 58 of this Act. (4) Section 248a(2) of the Financial Business Act, as worded in section 1, no. 58 of this Act, shall not apply to ultimate parent undertakings covered by subsections (1) and (3).

7.

(1) A group 1 insurance company that, as at 31 December 2015, complies with the minimum capital requirement in the Financial Business Act applicable at this time shall, no later than 31 December 2016, hold basic own funds to cover the minimum capital requirement under section 126d of the Financial Business Act, as worded in section 1, no. 34 of this Act.

(2) A group 1 insurance company covered by subsection (1), in the period up to 31 December 2016, shall not have to prepare a financing plan under section 248b of the Financial Business Act, as worded in section 1, no. 58 of this Act, and will not, during this period, be able to have its licence withdrawn under section 224(7) of the Financial Business Act, as worded in section 1, no. 55 of this Act.

(3) If the group 1 insurance company does not hold basic own funds to cover the minimum capital requirement on 31 December 2016, the Danish FSA will withdraw the company's licence in accordance with Part 15 of the Financial Business Act.

8.

Until 31 December 2017, group 1 insurance companies using an internal model approved by the Danish FSA to calculate the solvency capital requirement shall apply the solvency capital requirement as calculated according to the standard formula in regard to the percentages stated in section 126d(3) of the Financial Business Act, as worded in section 1, no. 34 of this Act.

Act no. 334 of 31 March 2015 (Implementation of directive on the recovery and resolution of credit institutions and investment firms (BRRD) and directive on deposit guarantee schemes (DGSD)) contains the following entry into force and transitional provisions:

7.

(1) This Act shall enter into force on 1 June 2015, cf. however, subsections (2) and (3).

(2) Section 1, nos. 21, 24, 54 and 57, section 3, no. 16 and section 6 shall enter into force on 1 January 2016.

(3)–(4) (Omitted)

(5) Deposits that, before the entry into force of this Act, were covered wholly or partly by the Guarantee Fund for Depositors and Investors, but which after the entry into force of this Act are no longer covered wholly or partly by the Guarantee Fund, shall retain their coverage until the deposits can be paid to the entitled depositor.

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For the proceeds of loans in connection with new construction, which were previously fully covered for up to two years, the first sentence applies for a maximum of two years after the amount is deposited.

(6) The Guarantee Fund for Depositors and Investors shall be dissolved upon reorganisation into the Guarantee Fund. The Guarantee Fund's takeover of the previous activities shall take effect from 1 January 2015 for accounting purposes.

(7) The requirement in section 125i(1), as worded in section 1, no. 12 of this Act, to the effect that a mortgage-credit institution must at all times have a debt buffer of 2% of the mortgage-credit institution's total lending, shall, as at 15 June 2016, 2017, 2018, 2019 and 2020 constitute at least 30%, 60%, 80%, 90% and 100% respectively of the overall requirement.

(8) (Omitted)

Act no. 532 of 29 April 2015 (Right to a basic deposit account, the implementation of amendments to the Transparency Directive, the modernisation of the rules for submitting annual reports, the expansion of insurance companies' operation of other activity, clarification of the regulation of refinancing risks of mortgage-credit bonds, etc. and the implementation of the Housing Credit Directive, etc.) contains the following entry into force and transitional provision:

16.

(1) This Act shall enter into force on 3 July 2015, cf. however subsections (2)–(9).

(2) Section 2, nos. 3, 6 and 13 shall enter into force on 1 May 2015.

(3)–(5) (Omitted)

(6) Section 2, no. 16 and section 13 shall enter into force on 1 January 2016.

(7) Section 2, nos. 1, 4 and 5, and sections 4 and 5, shall enter into force on 21 March 2016.

(8) (Omitted)

(9) The Minister for Industry, Business and Financial Affairs shall determine the date of entry into force of section 1, nos. 3–5, section 2, nos. 7, 9–11 and 15, section 8, nos. 1–4, section 9, nos. 1, 3 and 4, and section 12. The Minister for Industry, Business and Financial Affairs may also decide that the provisions shall enter into force on different dates.

(10)–(17) (Omitted)

Act no. 1563 of 15 December 2015 (Implementation of the UCITS V Directive, phasing in of a new liquidity coverage requirement for financial and mortgage-credit institutions and the Danish FSA's authority to collate and publish prices of home loans) shall contain the following entry into force and transitional provision:

10.

(1) This Act shall enter into force on 18 March 2016, however, cf. subsections (2)–(4).

(2) Section 14(1), section 64(8), section 71(2) and (3), section 124, sections 126b–126g, section 174(1), first sentence, section 182(1) and (2), section 283, section 351(4), (5) and (7)–(9), section 352(2), section 354e(2), section 355(3), section 365(2), section 373(1)–(3), section 374(3), and sections 417a–417d of the Financial Business Act, as worded in section 1, nos. 6, 8–10, 18–20, 27, 29, 32–40 and 42–48 of this Act, and section 841 of the Securities Trading, etc. Act, as worded in section 3, no. 1, and sections 4, 5, 7, 8 and 9, shall enter into force on 1 January 2016.

(3) Sections 152, 153 and 224 of the Financial Business Act, as worded in section 1, nos. 22–26 and 31 of this Act, shall enter into force on 1 January 2017.

(4) (Omitted)

Act no. 262 of 16 March 2016 (Introduction of a register of real owners) includes the following entry into force provision:

13.

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The Minister for Industry, Business and Financial Affairs shall lay down the date of entry into force of this Act. The Minister for Industry, Business and Financial Affairs may also decide that different parts of this Act are to enter into force on different dates. The Minister for Industry, Business and Financial Affairs may also establish transitional rules.

Act no. 395 of 2 May 2016 (Transferring the tasks of the National Board of Industrial Injuries (Arbejdsmarkedets Erhvervssygdomssikring) to the independent institution The Labour Market Insurance (Arbejdsmarkedets Erhvervssikring) and to the Danish Agency for Labour Market and Recruitment (Styrelsen for Arbejdsmarked og Rekruttering) and closing the National Board of Industrial Injuries) contains the following entry into force provision:

23.

(1) This Act shall enter into force on 1 July 2016.

(2)–(7) (Omitted)

Act no. 631 of 8 June 2016 (Implementation of changes to the Audit Directive and options in the scheme for special requirements for auditing of public interest entities) contains the following entry into force provision:

12.

(1) This Act shall enter into force on 17 June 2016, cf. however subsection (2).

(2)–(8) (Omitted)

Act no. 1549 of 13 December 2016 (Increasing penalties for violation of the Financial Business Act, selection of Systematically Important Financial Institutions (SIFI), fit and proper requirements for key function holders within SIFIs, remuneration rules for financial undertakings, etc., relaxation of capital requirements for investment firms, expansion of inspection and monitoring powers of the Danish FSA and the Danish Business Authority to combat market abuse, etc.) contains the following entry into force and transitional provision:

18.

(1) This Act shall enter into force on 1 January 2017, cf. however subsections (2) and (3).

(2) Section 1, nos. 53, 63–75, 82 and 92 shall enter into force on 1 July 2017.

(3) The Minister for Industry, Business and Financial Affairs shall determine the date of entry into force of section 1, nos. 77 and 78. The Minister for Industry, Business and Financial Affairs may also decide that the provisions shall enter into force on different dates.

(4) An employee who, at the time of entry into force of this Act, cf. subsection (1), takes a position in a systemically important financial institution (SIFI) or a globally systemically important financial institution (G-SIFI), which means that the employee is to be identified as a key function holder pursuant to section 312a(1) of the Financial Business Act, as worded in section 1, no. 86 of this Act, need not notify the Danish FSA of information about his fitness and properness pursuant to section 64(5), cf. section 313a of the Financial Business Act, as worded in section 1, no. 87 of this Act, in connection with the institution identifying said employee as a key function holder when the Act comes into force. For these key function holders, circumstances that occurred before the entry into force of the Act are not included in a later assessment of whether section 64(2) and (3), cf. section 313a of the Financial Business Act, as worded in section 1, no. 87 of this Act, is met.

(5) Section 312b of the Financial Business Act, as worded in section 1, no. 86 of this Act, shall apply to agreements entered into, renegotiated, extended and renewed after entry into force of this Act.

(6) Section 313b of the Financial Business Act, as worded in section 1, no. 87 of this Act, shall not apply to exposures with or collateralisation from employees in a systemically important financial institution (SIFI) or a globally systemically important financial institution (G-SIFI) who are identified as key function holders pursuant to section 312a(1) of the Financial Business Act, as worded in section 1, no. 86 of this Act, if the exposure or collateralisation is granted before the entry into force of the Act, or before the employee was identified as a key function holder.

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(7)–(8) (Omitted)

Act no. 1721 of 27 December 2016 (Amending the rules on land registration and mortgage-credit financing in regard to certain telecommunications, energy supply and water supply undertakings) contains the following entry into force provision:

6.

(1) This Act shall enter into force on 1 January 2017.

(2) (Omitted)

Act no. 60 of 16 January 2017 (Provisions on the collection and registration of data, etc.) includes the following entry into force provision:

3.

This Act shall enter into force on 19 January 2017.

*The Ministry of Industry, Business and Financial Affairs, 31
January 2017*

BRIAN MIKKELSEN

/ Jesper Berg

Annex 1

Banking activities

- 1) Acceptance of deposits and other repayable funds.
- 2) Lending activities, including
 - consumer credit,
 - mortgage-credit loans,
 - factoring and discounting,
 - commercial credits (including forfaiting),
 - financial leasing.
- 3) Payment services covered by Annex 1 of the Payment Services and Electronic Money Act.
- 4) Issuing and administration of other means of payment (for example travellers' cheques and bankers' drafts) insofar as this activity is not covered by no. 3.
- 5) Guarantees and collateralisation.
- 6) Participation in issuing securities and provision of related services.
- 7) Advice to undertakings on capital structure, industrial strategy and related questions and advice, and services relating to mergers and the acquisition of undertakings.
- 8) Money broking.
- 9) Credit reference services.
- 10) Safe custody services.
- 11) Business for own account relating to any of the instruments mentioned in Annex 5.
- 12) Safekeeping and administration in relation to one or more of the instruments mentioned in Annex 5, and mortgages.
- 13) Other activities in relation to trade in money and credit instruments.
- 14) Issuers of electronic money.

Annex 2

Credit institution activities

- 1) Acceptance of deposits and other repayable funds.
- 2) Lending activities, including
 - a) consumer credit,
 - b) mortgage-credit loans,
 - c) factoring and discounting,
 - d) commercial credits (including forfaiting),
- 3) Financial leasing.
- 4) Payment services covered by Annex 1 of the Payment Services and Electronic Money Act.
- 5) Issuing and administration of other means of payment (for example travellers' cheques and bankers' drafts) insofar as this activity is not covered by no. 4.
- 6) Guarantees and collateralisation.
- 7) Trading for own account or for account of clients in:
 - a) money market instruments (cheques, bills, certificates of deposit, etc.),
 - b) the foreign exchange market,
 - c) financial futures and options,
 - d) exchange and interest-rate instruments,
 - e) securities.
- 8) Participation in issuing securities and provision of related services.
- 9) Advice to undertakings on capital structure, industrial strategy and related questions and advice, and services relating to mergers and the acquisition of undertakings.
- 10) Money broking.
- 11) Portfolio management and advice.
- 12) Safekeeping and administration of securities.
- 13) Credit reference services.
- 14) Safe custody services.
- 15) Issue of electronic money.

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Annex 3

Mortgage-credit activities

- 1) Granting of loans against a registered mortgage on real property on the basis of the issue of mortgage-credit bonds or other securities.
- 2) Granting of loans without a mortgage on real property to public authorities or with a guarantee for surety from a public authority.
- 3) Business for own account relating to any of the instruments mentioned in Annex 5.
- 4) Safekeeping and administration of own mortgage-credit bonds and own other securities.

Annex 4

Investment services

Section A

- 1) Receipt and arrangement for the account of investors of orders in relation to one or more of the instruments mentioned in Annex 5.
- 2) Execution of orders with one or more of the instruments mentioned in Annex 5 on the account of investors.
- 3) Business for own account relating to any of the instruments mentioned in Annex 5.
- 4) Arranging portfolio strategies based on estimates with regard to individual clients' securities equity investments at the directions of investors, if such equity investments include one or more of the instruments mentioned in Annex 5.
- 5) Investment advice.
- 6) Underwriting in relation to issue of one or more of the instruments mentioned in Annex 5, or placement of such issues on the basis of a fixed commitment.
- 7) Placing of financial instruments without a fixed commitment.
- 8) Operation of multilateral trading facilities.
- 9) Safekeeping and administration for the account of investors in relation to one or more of the instruments mentioned in Annex 5, including custody activities and services linked to one or more of the activities mentioned in 1–8.

Section B

- 1) Safe custody services.
- 2) Credit or granting of loans to an investor, so that said investor may carry out a transaction with one or more of the instruments mentioned in Annex 5, if the undertaking providing such credit or loan participates in the transaction.
- 3) Advice to undertakings on capital structure, industrial strategy and related matters and advice and services relating to mergers and the purchase of undertakings.
- 4) Foreign exchange services where these are connected to the provision of investment services.
- 5) Investment analyses and financial analyses or other forms of general recommendations regarding one or more of the instruments mentioned in Annex 5.
- 6) Services related to underwriting.
- 7) Investment services and investment activities as well as ancillary services of the type dealt with in this Annex regarding the underlying instrument for the derivatives covered by Annex 5, nos. 5–7 and 10, when these are linked to the investment service or the ancillary service.
- 8) Mediation and advice on loans and credits for geared investments.

Annex 5

Instruments

- 1) Negotiable securities (except for payment instruments) that can be traded on the capital market, including
 - a) shares in companies and other securities equivalent to shares in companies, partnerships and other businesses, and share certificates,
 - b) bonds and other debt instruments, including certificates for such securities, and
 - c) any other securities of which securities as mentioned in a) or b) can be acquired or sold, or give rise to a cash settlement, the amount of which is fixed with securities, currencies, interest rates or returns, commodities indexes and other indexes and targets as reference,
- 2) money-market instruments, including treasury bills, certificates of deposits and commercial papers, with the exception of payment instruments,
- 3) units in collective investment schemes covered by the Alternative Investment Fund Managers, etc. Act or the Investment Associations, etc. Act, as well as holdings in other collective investment undertakings,
- 4) options, financial-futures, swaps, Forward Rate Agreements (FRAs), and any other derivative agreement concerning securities, currencies, interest rates or returns, or other derivatives, financial indexes or financial targets which can be subject to physical or cash settlements,
- 5) options, futures, swaps, Forward Rate Agreements (FRAs), and any other derivative agreement concerning commodities for cash settlement, or which can be settled in cash if one of the parties so wishes (for other reasons than breach or termination),
- 6) options, futures, swaps, and any other derivative agreement concerning commodities for physical settlement, if traded on a regulated market or a multilateral trading facility,
- 7) options, futures, swaps, forward contracts or any other derivative agreement concerning commodities not covered by no. 6 and which can be physically settled, and have no commercial purpose, which have characteristics similar to other derivative financial instruments, taking into consideration whether they are cleared and settled through acknowledged clearing institutions or are covered by regular determination of a margin,
- 8) credit derivatives,
- 9) financial contracts for difference (CDFs),
- 10) options, futures, swaps, Forward Interest-Rate Agreements (FRAs) and any other derivative agreement regarding climatic variables, freight rates, emissions permits or inflation rates, or other official financial statistics for cash settlement, or which can be settled in cash if one of the parties so wish (for other reasons than breach or other causes of termination) and any other derivative agreement concerning assets, rights, obligations, indexes and targets not covered by the other numbers, and which have characteristics similar to other derivative financial instruments, taking into consideration whether they are traded on a regulated market or through a multilateral trading facility, cleared and settled through acknowledged clearing institutions or are covered by regular determination of a margin, and
- 11) foreign-exchange spot transactions for investment purposes in order to secure a profit in connection with changes in the exchange rate.

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Annex 6

Functions (tasks) covered by collective portfolio management

- 1) Investment management.
- 2) Management:
 - a) Legal and accounting services in connection with funds management.
 - b) Client inquiries.
 - c) Fixing the net asset value as well as issue and redemption prices (including tax returns).
 - d) Regulatory compliance monitoring.
 - e) Updating investor registers.
 - f) Allocation of profit (distribution and retention of earnings).
 - g) Issue and redemption of units.
 - h) Contract settlements (including issue of investment certificates).
 - i) Record keeping.
- 3) Marketing.

Annex 7

Insurance activities – non-life

Classification of risks by means of classes of insurance.

- 1) Accidents (including industrial injuries and occupational illness): fixed pecuniary benefits, benefits in the nature of indemnity, combinations of the two, and passenger transport.
- 2) Sickness: fixed pecuniary benefits, benefits in the nature of indemnity and combinations of the two.
- 3) Fully comprehensive insurance for land vehicles (other than railway rolling stock): all damage to or loss of land motor vehicles and land vehicles other than motor vehicles.
- 4) Fully comprehensive insurance for railway rolling stock: all damage to or loss of railway rolling stock.
- 5) Hull insurance for aircraft: all damage to or loss of aircraft.
- 6) Hull insurance for ships (sea, lake and river and canal vessels): all damage to or loss of sea, lake and river and canal vessels.
- 7) Goods in transit (including merchandise, baggage, and all other goods): all damage to or loss of goods in transit or baggage, irrespective of the form of transport.
- 8) Fire and natural forces: all damage to or loss of property (other than property included in classes 3, 4, 5, 6 and 7) due to fire, explosion, storm, natural forces (other than storm), nuclear energy or land subsidence.
- 9) Other damage to property: all damage to or loss of property (other than property included in classes 3, 4, 5, 6 and 7) due to hail or frost, and any event such as theft, other than those mentioned under no. 8.
- 10) Third-party professional indemnity insurance for motor land vehicles: all liability arising out of the use of motor land vehicles (including carrier's liability).
- 11) Third-party aircraft liability: all liability arising out of the use of aircraft (including carrier's liability).
- 12) Third-party liability for ships (sea, lake and river and canal vessels): all liability arising out of the use of ships, vessels or boats on the sea, lakes, rivers or canals (including carrier's liability).
- 13) General liability: all liability other than those forms mentioned under nos. 10, 11 and 12.
- 14) Credit: insolvency (general), export credit, instalment credit, mortgages and agricultural credit.
- 15) Suretyship: direct suretyship and indirect suretyship.
- 16) Miscellaneous financial loss: employment risks, insufficiency of income (general), bad weather, loss of benefits, continuing general expenses, unforeseen trading expenses, loss of market value, loss of rent or revenue, indirect trading losses other than those mentioned above, other financial loss (non-trading) and other forms of financial loss.
- 17) Legal expenses: legal expenses and costs of litigation.
- 18) Assistance: assistance for persons who get into difficulties while travelling, while away from home or while away from their permanent residence.

Annex 8

Insurance activities – life

Classification of risks by means of classes of insurance.

I. General life assurance:

- a) Life assurance (that is to say, the class of insurance which comprises, in particular, assurance on survival to a stipulated age only, assurance on death only, assurance on survival to a stipulated age or on earlier death and life assurance with return of premiums),
- b) annuities,
- c) supplementary insurance contracts underwritten in connection with life assurance (in particular, insurance against personal injury including incapacity for employment and insurance against death resulting from an accident or insurance against disability resulting from an accident or sickness).

II. Marriage assurance and birth insurance:

- a) Marriage assurance;
- b) birth insurance.

III. Insurance attached to collective investment funds:

- a) Life assurance (that is to say, the class of insurance which comprises, in particular, assurance on survival to a stipulated age only, assurance on death only, assurance on survival to a stipulated age or on earlier death, life assurance with return of premiums, marriage assurance and birth insurance),
- b) annuities,

IV. Permanent health insurance (long-term sickness insurance): sickness insurance which is written for a long period and is interminable for the insurance company in the entire period.

V. Tontine: system entailing establishment of member associations with a view to joint capitalisation of contributions and payment of the resulting funds to either the survivors or to the heirs or beneficiaries of deceased members.

VI. Capitalisation: activities based on actuarial calculation which include liabilities with a fixed term and amount against payment of a lump sum or predetermined regular payments.