

Ministry: Ministry of Industry,  
Business and Financial Affairs  
Reference number: Min. of Ind.,  
Bus. and Fin. Affairs,

Subsequent amendments to the regulation  
None

The Danish Financial Supervisory Authority,  
ref. no. 102-0001

## Executive Order on the amendment of the Executive Order on Management and Control of Banks, etc.<sup>1)</sup>

### Part 1

The following changes are made to Executive Order no. 1026 of 30 June 2016 on Management and Control of Banks, etc.”, etc.

1. *The footnote* to the title of the Executive Order is worded as follows:

'The Executive Order contains provisions implementing parts of Directive 2013/36/EU of the European Parliament and of the Council of 26 June 2013 on access to exercise activity as credit institutions and the prudential supervision of credit institutions and investment firms, the amendment on Directive 2002/87/EC and on the repeal of Directives 2006/48/EC and 2006/49/EC, Official Journal 2013, No L 176, page 338, and parts of Directive 2016/1148/EU of the European Parliament and of the Council of 6 July 2016 concerning measures to ensure a high common level of security of network and information systems across the Union, Official Journal 2016, No L 194, page 1. The Executive Order contains certain provisions from 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 amending Regulation (EU) No 648/2012, Official Journal 2013, No L 176, page 1. According to Article 288 of the Treaty on the Functioning of the EU (TFEU), a regulation applies immediately in each Member State. The reproduction of these provisions in the Executive Order is therefore solely for practical purposes and does not affect the regulation's immediate applicability in Denmark.'

2. *The introduction* is worded as follows:

'Pursuant to section 65 (2), Section 70 (7), Section 71 (2), Section 152 (2) and Section 373 (4) of the Financial Business Act, cf. Consolidated Act No. 1140 of 26 September 2017, as amended by Act no. 436 of 8 May 2018, and Section 21 and Section 39 (3) of the Danish Act on mortgage credit loans and mortgage credit bonds, etc., cf. Consolidated Act No. 959 of 21 August 2015, the following is established:'

3. In *Section 1 (1)*, 'cf. however, subsection (1)' is amended to: 'cf. however, subsection (4).'

4. In *Section 1*, the following new subsection is inserted after subsection (3):

'*Subsection (4)* Section 4 (2), no. 7, Section 5 (3), no. 4, and Appendix 8 do not apply to companies subject to Section 1 (1), nos. 5-7.'

5. In *Section 4 (2)*, the following new number is inserted after no. 6:

7) Excessive leverage risk policy, see Appendix 8.'

No. 7 will subsequently become no. 8.

**6.** *Section 4 (3)* is repealed.

Subsection (4) subsequently becomes subsection (3).

**7.** In *Section 5 (2), no. 3*, the following is inserted after 'risks,': 'and'.

- 8.** In *Section 5 (2), no. 4*, 'relevant, and' is amended to:  
'relevant.'
- 9.** *Section 5 (2), no. 5*, is repealed.
- 10.** In *Section 5 (3), no. 4*, 'cf. Section 25 (3 and 4).' is amended to:  
'cf. Appendix 8.'
- 11.** In *Section 17 (3)*, 'Section 4 (1)-(3) of the Executive Order on the organisation requirements and conditions for operation of activities as a securities dealer.' is amended to: 'Article 22 of Commission Delegated Regulation (EU) No 2017/565 of 25 April 2016 supplementing Directive 2014/65/EU of the European Parliament and of the Council as regards the organisational requirements and the operating conditions for investment firms as well as definitions of terms for the purposes of that Directive.'
- 12.** *Section 25 (3) and (4)* are repealed.
- 13.** *Section 27 (1)* is worded as follows:  
'Non-compliance with Sections 3-7, Section 8 (2)-(4) and (6)-(9), Section 9, Section 11 (1) and (3), Section 12, Section 13 (1), paragraph 1, (2) and (3), Sections 14 and 15, Section 16 (1), Section 17 (1)-(4) and (6), paragraph 2, Section 19, Section 20 (1), (2), (3), paragraphs 1 and 2 and (4), Section 21, Section 22 (1), paragraph 1, and (2), Sections 23-24, and Section 26 (4) is punishable with a fine.'
- 14.** In *Appendix 5*, the following is inserted as *no. 11*:  
'11) The Board of Management of a credit or mortgage credit institution designated by the FSA as the operator of essential services must ensure that the FSA and the Centre for Cyber Security are informed as soon as possible of incidents, which have significant consequences to the continuity of the essential services they deliver. The notification must include information on the number of users affected by the interruption of the essential service, the duration of the incident, the geographical distribution with regard to the area affected by the incident and any cross-border consequences of the incident.'
- 15.** A new *Appendix 8*, which is worded as Appendix 1 to this Executive Order, is inserted after Appendix 7.

## **Part 2**

*Subsection (1)* The Executive Order enters into force on 1 July 2018, cf. however, subsection (2).

*Subsection (2)* Section 1, nos. 1 and 14, enter into force on 10 May 2018.

*The Danish Financial Supervisory Authority, 9 May 2018*

*Jesper Berg*

/ Louise Buchter

1) The Executive Order contains provisions implementing parts of Directive (EU) 2016/1148 of the European Parliament and of the Council of 6 July 2016 concerning measures to ensure a high common level of security of network and information systems across the Union, Official Journal 2016, no. L 194, page 1.

**The risk of excessive leverage**

- 1) This appendix contains provisions on the matters referred to in the Executive Order relating to the risk of excessive leverage.
- 2) The Board of Directors must ensure that, where applicable, the company has policies and processes for identifying, monitoring and managing the risk of excessive leverage.
- 3) The policy and processes must reflect the size, exposure and complexity of the company.
- 4) The Board of Management must ensure compliance with the policies and processes of the Board of Directors addressing the risk of excessive leverage.
- 5) The company must have indicators of the risk of excessive leverage. The indicators must include a leverage ratio calculated in accordance with Article 429 of Regulation (EU) No 575/2013 and mismatch between assets and liabilities.
- 6) The company must, where appropriate, exercise caution when managing the risk of excessive leverage. The company must take due account of the potential increase in the risk of excessive leverage due to a reduction in the company's own funds due to expected or realised losses, depending on the applicable accounting rules. To this end, companies must be able, as applicable, to withstand various stresses related to the risk of excessive leverage.
- 7) Stress testing of the risk of excessive leverage must reflect the size, exposure and complexity of the company.
- 8) The Board of Directors must, where appropriate, generally receive quarterly reports on the company's risk of excessive leverage.
- 9) The Board of Management must, where applicable, receive a report on the company's risk of excessive leverage at least once a quarter.'