While this translation was carried out by a professional translation agency, the text is to be regarded as an unofficial translation based on the latest official Consolidating Act no. 885 of 8 August 2011. Only the Danish document has legal validity.

December, 2011, GlobalDenmark Translations

Consolidating Act no. 885 of 8 August 2011 EXCLUDING MINOR AMENDMENTS

Financial Business Act[1)]

[1)]This Consolidated Act contains provisions that implement the First Council Directive no. 73/239/EEC of 24 July 1973 (First Non-Life Insurance Directive), Official Journal 1973 no. L 228, p. 3, Council Directive 76/580/EEC of 29 June 1976 (amendment to the First Non-Life Insurance Directive), Official Journal 1976 no. L 189, p. 13, parts of the Fourth Council Directive 78/660/EEC of 25 July 1978 (Fourth Directive), Official Journal 1978 no. L 222, p. 11, parts of the Seventh Council Directive 83/349/EEC of 13 June 1983 (Seventh Directive), Official Journal 1983 no. L 193, p. 1, parts of the Eighth Council Directive 84/253/EEC of 10 April 1984 (Eighth Directive), Official Journal 1984 no. L 126, p. 20, Council Directive 84/641/EEC of 10 December 1984 (amendment of the First Non-Life Assurance Insurance Directive), Official Journal 1985 no. L 339, p. 21, parts of Council Directive 85/611/EEC of 20 December 1985 (UCITS Directive), Official Journal 1986 no. L 375, p. 3, Council Directive 86/635/EEC of 8 December 1986 (Bank Accounts Directive), Official Journal 1987 no. L 372, p. 1, the Second Council Directive 88/357/EEC of 22 June 1988 (Second Non-Life Insurance Directive), Official Journal 1988 no. L 172, p. 1, Council Directive 89/117/EEC of 13 February 1989 (publication of annual accounting documents for branches in non-member countries), Official Journal 1989 no. L 44, p. 40, parts of Council Directive 90/618/EEC of 8 November 1990 (amendment of the First and Second Non-Life Insurance Directives), Official Journal 1990 no. L 330, p. 44, Council Directive 91/674/EEC of 19 December 1991 (Insurance Accounts Directive), Official Journal 1991 no. L 374, p. 7, Council Directive 92/49/EEC of 18 June 1992 (Third Non-Life Insurance Directive), Official Journal 1992 no. L 228, p. 1, European Parliament and Council Directive 95/26/EC of 29 June 1995 (BCCI Directive), Official Journal 1995 no. L 168, p. 7, European Parliament and Council Directive 98/31/EC of 22 June 1998 (amendment to the Capital Adequacy Directive), Official Journal 1998 no. L 204, p. 13, European Parliament and Council Directive 98/33/EC of 22 June 1998, Official Journal 1998 no. L 204, p. 29, Council Directive 98/49/EC of 29 June 1998, Official Journal 1998 no. L 209, p. 46, European Parliament and Council Directive 98/78/EC of 27 October 1998 (Insurance Group Directive), Official Journal 1998 no. L 330, p. 1, parts of the European Parliament and Council Directive 2000/26/EC of 16 May 2000 (Fourth Motor Insurance Directive), Official Journal 2000 no. L 181, p. 65, European Parliament and Council Directive 2000/64/EC of 7 November 2000 (exchange of information), Official Journal 2000 no. L 290, p. 27, European Parliament and Council Directive 2001/17/EC of 19 March 2001 (Insurers Reorganisation and Winding-Up Directive), Official Journal 2001 no. L 110, p. 28, European Parliament and Council Directive 2001/24/EC of 4 April 2001 (Winding-Up of Credit Institutions Directive), Official Journal 2001 no. L 125, p. 15, European Parliament and Council Directive 2001/107/EC of 21 January 2002 (Service Providers' Directive), Official Journal 2002 no. L 41, p. 20, European Parliament and Council Directive 2002/13/EC of 5 March 2002 (Solvency 1 Directive), Official Journal 2002 no. L 77, p. 17, and the directives 79/267, 90/619, 92/96 and 2002/12, which are now consolidated in the European Parliament and Council Directive 2002/83/EC of 5 November 2002 (Life-Assurance Directive), Official Journal 2002 no. L 345, p. 1, European Parliament and Council Directive 2002/87/EC of 16 December 2002 (Financial Conglomerates Directive), Official Journal 2003 no. L 35, p. 1, parts of European Parliament and Council Directive 2002/92/EC of 9 December 2002 (Directive on Insurance Mediations), Official Journal 2003 no. L 9, p. 3, parts of European Parliament and Council Directive 2004/39/EC 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 Directive), Official Journal 2004 no. L 145, p. 1, parts of European Parliament and Council Directive 2005/14/EC of 11 May 2005 (5th Motor Vehicle Insurance Directive), Official Journal 2005 no. L 149, p. 14, parts of European Parliament and Council Directive 2005/68/EC of 16 November 2005 on reinsurance and amending Council Directives 73/239/EEC, 92/49/EEC as well as Directives 98/78/EC and 2002/83/EC (Reinsurance Directive), Official Journal 2005 no. L 323, p. 1, parts of European Parliament and Council Directive 2006/31/EC 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, p. 60, parts of European Parliament and Council Directive 2006/48/EC of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions (recast) (Credit Institution Directive), Official Journal 2006 no. L 177, p. 1, parts of European Parliament and Council Directive 2006/49/EC of 14 June 2006 on the capital adequacy of investment firms and credit institutions (recast) (Capital Adequacy Directive), Official Journal 2006 no. L 177, p. 201, European Parliament and Council Directive 2007/44/EC 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, p. 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, p. 1 and parts of Directive 2009/111/EC of the European Parliament and of the Council of 16 September 2009 amending Directives 2006/48/EC, 2006/49/EC and 2007/64/EC as regards banks affiliated to central institutions, certain own funds items, large exposures, supervisory arrangements, and crisis management (CRD II), Official Journal 2009 no. L 302, p. 97, and European Parliament and Council Directive 2010/76/EC of 24 November 2010 amending Directive 2006/48/EC and 2006/49/EC as regards capital requirements for the trading book and for re-securitisations, and the supervisory review of remuneration policies (CRD III), Official Journal 2010, no. L 329, p. 3. The Act also includes certain provisions from Regulation no. 1092/2010/EU 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, Official Journal 2010, no. L 331, p. 1, Regulation no. 1093/2010/EU 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, of 24 November 2010 Official Journal 2010, no. L 331, p. 12, Regulation no. 1094/2010/EU 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, p. 48, and Regulation 1095/2010/EU 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, p. 84. According to Article 288 of the Treaty on the Functioning of the European Union a Regulation applies immediately in each Member State. 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.

This is an Act to consolidate the Financial Business Act, cf. Consolidating Act no. 342 of 28 April 2011 with amendments consequential upon section 23 of Act no. 718 of 25 June 2010, section 2 of Act no. 1553 of 21 December 2010, section 1 of Act nos. 7, 10-15, 19, 24, 27, 28, 31, 32, 34-36, 39, 61, 65 and 66 of Act no. 1556 of 21 December 2010 and section 229 of Act no. 456 of 18 May 2011.

The amendments consequential upon section 2 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 Faeroe Islands) have not been included in this Consolidating Act as the date of entry into force of these amendments shall be laid down by the Minister of Economic and Business Affairs, cf. section 3 of Act no. 512 of 17 June 2008.

The amendments consequential upon section 2 of Act no. 616 of 14 June 2011 amending the Corporate Funds Act *(Lov om visse erhvervsdrivende fonde)* and the Financial Business Act (supervision of certain converted former financial undertakings, requirements for management of savings bank funds, amendment of restrictions on voting rights, etc.) have not been included in this Consolidating Act as these amendments do not enter into force until 1 January 2012.

I

General provisions

Part 1

Scope

General regulations regarding scope

1.-(1) This Act shall apply to financial undertakings, cf. section 5(1), no.1, as well as undertakings covered by subsections (2)-(12).

(2) For financial holding companies section 43(1); Part 7; section 64(4); section 71(1), no. 9 and (2); sections 77a-77d; section 117; section 124(2), no. 1; section 125(2), no. 1; Part 13; sections 344-348; section 357; section 361(1), no. 5 and (2); section 368(2), (3), (4), no. 1, and (5), and sections 369 and 370 shall apply.

(3) This Act shall apply to branches in Denmark of credit institutions, investment companies, 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 1st clause.

(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 country within the European Union or in a country with which the Union has entered into an agreement for the financial area, sections 30, 32, 34-36, 43, 44, 47, 48, 50-60, 344 and 345; section 347(1), (2), (4), and (6), as well

as sections 348, 354a, 360, 363a, 368-370 and sections 373-374 shall apply. For branches in Denmark of credit institutions, section 152a(2), 2nd clause and section 347a shall also apply. For branches in Denmark of credit institutions and investment companies which have been granted a licence to carry out investment services in another country within the European Union or in 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 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 country within the European Union or a country with which the Union has entered into an agreement for the financial area sections 31, 36, 43, 44, 46-60, 347(1), and 348(1) shall apply. For services in Denmark carried out by credit institutions and investment companies which have been granted a licence to carry out investment services in another country within the European Union or in 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.

(6) For services with securities trading carried out in Denmark by credit institutions and investment 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 33, 43, 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 section 37 shall apply.

(8) Cooperative savings banks, which are members of the Danish Amalgamation of Cooperative Banks, may meet the requirements of this Act jointly. The Amalgamation shall be regarded as one single bank in relation to the provisions of this Act.

(9) For affiliated cooperative savings banks sections 5, 6, 7(1)-(6), 12, 15(2) and (4), 16, 17, 24-26, 43, 45-48, 50-52, 64-67, 69, 73, 74, 76-80, 85-88, 92, 151(2), 176 and 177, 178(1), 183-198, 199(2)-(4), (8) and (11); sections 203 and 204; section 231(1); sections 232, 235 and 241-244; sections 344-357, and 372, cf. sections 373-374, shall apply.

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

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

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

(13) Provisions regarding the board of directors or its members in section 5(1), no. 7; sections 76, 77(1) and (3) and 78(1); sections 90(2), 98 and 108(2) and (3); sections 115, 144(1) and 199(9) and (10) and sections 203, 209, 247 and 299, shall, in European Companies with a two-string management system, only apply to the supervisory body or its members and with the changes necessary.

(14) 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) and (7); section 179, no. 2; section 180, no. 2; sections 184, 185 and 233; section 289(1); sections 299, 346(2) and (3); section 349(2), no. 2; sections 351, 355(2), no. 9, and (3); and sections 356, 373-374 shall, in European Companies with a two-string 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.

(15) For operators of regulated markets domiciled 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 which have been granted a licence under this Act, cf. section 5(1), no. 20, to operate multilateral trading facilities, section 9(9); section 14(1), nos. 1, 3-6 and 8, and (2)-(5); section 39(6); Part 7; sections 70-72; Part 9; section 125(1), (2), nos. 1 and 2, (5) and (7)-(9); sections 127 and 128; section 142(1), section 143, section 204(1); section 223; section 224(6); section 226(5); sections 344-352 and 355; section 361(1), no. 18; sections 368-371; section 372(1); sections 373-374 and Annex 4, schedule A, no. 8 shall apply with the exceptions made necessary by the circumstances. For operators of regulated markets domiciled in another country within the European Union or in a country with which the Union has entered into an agreement for the financial area which operate multilateral trading facilities from this country, section 31(11) and section 32 shall apply. For operators of regulated markets domiciled in a country outside the European Union with which the Union has not entered into an agreement for the financial area which operate multilateral trading facilities from this country, section 32 shall apply.

(16) For suppliers and sub-suppliers to outsourcing undertakings, cf. section 5(1), nos. 24 and 25, section 347(1) and (5) shall apply.

Special regulations regarding scope for investment management companies

1a. Sections 38 and 39 shall not apply to investment management companies which are only licensed to carry out the activities mentioned in Annex 6, nos. 2-6.

Special regulations regarding scope for insurance companies

2. Sections 61, 61a-c, 62, and 170-178 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.-(1) The regulations in this Act on groups of companies 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, 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, 3rd clause as the parent undertaking. If this is not done, the Danish FSA shall appoint the parent undertaking.

Part 2

Definitions

5.-(1) For the purposes of this Act:

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 at its own expense.

3) *"Investment company" 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, schedule A, nos.1-8 in connection with the instruments stated in Annex 5, nos. 1-10.

5) *"Management company" shall mean:*
A company, the regular business of which is management of UCITS, cf. no. 26.

6) *"Finance institution" shall mean:*
An undertaking which is not a credit institution and the main activity of which consists of acquiring equity investments 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 that has 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 percent of the balance sheet total of the group and the parent undertaking's associated undertakings pertains to the financial sector, cf. however subsection (7), or
b) a parent undertaking whose activity exclusively or mainly consists of ownership of equity investments in subsidiary undertakings which are financial undertakings or finance institutions, and where at least one subsidiary undertaking is a financial undertaking.

11) *"Bank 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 bank activities.

12) *"Mortgage-credit 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 mortgage-credit institution activities.

13) *"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 or finance institutions,

and where the main activity of the group is to carry out investment activities.

14) *"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.

15) *"Associated undertaking" shall mean:*
An undertaking in which a financial undertaking and its subsidiary undertakings hold equity investments and exercise significant influence on its 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 percent or more of the voting rights.

16) *"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 the group of connected clients.
With regard to the provisions on exposures in sections 78, 145, 148 and 182, the following positions shall be exempted:

a) For foreign 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;

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.

17) *"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 percent or more of the voting rights or capital of another undertaking, or

c) the joint links with an undertaking of several undertakings or persons, cf. a).

18) *"Zone A countries" shall mean:* EU Member States, other countries with full membership of the Organisation for Economic Cooperation 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). However, 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.

19) *"Branch" shall mean:*
A compartment which legally does not comprise an independent part of a credit institution, investment company, management company, or insurance company, and which carries on the type of activities for which the undertaking has a licence.

20) *"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 on transfer.

21) *"Captive reinsurance company" shall mean:*
An insurance company, the purpose of which is limited to reinsure insurance risks of the group to which it belongs when the group does not contain other insurance companies.

22) *"Outsourcing" shall mean:*
Delegation by an undertaking of significant areas of activity, which are subject to supervision by the Danish FSA, to a supplier.

23) *"Outsourcing undertaking" shall mean:*
A financial undertaking which outsources activities to a supplier.

24) *"Supplier" shall mean:*
An undertaking that performs outsourced tasks for the outsourcing undertaking.

25) *"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.

26) *"UCITS" shall mean:*
An investment undertaking which is authorised 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 management companies,
b) as trusts (unit trusts) or
c) according to articles of association as investment companies (in Denmark: investment associations).

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

(3) "Qualifying interest" shall mean direct or indirect ownership of 10 percent or more of the capital or voting rights or ownership of an interest which provides the opportunity for exercising significant influence on the management of the financial undertaking or the financial holding company.

(4) "Equity investments" shall mean an interest in a limited company (shares), in a limited liability company (shares) and in the own funds 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", "minimum capital requirements" and "solvency needs" shall be interpreted in accordance with sections 124-125 and 126.
2) "Capital requirements" shall be interpreted in accordance with section 127.
3) "Capital base" shall be interpreted in accordance with section 128.
4) "Core capital" shall be interpreted in accordance with section 128.
5) "Additional capital" shall be interpreted in accordance with section 128.
6) "Hybrid core capital" shall be interpreted in accordance with section 128.
7) "Subordinate loan capital" shall be interpreted in accordance with section 128.
8) "Special bonus provisions" shall be interpreted in accordance with section 128.
9) "Members' accounts" shall be interpreted in accordance with section 128.
10) "Risk-weighted items" shall be interpreted in accordance with section 142.

(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 percent of the balance sheet total of the group and the parent undertaking's associated undertakings pertains to the financial sector. The 1st clause shall not, however, apply if the balance sheet total mentioned in the 1st clause has been below 40 percent for three consecutive years.

Groups

5a. A parent undertaking together with one or more subsidiary undertakings comprise a group. 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 a 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) the power to exercise more than one-half of the voting rights by virtue of an agreement with other investors,
2) the power to control the financial and operating policies of an undertaking pursuant to the articles of association or an agreement,
3) the power to appoint or remove the majority of the members of the supreme management body, and this body has controlling influence on 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) Any voting rights attaching to equity investments owned by the subsidiary undertaking itself or by its subsidiary undertakings shall be disregarded in the determination of the voting rights in a subsidiary undertaking.

6. The Minister for Economic and Business Affairs shall lay down more detailed regulations regarding the use of digital communication, including electronic signatures, when exchanging information in accordance with this Act between citizens and undertakings on the one hand and the public administration on the other hand, as well as storage of information.

II

Licenses, exclusive right, area of activities, and foreign institutions

Part 3

Licenses, exclusive right, etc.

Licenses 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 at their own expense 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, schedule A, nos. 1, 2, 4, 5 and 8.

(3) Banks, the State, Danmarks Nationalbank (Denmark's central bank), foreign credit institutions which fulfil the conditions in section 1(3) and section 30 or 31 of this Act, electronic money institutions, and savings undertakings shall have exclusive right to receive from the public deposits or other funds to be repaid. Mortgage-credit institutions, Danish Ship Finance, 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 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, an affiliation of cooperative savings banks, 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 herefrom, 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 8 million.

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.

(2) Mortgage-credit institutions may be licensed under section 9(1) to carry out the activities mentioned in Annex 4, schedule 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, schedule 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 must 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 herefrom 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 8 million.

9.-(1) Undertakings that carry out for a third party the activities mentioned in Annex 4, schedule A are securities dealers and shall be licensed as securities dealers, cf. however section 7(1) and section 8(1). Securities dealers may in addition carry out one or more of the activities mentioned in Annex 4, schedule B. License to carry out one or more of the activities mentioned in Annex 4, schedule B may only be granted in connection with a licence for the activities mentioned in Annex 4, schedule A. The licence shall state the activities in Annex 4 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 (Denmark's central bank), the Danish Agency for Governmental Management, as well as foreign credit institutions and investment companies, which fulfil the conditions in section 1(3) and sections 30, 31, or 33, shall have exclusive right to carry out the activities mentioned in Annex 4, schedule A with the instruments (securities) mentioned in Annex 5 and with the securities mentioned in section 2, no. 12 of the Securities Trading, etc. Act on a commercial basis for third parties, cf. however section 7(1) and section 8(1). Securities dealers as well as foreign credit institutions and investment companies, 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) and which is not licensed under sections 7(1), 8(1), or 10(1) of this Act shall have a share capital of no less than EUR 1 million, if the investment firm wishes to be a member of a regulated market, a central securities depository, or a clearing centre, where the company participates in clearing and settlement or wishes to carry out one or more of the services mentioned in Annex 4, schedule A, nos. 3, 6, 8 and 9, and schedule B, no. 2. Other companies applying for a licence under subsection (1) shall have a share capital of no less than EUR 0.3 million.

(9) Operators of regulated markets in Denmark, in other countries within the European Union or in countries with which the Union has entered into an agreement for the financial area, may obtain a licence to operate multilateral trading facilities. Operators of regulated markets which operate multilateral trading facilities shall have a share capital of EUR 1 million.

(10) Securities dealers and operators of regulated markets, which wish to operate a multilateral trading facility as an alternative market, shall notify the Danish FSA 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.

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

10.-(1) Undertakings, which carry out the activities mentioned in Annex 6 are investment management companies and shall be licensed as investment management companies.

(2) Investment management companies may be granted a licence under section 9(1) to carry out the activities mentioned in Annex 4, schedule A, nos. 4, 5 and 9, and the activities mentioned in schedule B no. 4. The activities mentioned in Annex 4, schedule 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, schedule 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, schedule A, nos. 5 and 9 may only be granted in connection with a licence for the activity dealt with in Annex 4, schedule A, no. 4. The licence shall state the activities in Annex 4 it covers.

(3) Management companies, including investment management companies, shall have exclusive right to manage UCITS, including investment associations. Furthermore, investment management companies shall have exclusive right to manage special-purpose associations, hedge associations, professional associations, and restricted associations, which have been approved or registered under the Investment Associations, etc. Act.

(4) An investment management company shall have a share capital corresponding to no less than EUR 0.3 million. However, an investment management company, which is to be a

member of a regulated market or holds 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 1 million.

11.-(1) Undertakings, which carry out insurance activities, including reinsurance activities, shall be licensed as insurance companies, or captive reinsurance companies cf. however, sections 30 and 31. The licence shall state the classes of insurance in Annexes 7 and 8 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:

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 War Insurance of Ships Act *(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) Arbejdsmarkedets Tillægspension, the Labour Market Supplementary Pension Scheme (ATP) and the Labour Market Occupational Diseases Fund.
11) Maternity funds.
12) The Travel Guarantee Fund.

(3) 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.

(4) Insurance companies have a duty to use a name that clearly indicates the nature of the companies as insurance companies. Mutual insurance companies have a duty to use the words "gensidigt selskab" in their name, or abbreviations derived herefrom, 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.

(5) An undertaking applying for a licence under subsection (1) shall have a capital base corresponding to no less than the amount mentioned in section 126.

(6) 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 financial area.

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.

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, and investment management companies, mortgage-credit institutions and insurance companies may not divide their share capital into classes of shares with different voting values.

(3) 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 undertakings exceeds 10 percent. The permissible holding of own shares includes shares acquired by a third party in its own name, but at the expense of the undertaking.

14.-(1) The Danish FSA shall grant authorisation when

1) the requirements in sections 7, 8, 9, 10 or 11 have been fulfilled,
2) members of the board of directors and board of management of the applicant fulfil the requirements of section 64,
3) owners of qualifying interests, cf. section 5(3), meet the criteria of section 61a(1),
4) there are no close links, cf. section 5(1), no. 17 between the applicant and other undertakings or persons that could complicate performance of the tasks of the Authority,
5) legislation in another 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,
6) the procedures and administrative conditions of the applicant are appropriate,
7) the applicant has headquarters and registered office in Denmark, and
8) subsection (2) or sections 18-21 and subsection (2), 1st clause 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 interests and the organisation of the undertaking. The application shall also contain 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. At all events, a decision shall be made no later than 12 months after receipt of the application. If the Danish FSA has not made a decision no later than six months after receipt of a complete application for a licence, the company may bring the case before the courts.

(4) In order to comply with the provisions on suspension from the 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 directly or indirectly are owned 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, where 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 Guarantee Fund for Depositors and Investors.

15.-(1) Once the Danish FSA has granted a licence under section 14, the Danish Commerce and Companies Agency 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 Commerce and Companies Agency, 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 Commerce and Companies Agency. The Danish Commerce and Companies Agency 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 licence 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.

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 a country within 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 Annex VI, Part 1, points 68-71 of the Directive relating to the taking up and pursuit of the business of credit institutions.

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

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 on
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 lending 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 estate in bankruptcy.

17. The Danish FSA shall lay down regulations regarding 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

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 on claims processing representatives and their powers.

(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 country within 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 change of these matters. The notification shall include a specification of:

1) the types of insurance the company intends to use,
2) the basis of calculation of insurance premiums, cash surrender values, and paid-up policies,
3) the rules for calculating and distributing the realised results to policyholders and other beneficiaries under insurance contracts,
4) the company's principles for reinsurance, including limits to amounts,
5) the rules for when proposers and policyholders are to provide health information for an assessment of risks,
6) the rules for calculating life-assurance provisions for individual insurance contracts and for the company as a whole, and
7) the rules according to which pension schemes with annuity payments, effected or agreed as compulsory schemes with an insurance company or a pension fund, 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 results, 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 exposures 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.

(5) If an insurance policy is covered by subsection (4), 2nd clause, 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, notwithstanding 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 accepts the obligations no later than 4 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 accepting the obligations.

(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 1st clause shall only be binding provided the company notifies the Danish Commerce and Companies Agency 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 shall, with the changes necessary, 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. 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 on 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 enterprises. The financial undertaking must 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 subsection 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

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 as a long-term placing of funds.

(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 percent 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 country within the European Union or in 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, including investment associations, pursuant to delegation by the board of directors,
2) manage investment undertakings and other collective investment undertakings which have been approved in the home country, and
3) carry out the activities mentioned in Annex 4, schedule 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 capital base 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 company 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, cf. Annex 6, no. 7, 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 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 inform 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 must take place without delay. However, the undertaking shall not inform the Danish FSA of changes regarding the capital base 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 companies in Denmark, which have been granted a licence to provide investment services in a country within 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 country within the European Union or in 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, cf. Annex 6, no. 7, 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, including investment associations, pursuant to delegation by the board of directors,
2) manage investment undertakings and other collective investment undertakings which have been approved in the home country, and
3) carry out the activities mentioned in Annex 4, schedule 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 marketing 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, cf. subsection (7), also 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.

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

(11) An operator of a regulated market with a licence to operate multilateral trading facilities in another country within the European Union or in a country with which the Union has entered into an agreement for the financial area may allow remote users or remote participators in Denmark access to participate in and use the systems of the multilateral trading facilities.

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 Commerce and Companies Agency may require an explanation to be added to the name.

Special regulations regarding foreign credit institutions and investment companies

33.-(1) A foreign credit institution and investment company, 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, where the credit institution and the investment company 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 regarding 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 Commerce and Companies Agency 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 co-operation 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.

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 country within the European Union or in 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 country within the European Union or in 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 banks and mortgage-credit institutions the Authority shall forward information about the undertaking's capital base. 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 by 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 a branch planned. 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 1 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 must 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) If the Danish FSA has required an insurance company to prepare a plan for restoration, cf. section 248, 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 country within the European Union, or in 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.

(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 must take place without delay.

(4) An investment management company delegating to a third party the marketing of interests in another country within 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) Provided that the Danish FSA has required an insurance company to prepare a plan for restoration, cf. section 248, the Danish FSA shall not forward a solvency certificate.

(6) Operators of regulated markets with a licence to operate multilateral trading facilities in Denmark, cf. section 9(9), and who want remote users or remote participators in another country within the European Union or in a country with which the Union has entered into an agreement for the financial area to have access to participate in and use the systems of the multilateral trading facilities shall follow the procedure mentioned in subsection (1).

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

39a.-(1) An investment management company wishing to manage UCITS from a branch in another country within 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 1st clause 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,
10) the relationship with participants,

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

(4) The investment management company shall comply with the obligations 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 obligations laid down in the fund rules or in the articles of association, and the obligations 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 obligations and regulations relating to establishment and operation of the UCITS that it manages.

(8) An investment management company managing a UCITS with registered office in another country within the European Union or in 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 country within the European Union or in 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 company 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 regarding 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 practice etc.

Part 6

Good practice, price information and contract conditions

General regulations regarding good practice, price information and contract conditions

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

(2) The Minister for Economic and Business Affairs shall lay down detailed regulations on honest business principles and good practice for financial undertakings.

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

(4) The Minister for Economic and Business Affairs shall lay down more detailed regulations on standards of competence for financial agents.

(5) The Minister for Economic and Business 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 investment associations, special-purpose associations and hedge associations.

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 hybrid core 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 hybrid core 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 1st clause, 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 regarding 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) If a guarantor outside a commercial relationship has provided a guarantee 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 the guarantor no later than three months after the due date of the relevant repayment. The provision under the 1st clause shall apply correspondingly if the bank grants the borrower an extension of time without the specific consent of the guarantor.

(2) In the event that the time limit in subsection (1) 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.

(3) If the time limit is subsection (1) is exceeded, the bank shall lose its claim against the guarantors to the extent that the recourse claim of the guarantors against the borrower has been impaired, even after taking account of the obligations as guarantor under subsection (2).

(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) Guarantee agreements under subsection (1) shall be in writing to be valid.

(6) Obligations as guarantor under subsection (1) shall lapse after 10 years, or after 5 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.

(7) 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.

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, 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, children's savings accounts, and home savings accounts placed in a deposit account shall be fully covered by the Guarantee Fund for Depositors and Investors, 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 suspension of payments or goes bankrupt.

52. Banks which have been licensed by the Danish FSA as depositories for an investment association, special-purpose association, hedge association, professional association or restricted association shall, as the depositary of the association, act independently and exclusively in the interests of the association.

Special regulations regarding mortgage-credit institutions

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) 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.

Special regulations regarding investment management companies

54.-(1) When investment management companies carry out portfolio management for UCITS, including investment associations, special-purpose associations, professional associations, restricted associations, hedge associations and other collective investment schemes, including management of securities, the associations 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, including investment associations, special-purpose associations, professional associations or restricted associations or other collective investment schemes managed by the investment management company.

Special regulations regarding 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 Financial Supervisory may lay down more detailed provisions on the content of ordinary insurance terms for life-assurance business.

56. The Danish FSA shall lay down more detailed regulations on 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 an enterprise 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.

(2) An insurance company may also use insurance distributors, 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.

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 interest, cf. section 5(3), in a financial undertaking or a financial 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 interest which, after the acquisition, results in the interest equalling or exceeding a limit of 20 percent, 33 percent or 50 percent respectively of the share capital or voting rights, or results in the financial undertaking or the financial 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 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. For the first time 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 or the financial 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, or the financial 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 interest, cf. section 5(3), or reduce a qualifying interest in a financial undertaking or a financial holding company, such that the disposal entails that the limit of 20 percent, 33 percent or 50 percent 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 of the relevant parent, shall notify the Danish FSA of this in writing in advance, stating the size of the planned future holding.

61c.-(1) Where a financial undertaking or a financial 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 and financial 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 interests in the financial undertaking or the financial holding company as well as information on the sizes of said interests.

62.-(1) Where owners of capital holding, who are in possession of one of the interests mentioned in section 61(1) in a financial undertaking or a financial 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 to submit to the Danish FSA prior notification mentioned in section 61(1). 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 a financial undertaking or a financial holding company of a qualifying interest in a foreign financial undertaking as well as of such increases in the qualifying interest which mean that said interest comprises or exceeds a limit of 33 percent, 50 percent, or 50 percent, 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 and financial holding companies holding an interest of no less than 10 percent 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 or financial 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 or the financial holding company has no prior knowledge of such changes, notification shall be submitted to the Danish FSA immediately after said financial undertaking or financial 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 have adequate experience in carrying out the duties and responsibilities of his position in the relevant undertaking.

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

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 suspension of payments, have filed for bankruptcy or debt restructuring, or be under suspension of payments, 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 the duties and responsibilities of such position adequately. In the assessment of whether a member of the board of directors or board of management behaves or has behaved inappropriately, emphasis will be on maintaining confidence in the financial sector.

(3) Members of the board of directors or board of management of a financial undertaking shall submit information to the Danish FSA on the circumstances mentioned in subsection (2) in connection with their appointment to the management of the undertaking, and if the circumstances subsequently change.

(4) Subsection (1); subsection (2), nos. 1, 2, and 4; and subsection (3) shall apply correspondingly to members of the board of directors and members of the board of management of a financial holding company.

(5) Subsections (1)-(4) shall apply correspondingly for general agents, cf. section 35.

65. By means of rules of procedure, the board of directors shall make more detailed decisions with regard to the performance of its duties.

(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 shareholder committee meeting in savings banks respectively shall be available to the public and in accordance with the provisions of the articles of association. The press shall have access to general meetings and shareholder committee meetings 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.

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

69. A shareholder committee 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 shareholder committee 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 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, and
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.

(2) On the basis of the risk profile and policies laid down, the board of directors of the financial 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 financial 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 financial 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 financial 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 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.

(5) The Danish FSA may lay down more detailed regulations on the duties incumbent upon the board of directors of a financial undertaking pursuant to subsections (1)-(4).

71.-(1) A financial undertaking shall have effective forms of corporate management, including

1) a clear organisational structure with a well-defined, transparent and consistent division 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 appropriate use of these,
6) procedures with a view to separating functions in connection with management and prevention of conflicts of interest,
7) full internal control procedures, and
8) adequate IT control and security measures, and
9) a wage policy and practice which is in line with and promotes sound and effective risk management.

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

(3) Subsection (1), no. 9 shall apply correspondingly to financial holding companies.

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) keep and store 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 consequences hereof and said client has consented to this. The Danish FSA may, in exceptional cases, 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 designating clearly 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 (Denmark's central bank) and the Danish Agency for Governmental Management with the necessary adaptations.

(5) The Danish FSA may lay down more detailed provisions on the conditions mentioned in subsections (1)-(3).

(6) In the event of the bankruptcy, suspension of payments or similar of a financial undertaking, the individual client may, on the basis of the register stated in subsection (3), 3rd clause, 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 Economic and Business Affairs shall lay down more detailed regulations on outsourcing relating to

1) the outsourcing undertaking's liability for, and supervision of, a supplier, including chain outsourcing by such supplier,
2) the duty of the outsourcing undertaking to notify the Danish FSA no later than eight weekdays after establishment of the outsourcing contract,
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 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 shareholder committee 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 this event, the relevant person may not exercise voting rights in the body mentioned.

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

74.-(1) The chairperson 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, external auditors, chief internal auditors or responsible actuaries 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) Where a member of the board of directors, board of management, external auditors, or responsible actuary of a financial undertaking has cause to believe that the undertaking does not comply with the capital requirement of sections 124-126 or the solvency need under section 124(4), section 125(7) and section 126(8), such person shall immediately notify the Danish FSA of this fact.

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, at their own expense, 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 equity investments, except for units in investment associations, special-purpose associations, hedge associations and foreign investment undertakings covered by 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 equity investments in companies that carry out business mentioned in subsection (1) nos. 1-4. This shall not apply, however, for purchases of shares in banks, insurance companies, mortgage-credit institutions, or investment firms, as well as shares in investment associations, special-purpose associations, hedge associations and foreign investment undertakings covered by 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 bans in subsections (1) and (2), 1st clause, 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.

(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).

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

77a.-(1) In connection with remuneration by financial undertakings and financial holding companies of the board of directors and 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 percent of the remuneration and the fixed basic salary, including pension, respectively, cf. however, section 77b(1).
2) An appropriate ceiling for variable components of the remuneration for other employees whose activities significantly influence the risk profile of the undertaking shall be set.
3) No less than 50 percent of a variable component of the remuneration for the board of directors, the board of management and other employees whose activities significantly influence the risk profile of the undertaking at the time of calculation hereof shall consist of shares or share-based instruments in the undertaking or its parent undertaking which fully owns the undertaking, or of instruments reflecting the credit rating of the undertaking, including hybrid core capital in the undertaking, as defined in the regulations issued by the Danish FSA pursuant to section 128(2), cf. however, subsection (2). The hybrid core capital which may be applied pursuant to the 1st clause shall, if the undertaking fails to meet the capital requirement set in section 127 or if the undertaking is otherwise in distress, be converted to share capital, guarantee capital or cooperative capital or converted at the initiative of the Danish FSA, if the Danish FSA assesses that there is an immediate risk that the undertaking is not in compliance with the capital requirement in section 127. For insurance companies no less than 50 percent of the variable component of the remuneration for the board of directors, the board of management and other employees whose activities significantly influence the risk profile of the undertaking, may consist of subordinate debt in the insurance company.
4) Payment by the undertaking of no less than 40 percent of a variable component of the remuneration - for larger amounts no less than 60 percent - shall take place over a period of no more than 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.
5) The undertaking may wholly or partly omit paying 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 in section 127 or the solvency requirement in section 170, or if the Danish FSA assesses that there is immediate risk of this.
6) 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 (3) about compliance with the solvency requirement, or the Danish FSA pursuant to section 248(1) requires the undertaking to prepare a plan for restoration of the financial position of the undertaking.

(2) For the board of directors and board of management of financial undertakings and financial holding companies, share options or similar instruments may not exceed 12.5 percent of the remuneration and the fixed basic salary, including pension, respectively, at the time of the calculation hereof.

(3) The financial undertaking 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. 3 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 financial undertaking or the financial holding company shall ensure that payment of the postponed variable component of the remuneration under subsection (1), no. 4 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, which have formed the basis for calculating the variable component of the remuneration, continuing to be complied with at the time of payment, as well as on the financial position of the undertaking not being substantially impaired in relation to the time for calculation of the variable component of the remuneration.

(5) The financial undertaking 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 financial undertaking 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. subsection (7), 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. 3. Subsections (4) and (5) shall apply correspondingly to the cases mentioned in the 1st clause. 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 subsection (1), no. 3 without the option of sale or utilisation for a period of five years. Subsection (5) shall apply correspondingly to the cases mentioned in the 3rd clause.

(7) Variable components of the remuneration shall mean remuneration schemes under which final remuneration is unknown in advance, including bonus schemes, performance contracts and other similar schemes. A variable component of the remuneration which is performance-based, shall be fixed on the basis of an assessment of the results of the recipient concerned, the results of the compartment of the recipient and the results of the undertaking.

(8) The Danish FSA may lay down more detailed provisions on the conditions mentioned in subsections (1)-(7).

(9) Subsections (1)-(7) shall only apply to employment relationships not covered by collective agreements. Subsections (1)-(7) shall only apply to agreements on variable components of the remuneration for persons in an employment relationship covered by a

collective agreement, if the agreement on variable remuneration has not been laid down in the collective agreement.

(10) Subsections (1)-(7) shall not apply to schemes which, pursuant to section 7A of the Act on Imposition of Income Tax to the State ("Ligningsloven"), are not included in the taxable income of the employees.

77b. For financial undertakings and 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 the Financial Stability Company A/S, the percentage mentioned in section 77a(1), no. 1 shall be 20 percent.

(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 wage 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) Financial undertakings and financial holding companies the holdings of which 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) are obligated to set up a remuneration committee, may however 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 capable of making a qualified and independent assessment of whether remuneration by the undertaking, including wage policy and associated procedures and internal controls, is in compliance with section 71(1), no. 9 and sections 77a and 77b.

(4) The remuneration committee shall be responsible for the preparatory work on decisions by the board of directors concerning remuneration, including wage policy and other decisions in this respect, which may influence risk management by the undertaking. The 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 shareholders and other investors.

77d. Before a financial undertaking or a financial holding company may conclude an agreement on variable remuneration or redundancy pay with a member of the board of directors or board of management of the undertaking, the supreme body of the undertaking shall have approved the wage policy of the undertaking, cf. section 71(1), no. 9, including guidelines for distribution of variable remuneration as well as guidelines for redundancy pay.

(2) In financial undertakings or financial holding companies, 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.

(3) Financial undertakings and financial holding companies shall, in their financial statements, 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.

(4) The Danish FSA shall lay down regulations on the duty of financial undertakings and financial holding companies to disclose 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 persons specified in no. 1 are members of the board of management or members of the board of directors.

(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 on whether the requirements set out in the 1st clause have been met.

(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.

79. 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.

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 enterprise, 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(9) and (10).

(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 enterprises 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 enterprises 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, 214 and 215 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, Dansk Udviklingsfinansiering A/S, BSU-fonden, LR Realkredit A/S, Bornholms Erhvervsfond, Grønlandsbanken A/S, Kongeriget Danmarks Fiskeribank, regulated markets, clearing centres, central securities depositories, OMX AB, OMX Exchanges Oy, Industrialiseringsfonden for udviklingslandene (IFU) and Industrialiseringsfonden for Østlandene (IFØ).

(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.

(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 stating whether the financial undertaking has exposures with enterprises covered by subsections (1) and (2).

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

Special regulations regarding savings banks

81.-(1) The shareholder committee is the ultimate authority of the savings bank.

(2) The shareholder committee shall have at least 21 members. The members of the shareholder committee shall be elected for a period of 4 years. If the shareholder committee 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 shall be entitled to vote when electing shareholder committee members. Each depositor shall only have 1 vote. A guarantor shall have 1 vote for every DKK 1,000 paid of the savings banks' guarantee capital up to a maximum of 20 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 shareholder committee 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 shareholder committee. The remaining members of the shareholder committee shall be elected solely by the voting guarantors and by the outgoing shareholder committee in savings banks with no voting guarantors. Efforts should be made so that the shareholder committee 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 1,000, the articles of association of the savings bank may prescribe that, notwithstanding subsections (3) and (4), the shareholder committee shall be elected by the guarantors alone. A guarantor shall have 1 vote for every DKK 1,000 paid of the savings banks' guarantee capital up to a maximum of 20 votes.

82. Members of the board of directors shall be elected by the shareholder committee for a maximum of 4 years at a time.

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 and rate of return of the guarantee capital,
3) the guarantors and their obligations,
4) shareholder committee, board of directors, board of management and auditors,
5) convening of meetings of the shareholder committee and elections to said committee, cf. section 81(3),
6) time and place for the ordinary meeting of the shareholder committee,
7) which issues are to be dealt with at ordinary meetings of the shareholder committee,
8) financial reporting and use of profits,
9) changes in the articles of association, and
10) voluntary cessation of the undertaking.

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 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 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 regarding 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 1 vote.

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

87.-(1) 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 capital of the cooperative savings bank and the shares of the individual members in the share capital of the cooperative savings bank,
3) conditions for membership, including the right to membership and the right to withdraw,
4) the obligations 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 capital of the cooperative savings bank.

(2) If a cooperative savings bank is a member of an affiliation mentioned in sections 89-96, this shall appear from the articles of association.

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 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 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 regarding affiliations of cooperative savings banks

89.-(1) The general meeting is the ultimate authority of the affiliation of cooperative savings bank. The voting rights of the individual cooperative savings banks shall be exercised at the general meeting through representatives appointed by the general meetings of the individual cooperative savings banks.

(2) Any member of a cooperative savings bank in an affiliation of cooperative savings banks shall be entitled to attend the general meeting and to take the floor at the general meeting.

90.-(1) Members of the board of directors shall be elected by the general meeting or, if the articles of association of the affiliation of cooperative savings banks so provide, by the shareholder committee.

(2) The board of directors of the affiliation of cooperative savings banks shall approve the articles of association of the individual cooperative savings banks and ensure that these are not contrary to this Act or to the articles of association of the affiliation of cooperative savings banks. The board of directors may, if required by the Danish FSA, change the articles of association of the members of the affiliation of cooperative savings banks.

91. The articles of association of the affiliation of cooperative savings banks shall contain provisions regarding the conditions mentioned in section 87(1), nos. 1 and 5-12 as well as provisions stipulating

1) that the affiliation of cooperative savings banks and its members shall constitute one unit,
2) that the affiliation of cooperative savings banks and its members shall be jointly and severally liable to the obligations of the affiliation of cooperative savings banks and its members,
3) how any loss of the affiliation of cooperative savings banks shall be appropriated between the individual cooperative savings banks,
4) the share of the individual cooperative savings banks in the profit and equity of the affiliation of cooperative savings banks, and
5) regulations regarding membership, withdrawal and disqualification from the affiliation of cooperative savings banks.

92. Cooperative savings banks that are members of the affiliation of cooperative savings banks shall indicate such membership in their name.

93. The management of the affiliation of cooperative savings banks shall be entitled to issue instructions to the members in order to ensure that the affiliation of cooperative savings banks and its members may comply with the requirements of legislation and of the articles of association.

94. The board of directors and board of management of a cooperative savings bank in the affiliation of cooperative savings banks shall provide access for both internal and external auditors of the affiliation of cooperative savings banks to carry out the investigations deemed necessary by said auditors and to ensure that said auditors are provided with the information and assistance they deem necessary for the performance of their tasks.

95. Withdrawal or disqualification from an affiliation of cooperative savings banks shall require a licence from the Danish FSA and may only take place with no less than six months' notice to the end of a financial year. Said licence may only be granted when the financial statements for the relevant financial year have been approved, but it shall be effective from the end of said financial year.

96. Section 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 101, 102, 105, 108 and 109; section 111(1), no. 1, and (2) and (4); sections 112-115, section 117(1); sections

118 and 119; section 120(1) and (3); sections 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 an affiliation of cooperative savings banks with the changes necessary and with the derogations appearing from the provisions of this Act.

Special regulations regarding investment firms and investment management companies

97. (Repealed)

Special regulations regarding investment management companies

98. The majority of the members of the board of directors in an investment management company may neither be members of the board of directors in a depositary or another company with which an association or other investment schemes managed by the relevant investment management company has entered into significant agreements, nor may they be employees in the depositary or in another company with which an association or other investment schemes managed by the relevant investment management company has entered into significant agreements, nor may they be members of the board of directors of or employees in other companies within the same group as said companies.

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 be a member of the board of directors, or participate in the management or operation of, an investment association, a special-purpose association, a professional association or a restricted association if the relevant 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 chairperson 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), that members of the board of management and other senior employees may 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 or investment schemes that the investment management company manages, has entered into significant agreements, or in a company within the same group as said companies. The board of directors or board of management may, however, authorise the persons concerned to be a member of the board of directors of the subsidiary undertakings 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, including investment associations and other associations that are 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 associations and UCITS being managed, and
4) assess the investments made and results achieved when the board of directors of an association or the board of directors of an investment management company has entered into an agreement on portfolio management relating to the assets of an association or a UCITS.

101.-(1) Investment management companies shall act independently and solely in the interest of the UCITS in question or the association when managing UCITS, including investment associations, special-purpose associations, professional associations, approved restricted associations and hedge associations.

(2) In their day-to-day management, investment management companies shall safeguard the interests of the UCITS and associations 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, associations, compartments 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 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 and the interests of its participants or to an association and its members.
3) minimise conflicts of interest as much as possible, and
4) where there is a risk that the interests of clients in the managed units could be damaged, in the specific case, inform the UCITS concerned, the association or the client of the general content of the conflict 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 associations and UCITS. The investment management company shall be governed by the powers of direction of the board of directors of the individual association in matters concerning the management of said association and UCITS and in relation to matters regarding UCITS, the powers of direction of the board of directors of the company unless otherwise stipulated in the regulations of the relevant UCITS' 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 delegate tasks concerning management of foreign UCITS

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

(2) The board of directors may not, notwithstanding subsection (1), delegate decisions on investment of funds of a foreign UCITS or on other core tasks, cf. subsection (7). The board of directors may, however, enter into agreements on portfolio management with an undertaking that complies with the provisions in section 103(1), and which is not a depositary for the foreign UCITS or another company, cf. section 98, whose interests may conflict with those of the UCITS concerned and the interests of its members.

(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 foreign UCITS to which the delegation relates, and comply with the conditions laid down in sections 103-105.

(4) The obligations of the investment management company and the depositary, cf. sections 106 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.

(6) The board of directors may not delegate so many of its administrative tasks that the investment management company becomes an empty company with regards to tasks in connection with management of a foreign UCITS.

(7) The Danish FSA shall lay down more detailed provisions on which tasks are core tasks, cf. subsection (2), and on how the association shall follow up on delegated tasks.

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 UCITS being managed.

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

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 UCITS being managed.

105. 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 for agreements covered by the reporting obligation and its form.

Special regulations for depositaries for investment associations, special-purpose associations, hedge associations, professional associations and restricted associations

106.-(1) A depositary shall manage and keep separate the financial assets (funds) of the compartments of an association. The depositary shall be able to provide sufficient financial and

professional security that it is capable of performing its duties for the individual association.

(2) The depositary shall ensure that

1) the issue and redemption by an association as well as cancellation of its members' units shall be carried out in compliance with the regulations in the Investment Associations, etc. Act and with the articles of association,
2) securities and derivative financial instruments sold for the association's account are only surrendered when the sales amount (the consideration) is paid to the depositary,
3) payment for securities and derivative financial instruments bought for the association's account only takes place when said securities and derivative financial instruments are surrendered to the depositary,
4) assets belonging to the association which have been provided as collateral for the liabilities of the association shall be returned to the depositary when the collateralised claim has been redeemed,
5) dividend payments or retention of earnings to increase the assets only takes place in accordance with the regulations hereon stipulated in the articles of association of said association,
6) valuation of an association's mortgage portfolio takes place in accordance with the regulations hereon,
7) buying and selling securities and derivative financial instruments by an association takes place in accordance with section 51 of the Investment Associations, etc. Act, and
8) buying and selling of other assets, including mortgages, takes place at prices that are not less advantageous than the fair value.

(3) Where the depositary is a depositary for an investment association, the board of directors of which has delegated its day-to-day management to a management company with registered office in a country within 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 and the management company shall enter into a written agreement on exchange of 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.

(4) Where the depositary is a depositary for an investment association which is master UCITS or feeder UCITS but not depositary for both associations or undertakings (UCITS) in the master-feeder-structure, said depositary shall, cf. section 5(4), no. 2 of the Investment Associations, etc. Act enter into an agreement with the other depositary on exchanges of information to ensure that both depositaries are able to carry out their duties.

(5) The depositary for an investment association which is a master UCITS shall immediately notify the Danish FSA if it comes to knowledge about irregularities in relation to the master UCITS. If the irregularities, cf. the 1st clause, are deemed to have a negative impact on the feeder UCITS, the depositary shall also notify the feeder UCITS or its investment management company or management company and its depositary.

(6) The Danish FSA may issue more detailed regulations on

1) the duties of the depositary to the associations for which it is a depositary,
2) the duties of the depositary towards an investment association which has delegated day-to-day management to a management company with registered office in a country within the European Union or in a country with which the Union has entered into an agreement for the financial area,
3) the duty of the depositary to notify a feeder UCITS and its depositary, cf. subsection (5),
4) the duty of the depositary to notify the Danish FSA on matters concerning associations for which it is a depositary, and on
5) the contents of the agreement mentioned in subsection (3).

107. The depositary shall be liable to the association for any damage said association may suffer as a result of faulty performance or non-performance of the obligations of said depositary. The depositary shall be liable notwithstanding that said depositary delegates the safe-keeping of the association's assets or parts hereof to another depositary. The depositary may not disclaim this liability by agreement.

Special regulations regarding 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 the responsible actuary resigns or is dismissed, the board of directors and the responsible actuary shall submit separate accounts of the reason for such termination of work to the Danish FSA no later than 1 month after the date of termination.

(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 regarding mutual insurance companies

111. 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. Decisions to change the articles of association shall be made at the general meeting, cf. however sections 23 and 114 of this Act, 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.

114. Sections 77 and 86-88, section 89(1) and (3), sections 92 and 93, section 94(1), section 95, section 96(1), section 100, section 101(1)-(4) and (8), section 102(1)-(3), section 105, section 111, 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 195 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 regarding multi-employer occupational pension funds

115.-(1) Unless the Minister for Economic and Business 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 chairperson 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. 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) 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.

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

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 Arbejdsmarkedets Tillægspension and to 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.

(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 Arbejdsmarkedets Tillægspension, and to 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 on 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. 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 commercial 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 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).

(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, investment associations, special-purpose associations, professional associations, approved restricted associations or hedge associations 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.

(3) Usual information on commercial 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 an event, 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 of 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 banks and mortgage-credit institutions shall ensure that the institution has adequate capital base and has internal procedures for risk measurement and risk management for regular assessments and maintenance of a capital base of a size, type and distribution adequate to cover the risks of the institution.

(2) The capital base of banks and mortgage-credit institutions shall constitute no less than

1) 8 percent of the risk-weighted items (the solvency requirement), and
2) EUR 5 million (minimum capital requirement), cf. however subsection (3).

(3) For banks whose capital base was less than EUR 5 million on 18 December 1989, the minimum capital requirement constitutes the capital base on 18 December 1989. The total capital base of a bank arising in connection with a merger of two or more banks covered by the 1st clause shall be no less than the total capital base of the merged banks at the time of the merger, if the merged bank does not fulfil the minimum capital requirement under subsection (2), no. 2.

(4) The board of directors and board of management of banks and mortgage-credit institutions 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 expressed as the adequate capital base as a percentage of the risk-weighted items. The solvency need may not be less than the solvency requirement pursuant to subsection (2), no. 1 and the minimum capital requirement of subsection (2), no. 2.

(5) The Danish FSA may lay down a higher individual solvency requirement than the one stipulated in subsection (2), no. 1.

(6) The Danish FSA may require that the bank or mortgage-credit institution write down the value of assets etc. for the calculation of capital base.

(7) If control of a bank covered by subsection (3), 1st clause is taken over by another natural or legal person, the capital base of the bank shall, no later than three months after the takeover, fulfil the minimum capital requirement under subsection (2), cf. however subsection (3), 2nd clause.

(8) For mortgage-credit institutions, the solvency requirement shall be met for both the individual series with serial reserve funds and for the institution in general.

(9) The Danish FSA may lay down more detailed regulations on publication by banks and mortgage-credit institutions of their statements of individual solvency need, cf. subsection (4) and individual solvency requirement, cf. subsection (5).

125.-(1) The board of directors and board of management of investment firms and investment management companies shall ensure that the company has an adequate capital base and has internal procedures for risk measurement and risk management for regular assessments and maintenance of a capital base of a size, type and distribution adequate to cover the risks of the company.

(2) The capital base of investment firms and investment management companies shall constitute no less than

1) 8 percent of the risk-weighted items (the solvency requirement), cf. however subsection (5),
2) EUR 1 million (the minimum capital requirement) for investment firms wishing to become a member of a regulated market, a central securities depository, or a clearing centre, where the company participates in clearing and settlement or wishes to carry out one or more of the services mentioned in Annex 4, schedule A, nos. 3, 6, 8 and 9, and schedule B, no. 2,
3) EUR 1 million (the minimum capital requirement) for investment management companies wishing to become a member of a regulated market, or wishing 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
4) EUR 0.3 million (the minimum capital requirement) for other investment firms and investment management companies, cf. however subsection (3).

(3) Investment management companies shall, apart from the requirement mentioned in subsection (2), nos. 3 and 4, include an addition to the minimum capital requirement of 0.02 percent of the part of said company's portfolio which exceeds EUR 250 million, cf. section 141. The companies mentioned in subsection (2), no. 3 may, when determining the addition, make a deduction of EUR 875,000, and the companies mentioned in subsection (2), no. 4 may make a deduction of EUR 175,000. The addition may be no more than EUR 10 million. Investment management companies shall adjust the additional capital annually on the basis of their audited annual financial statements. Said adjustment shall be made no later than 1 June of the following year.

(4) The Danish FSA may authorise that up to 50 percent of the addition under subsection (3) is provided by means of a guarantee from a credit institution or an insurance company. The credit institution or insurance company shall have its registered office within 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 firm and an investment management company shall, irrespective of the requirements in subsections (2) and (3), have a capital base corresponding to no less than one quarter of the fixed costs of the previous year. The Danish FSA may adapt this requirement in cases of a significant change in the company's activities within the previous year. If a company has not been operating for one year, it shall have a capital base 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) Investment firms without a licence for the activities mentioned in Annex 4, schedule A, nos. 3 and 6, as well as investment management companies may calculate risk-weighted items exclusive of the risk-weighted items for operational risk, cf. section 142(1).

(7) The board of directors and the board of management of investment firms and investment management companies shall, on the basis of the assessment pursuant to subsection (1), calculate the individual solvency need of the company. The solvency need shall be expressed as the adequate capital base as a percentage of the risk-weighted items. The solvency need may not be less than the solvency requirement of subsection (2), no. 1, the minimum capital requirement of subsection (2), nos. 2-4 and subsection (3), or the capital base requirement of

subsection (5).

(8) The Danish FSA may lay down a higher individual solvency requirement than the one stipulated in subsection (2), no. 1.

(9) The Danish FSA may require that the investment firm or investment management company write down the value of assets etc. for the calculation of capital base.

125a.-(1) Notwithstanding section 124(2) and section 125(2)-(6), an undertaking which applies an internal method to calculate risk-weighted items for credit risk or operational risk, cf. section 143(3), shall, in 2010 and 2011, have a capital base which amounts to no less than 6.4 percent of the risk-weighted items calculated according to the regulations which applied on 31 December 2006, or regulations laid down pursuant to subsection (2).

(2) In calculation of the requirement pursuant to subsection (1), the Danish FSA may allow the undertaking to apply a simpler method that that described in the regulations which applied on 31 December 2006, if the undertaking can demonstrate that the resulting risk-weighted items will not be less than the risk-weighted items calculated according to the regulations which applied on 31 December 2006.

126.-(1) The board of directors and board of management of insurance companies and multi-employer occupational pension funds undertake to ensure that the undertaking has adequate capital base and internal procedures for risk measurement and risk management for regular evaluations and maintenance of a capital base of a size, type and distribution adequate to cover the risks of the undertaking.

(2) The capital base of insurance companies and multi-employer occupational pension funds shall constitute no less than

1) 4 percent of the risk-weighted items for life-assurance provisions plus 0.3 percent of the risk-weighted items for the risk sum for life-assurance business in insurance classes I-IV and VI where the company has an investment risk,
2) 1 percent of the risk-weighted items for life-assurance provisions plus 0.3 percent of the risk-weighted items for the risk sum for life-assurance business in insurance class V, and 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 be determined for a period of more than 5 years,
3) 25 percent of the previous year's insurance-related administration costs plus 0.3 percent of the risk-weighted items for the risk premium 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 5 years,
4) 25 percent 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 percent of the risk-weighted items for the maximum of gross premiums and gross premium income up to EUR 57.5 million plus 16 percent of amounts exceeding this figure, and
    a) the annual average of 26 percent of the risk-weighted items for the gross costs of claims for amounts up to EUR 40.3 million and 23 percent of amounts exceeding this figure in the last 3 financial years,
6) EUR 3.5 million for insurance companies and multi-employer occupational pension funds carrying out life-assurance business,
7) EUR 2.3 million for insurance companies and multi-employer occupational pension funds carrying out activities within insurance classes 1-9 and 16-18,

8) EUR 3.5 million for insurance companies carrying out activities within insurance classes 10-15,
9) EUR 3.2 million for insurance companies carrying out reinsurance activities, and
10) EUR 1.1 million for captive reinsurance companies.

(3) The solvency requirement shall constitute the sum of the amounts mentioned in subsection (2), nos. 1-5.

(4) The minimum capital requirement shall constitute the highest of the amounts in subsection (2), nos. 6-10.

(5) The minimum capital requirement may be reduced for mutual insurance companies covered by subsection (2), no. 7 or 8 on more detailed conditions.

(6) For mutual insurance companies covered by subsection (2), no. 7 or 8, which fulfil the conditions in subsections (5) and (7), the minimum capital requirement shall be reduced to the largest amount of

1) EUR 0.225 million for a licence within insurance classes 1-8, 16 and 18, and
2) EUR 0.15 million for a licence within insurance classes 9 and 17.

(7) In order to be covered by the reduced capital requirement mentioned in subsection (6), a mutual insurance company shall, apart from the conditions mentioned in subsection (5), fulfil the following conditions:

1) The articles of association shall provide the possibility for charging extra or reducing the benefits,
2) the previous financial year's gross premium income may not exceed EUR 5 million,
3) the company may not hold a licence within insurance classes 10-15, and
4) no less than half of the previous financial year's gross premium income shall originate from insurance contracts where the policyholders are natural persons who are members of the company.

(8) The board of directors and board of management of insurance companies and multi-employer occupational pension funds shall, on the basis of the assessment pursuant to subsection (1) calculate the individual solvency need of the undertaking.

(9) The Danish FSA may stipulate a higher individual solvency requirement than that stated in subsection (3).

127. The capital requirement shall be the largest of the solvency requirement and the minimum capital requirement in sections 124, 125 and 126 for the financial undertaking, and, for investment firms and investment management companies, also the capital base requirement of section 125(5), and in 2010 and 2011 for undertakings which apply an internal method to calculate risk-weighted items for credit risk or operational risk, cf. section 143(3), also the minimum requirement for capital base in section 125a.

128.-(1) Capital base is the core capital plus the additional capital with a deduction.

(2) The Danish FSA shall lay down regulations for the calculation of the capital base, including core capital, hybrid core capital and additional capital.

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.

129-139.
(Repealed)

140.-(1) In mortgage-credit institutions, the capital base 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(8).

(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 capital base of the series, may be included when meeting the requirement for capital base for mortgage-credit institutions in general.

141.-(1) The assets of associations and foreign UCITS that the investment management company is licensed to manage shall be included in said investment management company's portfolio, cf. section 125(3).

(2) 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. section 125(3).

142.-(1) Risk-weighted items in banks, mortgage-credit institutions, investment firms and investment management companies shall mean a target for the total risk of losses connected with the activities of the undertaking. This target is results from applying risk weights in calculation of items with a credit risk, share price exposure, interest rate risk, currency risk, commodities risk, operational risk and risk on tangible fixed assets etc.

(2) Risk-weighted items in insurance companies and multi-employer occupational pension funds shall mean items that are adjusted according to insurance type, term, special conditions in reinsurance, average rating bases, administration costs, and claims expenses as well as other items in the risk sum.

143.-(1) The Danish FSA shall lay down more detailed regulations for

1) calculation of the risk-weighted items,
2) calculations pursuant to section 124(1) and (4), section 125(1) and (7) and section 126(1) and (8),
3) reporting of the risk-weighted items, the capital requirement, the solvency need and the capital base,
4) calculation of share trading activities etc.,
5) calculation of the company's fixed costs, cf. section 125(5),
6) conditions for reduction of the minimum capital requirement, cf. section 126(5),
7) approval of credit-rating agencies and publication by credit-rating agencies of information about credit rating and methods, and
8) information obligations regarding capital position.

(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 banks, mortgage-credit institutions, investment firms and investment management companies, risk-weighted items, cf. subsection (1), no. 1 may also be calculated using internal

methods to calculate risk-weighted items. Use of internal methods requires authority from the Danish FSA. The Danish FSA shall lay down more detailed regulations on authority to use internal methods.

Special regulations regarding compulsory redemption for banks

144.-(1) In a bank that does not meet the capital requirement of section 127 and where the Danish FSA has set a time limit under section 225(1) and (3), the board of directors may with a simple majority, upon the request of a shareholder owning 70 percent or more of the bank's shares, 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 percent or more of the shares in the bank, even though the bank, as a consequence of the capital injection, again meets the capital requirement of section 127. 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 1st clause.

(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 Commerce and Companies Agency's IT system, cf. the provisions regarding this in the Companies Act.

(5) The redemption and transfer of shares are 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 in Denmark. The decision may be brought before the courts no later than 2 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.-(1) An exposure, cf. section 5(1), no. 16, with a client or group of mutually connected clients may not, after subtracting particularly secure parts and collateral, guarantees etc. received, respectively, exceed 25 percent of the capital base, cf. section 128. Capital base shall, pursuant to regulations laid down in pursuance of section 128(2), be calculated with deductions according to regulations laid down in pursuance of section 148, no. 5.

(2) If the client is a bank, mortgage-credit institution, investment firm or investment management company, notwithstanding subsection (1), exposure after subtracting particularly

secure parts and collateral, guarantees etc. received, respectively, may amount to up to DKK 1 billion, provided

1) that the exposures of the undertaking's mutually connected clients, which are not banks, mortgage-credit institutions, investment firms or investment management companies, together do not add up to more than the limit in subsection (1), and

2) that the exposure does not exceed a reasonable limit in relation to the capital base.

(3) The limit in subsection (2), no. 2 shall be set by the undertaking and may not exceed 100 percent of the capital base calculated according to regulations laid down in pursuance of section 128(2) with deductions according to regulations laid down in pursuance of section 148, no. 5. In individual cases the Danish FSA may permit a limit to exceed 100 percent of the capital base.

(4) Exposures which, before subtracting particularly secure parts and collateral, guarantees etc. received, respectively, amount to 10 percent or more of the capital base shall be notified to the Danish FSA each quarter. The calculation shall, however, include the parts of the exposure comprising repurchase transactions, loans or deposits in securities or commodities after subtracting collateral, guarantees etc. received.

(5) Banks, mortgage-credit institutions, investment firms and investment management companies, which have been permitted to apply an internal method in calculating risk-weighted items for credit risk according to regulations issued pursuant to section 143, shall, every quarter, notify the 20 largest exposures calculated after subtracting particularly secure parts.

(6) If exposures exceed the limits laid down in subsections (1) and (2), the Danish FSA shall be notified immediately. If the circumstances so warrant, the Danish FSA may stipulate a time limit for complying with the limits in subsections (1) and (2).

(7) The Danish FSA may permit exposures in the trading book to exceed the limits in subsections (1) and (2). The Danish FSA may lay down terms for this permission. If these terms are exceeded, the Danish FSA shall be notified without delay notify.

(8) The limits mentioned in subsections (1) and (2) shall not apply to exposures with undertakings which are fully included in the consolidation, cf. Part 12.

(9) The proportion of the capital requirement of a subsidiary insurance company or an associated insurance company, which corresponds to the directly or indirectly owned proportion of the share capital and guarantee capital of said insurance company and which has been deducted from the capital base according to regulations laid down in pursuance of section 128(2), shall not be included in exposures with subsidiary undertakings or associated companies performing insurance activities.

(10) Equity investments, subordinated debt and geared holdings which are deductible in the capital base according to regulations laid down in pursuance of section 128(2) shall not be included in exposures with the issuer.

(11) The Danish FSA may permit that exposures or parts of exposures be exempted from the provisions of subsections (1)-(4), provided the amount is deducted from core capital, cf. section 128.

146.-(1) Equity investments in other companies held by banks, mortgage-credit institutions, investment firms and investment management companies may not exceed 100 percent of the

capital base. Equity investments acquired for funds for performance-related pay shall not be included in the calculation under the 1st clause.

(2) Share-trading activities shall be included in calculations of the limit under subsection (1).

(3) Equity investments that shall be subtracted from the capital base 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).

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 percent of the capital base. 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, however, not be included in these provisions.

(2) The Danish FSA may allow exemptions from the provisions of subsection (1), 1st clause.

148. The Danish FSA may lay down more detailed regulations on
1) calculation of an exposure with a client or a group of mutually connected clients,
2) notification of exposures pursuant to section 145(4) and (5),
3) subtraction of particularly secure parts from exposures, and
4) subtraction of collateral, guarantees etc. from exposures,
5) deductions from the capital base in calculations in section 145,
6) calculation, notification, and limits for total currency risks and other market risks, and
7) and requirements to qualify for permission pursuant to section 145(7).

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 percent of the capital base.

(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. The liability of the third party shall be added to the exposure of the relevant person in accordance with section 145.

(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 percent of the total share capital, cooperative share capital, or guarantee capital may only be granted if collateral is provided for the excess amount. Such collateral shall be at least of the same nature as the particularly secure parts, cf. section 148, no. 3.

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) A bank shall have appropriate liquidity, cf. subsection (2). Such liquidity shall amount to no less than

1) 15 percent of the debt exposures that, irrespective of possible payment conditions, are the liability of the bank to pay on demand or at notice of no more than one month, and
2) 10 percent of the total debt and guarantee exposures of the bank, less subordinated debt that may be included in calculations of the capital base.

(2) The following may be included in calculations of liquidity:

1) cash in hand,
2) fully secured and liquid demand deposits with credit institutions and insurance companies, and
3) equity investments of secure, easily realisable, securities and credit funds not used as collateral for a loan.

(3) If the requirements of subsection (1) are not met, and if such situation is not remediated no later than 8 days following the day the bank failed to meet the requirements, the bank shall notify such situation to the Danish FSA immediately. The Danish FSA shall lay down a time limit within which the requirements shall be met.

(4) The Danish FSA may lay down more detailed provisions on the conditions mentioned in subsections (1)-(3).

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, at all times, correspond to no less than the value of the covered bonds issued and the mortgage collateral for the individual loan shall, at all times, comply with the lending limit for this.

(2) If the value of the assets mentioned in subsection (1) no longer corresponds to no less than 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 immediately 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 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 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 requirement to provide supplementary collateral.

(2) The loan agreement shall state for which register, cf. section 152g(1), loan funds pursuant to subsection (1) are to be used as supplementary collateral.

(3) Loan funds raised pursuant to subsection (1) shall be placed in the types of asset mentioned in section 152c. From the time the loan is raised, assets shall be placed in a separate account, in a separate custody account or be marked in some other way that they stem from the relevant loan.

152c. The following types of asset may be included as collateral for issuing covered bonds:

1) Loans secured by registered mortgage in real property, cf. section 152d. For loans secured by registered mortgage in real property, loans for which the mortgage deed has been filed for registration shall have equal status, if the necessary collateral has been provided for the final registration of the mortgage deed and the institution provides the final registered mortgage deed without undue delay, cf. the 1st clause.
2) Loans secured in mortgages on a ship registered in the Royal Danish Register of Shipping, the Danish International Register of Shipping or some other internationally recognised register of shipping which affords equivalent collateral, cf. section 152f, as well as building loans for financing new ships or converting ships, which are granted without a mortgage on a ship.
3) Bonds or debt instruments issued or guaranteed by central governments, central banks, public bodies or regional or local authorities in a country within the European Union or a country with which the Union has entered into an agreement for the financial area.
4) Bonds or debt instruments issued or guaranteed by central governments, central banks, public bodies or regional or local authorities in a country outside the European Union or a country with which the Union has not entered into an agreement for the financial area, multilateral development banks or international organisations, if the non-subordinate or unsecured debt of the relevant issuers is weighted with 0 percent in calculating the risk-weighted items, cf. Annex VI of the Directive relating to the taking up and pursuit of the business of credit institutions.
5) Bonds or debt instruments issued by bodies mentioned in nos. 3 and 4 for which the non-subordinate or unsecured debt of the relevant issuer is weighted with 20 percent in calculating the risk-weighted items, cf. Annex VI of the Directive relating to the taking up and pursuit of the business of credit institutions. A condition for this shall be that the value at which these assets are included does not exceed 20 percent of the nominal value of the outstanding covered bonds of the issuer.
6) Bonds or debt instruments issued by credit institutions, provided the non-subordinate debt and unsecured debt of the credit institution is weighted with 20 percent in calculating the risk-weighted items, cf. Annex VI of the Directive relating to the taking up and pursuit of the business of credit institutions. Bonds or debt instruments issued by a credit institution in a country within the European Union or a country with which the Union has entered into an agreement for the financial area, which have an original term of 100 days or less may be included, if the non-subordinate and unsecured debt of the credit institution is weighted with no more than 50 percent in calculating the risk-weighted items, cf. Annex VI of the Directive relating to the taking up and pursuit of the business of credit institutions. The value at which the assets mentioned in the 1st and 2nd clauses are included may not exceed 15 percent of the nominal value of the outstanding covered bonds of the issuer. The limit of 15 percent shall apply for the total exposure with credit institutions pursuant to this number and no. 7. Receivables which arise in connection with payments of instalments on and redemptions of loans secured by mortgages in real property shall not be included in the limit of 15 percent.
7) Other non-subordinate receivables from and guarantees provided by credit institutions as mentioned in no. 6. A condition for this shall be that the value at which these receivables and guarantees are included does not exceed 15 percent of the nominal value of the outstanding covered bonds of the issuer. The limit of 15 percent shall apply for the total exposure with credit institutions pursuant to no. 6 and this number. Receivables which arise in connection with payments of instalments on and redemptions of loans secured by mortgages in real property shall not be included in the limit of 15 percent.

(2) A covered bond may not be issued with collateral in both real property and ships.

(3) The Danish FSA may allow that other assets are used as collateral for issuing covered bonds than those mentioned in subsection (1) and may stipulate other limits for the size of the proportion of the collateral for issuing the bonds the relevant types of asset may comprise, if such permission is in accordance with the Directive relating to the taking up and pursuit of the business of credit institutions.

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 3-5 of the Mortgage-Credit Loans and Mortgage-Credit Bonds etc., cf. however subsections (2)-(4).

(2) The lending limit for the properties mentioned in section 5(1), no. 7 of the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act shall not apply for loans secured by registered mortgage in real property on the basis of the issue of covered bonds. The lending limit for these properties shall be 60 percent of the value of the property. The lending limit of 60 percent may be raised to 70 percent, if supplementary collateral is provided of no less than 10 percent for the part of the loan which exceeds 60 percent of the value of the property.

(3) 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 exceeds 75 percent.

(4) For loans secured with registered mortgages in real property and granted on the basis of issuance of covered bonds for commercial properties covered by section 5(3), nos. 2-4 of the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, the lending limit of 60 percent may be raised to 70 percent, if supplementary collateral is provided of no less than 10 percent for the part of the loan which exceeds 60 percent of the value of the property. For loans for properties covered by section 5(2) of the Mortgage-Credit Loans and Mortgage-Credit Bonds etc. Act, the lending limit of 70 percent may only be used if supplementary collateral is provided of no less than 10 percent for the part of the loan which exceeds 60 percent of the value of the property.[2]

(5) Fittings/accessories covered by section 38 of the Land Registration Act may be included in the valuation of the real property.

(6) 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 percent of the value of the land and buildings.

152e.-(1) Loans with mortgages in real property granted on the basis of issuance of covered bonds shall be secured on separate mortgage and may not be granted with collateralisation in the form of owner's mortgages 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.

[2] The lending limit is 70 percent, if the loan is offered before 1 July 2009, cf. section 13 of Act no. 577 of 6 June 2007.

(3) The Danish FSA may grant exemptions from subsection (1) for loans which are granted for real property located outside Denmark, the Faeroe Islands and Greenland.

152f. For loans secured in mortgages on a ship, the bank may grant loans within 60 percent of the value set for the ship used for collateralisation. The term for the loans granted may be no more than 15 years from the payment date of the loans. For building loans the term may be no more than four years from the date of the first payment. Stipulation of the term of the loan shall take into account the average operational life of the type of ship and the specific age and condition etc. of the ship.

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 suspension of payments, 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 1st and 2nd clauses may not be utilised by the register as the basis for issuing covered bonds.

152h. The Danish FSA shall lay down more detailed regulations on

1) valuation of the covered bonds issued and the regular calculation of the value of the assets in relation to the covered bonds.
2) valuation of the assets used as collateral for issuing covered bonds, cf. section 152c(1).
3) the conditions under which building loans may be granted for new ships or conversion of ships, cf. section152c(1), no. 2,

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 percent limit, cf. section 152c(1), nos. 6 and 7,
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.

Special regulations for mortgage-credit institutions regarding the placement and liquidity of funds

153.-(1) A mortgage-credit institution shall place funds corresponding to no less than 60 percent of the capital base requirement of the mortgage-credit institution, with the addition of funds in series with a duty of repayment that are not included in the capital base, in the assets listed below:

1) Deposits in central banks in Zone A.
2) Bonds and instruments of debt issued by or guaranteed by the governments or regional authorities in Zone A.
3) Mortgage-credit bonds and other bonds issued by a credit institution in a country within the European Union or a country with which the Union has entered into an agreement for the financial area which carries equivalent collateral.
4) Bonds, admitted to trading on a regulated market, issued by international organisations with a membership of no less than one Member State of the European Union.

(2) In exceptional cases the Danish FSA may allow exemption from the limit mentioned in subsection (1), if the mortgage-credit institution is in the same group as another mortgage-credit institution.

154.-(1) Funds in series may not be paid in as hybrid core 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 hybrid core capital or subordinate loan capital unless hybrid core 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.-(1) Liquidity, cf. section 152(2), for investment firms and investment management companies shall be appropriate.

(2) The Danish FSA may require an increase in liquidity if liquidity is not deemed appropriate.

(3) The Danish FSA shall stipulate a time limit for fulfilment of the requirement under subsection (2).

157. Investment firms without a licence to trade on their own account, cf. Annex 1, Part A, no. 3, and investment management companies may place their capital base in shares and bonds admitted to trading on a regulated market as well as units in , investment associations, special-purpose associations, restricted associations and professional associations, as well as investment undertakings which are UCITS.

Special regulations for insurance companies and pension funds regarding the placement of funds and liquidity

158. The funds under the charge of an insurance company or a pension fund shall be invested in an appropriate manner, and a manner advantageous for the insured parties, such that there is adequate security that the company can meet its obligations at all times.

159.-(1) Insurance companies and pension funds shall have a group of assets, the total value of which at all times corresponds to the value of the total insurance provisions.

(2) The assets covered by subsection (1) shall be selected so that, viewed in relation to the nature of the company's insurance contracts with regard to security, return, and liquidity, they are of a suitable type and composition to ensure that the insured parties are satisfied. There may not be disproportionate dependence on a specific category of assets, a specific investment market, or a specific investment.

160. In pursuance of the provisions in this Part of this Act, assets shall be calculated in accordance with the following regulations:

1) Assets shall be calculated and adjusted regularly in accordance with the regulations laid down regarding annual reports in section 196.
2) Any assets subject to a charge shall be deducted, and loans may only be included at a value net of obligations that may be due to the borrower.
3) Financial contracts that reduce the risk that assets do not cover insurance obligations shall be included in the value of assets at the value of such contracts.
4) Accrued interest receivable on assets covered by section 162(1), nos. 1-4, 6, 7, 9, and 11-14 shall be included in the value of the assets.

161. In pursuance of the provisions in this Part of this Act, insurance provisions shall be calculated in accordance with the following regulations:

1) Provisions shall be calculated and adjusted regularly in accordance with the regulations laid down regarding annual reports in section 196.
2) Provisions shall be calculated gross of directly written insurance contracts.
3) The proportion of insurance provisions for indirect insurance contracts that is set off against reinsurance deposits with issuing insurance companies shall be deducted.
4) Up to half of the outstanding premiums receivable shall be deducted.

162.-(1) The following types of assets may be included in the assets covered by section 159(1):
1) Bonds or instruments of debt issued or guaranteed by central governments or regional authorities within Zone A.
2) Bonds admitted to trading on a regulated market in a country within the European Union or a country with which the Union has entered into an agreement for the financial area, or corresponding markets in other countries, and which are issued by international organisations with a membership of no less than one Member State of the European Union.
3) Mortgage-credit bonds, covered mortgage-credit bonds and covered bonds issued by mortgage-credit institutions, banks or the ship finance institution as well as other bonds issued in a country within the European Union or in a country with which the Union has entered into an agreement for the financial area which offer equivalent collateral.

4) Amounts receivable from credit institutions and insurance companies under public supervision in countries within Zone A, although not amounts receivable that are subordinated other creditors, as well as other amounts receivable that are guaranteed by credit institutions or insurance companies under public supervision in countries within Zone A.
5) Land, residential property, offices and commercial property, as well as other property, the value of which is independent of any specific commercial use.
6) Loans secured by registered, mortgaged property covered by no. 5 for an amount of up to 80 percent of the most recent property valuation for residential property and up to 60 percent for other property.
7) Loans secured on own life-assurance policies within the repurchase value of these policies.
8) Units in
   a) investment undertakings subject to union law, money-market associations, funds of funds and approved restricted associations or compartments, cf. the Investment Associations, etc. Act,
   b) placement associations and professional associations or compartments, which have provisions in their articles of association on instruments and risk diversification which correspond to those which apply for investment associations, money-market associations and funds of funds, or provisions on risk diversification which correspond to the regulations of section 142(3) and (4) of the Investment Associations, etc. Act, and
   c) other associations or compartments, if these associations have provisions in their articles of association on instruments and risk diversification which correspond to those which apply for investment associations, money-market associations and funds of funds, or provisions on risk diversification which correspond to the regulations of section 142(3) and (4) of the Investment Associations, etc. Act.
9) Other bonds and loans admitted to trading on a regulated market in a country in the European Union or in a country with which the Union has entered into an agreement for the financial area, or corresponding markets in other countries within Zone A.
10) Equity investments admitted to trading on a regulated market in a country in the European Union or in a country with which the Union has entered into an agreement for the financial area, or corresponding markets in other countries within Zone A.
11) Property not covered by no. 5 and loans secured by registered, mortgaged property not covered by no. 6.
12) Equity investments and other securities admitted to trading on a market in a country outside Zone A, if the market corresponds to a regulated market within the European Union as well as other securities admitted to trading on a regulated market in a country in the European Union or in a country with which the Union has entered into an agreement for the financial area, or corresponding markets in other countries covered by Zone A.
13) Other loans and securities not covered by nos. 1-12.
14) Reinsurance contracts and amounts receivable from reinsurance companies as well as special purpose vehicles under public supervision in countries within Zone A or reinsurance companies under public supervision, which have achieved a rating by a recognised rating undertaking corresponding to no less than investment grade.

(2) In a subsidiary undertaking, the activities of which are limited to making and managing investments in assets covered by subsection (1), the assets of the subsidiary undertaking within the value of the equity investments in and any loans to the subsidiary undertaking may be treated as assets under subsection (1). If the subsidiary undertaking is not fully owned, its assets shall be included at a proportionate value corresponding to the proportion of the own funds owned.

(3) If the insurance company has a subsidiary company which carries on direct life-assurance business with the authority of this Act, the assets of the subsidiary company may be treated as assets under subsection (1). The part of the assets of the subsidiary company which is not used to cover the subsidiary company's insurance provisions, and an amount corresponding to the capital requirements of the subsidiary company shall be of such a type

and composition that they can be included in the assets of the parent company to cover the insurance provisions according to the provisions of this Part. The total assets of the subsidiary company may be included as part of the assets to cover insurance provisions at a value no greater than that which corresponds to the value of the parent company's shares in and any loans to the subsidiary company, after deduction of the capital requirements of the subsidiary company. If the subsidiary is not fully owned, its assets shall be included at a proportionate value corresponding to the proportion of the shareholders' funds owned.

(4) Subsection (3) may apply correspondingly to other subsidiary companies, which are insurance companies, with a licence under this Act. The assets of such a subsidiary company may, however, be included as part of the assets at a value corresponding to no more than 5 percent of the insurance provisions of the parent company.

163.-(1) The following limits concerning insurance provisions shall apply for including assets covered by section 159(1):

1) Assets covered by section 162(1), nos. 8-14 may total no more than 70 percent.
2) Assets covered by section 162(1), no. 12 may comprise a total of no more than 10 percent.
3) Loans covered by section 162(1), no. 13 may comprise a total of no more than 2 percent.
4) Assets covered by section 162(1), nos. 4, 6, 8-10, 12 and 13, issued or guaranteed by banks, mortgage-credit institutions, insurance companies, compartments of investment undertakings, as well as placement associations, money-market associations, funds of funds, restricted associations and professional associations which for each undertaking and compartment of an association comprise more than 5 percent of the insurance provisions, may total no more than 40 percent.

(2) Other loans and securities covered by section 162(1), no. 13 may comprise no more than 10 percent of the insurance provisions. For reinsurance activities the limit shall amount to 30 percent.

164.-(1) Assets which comprise a risk for an individual undertaking or a group of mutually connected undertakings may be included in the assets mentioned in section 159(1) within the following limits set in relation to the insurance provisions:

1) Assets covered by section 162(1), no. 3 may comprise no more than 40 percent.
2) Assets covered by section 162(1), no. 4 may comprise no more than 10 percent.
3) Assets covered by section 162(1), no. 8, cf. however, subsection (4), may comprise no more than 10 percent.
4) Assets covered by section 162(1), no. 14 may comprise no more than 10 percent.
5) Assets covered by section 162(1), nos. 6, 7, 9, 10, 12 and 13 may together comprise no more than 4 percent for insurance companies which do not carry out direct life-assurance business, cf. however, subsection (2).
6) Assets covered by section 162(1), nos. 6, 7, 9, 10, 12 and 13 may together comprise no more than 2 percent for pension funds and insurance companies that carry out direct life-assurance business, cf. however, subsection (2). The limit shall be 3 percent if the equity capital of the undertaking to which the asset relates exceeds DKK 250 million, if the undertaking is domiciled in a country within zone A and the asset has been admitted to trading on a regulated market in a country within the European Union or in a country with which the Union has entered into an agreement for the financial area, or corresponding markets in other countries within zone A.
7) Assets covered by section 162(1), nos. 5-7 and 9-13 may together comprise no more than 5 percent.
8) Loans covered by section 162(1), no. 13 may comprise no more than 1 percent.

(2) For equity investments in and loans to an undertaking or a group of mutually connected undertakings whose activities exclusively comprise investments in assets covered by section 162(1), nos. 5 and 11, the total investment may comprise no more than 5 percent of the insurance provisions, cf. section 159(1).

(3) Subsection (1), nos.3 and 5-7 and subsections (2) and (5) shall not apply to investments in a subsidiary undertaking covered by section 162(2)-(4).

(4) Subsection (1), nos. 3 and 5-7 and subsections (2) and (5) shall not apply to investments in undertakings, investment undertakings and associations covered by section 162(1), no. 8, if, according to the articles of association, the activity is limited to carrying out investments in assets covered by section 162(1), nos. 1-3. In respect of the limits stipulated in subsection (1), nos. 5-8 and subsection (2) as well as section 163(1), nos. 1-3, such investments shall be considered as assets covered by section 162(1), nos. 1-3.

(5) For assets covered by section 162(1), nos. 6, 7, 9, 10, 12 and 13, the limit shall comprise 5 percent for investments in an individual undertaking and 10 percent for investments in a group of mutually connected undertakings in relation to the provisions of an insurance company to cover its reinsurance business.

165.-(1) The assets covered by section 159(1) shall include an amount of no less than 80 percent denominated in congruent currencies. For reinsurance activities the limit shall amount to 70 percent.

(2) Assets denominated in euro (EUR) may be used to fulfil half of the requirement under subsection (1) for insurance provisions in another EU currency than euro (EUR).

(3) The requirement in subsection (1) shall not apply if the insurance provisions in the relevant currency total less than 7 percent of the insurance provisions in other currencies.

166.-(1) For insurance provisions in insurance class III, where the insurance company or pension fund has not taken on an investment risk, section 159(2) and sections 163-165 shall not apply.

(2) For funds taken over as separate SP (Special Pension Savings Scheme) accounts where the individual account-holder has influence on the choice of investment scheme or investment risk, section 159(2) and sections 163-165 shall not apply.

(3) Funds taken over as separate SP (Special Pension Savings Scheme) accounts where the individual account-holder has no control over the choice of investment scheme or investment risk shall be placed in accordance with sections 158-169, cf. however subsections (4) and (5).

(4) Section 163(1), no. 4 and section 164(1), no. 4 shall not apply to funds placed in investment associations, special-purpose associations, professional associations and approved restricted associations covered by section 162(1), no. 8.

(5) Section 163(1), no. 1 shall not apply to funds placed in investment associations, special-purpose associations, professional associations and approved restricted associations covered by section 162(1), no. 8 provided that the assets held by said associations are included in the calculation of placement of the funds covered by subsection (3) and that the provisions of sections 158-169 of this Act, with the exceptions mentioned in subsection (4), are complied with in said calculation.

167.-(1) Insurance companies and pension funds shall keep a register of assets covered by section 159(1) and financial contracts under section 160(1), no. 3. Non-life assurance companies shall also keep a register of the assets that correspond to premiums received,

where the insurance period commences after the end of the financial year. The assets and contracts in such registers shall be exclusively to satisfy the insured parties.

(2) The requirement to keep a register shall not apply to the policy loans mentioned in section 162(1), no. 7.

(3) If real property is included in the assets, a mortgage deed shall be registered.

(4) For subsidiary undertakings covered by section 162(2) and subsidiary companies covered by section 162(3) and (4), equity investments shall be registered as well as any loans to the subsidiary undertaking or subsidiary company, respectively.

(5) The insurance company and the pension fund shall report to the Danish FSA which assets are included in the register. The Danish FSA or the party duly authorised by the Danish FSA shall verify the existence of said assets according to more detailed regulations laid down by the Danish FSA.

(6) The Danish FSA may require that the register be deposited if the Danish FSA decides to limit or prohibit the availability of the assets to the company. On depositing the register the Danish FSA shall be registered at a central securities depository as authorised with regard to securities. Other assets and contracts that are to cover insurance provisions shall be pledged as collateral in favour of the Danish FSA.

(7) Any changes in the register deposited shall be approved by the Danish FSA and noted in the register.

168. The Danish FSA may grant exemptions from sections 162, 163(1), no. 4 and subsection (2), 1st clause and section 164(1), nos. 2-8 and subsections (2)-(5) for a limited period.

169. The Danish FSA shall lay down more detailed regulations for

1) limitations on securities covered by more than one of the groups of assets mentioned in section 162(1),
2) location of assets and congruent currencies in relation to the insurance provisions,
3) coverage of the insurance provisions for insurance contracts covered by section 166, and
4) reporting, registration and verification of the existence of assets registered under section 167.

Part 12

Group regulations, consolidation, etc.

Group regulations

170.-(1) In groups where the parent undertaking is a financial holding company or a bank, the regulations for banks in section 124(2), no. 1 and section 125a shall apply to the financial holding company and the group, cf. however subsections (2)-(4). The parent undertaking shall ensure compliance with these provisions. When calculating the capital base 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) In groups where the parent undertaking is a mortgage-credit holding company or a mortgage-credit institution, the regulations for mortgage-credit institutions in section 124(2), no. 1 shall apply to the holding company and the group. The parent undertaking shall ensure compliance with these provisions. When calculating the capital base 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) In groups where the parent undertaking is an investment holding company or an investment firm, the regulations regarding investment firms in section 125(2) no. 1 and section 125a shall apply to the holding company and the group. The parent undertaking shall ensure compliance with these provisions. When calculating the capital base 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.

(4) In groups where the parent undertaking is an investment management holding company or an investment management company, the regulations regarding investment management companies in section 125(2), no. 1 and section 125a shall apply to the holding company and the group. The parent undertaking shall ensure compliance with these provisions. When calculating the capital base 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.

171.-(1) In groups where the parent undertaking is a bank or a bank holding company, sections 124(1) and (4)-(6), and sections 145-147, 149, 150, 152 and 182 shall also apply to the group. The parent undertaking shall ensure compliance with these provisions. When calculating the capital base 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 of subsection (1) and section 170(1) between a bank, which is itself a subsidiary undertaking of a bank, a mortgage-credit institution or a financial holding company, and subsidiary undertakings of said bank, which are a credit institution, a management company, an investment company or a finance institution, which is not subject to legislation in a country within 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(1) shall apply in other cases where banks alone or jointly have such direct or indirect links to an undertaking that application of the regulations specified is deemed necessary.

172.-(1) In groups where the parent undertaking is a mortgage-credit institution or a mortgage-credit holding company, section 124(1) and (4)-(6) and sections 145-147, and 182 shall also apply to the group, cf. however subsection (3). The parent undertaking shall ensure compliance with these provisions. When calculating the capital base 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 of subsection (1) and section 170(2) between a mortgage-credit institution, which is itself a subsidiary undertaking of a bank, a mortgage-credit institution or a financial holding company, and subsidiary undertakings of said mortgage-credit institution, which are a credit institution, a management company, an investment firm or a finance institution, which is not subject to legislation in a country within 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(2) shall apply in other cases where mortgage-credit institutions alone or jointly have such direct or indirect links to an undertaking that application of the regulations specified is deemed necessary.

173.-(1) In groups where the parent undertaking is an investment firm or an investment holding company, section 125(1) and (7)-(9), and sections 145-147, 156 and 182 shall also apply to the group. The parent undertaking shall ensure compliance with these provisions. When calculating the capital base 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 of subsection (1) and section 170(3) 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 company which is not subject to legislation in a country within 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 firms alone or jointly have such direct or indirect links to an undertaking that application of the regulations specified is deemed necessary.

174.-(1) In groups where the parent undertaking is an investment management holding company or an investment management company, section 125(1) and (7)-(9), and sections 145-147, 156 and 182 shall also apply to the group. The parent undertaking shall ensure compliance with these provisions. When calculating the capital base 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 of subsection (1) and section 170(4) 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 country within 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(4) 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 stipulate that section 145 shall apply to groups where the parent undertaking is a financial holding company other than an investment holding company, investment management holding company, bank holding company, or mortgage-credit holding company.

175a.-(1) Groups where the parent undertaking is a financial holding company or a financial undertaking shall, once a year, report all exposures, cf. section 5(1), no. 16, exceeding 10 percent of the group's capital base.

(2) The Danish FSA shall lay down more detailed regulations for reporting under subsection (1).

Consolidation

176.-(1) Where an investment firm, an investment management company, a bank, a mortgage-credit institution, 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 sections 170-174 in

respect of the group undertakings' share of the own funds and result of the undertaking in which said participating interest is held.

(2) Where the liability of the investment firm, investment management company, bank, mortgage-credit institution or 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 sections 170-174.

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 170-174. The Danish FSA may, however, stipulate that these undertakings shall be included.

(2) Credit institutions or finance institutions which are subsidiary undertakings of insurance companies shall be included in consolidation pursuant to sections 170-172 if the parent undertaking is a bank, a mortgage-credit institution or an investment holding company, an investment management holding company, a bank holding company, or a mortgage-credit holding company.

Exemptions

178.-(1) The Danish FSA may in exceptional cases grant exemptions from the requirements stipulated in sections 170-174.

(2) The Danish FSA may allow groups other than those specified in section 170(2) to include serial reserve funds in the capital base in accordance with the regulations laid down in pursuance of section 128.

Separation, disposal and intra-group transactions

179. The Danish FSA may order a parent undertaking which owns equity investments in financial undertakings to separate such financial undertakings and finance institutions in a subgroup under a financial 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,
2) a member of the board of directors or the board of management of the parent undertaking falls within the scope of section 64(2), 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 to dispose of equity investments in a financial undertaking where

1) the parent undertaking or group does not comply with the solvency requirement in section 170,
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(2), 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. 17, or
3) 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 on Late Payments etc. Act *(lov om rente ved forsinket betaling m.v.)*.

182.-(1) A financial undertaking may not, without a licence from the Danish FSA, have exposures within the same group except for exposures with subsidiary undertakings.

(2) A financial undertaking furthermore may not have an exposure with undertakings or persons who exercise direct or indirect controlling influence in the financial undertaking, 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*).

VI

Annual report, audit and appropriation of profit for the year

Part 13

Annual report, audit and appropriation of profit for the year

General regulations regarding the annual report and audit

183.-(1) Financial undertakings and financial 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, notes, including a statement of accounting policies and a statement detailing the movements in shareholders' funds. When the annual financial statements have 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 and financial holding companies, the securities of which are not admitted for trading on a regulated market in Denmark or in another country within the European Union or in 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 annual reports. Financial undertakings and financial holding companies, the securities of which are admitted for trading on a regulated market in Denmark or in another country within the European Union or in 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) to those parts of their annual report that are not covered by Article 4 of the Regulation mentioned.

(5) Financial undertakings which, pursuant to subsection (4), follow the standards mentioned in subsection (3) shall apply all approved standards in their annual report. 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 relevant provisions. If said undertakings solely apply the standards to their consolidated financial statements and not to the annual financial statements, the 1st and 2nd clauses shall only apply to the consolidated financial statements.

(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 by articles of associations or by agreement. Further, each individual member shall be responsible for ensuring 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 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 management endorsement whether the report provides a true and fair report 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 his or her objections giving specific and adequate grounds in connection with his or her signature and the management endorsement.

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 review shall contain a true and fair report of the matters 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 cases, 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), 1st clause, 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 concern:

1) investment of the user's own resources,
2) the management's administration of the funds of the undertaking, and
3) the allocation of the funds 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 must 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 must be prepared in a clear and understandable manner (clarity).
2) The substance of transaction rather than formalities without any real content must be accounted for (substance over form).

3) All relevant matters must be included in the annual report unless they are insignificant (materiality). But where several insignificant matters are deemed to be significant when combined, they must 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 valuation must be adjusted accordingly.
5) Any change in value must be shown irrespective of the effect on the own funds and income statement (neutrality).
6) Transactions, events and changes in value must be recognised when occurring irrespective of the time of payment (accruals basis).
7) Methods of recognition and valuation basis must be applied uniformly to the same category of matters (consistency).
8) Each transaction, event and change in value must 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 must be equivalent to the closing balance sheet for the previous financial year (formal consistency).

(2) Presentation and classification, method of consolidation, method of recognition and valuation basis as well as the monetary unit applied must 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 cases. In such cases, section 186(3), 2nd clause shall apply correspondingly.

189.-(1) 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.

(2) The fair value shall be determined as the market value of the relevant asset or liability on a well functioning market. Where such an asset or liability is not traded on a well functioning market, a recognised method shall be employed to calculate the fair value of the relevant asset or liability.

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 valuation 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 cases, the Danish FSA may grant exemptions from the requirement in subsection (1).

192. Recognition, valuation 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 in duplicate to the Danish FSA without undue delay after the meeting of the board of directors at which the annual report was finally approved.

(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).

195.-(1) The audited and approved annual report shall be submitted to the Danish FSA in triplicate 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) The annual report submitted shall as a minimum include the compulsory elements and the full audit 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".

(3) A copy of the annual report for all of the subsidiary undertakings of the undertaking which are not financial undertakings and which fall within the scope of the supervision of the Danish FSA shall be submitted to the Danish FSA at the same time as submission of the annual report under subsection (1).

(4) The Danish FSA shall forward one of the copies specified in subsection (1) to the Danish Commerce and Companies Agency, where the annual report shall be available to the public in accordance with the regulations laid down by the Agency in this regard.

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 preparation and publication of interim statements covering shorter periods than the annual report.

197. In order to ensure that the annual reports of financial undertakings and financial 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 and financial 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), 2nd clause.

199.-(1) Financial undertakings and financial holding companies shall have at least one auditor who is a state-authorised public accountant. If more than one auditor is elected or if an auditor is appointed under the 3rd clause, the remaining elected or appointed auditors shall be state-authorised or registered. The Danish FSA may in exceptional cases 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 or a financial holding company shall also be the auditors of the subsidiary undertakings of such an undertaking or holding company.

(3) Subsection (2) shall not apply to parent undertakings and subsidiary undertakings which are not domiciled in Denmark.

(4) The Danish FSA may dismiss an auditor who is deemed clearly unfit to perform his duties and instead appoint another auditor, cf. subsection (1), 3rd clause, who shall act until a new auditor can be elected.

(5) 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.

(6) 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 or the subsidiary undertakings of such undertakings or companies.

(7) The Danish FSA may order that an extraordinary audit be carried out of a financial undertaking, a financial 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.

(8) The provisions laid down in sections 144-149 of the Companies Act on the audit shall, subject to the necessary changes, apply to financial undertakings and financial holding companies which are not limited companies.

(9) 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 cases, the Danish FSA may grant exemptions from the 1st clause.

(10) 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 in the State-Authorised Public Accountants and Registered Public Accountants Act *(lov om statsautoriserede og registrerede revisorer)*.

(11) The Danish FSA shall lay down provisions on audit proceedings in financial undertakings, financial holding companies and in the subsidiary undertakings of such undertakings or companies. The Danish FSA may lay down provisions on internal audit and on the performance of systems audits at shared computer bureaus.

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 the 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 own funds except for amounts due to the employees of the savings bank under agreements on profit sharing.

(2) The shareholder committee may, however, resolve that amounts shall be applied for the public good or for charitable purposes. Such amounts may be transferred to a special fund for payment later.

(3) In the event that the solvency ratio, cf. section 124, amounts to less than 15 percent, such amounts for the public good or for charitable purposes may total no more than 10 percent of the profit.

(4) Transfers to the guarantee capital from the other own funds 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. If a cooperative savings bank is a member of an affiliation under sections 89-96, the dividend shall, however, be approved by the management of the affiliation.

(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 1st clause, 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 the permission of the Minister for Economic and Business Affairs, be amalgamated with another financial undertaking or a specific business function of another financial undertaking. The same shall apply when the continuing 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) Permission pursuant to subsection (1) may be refused, if the amalgamation conflicts with material matters of public interest.

(4) Section 242, 2nd clause, section 256, 3rd clause, section 257(2), section 260, 2nd clause, section 277, 2nd clause, section 294(2), and section 297, 2nd clause 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 Part 15 or 16 of the Companies Act shall be released of its responsibility to the policyholders when being granted the permission mentioned in subsection (1).

(6) Unless the Minister for Economic and Business 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 a request 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 Economic and Business Affairs shall, under consideration of the objections made, decide whether the portfolio of insurance contracts 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.

(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.-(1) The Minister for Economic and Business Affairs may lay down regulations under which sections 237-253 and 271-290 of the Companies Act, subject to the changes necessary, shall apply to savings banks, cooperative savings banks and mutual insurance companies as regards amalgamations.

(2) Section 236 of the Companies Act shall apply to mutual insurance companies where the amalgamation takes place in accordance with the regulations laid down in pursuance of subsection (1).

206.-(1) The Minister for Economic and Business Affairs may lay down regulations under which sections 237-253 and sections 271-290 of the Companies Act, subject to the necessary variations, shall apply when a savings bank takes over a limited company with a licence to carry out bank business.

(2) Section 236 of the Companies Act shall apply to takeovers covered by the regulations laid down in pursuance of subsection (1).

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 or affiliations of cooperative savings banks that have operated since 1 January 1995, the shareholder committee or the general meeting may, according to the regulations of this Part of this Act, resolve to dissolve the savings bank, cooperative savings bank or affiliation of cooperative savings banks without a liquidation by transferring the total assets and debt of said savings bank, cooperative savings bank or members of the affiliation of cooperative savings banks to a limited company that is owned or established by the savings bank, cooperative savings bank or affiliation of cooperative savings banks 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; and for affiliations of cooperative savings banks to a fund or an association established for the individual members of the affiliation of cooperative savings banks. The funds shall be regarded as corporate funds. The members of the associations shall be shareholders in the limited company.

(2) Decisions in accordance with subsection (1) shall be made by the majority required to dissolve the savings bank, the cooperative savings bank or the affiliation of cooperative savings banks.

(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 own funds 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 changes to the merger, cf. section 207(1), between the limited company as the continuing company and the savings bank, the cooperative savings bank or the affiliation of

cooperative savings banks as the company to be wound up. Section 327(2), section 328(2) and section 331, 2nd clause of the Companies Act shall not apply.

(2) The guarantors of the savings bank and the members of the cooperative savings bank shall, at their own choice, be offered either conversion of their guarantee certificates and cooperative share certificates into shares in the limited company at market value or cash redemption. The savings bank may also offer guarantors that the guarantee capital remain in the company for a period of no more than 5 years. In the event of dissolution of the company, guarantee injections shall be repaid before the share capital.

(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 Economic and Business 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 3 members.

(2) A majority of the members of the board of directors mentioned in subsection (1) shall be appointed by the board of directors of the savings bank limited company, cf. section 207(1), from amongst the members of its board of directors.

(3) A majority of the members of the board of directors of funds and associations possessing more than 25 percent of the share capital of a cooperative savings bank limited company shall be appointed by the board of directors of the cooperative savings bank limited company, cf. section 207(1), from amongst the members of its board of directors. The chairperson of the board of directors of the savings bank limited company and the cooperative savings bank limited company shall always be a member of the board of directors of the fund or association.

(4) For the board of directors of the funds or associations mentioned in subsections (1) and (2), 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 fonde)*. The regulations in the Companies Act on group representation shall apply correspondingly for the relevant member.

(5) In associations that possess less than the proportion of the share capital of a cooperative savings bank limited company mentioned in subsection (3), the board of directors shall be elected by the members of the association.

(6) 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. As the fund authority, the Danish Commerce and Companies Agency shall permit the changes in the articles of association of the fund that are necessary under the Corporate Funds Act *(lov om erhvervsdrivende fonde)*.

210.-(1) The articles of association of the savings bank limited company and the cooperative savings bank limited company shall contain provisions on limitations of voting rights for shareholders that ensure that the previous guarantor, depositor and cooperative democracy is retained.

(2) The requirement under subsection (1) shall lapse 5 years after conversion into a limited company.

211.-(1) For savings banks that have carried out operations since 1 January 1989, the shareholder committee 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 the committee 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) and sections 207, 208 and 210 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 continuing 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 percent 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, only an amount corresponding to this interest shall, however, 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 fonde)*.

(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 Commerce and Companies Agency which shall be the fund authority.

215.-(1) Changes in the articles of association of an association that has been a mortgage-credit institution may only be made with the approval of the Minister for Economic and Business Affairs.

(2) The Minister for Economic and Business Affairs shall approve the articles of association if the changes are not in conflict with sections 218 and 219 and if they are not in any other way in conflict with the interests of the members.

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 5 members, if the fund or association owns the mortgage-credit limited company.

(2) The debtors of a mortgage-credit limited company and the owners 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. 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 fund or association covered by subsection (1) shall lay down in the articles of association and the regulations for elections more detailed regulations for elections and composition of the board of directors.

217. Funds and associations covered by section 216 shall notify the Danish FSA in advance of direct or indirect acquisition of a controlling influence in an enterprise and of the disposal of such a controlling influence.

218.-(1) A fund or association that has been mortgage-credit institutions, and a fund that was established in connection with conversion of a mortgage-credit institution into a limited company, shall submit the audited and approved annual report to the Danish FSA in triplicate. The annual report shall be received by the Danish FSA no later than four months after the end of the financial year. The Danish FSA shall forward one of the copies to the Danish Commerce and Companies Agency, where the annual report shall be available to the public in accordance with the regulations laid down by the Danish Commerce and Companies Agency in this regard.

(2) The Danish FSA shall lay down more detailed regulations for submission of financial statements.

219. In the event of the winding-up of an association that has been a mortgage-credit institution, the own funds 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 non-distributable 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 in accordance with section 204, the continuing 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 shall 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 1st clause have been fulfilled.

221. Mortgage-credit institutions that have been converted into limited companies in accordance with the encapsulation model shall provide 10 percent 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

222. Form, content and implementation of a conversion of an insurance company shall be subject to approval by the Danish FSA. The continuing insurance company shall be subrogated to the rights and obligations of the discontinuing insurance company.

Part 15

Cessation

Withdrawal of licences

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, or regulations issued in pursuance of said Acts,
2) if the financial undertaking does not meet the requirements of Part 3, cf. however section 124(2), no. 2 and (3), and section 125(2), nos. 2-4,
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. Act, or
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 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.

(5) If an insurance company has not, within the time limits set by the Danish FSA, carried out the measures listed in the restoration plans mentioned in section 248(1) and (2), its licence to operate as an insurance company may be withdrawn.

(6) If an operator of a regulated market has a licence to operate multilateral trading facilities pursuant to section 9(9), the licence may be withdrawn, if the conditions of subsection (1), nos. 1, 3 or 4, or the capital requirements of section 9(9) and section 125(1) and (4)-(6) are not fulfilled.

225.-(1) If the bank, mortgage-credit institution, investment firm or investment management company does not meet the capital requirements mentioned in section 124(2), (3), (5), (7) and (8), section 125(2)-(5) and (8), and section 125a, and if the bank, mortgage-credit institution, investment firm or investment management company has not raised the capital required prior to the time limit set by the Danish FSA, the Danish FSA shall withdraw the licence.

(2) 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.

(3) 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.

Winding-up

226. 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), (4) and (5), 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 (4), the activities to 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 disposal of the insurance company's assets. Section 167(6) and (7) shall apply correspondingly.

(5) When the Danish FSA withdraws the licence of an operator of a regulated market to operate multilateral trading facilities pursuant to section 224(6), the multilateral trading facilities shall be wound up in a manner, and within a time limit, stipulated by the Danish FSA. The Danish FSA may lay down more detailed regulations on winding up.

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. 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 National Board of Industrial Injuries 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 Economic and Business Affairs. One of the liquidators shall be a lawyer.

(2) In the event of liquidation of an insurance company, the Minister for Economic and Business 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, a financial undertaking unable to meet its obligations regarding subordinated capital taken up as hybrid core capital or subordinate loan capital shall not be regarded as insolvent.

(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 Commerce and Companies Agency and the Danish FSA of the commencement and completion of the bankruptcy proceedings.

237.-(1) The Minister for Economic and Business 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 Economic and Business Affairs may lay down more detailed regulations regarding the form and contents of said notification.

Suspension of payments

238.-(1) The Danish FSA may submit a petition for suspension of payments for financial undertakings, if the interests of the depositors, bond owners, investors or policyholders so require.

(2) An application for suspension of payments under subsection (1) shall be accompanied by a proposal by the Danish FSA regarding the appointment of a reconstructor and nominee during the suspension of payments 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.

(3) An application for suspension of payments may not be withdrawn by the financial undertaking without the consent of the Danish FSA.

239.-(1) The regulations of the Bankruptcy Act regarding suspension of payments 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 suspension of payments, cf. section 13b(1), no. 2 of the Danish Bankruptcy Act, the bankruptcy court may, in cases of suspension of payments 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 powers of the Minister for Economic and Business Affairs and the Danish FSA, and regarding the obligations of financial undertakings towards the Minister for Economic and Business Affairs and the Danish FSA shall, with the changes necessary, apply to such undertakings, which have entered into suspension of payments 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 Economic and Business Affairs shall lay down regulations with a view to compliance with Union law regarding restructuring and liquidation of credit institutions 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 company, investment management company or insurance company covered by section 30(1) and section 31(1) domiciled in another country within 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 1st clause from carrying out the activities mentioned in the 1st clause if the undertaking wilfully or repeatedly has violated the provisions of this Act, regulations issued pursuant to this Act or other legislation regarding said credit institution, finance institution, investment company, 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 16

Crisis management

Special regulations regarding banks

244. The Minister for Economic and Business 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 capital requirement in section 127, may stipulate the tax value at the date of merger of loans and guarantees etc. made by the ailing bank. Correspondingly, the measurement board in connection with a taxable transfer 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 ailing bank. 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 Economic and Business 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 4 years.

(2) The chairperson 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 Economic and Business Affairs shall lay down more detailed regulations on remuneration for the decisions of the board.

(4) The board shall make decisions no later than 5 days after it has received a complete basis for its decision.

(5) The decisions of the board may not be brought before a higher administrative authority and they shall form the basis of the assessment by the tax authorities.

(6) The Minister for Economic and Business Affairs may, after consulting the Minister for Taxation, lay down regulations for the work of the board.

245a.-(1) Banks shall ensure that they have effective case procedures and systems which ensure that the individual bank is prepared and within 24 hours can produce the necessary statements and information about the deposit and loan accounts, pension custody accounts

etc. of the bank, in the event that the Danish FSA has stipulated a time limit pursuant to section 225(1).

(2) The Danish FSA shall lay down more detailed regulations on the measures and systems necessary to ensure that the bank can take the required initiatives in the event that the Danish FSA has stipulated a time limit pursuant to section 225(1).

246.-(1) If a bank does not meet the capital requirement of section 124(2), (3), (5), (7) and (8), and 125a 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 3 days' notice so that said board of directors may make a decision regarding the necessary measures for compliance with the requirements of section 124(2), (3), (5) (7) and (8) and section 125a. For banks, which 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 3 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 Economic and Business 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 shareholder committee 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 shareholder committee in savings banks resolves upon other measures that involve the bank meeting the capital requirement of section 124(2), (3), (5) (7) and (8), and section 125a or upon liquidation on terms that the Danish FSA can approve, the agreement regarding transfer mentioned in the 2nd clause 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 shareholder committee in savings banks. At the same time, the notice convening the meeting shall be available to the public as stipulated in section 67.

(4) No later than 24 hours before the general meeting, or shareholder committee meeting in savings banks, the agenda and the full proposals shall be available for review to the shareholders, members of cooperative savings banks, or shareholder committee members 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), 2nd clause, 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 shareholder committee members 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 share capital, 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 Economic and Business 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 shareholder committee of the savings bank, to an information meeting regarding said transfer. Said meeting shall be held no later than 8 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 Commerce and Companies Agency. 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 liquidators 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 liquidator of an estate in bankruptcy after the bank. An administrator and any joint administrators shall not be employed by the same undertaking as the liquidator.

(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 paid by 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 powers of the Minister for Economic and Business Affairs and the Danish FSA, and regarding the obligations of financial undertakings towards the Minister for Economic and Business Affairs and the Danish FSA shall, with the necessary changes, 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 percent of the value of the assets, however no more than DKK 100 million. In the period until an assessment of the 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 to provide supplementary collateral, 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, counterparties to the registered financial instruments as well as to cover debt the bank raised in order to provide supplementary collateral, cf. section 152b(1), the 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 they 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 for use in respect of the requirement to provide supplementary collateral, cf. section 152a(2), 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 in order to provide supplementary collateral. 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), 1st clause, 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), 1st clause. The same shall apply correspondingly to loans which the bank has taken out to use in order to provide supplementary collateral, cf. section 152b.

(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), 1st clause, 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 country within 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 Economic and Business Affairs. This shall not apply, however, if only individual assets are disposed of pursuant to section 247h(3).

(4) Unless the Minister for Economic and Business 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 Economic and Business 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 if 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.

(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.

247i.-(1) If the estate under administration becomes administered in bankruptcy, the estate shall be treated pursuant to the provision 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 other measures

248.-(1) If an insurance company's capital base is smaller than the capital requirement, cf. section 127, the Danish FSA shall require the company to draw up a plan for restoration of its financial position and present said plan to the Danish FSA so that the Danish FSA may assess whether the plan contains the measures necessary.

(2) The Danish FSA shall lay down more detailed provisions on the information to be included in the restoration plan and on the period for which the plan shall be prepared.

(3) The company's plan shall aim at restoration of its financial position over a shorter period to be determined by the Danish FSA, when

1) the capital base of an insurance company is less than one-third of the solvency requirement, or
2) the capital base of an insurance company is less than the minimum capital requirement.

(4) If the company has presented an operating plan to the Danish FSA under this Act, the Danish FSA shall, in case of a financial deterioration of the company's financial position in relation to said plan, make a decision regarding the necessary measures, and the Danish FSA may require a new operating plan to be prepared for the following three financial years.

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 National Board of Industrial Injuries under section 54 in the Workers' Compensation Act.

251. The Danish FSA may, in connection with the measures mentioned in sections 248(3), 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 Economic and Business Affairs shall, under consideration of the objections made, decide whether the portfolio of insurance contracts 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 1 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) in the Insurance Contracts Act *(lov om forsikringsaftaler)* shall apply correspondingly until the Minister for Economic and Business Affairs has made a decision under

subsection (3). If a transfer takes place in accordance with such decision by the Minister for Economic and Business Affairs, the 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 contracts

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 (5); 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 Commerce and Companies Agency.

(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 netting, cf. section 58h of the Securities Trading, etc. Act, of financial contracts which may be included in the group of assets pursuant to section 159(1).

255. When the portfolio of insurance contracts has been placed under administration, surrender of insurance contracts may not take place. However, the surrender value may be partly or fully used to cover the policy loans mentioned in section 162(1), no. 7.

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.

(4) The determination of the insurance amounts, including any reduction, cf. section 257(1), 4th clause or 259(1), 1st clause, 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 Economic and Business 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 Economic and Business 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 Economic and Business 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 Economic and Business Affairs shall, under consideration of the objections made, decide whether the portfolio

of insurance contracts 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

(Repealed)

VIII

Special regulations regarding insurance companies

Part 18

Special regulations regarding insurance companies

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 at the company's own account may not, however, with regard to life-assurance, exceed 10 percent 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 percent of the company's total premium income without the authorisation of the Danish FSA.

Payment of guarantee interests etc. in mutual insurance companies

287.-(1) A mutual insurance company may not, for a consideration, acquire its own guarantee interests for ownership or as collateral.

(2) The subsidiary undertakings 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 2 years after the decision 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 general-meeting resolution 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 must 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 company's capital base does not meet the capital requirements under this Act, 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.

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 livestock,
2) that the company only carries out business in Denmark,
3) that the company does not effect 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. (Repealed)

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 3 million.

(2) Companies, which are covered by subsection (1), shall, however, designate themselves as mutual companies. Section 11(4) 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.

392.-(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 6 million and the company's risk on a single contract of insurance does not exceed 3 percent 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 company does not effect liability 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 limited 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 limited 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 (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 own funds 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 own funds 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 own funds accumulated shall be applied to the benefit of the insured parties.

IX

(Repealed)

IXa

The Money and Pension Panel

Part 19a

The Money and Pension Panel

333a.-(1) The Minister for Economic and Business 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 Federation of Danish Investment Associations.
5) One member nominated by the Danish Confederation of Trade Unions, AC and the Salaried Employees' and Civil Servants' Confederation jointly or independently.
6) One member nominated by the Danish Shareholders Association.
7) Two members nominated by the Danish Consumer Council.

(3) The Minister for Economic and Business 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 Economic and Business 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 promote objectively 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 Business and Economic 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),
3) covered by section 11(1), or
4) 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 1 million.

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. 22-25 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 own funds of an amount corresponding to no less than EUR 1 million.

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-authorised 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).

(4) The Danish FSA may lay down more detailed regulations for savings undertakings regarding financial statements and audit.

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 necessary changes, also apply to savings undertakings.

Miscellaneous provisions

343.-(1) Part 21 on supervision, Part 22 on fees and Part 23 on delegation and complaints shall, with the necessary changes, also apply to savings undertakings.

(2) The Danish FSA shall lay down more detailed regulations on minimum requirements for the content of contracts for special purpose vehicles.

Xa

Investment advisers

Part 20a

Investment advisor

Scope

343a.-(1) Undertakings which provide investment advice, cf. section 343b, shall have a licence as investment advisor.

(2) The provision of subsection (1) shall not apply for the following:

1) Financial undertakings, cf. section 5(1), no. 1.
2) Collective investment schemes regulated by the Investment Associations, etc. Act and investment undertakings and pension funds, irrespective of whether or not they are coordinated at EU level, depositories 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, schedule A, no. 5.

License

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 1 million for each claim, however no less than EUR 1.5 million 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 interests fulfil the requirements of sections 61-62, and
6) the conditions of section 14(1), nos. 4 and 5 have been met.

(2) An application for a licence pursuant to subsection (1) shall contain

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 interests 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 Commerce and Companies Agency shall make the necessary registrations.

(5) The Danish FSA may lay down more detailed regulations on the indemnity insurance mentioned in subsection (1), no. 2.

343d. Investment advisers may provide investment advice and activities ancillary to this, cf. Annex 4, schedule B, no. 3, 1st limb.

Foreign investment advisors

343e. Section 30(1), (4) and (10) and section 31(1) shall apply correspondingly for investment advisors from another country 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

advise in another country within 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 business 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)-(3) 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

343m.-(1) Section 344(1), section 345, section 346, section 348(2) and sections 351, 352 and 354-356 shall apply correspondingly for investment advisors.

(2) The Financial Business Council shall take part in supervision pursuant to subsection (1) with the authority conferred on the Council pursuant to section 345(2).

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.-(1) The Danish FSA shall make decisions on registration of credit rating agencies, cancelling of registration and other measures pursuant to the regulations of the Regulation of the European Parliament and of the Council on credit rating agencies. The Danish FSA shall also ensure compliance with the Regulation. Section 344(1) and section 347 shall apply correspondingly.

(2) Section 355 shall apply correspondingly for credit rating agencies with the limitations consequential upon the Regulation mentioned in subsection (1).

(3) The Financial Business Council shall take part in supervision of credit rating agencies with the authority conferred on the Council pursuant to section 345(2) and with the limitations consequential upon the Regulation mentioned in subsection (1).

XI

Supervision and fees

Part 21

Supervision etc.

General regulations regarding supervision

344.-(1) The Danish FSA shall supervise compliance with this Act and regulations laid down pursuant to this Act except for section 77(1) and (2). The Danish Commerce and Companies Agency shall, however, supervise compliance with section 15(1), (2) and (4) and sections 83, 87, 91 and 112. The Danish Securities Council shall, together with the Danish FSA, enforce that the regulations regarding financial information in annual reports and interim reports laid down in sections 183-193 and in regulations laid down in pursuance of section 196 are observed by financial undertakings that have issued securities admitted to trading on a regulated market, cf. section 83(2) and (3) and section 83b of the Securities Trading, etc. Act. In this connection, the Danish Securities Council shall perform the authorities laid down in section 197. The Danish FSA shall also ensure compliance with the regulations issued pursuant to section 31(8) of the Authorised Auditors and Audit Firms Act.

(2) For branches of credit institutions licensed in another country within the European Union or in a country with which the Union has entered into agreement for the financial area, the Danish FSA shall, in accordance with provisions laid down in Directives, supervise liquidity in such branches.

(3) The Danish FSA shall organise its routine supervision activities with a view to promoting financial stability and confidence in financial undertakings and markets. In its supervision

activities the Danish FSA shall examine in particular the viability of the business model of the individual financial undertaking. Organisation of supervision activities shall take materiality into consideration so that the supervision effort is proportionate to the potential risks or damage. 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 250 million. The executive management of the Danish FSA shall be responsible for the organisation of supervision activities.

(4) In its organisation of supervision activities, the Danish FSA shall consider the potential consequences for the financial stability in other countries within 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 country within the European Union or in 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 material subsidiaries 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 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.

(5) The Danish FSA may, in exceptional cases, utilise external assistance.

(6) The Minister for Economic and Business Affairs may lay down more detailed regulations for the procedures of the Danish FSA in accordance with the provisions laid down in Union law.

345.-(1) The Minister for Economic and Business Affairs shall set up the Financial Business Council, which shall comprise eight members. This Council shall be composed as follows:

1) A chairperson with legal or financial knowledge.
2) A deputy chairperson with legal knowledge.
3) A member with economic financial knowledge, nominated by Danmarks Nationalbank (Denmark's central bank).
4) A consumer representative, nominated by the Danish Consumer Council,
5) A representative for commercial interests, jointly nominated by the Confederation of Danish Industries (DI), the Danish Shipowners' Association, the Danish Chamber of Commerce, the Danish Federation of Small and Medium-Sized Enterprises, and the Danish Agriculture and Food Council.
6) A representative for the mortgage-credit institutions, nominated by the Council of the Danish Mortgage Banks and the Association of Mortgage-Credit Institutions jointly or independently.
7) A representative for banks, etc., jointly nominated by the Danish Bankers' Association, the Danish Securities Dealers Association, the Danish Securities Brokers Association, and the Federation of Danish Investment Associations.
8) A representative for insurance companies, etc., jointly nominated by the Danish Insurance Association, the Company Pension Funds Association, the Insurance and Pensions Brokers' Trade Association, and Arbejdsmarkedets Tillægspension (ATP) and LD.

(2) The Financial Business Council shall

1) make decisions, except for section 43 decisions, and except for cases concerning compliance with sections 183-193 and regulations issued pursuant to section 196 for financial undertakings which have issued securities admitted to trading on a regulated market, regarding supervisory matters of principle as well as supervisory matters with significant consequences for financial undertakings and financial holding companies,
2) make decisions in cases on orders according to section 347b(1),

3) advise the Danish FSA in connection with issuing regulations, in connection with matters of principle regarding honest business principles and good practice and price information as well as in supervisory matters regarding honest business principles and good practice and price information that have more significant consequences for financial undertakings and financial holding companies in pursuance of section 43, and
4) assist the Danish FSA in its information activities.

(3) The Minister for Economic and Business Affairs shall appoint Council members for periods of up to 4 years at a time. Members may be renominated.

(4) The Minister for Economic and Business Affairs shall appoint a proxy for each member. In the absence of a member, the relevant proxy shall participate for said member.

(5) The Minister for Economic and Business Affairs shall appoint two special experts for each member appointed pursuant to subsection (1), nos. 4-6 and up to four special experts for each member appointed pursuant to subsection (1), nos. 7 and 8. In connection with the work on laying down the Council's rules of procedure, the Minister for Economic and Business Affairs shall, cf. subsection (12), prepare a list of the organisations entitled to recommend special experts. Subject to permission by the chairperson, the special experts may participate in the meetings of the Council without voting rights. However, a maximum of two special experts for each member may participate during processing of individual cases at the meetings of the Council.

(6) The Government of the Faeroe Islands and the Government of Greenland shall each appoint one special expert who may participate in the meetings of the Council without voting rights, subject to permission by the chairperson.

(7) Proxies and special experts appointed pursuant to subsection (4) or (5) shall be appointed for a period corresponding to that of the member of the Council for whom the relevant expert has been appointed. Special experts appointed pursuant to subsection (6) shall be appointed for up to four years at a time. Proxies and special experts may be reappointed.

(8) When the Council addresses matters regarding honest business principles and good practice and price information, cf. subsection (2), no. 3, the Consumer Ombudsman shall participate in the relevant item on the agenda. In matters regarding honest business principles and good practice and price information the Consumer Ombudsman shall have the same authority as the members of the Council.

(9) In cases, where hearing of parties shall be carried out pursuant to the Public Administration Act, access to hearing of parties shall include the entire draft for decision. The time limit for issuing a statement shall amount to no less than three weeks, unless the case has already been brought before the Financial Business Council or the decision is especially urgent.

(10) Section 354 (1) shall apply to Council members and their proxies as well as the special experts. The 1st clause shall, however, not apply to matters regarding issue of regulations on honest business principles and good practice.

(11) The Council shall make its decisions subject to a simple majority of votes. In the event of parity of votes, the chairperson shall have the casting vote.

(12) The Minister for Economic and Business Affairs shall lay down the rules of procedure of the Council, including rules on the possibility of appearing before the Council.
(13) The Financial Business Council may delegate its capacity under subsection (2), no. 1 to the Danish FSA.

345a. The Minister for Economic and Business 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 and financial holding companies. This shall include reviews of regular reports and inspections of individual undertakings. The Danish FSA may also carry out inspection visits to savings undertakings.

(2) Following an inspection of a financial undertaking or a financial 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 inspection exclusively concerns clearly demarcated areas of activity within said undertaking. At said meeting, the Danish FSA shall announce its conclusions regarding the inspections.

(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 country within 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 inspections of branch offices situated in Denmark of foreign financial undertakings with registered office in the relevant country. As regards insurance companies, the Danish FSA shall participate in the inspection mentioned in the 1st clause or may, in exceptional cases and at the request of the supervisory authority of the home country of the branch, carry out inspection of the branch alone. As regards investment companies and management companies, the Danish FSA may carry out the inspection mentioned in the 1st clause at the request of the supervisory authority of the home country of the branch.

(5) The supervisory authorities of another country within 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, carry out verification of information provided by the financial 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.

346a. The Danish FSA may cooperate with other Danish authorities on ensuring compliance with this Act and with regulations issued pursuant to this Act concerning the management of investment management companies of associations approved by the Danish FSA and of UCITS with registered office in other countries within 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 associations. 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 another EU Member State within the European Union or in a country with which the Union has entered into an agreement for the financial area to help supervise compliance with this Act, as well as the regulations issued pursuant to this Act concerning management of investment management companies of UCITS with registered office in countries within the European Union or countries with which the Union has entered into an agreement for the financial area through supervision activities, on-the-spot checks or inspections in the territory of another Member State.

346c. 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 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 an investment association subject to Danish supervision but operating 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, requests the Danish FSA to assist in verification or investigation of a foreign UCITS subject to supervision by the competent authority concerned, cf. subsection (1), but managed by a Danish investment management company or a Danish investment association, 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), only the Danish FSA may carry out the investigation.

(4) The Danish FSA may lay down more detailed regulations on 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 and financial holding companies, suppliers and sub-suppliers shall provide the Danish FSA with such information as is necessary for the performance of the duties of the Danish FSA. In accordance with the provisions laid down in Directives, this shall apply correspondingly to foreign credit institutions, management companies and investment companies 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 or a financial holding company with a view to obtaining information, including during inspections.

(3) To the extent required to assess the financial position of a financial undertaking or a financial 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 undertakings with which said financial undertaking or financial holding company has special 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 warrant, 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 mentioned in section 354(6), nos. 18 and 22.

347a. The Minister for Economic and Business Affairs may lay down more detailed regulations regarding the duty of financial undertakings to make public information about the

Danish FSA's assessment of the financial undertaking, and whether the Danish FSA has had the opportunity to publish this information before the financial undertaking.

347b.-(1) Danish FSA may order a financial undertaking or a financial holding company to pay the costs of holding an impartial investigation of one or more aspects of the financial undertaking or the financial holding company, if Danish FSA deems that this is significant for supervision of the undertaking and for the Danish FSA this is not a routine investigation.

(2) The impartial investigation shall be carried out by one or more experts. The Danish FSA shall request the financial undertaking or financial holding company to recommend one or more experts to manage the impartial investigation. If the expert recommended is not deemed appropriate and impartial, the Danish FSA may appoint other experts. The costs of the expert(s) may initially be paid by the Danish FSA, but final liability for the costs shall be with the financial undertaking or financial holding company. The Danish FSA may demand advance payment or regular instalments or collateralisation.

(3) The financial undertaking or the financial holding company shall provide the expert with such information as is necessary for the performance of the impartial investigation.

(4) The results of the impartial investigation shall be issued in a written report to the Danish FSA, at the same time as a copy of the report is sent to the financial undertaking or the financial holding company.

(5) The experts shall immediately provide the Danish FSA with information about conditions they observe during the impartial investigation, if there is a not insignificant risk that these conditions could develop such that the undertaking will lose its licence.

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. The provisions of 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 in pursuance of 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 this connection the Danish FSA may carry out inspection visits of branch offices of management companies and investment companies.

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, 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 account 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 order that a financial undertaking 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 investment associations, the special-purpose associations, the approved restricted associations, the hedge associations, other collective investment schemes or other investors are at risk, 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 or a financial undertaking, if there is a significant risk that the financial position of the group will develop so that the group will not comply with the capital requirement for the group.

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), 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), said person may not occupy the position.

(3) The Danish FSA may order a financial undertaking to remove a member of the board of management when legal proceedings have been instigated against said member 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 said member does not fulfil the requirements of section 64(2), no. 1. 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 1st clause, 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.

(4) The duration of the order issued pursuant to subsection (2) shall appear on the order on the basis of section 64(2), nos. 2, 3 or 4.

(5) Orders issued pursuant to subsections (1)-(3) 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 warrant, decide that the relevant member of the board of management or the relevant member of the board of directors may retain his position during the legal proceedings. The Danish FSA shall bring the case before the courts within four weeks. The case shall be brought through civil proceedings.

(6) The Danish FSA may, at its own initiative or on application, withdraw an order notified pursuant to subsection (2) and subsection (3), 3rd clause. If the Danish FSA refuses an

application for withdrawal, the applicant may demand that the refusal 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 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.

(7) If the financial undertaking does not remove the member of the board of management 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) and (3).

352. 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.

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) The Financial Stability Company 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 according 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 according to subsection (1) shall describe the role of the Danish FSA during the period up to the bankruptcy etc.

(4) The duty of the Danish FSA to prepare a report according to subsection (1) shall also include financial undertakings which satisfy the requirements of the provision after 1 March 2009.

353. In cooperation with the National Consumer Agency of Denmark, 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 Economic and Business Affairs, cf. section 43(2) and (3).

354.-(1) By virtue of sections 152 to 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 duties. 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.

(2) Consent from the individual who the duty of confidentiality aims to protect shall not entitle the persons mentioned in subsection (1) to divulge confidential information.

(3) Subsection (1) shall not apply to information in cases regarding

1) good business practice and price information, cf. section 43 and executive orders issued pursuant to this,
2) hybrid core 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 Guarantee Fund for Depositors and Investors, cf. section 51,
6) the independence of depositories, 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 ban 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 ban on cancelling a fire insurance of buildings policy, cf. section 60(1).

(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, where a financial undertaking has been declared bankrupt, and provided 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 divulged to:

1) The Danish Securities Council and the Financial Business Council.
2) Other public authorities, including the prosecution and the police, in connection with the investigations and legal prosecution of for criminal offences covered by the Criminal Code or the supervision legislation.
3) The Minister concerned as part of his overall supervision.
4) Administrative authorities and courts hearing decisions made by the Danish FSA.
5) The Danish Parliamentary Ombudsman.
6) A parliamentary commission set up by the Danish Parliament.
7) Courts of inquiry set up by law or in accordance with the Courts of Inquiry Act *(lov om undersøgelseskommissioner)*.
8) 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 cases covered by the 1st clause.
9) Members of the Public Accounts Committee and the National Audit Office of Denmark.
10) Interested parties, including authorities involved in attempts to save a limited company in critical difficulty, provided that the recipients of information have a need for this.
11) Auditors appointed by the Institute of State Authorised Public Accountants pursuant to section 144(5), 2nd clause and according to section 16g(9) of the Financial Stability Act.
12) The bankruptcy court and other authorities participating in liquidation, bankruptcy proceedings or similar procedures regarding the financial undertaking, 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.

13) Institutions managing depositor or investor or insurance guarantee schemes, provided that such information is required by the recipients for the performance of their duties.
14) The Financial Stability Company, cf. Parts 2a and 4b of the Financial Stability Act.
15) The Ministry of Economic and Business Affairs in cases regarding processing applications for government capital injections, cf. the Act on Government Capital Injections in Credit Institutions (*lov om statsligt kapitalindskud i kreditinstitutter*).
16) Danmarks Nationalbank (Denmark's central bank), foreign central banks, the European System of Central Banks and the European Central Bank in their capacity as monetary-policy authorities, 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.
17) 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.
18) Financial supervisory authorities in other countries within 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 capital markets and bodies involved in the liquidation and bankruptcy proceedings of financial undertakings or in other similar procedures, and persons responsible for carrying out statutory audits of the financial statements of the financial undertaking provided that these recipients of information need it to perform their duties.
19) Bodies in countries within 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.
20) 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.
21) The Commission, if it so requires to perform its duties pursuant to the Regulation of the European Parliament and of the Council on Credit Rating Agencies, or the European Supervisory Authority (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.
22) 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 funds (investment associations or special-purpose associations), credit rating agencies, or the capital markets and bodies involved in the liquidation and bankruptcy proceedings of financial undertakings or in other similar procedures, and persons responsible for carrying out statutory audits of the financial statements of the financial undertaking, cf. however subsections (11) and (12).
23) The customs and tax authorities in cases covered by section 6D(2) of the Tax Control Act (*skattekontrolloven*).
24) The Supervisory Authority on Auditing and the disciplinary board for state-authorised public accountants and registered public accountants *(Revisornævnet)* for the performance of their duties.
25) The Faeroese Minister of Finance, as part of the responsibility for economic stability in the Faeroe Islands and for crisis management of financial undertakings in the Faeroe Islands.
26) 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.

27) The standing committee of the Faeroese Parliament regarding the general financial circumstances of a Faeroese financial undertaking with respect to crisis management of Faeroese financial undertakings when a decision is to be made on the extent to which the Faeroese government is to grant guarantees or make funds available. The same shall apply correspondingly in connection with parliamentary control in cases covered by the 1st clause.
28) 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 1st clause. OBJ

(7) All those receiving confidential information from the Danish FSA under subsections (5) and (6) shall fall under the duty of confidentiality mentioned in subsection (1) with regard to said information.

(8) Confidential information received pursuant to subsection (6), no. 21, may, notwithstanding the duty of confidentiality mentioned in subsection (7), directly be exchanged between the European Supervisory Authority (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.

(9) Confidential information received by the Danish FSA shall only be used in the course of its supervisory duties, to impose sanctions, 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.

(10) Access to issue confidential information to the standing committee of the Danish Parliament under subsection (6), no. 8 shall be limited to documents in cases which have been established in the Danish FSA after 16 September 1995. As regards mortgage-credit institutions, this limitation shall apply to documents in cases which have been established in the Danish FSA after 1 June 1995. Access to issue confidential information to the standing committee of the Faeroese Parliament under subsection (6), no. 27, and to the standing committee of the Greenlandic Parliament under subsection (6), no. 28, shall be limited to documents in cases which have been established in the Danish FSA after 1 January 2006.

(11) Information may only be divulged pursuant to subsection (6), no. 22

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.

(12) Confidential information from countries within the European Union or countries with which the Union has entered into an agreement for the financial area shall only be divulged pursuant to subsection (6), no. 22 where the authorities submitting said information have granted express permission to do so, and said information shall only be used for the purposes specified by said permission.

(13) 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) Decisions made pursuant to section 344(1), 3rd clause and section 345(2), no. 1 shall be made public. The 1st clause shall also apply for decisions to turn cases over to police investigation, cf. however, subsection (2). Publication shall include the name of the

undertaking. The 1st to 3rd clauses shall also apply for decisions to turn cases over to police investigation which is to be carried out by the Danish FSA after delegation from the Financial Business Council.

(2) Publication pursuant to subsection (1) 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 subject to section 12(1) 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.

(3) If publication is omitted pursuant to subsection (2), 1st clause, publication pursuant to subsection (1) shall be effected when the considerations necessitating omission no longer apply. This shall only apply, however, for up to two years after the relevant decision was made.

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) hybrid core 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 Guarantee Fund for Depositors and Investors, cf. section 51,
6) the independence of depositories, 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 ban 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 ban on cancelling a fire insurance of buildings policy, cf. section 60(1).

(2) The Danish FSA shall also make public the name of an undertaking which contravenes the ban 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 credit rating agency according to section 373(1) and (2) for violation 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.

(2) The Danish FSA shall also publish information on measures taken by the Authority according to Article 24(1)a-c or Article 25(1), c 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.

(3) The Danish FSA may furthermore publish information on reprimands and orders notified by the Danish FSA to a credit rating agency for violation of Regulation of the European Parliament and of the Council on Credit Rating Agencies. Publication shall include the name of the undertaking.

355.-(1) Only a financial undertaking or a financial 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, cf. however, subsections (2) and (3).

(2) In the instances specified below, persons natural and legal 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 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 of 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) Any person about whom the Danish FSA receives information in connection with approval under section 64(1) and (2).
5) 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).
6) An auditor of a financial undertaking where the Danish FSA removes said auditor 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)-(6) and (8).
7) 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).
8) 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).
9) 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. 1-3 and (2), section 224, and section 225(1).
10) 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. 4 and 5, and section 224.
11) 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), 2nd clause and (6), 2nd clause, and section 11(3).
12) 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 (3), and section 11(1) without permission.
13) 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).
14) Investment associations which are UCITS, including investment associations, special-purpose associations, restricted associations and other collective investment schemes

when the Danish FSA makes a decision in a case regarding the investment management company that manages the investment association, special-purpose association, restricted association or the collective investment scheme.

15) The responsible actuary in cases where the actuary does not fulfil his duty to supply information to the Danish FSA, cf. section 108(5), 1st clause.

(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, 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 and an administrator of a life-assurance portfolio.

(4) 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.

(5) Status as party and authorities as party according to subsections (2) and (3) shall be limited to matters where the Danish FSA makes decisions 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 authorities as party shall be limited to matters where the decisions of the Danish FSA are made after 1 January 2004. For investment management companies, status as a party and authorities as parties are limited to circumstances where the decisions of the Danish FSA are made after 1 January 2004. Status as party and authorities as party according to subsection(4) shall be limited to matters where the Danish FSA makes decisions after 1 July 2009.

(6) The Danish FSA may, when instituting proceedings regarding disclosure of confidential information, cf. Part 9, grant certain authorities as party to other natural or legal persons than those mentioned in subsections (2) and (3). The authorities as party may only be granted for such part of the case as is of direct and material importance to the party concerned. The authorities as party shall be granted having regard to the protection of confidential information about the undertakings that are subject to supervision. Authorities as party shall be limited to circumstances where the decisions of the Danish FSA are 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 shareholder committee, 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 Minister for Economic and Business Affairs. 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 at their own expense, cf. section 77(1). For the director general, deputy directors general and persons of equal status in the Danish FSA, the Minister for Economic and Business Affairs shall prepare guidelines on reporting of investments and similar transactions.

(3) The director general of the Danish FSA shall not without authorisation from the Minister for Economic and Business Affairs enter into exposures with or provide collateral to financial undertakings. For other employees of the Danish FSA, the Minister for Economic and Business Affairs shall lay down specific guidelines on the approval of exposures 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, said time limit shall expire on the day in the week when the event occasioning the time limit occurred, cf. subsection (1).

(3) If the time limit is indicated in months it shall expire on the day in the month when the event triggering the time limit occurred, cf. subsection (1). 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 date 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, said time limit shall expire on the day in the year when the event occasioning the time limit occurred, cf. subsection (1).

(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, branches of foreign companies that have obtained a licence from the Danish FSA, and the pension funds covered by this Act shall be registered with the Danish Commerce and Companies Agency.

Part 22

Fees

360.-(1) The appropriation in the Finance Act for the Danish FSA, plus the expenses of the Legal Adviser to the Danish Government, 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 have requested registration with the Danish FSA, cf. section 361(1), no. 21.

361.-(1) The following undertakings shall pay an annual basic amount to the Danish FSA:

1) The Labour Market Occupational Diseases Funds 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) The Guarantee Fund for Depositors and Investors shall pay DKK 95,000.
5) Each financial holding company shall pay DKK 5,000.
6) Each issuer of collateralised mortgage obligations and similar undertakings shall pay DKK 10,000 per series.
7) Each electronic money institution shall pay DKK 10,000.
8) LD shall pay DKK 670,000.

9) VP Securities Services shall pay DKK 1,840,000.
10) The Guarantee Fund for Non-Life Insurance Companies shall pay DKK 50,000.
11) Financial undertakings and financial 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 1 billion or more at the end of the year, shall pay DKK 40,000 annually. If the market value of the traded securities is DKK 250 million or more, but less than DKK 1 billion at the end of the year, DKK 20,000 shall be paid annually, and if the market value of the traded securities is less than DKK 250 million at the end of the year, DKK 10,000 shall be paid annually. Compartments of investment associations and special-purpose associations that have issued securities admitted for trading on a regulated market shall pay DKK 5,000 annually.
12) Reinsurance broker companies shall pay DKK 15,000.
13) 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.
14) Natural or legal persons, who request admittance to a register for qualified investors, cf. section 23(8) of the Securities Trading, etc. Act, shall pay DKK 1,000 per request.
15) 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.
16) 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 annually.
17) 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.
18) Each operator of a regulated market with a licence to operate multilateral trading facilities shall pay DKK 12,400 annually.
19) Investment advisers shall pay DKK 8,250 annually.
20) Professional associations shall pay DKK 8,250 per association and DKK 2,450 per compartment.
21) Organisations with charitable objects, 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.
22) 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 annually
    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 1 million transactions, and
    d) DKK 227,500 for more than 1 million transactions.
23) Approved foreign clearing centres, cf. section 8a of the Securities Trading, etc. Act, shall pay DKK 68,150 annually.
24) Payment institutions, cf. the Payment Services and Electronic Money Act, shall pay DKK 40,900 annually.
25) Undertakings with restricted authorisation to provide payment services, cf. the Payment Services and Electronic Money Act, shall pay DKK 4,100 annually.
26) Mortgage companies subject to the Mortgage Companies Act, shall pay DKK 10,000 annually.
27) Issuers admitted to trading on a regulated market, cf. the Securities Trading, etc. Act, shall pay DKK 2,000 annually.
28) E-money institutions, cf. the Payment Services and Electronic Money Act, shall pay DKK 60,000 annually.[3)]
29) E-money institutions with restricted authorisation, cf. the Payment Services and Electronic Money Act, shall pay DKK 6,000 annually.[4)]
30) Foreign investment undertakings covered by sections 18 and 19 of the Investment Associations, etc. Act, shall pay DKK 8,000 annually.[5)]

31) For every notification or application on cross-border marketing of units in investment undertakings, cf. sections 18-21 of the Investment Associations, etc. Act, an amount of DKK 2,500 shall be paid.[6)]

(2) The basic amounts, cf. subsection (1) have been stated at 2004 level and they shall be adjusted annually according to developments in appropriations to the Danish FSA in each year's Finance Act.

362.-(1) Investment firms shall pay 1.05 percent annually 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 1.05 percent annually of their expenses for wages, commission and performance-related bonuses. A minimum fee of DKK 15,000 shall always be imposed.

(3) Insurance broker companies shall pay 0.4 percent annually of their expenses for commission and other remuneration. A minimum fee of DKK 2,000 shall always be imposed.

(4) Hedge associations shall pay DKK 25,000 annually per association or per compartment plus 0.002 percent of their balance sheet total.

363.-(1) Banks, undertakings covered by the Act on a Ship Finance Institution *(lov om et skibsfinansieringsinstitut)*, other savings undertakings than the ones mentioned in section 361(1), no. 6, and the trust corporation for local banks *(Forvaltningsinstituttet for Lokale Pengeinstitutter)* shall pay an annual 49.4 percent 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. Branches in Denmark of foreign undertakings which have been granted a licence to carry out the activities mentioned in sections 7-11 in another country within the European Union or in a country with which the Union has entered into an agreement for the financial area, shall pay 15 percent annually of what is paid by undertakings of a similar nature and size with a Danish licence, cf. sections 363-366. If a College of Supervisors has been established, however, 20 percent shall be paid of what is paid according to sections 363 and 364-366 by undertakings of a similar nature and size with a Danish licence. A minimum fee of DKK 2,000 shall always be imposed.

364.-(1) Mortgage-credit institutions shall pay an annual 13.2 percent 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, multi-employer occupational pension fund and company pension funds shall pay an annual 18.3 percent 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

capital base of 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 percent 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 direct and indirect gross premium income plus gross claims of the undertakings covered by subsection (1). A minimum fee of DKK 2,000 shall always be imposed. Insurance companies not covered by section 294 shall, however, pay a minimum fee of DKK 800.

367.-(1) Investment associations, special-purpose associations and restricted associations shall pay an annual 4.4 percent 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 the undertakings with DKK 10,000 per association plus DKK 3,000 per compartment. The remaining fee shall be distributed in relation to the individual undertaking's share of the balance sheet total of the undertakings covered by subsection (1).

368.-(1) Calculation of fees from undertakings covered by sections 362-367 shall be made on the basis of information in the annual report submitted for the most recent financial year, or, if these are 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.

(3) If two or more undertakings under the supervision of the Danish FSA are amalgamated, the continuing 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 fees 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 percentage 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 termination, 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 termination, the fee shall be calculated in relation to the fee basis used in the most recently submitted accounting returns. The Danish FSA may in exceptional cases approve that payment of fees await the final calculation of total fees. OBJ

(5) In exceptional cases, the Danish FSA may reduce the fees.

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

Entry into force and transitional provisions

Part 23

Provisions concerning delegation and appeals

371. If the Minister for Economic and Business Affairs delegates his powers 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 Commerce and Companies Agency under this Act or regulations issued pursuant to this Act may be brought before the Company Appeals Board by the person against whom said decision is directed no later than 4 weeks after the person concerned has been notified about the decision, cf. however, subsection (2).

(2) Decisions made by the Danish FSA according to section 343p pursuant to the Regulation of the European Parliament and of the Council on Credit Rating Agencies may not be brought before another administrative authority.

(3) 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 no later than 24 hours after the person concerned has been notified of the decision.

(4) 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 Commerce and Companies Agency shall immediately enter this fact in its register. If the company owns real property, the Danish FSA shall ensure the necessary registration of title.

Part 24

Penalties

373.-(1) Any person violating section 7(1) and (3)-(6); section 8(1) and (3)-(6); section 9(1)-(3) and (5)-(7); section 10(1)-(4); section 11(1), (3) and (4); section 16a(2); section 16b(2); section 24(1), 2nd clause; section 25, 2nd clause; sections 27 and 28; section 31(7), (8) and (10); section 33(1); section 36, section 38(1) and (6), and subsection (7), 1st clause; section 39(1), (3), (4) and (6); sections 40 and 44-46; section 49(1) and (2); section 52; section 53(1) and (2); 61(1); sections 61b and 61c; section 63(1), (2) and (4); section 64(3), cf. subsection (2), nos. 1 and 2; section 65(1); section 66; section 67(1); section 74(1) and (3); sections 75, 76 and 78 and section 92; section 101(1), (2) and (4); section 102(2), 1st clause and subsection (3); sections 103-106 and 117; sections 118(5) and 119; section 120(1), 2nd clause and (2); section 124(1)-(4), (7) and (8); section 125(1)-(3), (5) and (7); section 125a; section 126(1), (2) and (8); section 145(1)-(3), (4), 1st clause, (5) and (6), 1st clause; section 146(1); section 147(1); section 149(1) and (3); sections 150 and 151; section 152(1)-(3); section 153(1); sections 154 and 170-175; section 182(1) and (2); sections 194 and 195(1)-(3); sections 200 and 201; section 202(1), (3) and (4); section 203(1), section 204(1); section 217; section 218(1), 1st and 2nd clauses; section 226(1) and (2), and subsection (5), 1st clause; section 227; section 334; section 343a(1); section 343f(3); section 343j; section 404(1), (2) (4) and (5) of this Act as well as Article 14 and Article 24(1)b of the Regulation of the European Parliament and of the Council on Credit Rating Agencies shall be

liable to fines or imprisonment of no more than four months unless more severe punishment is incurred under other legislation.

(2) Any person violating section 16c; section 16d(1); section 16f(1)-(3); section 54(2); section 57(1); section 57a(1); section 70(1)-(4); section 71(1); section 72(1) and (2) and (3), 3rd clause; section 73(1), 1st clause and subsection (2); section 77(1)-(6) and (10); section 77a(1)-(7) and (9), sections 77b and 77c; section 77d(1); section 80(1), (2), 1st clause and (3), (7) and (8); section 108(1)-(6); section 121(1); sections 122 and 123; section 152a(1), 1st clause; section 152c(2); section 152d(1) and (2); section 152e(1); section 152g(1), 1st and 3rd clauses, subsections (2) and (4), 1st clause; sections 158, 159 and 167; section 183(1) 1st clause and subsection (5); section 184(1); section 185(1) and (2) and subsection (3) 1st clause; sections 186 and 187; section 188(1), (2) 1st clause and (3) 2nd clause; sections 189 and 190; section 191(1)-(3); section 192 1st clause; section 193 1st clause; section 198(1); section 199(2) and (5); section 247a(9) and (10), section 347b(3) of this Act, as well as Article 4 of the Council Regulation on the application of international accounting standards; as well as Regulation of the European Parliament and of the Council on Credit Rating Agencies, however not Article 14 and Article 24(1)b, shall be liable to a fine. Violation of the duty to notify in section 152a(2), 1st clause shall be subject to the same penalty.

(3) A financial undertaking or a financial holding company which fails to comply with an order issued pursuant to section 347b(1), 1st clause, section 348(2), 1st clause or 350(1) of this Act 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), 3rd clause shall be liable to a fine.

(4) In regulations issued pursuant to this Act, fines or imprisonment up to four months may be stipulated for any violation of the provisions of said regulations.

(5) Companies, etc. (legal persons) may incur criminal liability according to the regulations in chapter 5 of the Criminal Code.

(6) A member of the board of directors or board of management of a financial undertaking or a financial 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 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 electronic money institution 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 organ, 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 more severe penalty is incurred under other legislation. This shall apply correspondingly for persons connected to a savings undertaking or electronic money institution, 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 5 years.

(9) Sentencing pursuant to subsections (1)-(3) shall take into account the gravity of the violation as well as for how long said violation has taken place.

373a.-(1) The Minister for Economic and Business Affairs may lay down rules stipulating that the Danish FSA in more specified cases of violations of this Act not deemed to entail higher penalty than a fine, in fine notices may state that the case can be settled out of court if the person who committed the breach declares himself guilty of the violation and, before a further specified deadline, is ready to pay a fine as stated in the fine notice.

(2) The requirements laid down in the regulations of the Administration of Justice Act on the contents of charge stipulating that a defendant has the right to remain silent, shall apply correspondingly to fine notices.

(3) If the fine is accepted, further prosecution shall lapse.

374.-(1) Where the board of directors, board of management, external auditor, chief internal auditor, responsible actuary, liquidator, general agent, branch manager or shareholder committee 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 Commerce and Companies Agency, the Danish FSA or the Danish Commerce and Companies Agency may as a coercive measure impose daily or weekly fines.

(2) Where an undertaking omits, as specified in section 347(3) and (4), to fulfil the duties and obligations imposed on said undertaking under this Act, the Danish FSA may as a coercive measure impose daily or weekly fines on said undertaking as such or on the persons responsible for said undertaking.

(3) If a financial undertaking omits to comply with an order issued pursuant to section 351(1) and (3), 1st clause, it may be liable to daily or weekly default fines.

(4) In the event that a financial undertaking or a financial 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 Securities Council may order the relevant undertaking to rectify the matter and to make public amended or supplementary information. If deemed appropriate, the Danish Securities Council itself may make public the relevant information or the order, or suspend or remove the securities involved from trading on a regulated market.

(5) Any financial undertaking or financial holding company not complying with an order from the Danish Securities Council or giving incorrect or misleading information to the Danish Securities Council shall be liable to a fine, unless more severe penalty is incurred under other legislation. OBJ

(6) The provisions of subsections (1)-(3) shall apply correspondingly to the Danish Securities Council with regard to the enforcement by the Danish Securities Council under section 344(1), 3rd clause.

Part 25

Entry into force, transitional provisions, amendments to other legislation, the Faeroe Islands and Greenland

Entry into force

375.-(1) This Act shall enter into force on 1 January 2004, cf. however subsections (2) and (3). OBJ

(2) Sections 167 and 169(1), no. 4; section 271 and 278(4); sections 373(2), 380 and 425, no. 31 shall enter into force on the day following the publication of this Act in the Danish Law Gazette. Section 57 shall enter into force on 1 July 2004.

(3) The Minister for Economic and Business 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 must 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. Consolidated Act no. 660 of 7 August 2002.
2) The Commercial Banks and Savings Banks, etc. Act, cf. Consolidated Act no. 214 of 25 March 2003, cf. however sections 377 and 378 of this Act.
3) The Investment Companies Act, cf. Consolidated Act no. 787 of 19 September 2002.
4) The Insurance Business Act, cf. Consolidated 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, 101 and 102(1) of the Mortgage Credit Act, cf. Consolidated Act no. 57 of 20 January 2003, cf. however sections 381 and 382 of this Act.
6) The Electronic Money Institutions Act, cf. Consolidated Act no. 661 of 7 August 2002.
7) The Savings Undertakings Act, cf. Consolidated Act no. 655 of 7 August 2002.
8) Section 6 in Act no. 1090 of 17 December 2002 on the promotion of private rental housing *(lov om fremme af privat udlejningsbyggeri)*.

(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. (Omitted)

378. (Omitted)

379. (Omitted)

380. (Omitted)

381. (Omitted)

382. (Omitted)

383. (Omitted)

384. Until 1 January 2006, section 123 shall only apply to client relationships established after 1 January 2002, or if the client enters into new agreements with the financial undertaking.

385. For client relationships established before 1 January 2002, the usual information on client relationships until 1 January 2006 may be passed on to group financial undertakings unless the client enters into new agreements with the financial undertaking or unless the client objects to this. In connection the information sent out annually in pursuance of section 123(1), the client shall be informed of his right to object under the 1st clause.

386.-(1) Section 7(5) and (6) shall not apply to FIH - Finance for Danish Industry.

(2) FIH - Finance for Danish Industry shall, no later than 1 July 2004, fulfil the liquidity requirements in section 152.

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 have legally commenced business before 28 May 1980 may continue their activities without a licence. Imposition of a ban 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 that 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 25 million, may not reduce the cooperative capital without a licence from the Danish FSA.

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 Economic and Business 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 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. Consolidated 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 percent 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 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 Commerce and Companies Agency. 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 Arbejdsmarkedets Tillægspension or LD Pensions on the one hand, and the insurance company, bank, mortgage-credit institution, securities dealer, investment firm or 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 ban 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 companies 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.-(1) Management companies that, on the date of entry into force of this Act, have been approved as management companies for one or more investment associations and special-purpose associations, shall, no later than six months after entry into force of this Act, submit application for management of investment associations and special-purpose associations to the Danish FSA. Said management company may then continue its activities in Denmark without a licence until the Danish FSA has made a decision regarding the application.

(2) The management companies mentioned in subsection (1) which, on the date of entry into force of this Act, do not meet the requirements for share capital mentioned in section 10(5) shall meet the capital requirements under section 127 no later than 13 February 2007.

(3) The management companies mentioned in subsections (1) and (2) shall, at all times, have a capital base corresponding to the amount said management companies had on the date of entry into force of this Act, such amount being however no less than DKK 500,000, or corresponding to the amount the management company should have had in pursuance of

section 127, if such amount is smaller than the own funds of the management company on the date of entry into force of this Act. If the capital base of said management companies falls below the amount mentioned in the 1st clause, the Danish FSA may set a time limit within which said management companies shall be required to bring their capital base up to said minimum amount or withdraw the licence immediately.

(4) Where control of an investment management company which falls within the scope of subsection (3) is taken over by another natural or legal person, the capital base of said investment management company shall meet the capital requirements in section 127 no later than three months after the date of the takeover.

(5) For mergers between the investment management companies mentioned in subsection (3), the new investment management company shall, at any time, meet the capital requirement corresponding to the sum of the shareholders' funds of said merging investment management companies. The new investment management company shall, no later than 13 February 2007, meet the capital requirement mentioned in section 127.

(6) Management companies solely managing special-purpose associations on the date of entry into force of this Act may continue this activity. The provisions of this Act regarding investment management companies shall, with the exception of section 10(2), apply correspondingly to the management companies mentioned in the 1st clause. If a management company wishes to manage investment associations, said company shall be converted into an investment management company.

404a. (Omitted)

405. Undertakings that, on the date of entry into force of this Act, are licensed to operate as issuers of prepaid 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 have been granted a licence before 1 January 2004 and whose own funds did not at that time meet the capital requirement in section 339.

(2) If the own funds of the savings undertakings mentioned in subsection (1) fall below the amount reached at 1 January 2004, the Danish FSA may either fix a time limit within which the own funds 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 own funds of said savings undertaking shall meet the capital requirement in section 339 no later than three months after the date of the takeover.

407.-(1) For banks that have issued capital in pursuance of section 22(2) of the Commercial Banks and Savings Banks, etc. 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 must 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.-(1) The provision in section 126(1), nos. 6-8 regarding the minimum capital requirement for insurance companies and multi-employer occupational pension funds shall not enter into force before 1 January 2007 for the classes of insurance that such insurance company or multi-employer occupational pension fund has a licence for on the date of entry into force of the amendment of Executive Order no. 84 of 6 February 2003 on Capital

Resources and Operating Plans for Insurance Companies *(bekendtgørelse om kapitalgrundlag og driftsplaner for forsikringsselskabers ikrafttræden)*.

(2) Before expiry of the time limit mentioned in subsection (1), the Danish FSA may, after application, permit that said time limit is extended to 1 January 2009.

(3) Until the provision of section 126(1), nos. 6-8 enters into force, the minimum capital requirement shall constitute the following:

1) for insurance companies carrying out life-assurance business: EUR 0.8 million for limited companies and EUR 0.6 million for mutual companies and multi-employer occupational pension funds, and
2) for insurance companies carrying out non-life-assurance business:
   a) for insurance classes 14 and 15: EUR 1.4 million for limited companies and EUR 1.05 million for mutual companies,
   b) for insurance classes 10-13: EUR 0.4 million for limited companies and EUR 0.3 million for mutual companies,
   c) for insurance classes 1-8, 16 and 18: EUR 0.3 million for limited companies and EUR 0.225 million for mutual companies, and
   d) for insurance classes 9 and 17: EUR 0.2 million for limited companies and EUR 0.15 million for mutual companies,

409.-(1) (Repealed)

410.-(1) Section 147(1) of this Act shall not apply to investment firms if all properties and shares (equity investments) in property companies have been acquired before 8 October 1998.

(2) Assets covered by subsection (1) may not be revalued at a higher book value than the book value 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 have been 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, etc., Act, cf. Consolidated 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 ban 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 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, the exposure as at 1 January 2004 may continue to 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, the exposure as at 1 January 2004 may continue to 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 to 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. Section 163(1), no. 5 shall not apply to assets acquired before the date of introduction of the bill to the Danish Parliament on 12 March 2003.

417. (Omitted)

Amendments to other legislation

418. (Omitted)

419. (Omitted)

420. (Omitted)

421. (Omitted)

422. (Omitted)

423. (Omitted)

424. (Omitted)

425. (Omitted)

426. (Omitted)

427. (Omitted)

428. (Omitted)

429. (Omitted)

430. (Omitted)

431. (Omitted)

432. (Omitted)

433. (Omitted)

434. (Omitted)

435. (Omitted)

436. (Omitted)

437. (Omitted)

437a. (Omitted)

437b. (Omitted)

The Faeroe Islands and Greenland

438.-(1) This Act shall not extend to the Faeroe Islands and Greenland, but may be brought into force by Royal Decree for these parts of the Realm subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland respectively, cf. however subsections (2)-(4).

(2) This Act may not be made effective for the Faeroe Islands with regard to insurance business and mortgage-credit business.

(3) This shall apply correspondingly to sections 420 and 421.

(4) Section 419 may not be made effective for the Faeroe Islands and Greenland.

Act no. 903 of 17 November 2003 contains the following provisions regarding entry into force:

5.

(1) This Act shall come into force on the day after the announcement in the Danish Law Gazette *(Lovtidende)*.[7]

(2) (Omitted)

(4) (Omitted)

Act no. 1171 of 19 December 2003 contains 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.

(Omitted)

8.

(Omitted)

9.

(1) The members of the board of directors who, at the time of entry into force of this Act, have duties or employments covered by the prohibitions in section 98, as stated in section 3, no. 13 of this Act, may continue as members of the board of directors of the investment management company until expiry of the period for which they are elected.

(2) The members of the board of management and other senior employees who, at the time of entry into force of this Act, are members of a board of directors covered by the prohibitions in section 99(2), as stated in section 3, no. 15 of this Act, may continue as members of said board of directors until expiry of the period for which they are elected. After such expiry, they shall not be re-electable.

(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 stated in section 3, no. 15 of this Act, may continue such employment after notification to the Danish FSA.

10.

(1) This Act shall not extend to the Faeroe Islands and Greenland, but may be brought fully or partially into force by Royal Decree for these parts of the Realm subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland respectively, cf. however subsection (2).

(2) Section 3 of this Act may not be made effective for the Faeroe Islands with regard to insurance business and mortgage-credit business.

Act no. 365 of 19 May 2004 contains the following entry into force and transitional provisions:

6.

(1) This Act shall enter into force on 1 July 2004, cf. however subsections (2) and (3).

(2) (Omitted)

(3) Section 1, no. 5 shall enter into force on 8 October 2004.

7.

(Omitted)

8.

(1) Sections 1 and 5 shall not extend to the Faeroe Islands and Greenland, but may be brought fully or partially into force by Royal Decree for these parts of the Realm subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland respectively, cf. however subsection (2).

(2) Section 1 of this Act may not be made effective for the Faeroe Islands with regard to insurance business and mortgage-credit business.

(3) (Omitted)

Act no. 490 of 9 June 2004 contains the following entry into force and transitional provisions:

6.

(1) This Act shall enter into force on the day following the publication of this Act in the Danish Law Gazette, cf. however subsection (2).[8)]

(2) (Omitted)

7.

(Omitted)

Act no. 491 of 9 June 2004 contains the following entry into force and transitional provisions:

6.

(1) This Act shall enter into force on 1 January 2005, cf. however subsections (2) and (3).

(2) (Omitted)

(3) Section 1, nos. 4, 7-10, 13, 30, 34, 37 and 41; section 2, nos. 1-3, 12 and 13; section 3, nos. 1 and 2; section 4, no. 5; and section 5 shall enter into force on 1 July 2004.

(4) This Act shall not extend to the Faeroe Islands and Greenland, but may be brought into force by Royal Decree for these parts of the Realm subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland respectively.

Act no. 1383 of 20 December 2004 contains the following entry into force and transitional provisions:

17.

(1) This Act shall enter into force on 1 January 2005, cf. however subsections (2)-(4).

(2) Notwithstanding section 1, no. 17, on insurance company may, until 1 July 2005, maintain insurance mediation contracts entered into before 1 January 2005.

(3) Notwithstanding section 1, no. 50, a person who, at the time of entry into force of this Act, is legally elected as auditor for a financial undertaking and who is not a state-authorised public accountant or a registered public accountant, may continue to act as auditor until expiry of the period, for which the relevant auditor is elected.[9)]

(4) (Omitted)

18.

(1) This Act shall not apply to the Faeroe Islands and Greenland, cf. however, subsections (2) and (3).

(2) Sections 1, 3 and 4 may, however, be brought fully or partially into force for Greenland and the Faeroe Islands by Royal Decree for these parts of the Realm subject to any variations in their operation necessitated by the specific conditions prevailing in Greenland and the Faeroe Islands respectively.

(3) (Omitted)

Act no. 1460 of 22 December 2004 contains the following entry into force and transitional provisions:

3.

(1) (Omitted)

(2) Section 1, nos. 2 and 3, 8-12, 14, 18-20, 22-24 and 30, and section 2 shall enter into force on 1 July 2005.

(3) (Omitted)

(4) (Omitted)

4.

This Act shall not extend to the Faeroe Islands and Greenland, but may be brought fully or partially into force by Royal Decree for these parts of the Realm subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland respectively.

Act no. 387 of 30 May 2005 contains the following entry into force and transitional provisions:

6.

The date of entry into force of this Act shall be laid down by the Minister for Economic and Business Affairs. The Minister may also decide that this Act is to enter into force on different dates.[10)]

7.

This Act shall not extend to the Faeroe Islands and Greenland, but sections 1, 2 and 6 may be brought into force by Royal Decree for these parts of the Realm subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland.

Act no. 411 of 1 June 2005 contains the following entry into force and transitional provisions:

6.

(1) This Act shall enter into force on 1 July 2005.

(2) (Omitted)
(3) (Omitted)

(4) Subsection (2), no. 12 of this Act shall be effective from 1 January 2005.[11)]

7.

This Act shall not extend to the Faeroe Islands and Greenland, but may be brought into force by Royal Decree for these parts of the Realm subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland respectively.

Act no. 431 of 6 June 2005 contains the following entry into force and transitional provisions:

85.

(1) This Act shall enter into force on 1 November 2005, cf. however subsection (2).

(2) (Omitted)

86.

(Omitted)

Act no. 1428 of 21 December 2005 contains the following entry into force and transitional provisions:

6.

This Act shall enter into force on 1 January 2006.

7.

(Omitted)

8.

(Omitted)

9.

(Omitted)

10.

This Act shall not extend to the Faeroe Islands and Greenland, but sections 1, 3 and 4 may be brought into force by Royal Decree for these parts of the Realm subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland.

Act no. 116 of 27 February 2006 contains the following entry into force and transitional provisions:

5.

This Act shall enter into force on 1 March 2006.

6.

(1) This Act shall not apply to the Faeroe Islands and Greenland, cf. however, subsection (2).

(2) Sections 1 and 2 may by Royal Decree be made effective for the Faeroe Islands and Greenland subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland respectively.

Act no. 527 of 7 June 2006 contains the following entry into force and transitional provisions:

4.

(1) This Act shall enter into force on 1 January 2007, cf. however, subsection (2).

(2) Section 1, no. 43, and sections 2 and 3 shall enter into force on 1 July 2006.

5.

(1) Banks, mortgage-credit institutions, investment firms and investment management companies may not apply the more advanced internal method to calculate non-trading book risk-weighted items and the internal method to calculate operational risk, cf. section 1, no. 23, until 1 January 2008.

(2) Until 1 January 2008, banks, mortgage-credit institutions, investment firms and investment management companies may, instead of the standard method to calculate non-trading book risk-weighted items, apply the method to calculate non-trading book risk-weighted items which was permitted according to the regulations which applied on 31 December 2006 with the amendments consequential upon the regulations laid down pursuant to subsection (4).

(3) Banks, mortgage-credit institutions, investment firms and investment management companies, which apply internal methods to calculate non-trading book risk-weighted items or internal methods to calculate operational risks, cf. section 1, no. 23, shall, in 2007, 2008 and

2009 have a capital base which amounts to no less than 95 percent, 90 percent and 80 percent respectively of the solvency requirement calculated according to the regulations which applied on 31 December 2006, or regulations laid down pursuant to subsection (4).

(4) The Danish FSA shall lay down more detailed regulations for the calculations mentioned in subsection (2) as well as the calculations of the solvency requirement of 95 percent, 90 percent and 80 percent respectively mentioned in subsection (3).

(5) Investment firms with a licence for the activities mentioned in Annex 4, schedule A, nos. 2-4 of the Financial Business Act may, with the permission of the Danish FSA, until 31 December 2011 calculate the risk-weighted items excluding risk-weighted items for operational risk, if the trading book does not exceed EUR 50 million and if the average number of employees does not exceed 100 during the financial year. Instead, the solvency requirement may be calculated as the lowest value of

1) the solvency requirement for operational risk, or
2) the greatest of the following amounts:
   a) the solvency requirement, cf. section 125(2), no. 1, excluding the solvency requirement for operational risk.
   b) the solvency requirement, cf. section 125(5).

6.

This Act shall not extend to the Faeroe Islands and Greenland, but may be brought into force by Royal Decree for these parts of the Realm subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland respectively.

Act no. 108 of 7 February 2007 contains the following entry into force and transitional provisions:

21.

(1) (Omitted)

(2) (Omitted)

(3) Section 1, no. 88, section 3, no. 1, 3, 11, 24, 27, 30, 40-43, 58, 61, 62, 68, 69, 76, 81, 83, 85 and 86; section 6, nos. 1-9; section 7; section 8, nos.6 and 7, section 10, no. 6 and sections 11-15 shall enter into force on 15 February 2007.

(4) Section 1, nos. 2, 3, 54-60, 62, 63, 90, 93, 94, 105-109, 116, 118 and 119, section 3, no. 74, and section 4 shall enter into force on 1 June 2007.

(5) (Omitted)

(6) Section 1, no. 88, section 3, no. 62, section 11, no. 1, section 12, no. 12 and section 13, no. 2 shall take effect from 1 January 2006.

(7) (Omitted)

22.

(Omitted)

23.

(1) This Act shall not apply to the Faeroe Islands and Greenland, cf. however, subsections (2) and (3).

(2) Sections 1-6, 13 and 14 may be brought fully or partially into force by Royal Decree for the Faeroe Islands and Greenland subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland respectively.

(3) (Omitted)

(4) (Omitted)

Act no. 397 of 30 April 2007 contains the following entry into force and transitional provisions:

6.

(1) This Act shall enter into force on 1 July 2007, cf. however, subsection (2).

(2) (Omitted)

7.

(1) Approved restricted associations on the date of entry into force of this Act may, at a general meeting and no later than 30 June 2008, resolve to convert the restricted association to a professional association established in advance. The decision on conversion shall be the majority required for a change in the articles of association.

(2) On conversion, the assets and liabilities of the restricted association in total shall be transferred to the professional association. The transfers may be carried out without the consent of the creditors.

(3) Sections 134-134i of the Companies Act shall, with the necessary adjustments, apply correspondingly to restricted associations when the general meeting has resolved to convert to a professional association.

(4) Conversion shall be considered as having taken place when the articles of association have been changed and the conversion has been registered and announced in the Commerce and Companies Agency computerised information system.

8.

(1) This Act shall not apply to the Faeroe Islands and Greenland, cf. however, subsections (2) and (3).

(2) Sections 1 and 2 may be brought fully or partially into force by Royal Decree for the Faeroe Islands and Greenland subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland respectively.

(3) Section 5 may by Royal Decree be extended fully or in part to Greenland subject to such modifications as circumstances peculiar to Greenland may require.

Act no. 576 of 6 June 2007 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) and (3).

(2) (Omitted)

(3) Section 1, nos. 18, 20-24 and 42, section 6, nos. 1 and 6-8, section 7, nos. 1, 6 and 7, and section 8, nos. 5 and 6 shall enter into force on 1 November 2007.

13.

(1) Section 126(1), no. 9, of the Financial Business Act as worded in section 1, no. 13 of this Act shall not apply for insurance companies which carry out reinsurance business and which on 1 July 2007 have ceased to enter into new reinsurance contracts and only administrate their existing portfolio with a view to ceasing their activities.

(2) The provision of section 69b of the Companies Act as worded in section 4, no. 1 of this Act shall, however, first take effect for the individual company from the first general meeting held after entry into force of this Act.

14.

(1) This Act shall not apply to the Faeroe Islands and Greenland, cf. however, subsections (2) and (3).

(2) Sections 1-4 may be brought fully or partially into force by Royal Decree for the Faeroe Islands and Greenland subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland respectively.

(3) (Omitted)

Act no. 577 of 6 June 2007 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) (Omitted)

(3) (Omitted)

(4) (Omitted)

13.

For loans subject to section 152d(2) of the Financial Business Act, as worded in section 1, no. 4 of this Act, the lending limit shall be 70 percent, if the loan is offered before 1 July 2009.

14.

(Omitted)

15.

(Omitted)

16.

(Omitted)

17.

(Omitted)

18.

(1) Sections 1 and 3-11 of this Act shall not extend to the Faeroe Islands and Greenland, cf. however subsections (3) and (4).

(2) (Omitted)

(3) Sections 1, 3, 4 and 8 may be brought fully or partially into force by Royal Decree for the Faeroe Islands and Greenland subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland respectively.

(4) (Omitted)

Act no. 219 of 5 April 2008 contains the following entry into force provisions:

5.

This Act shall enter into force on 7 April 2008.

6.

(Omitted)

Act no. 515 of 17 June 2008 contains the following entry into force and transitional provisions:

10.

(1) This Act shall enter into force on 1 July 2008, cf. however subsection (2).

(2) Section 2, nos. 3 and 4 and section 6 shall enter into force on the day following notification in the Danish Law Gazette.

11.

(1) Sections 1-5 and 7-9 of this Act shall not extend to the Faeroe Islands and Greenland, cf. however, subsections (2)-(4).

(2) (Omitted)

(3) Sections 1, 2 and 4 may be brought fully or partially into force for the Faeroe Islands with any variations necessitated by the specific conditions prevailing in the Faeroe Islands.

(4) Sections 1-5 and 9 may be brought fully or partially into force for Greenland with any variations necessitated by the specific conditions prevailing in Greenland.

Act no. 517 of 17 June 2008, as amended by section 14 of Act no. 392 of 25 May 2009, contains the following entry into force and transitional provisions:

13.

(1) This Act shall enter into force on 1 July 2008, cf. however subsections (2)-(5).

(2) (Omitted)

Section 1, nos. 17 and 20-30, section 4, nos. 3-12, section 6, nos. 6-14, section 7, nos. 3-11, section 8, nos. 3-11, and section 9, nos. 3-11 shall take effect for financial years commencing on 1 January 2009 or later.

(4) (Omitted)
(5) (Omitted)

14.

(1) Sections 1, 2 and 4-12 shall not extend to the Faeroe Islands and Greenland, cf. however, subsections (3) and (4).

(2) Section 3 shall not extend to the Faeroe Islands.

(3) Sections 1, 2, 6 and 10 may by Royal Decree be brought fully or partially into force for the Faeroe Islands and Greenland with any variations necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland.

(4) Sections 4, 5 and 9 may by Royal Decree be extended fully or partially to Greenland with any variations by circumstances peculiar to Greenland.

Act no. 1336 of 19 December 2008 contains the following entry into force and transitional provisions:

167.

(1) This Act shall enter into force on 1 January 2009, cf. however, subsection (2). Section 11 shall only apply for decisions on amounts withheld from salaries made after entry into force of this Act.

(2) (Omitted)

Act no. 67 of 3 February 2009 contains the following entry into force and transitional provisions:

14.-(1) This Act shall enter into force on 4 February 2009.

(2) The bill may be ratified immediately after adoption.

(3) (Omitted)

15.-(1) Sections 16-18 of this Act shall not extend to the Faeroe Islands and Greenland, but section 16, nos. 1-14 and 17-19 may by Royal Decree be brought fully or partially into force for the Faeroe Islands and Greenland with any variations necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland.

(2) The provisions of this Act for mortgage-credit institutions shall not extend to the Faeroe Islands.

Act no. 133 of 24 February 2009 contains the following entry into force and transitional provisions:

7.

(1) This Act shall enter into force on 1 March 2009, cf. however subsections (2) and (3). OBJ

(2) Section 1, nos. 1-5, 8, 9, 13 and 14, and section 3, nos. 1, 2, 4 and 7 shall enter into force on 21 March 2009 with effect for applications received by the Danish FSA after this date. OBJ

(3) (Omitted)

8.

(1) This Act shall not apply to the Faeroe Islands and Greenland, cf. however, subsections (2) and (3).

(2) Sections 1, 3 and 4 may be brought fully or partially into force for the Faeroe Islands and Greenland with any variations necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland.

(3) (Omitted)

Act no. 392 of 25 May 2009 contains the following entry into force and transitional provisions:

15.

(1) This Act shall enter into force on 1 July 2009, cf. however, subsections (2)-(7).

(2) Section 1, nos. 1, 2, 4, 30, and 37-52, and section 3, nos. 7 and 8 shall enter into force on 1 January 2010.

(3) (Omitted)

(4) (Omitted)

(5) (Omitted)

(6) (Omitted)

(7) (Omitted)

16.

(1) Sections 1-7 and 9-13 of this Act shall not extend to the Faeroe Islands and Greenland, cf. however subsections (3) and (4).

(2) (Omitted)

(3) Sections 1-4, 9, 10 and 13 may by Royal Decree be brought fully or partially into force for Greenland with any variations necessitated by the specific conditions prevailing in Greenland.

Sections 1-4 may by Royal Decree be brought fully or partially into force for the Faeroe Islands with any variations necessitated by the specific conditions prevailing in the Faeroe Islands.

Act no. 385 of 25 May 2009 contains the following entry into force and transitional provisions:

109. This Act shall enter into force on 1 November 2009.

(2) (Omitted)

(3) (Omitted)

(4) (Omitted)

(5) (Omitted)

(6) (Omitted)

(7) (Omitted)

(8) (Omitted)

110. (Omitted)

111. (Omitted)

112. (Omitted)

113. (Omitted)

114. This Act shall not extend to Greenland and the Faeroe Islands, but may be brought fully or partially into force by Royal Decree for these parts of the Realm subject to any variations in their operation necessitated by the specific conditions prevailing in Greenland and the Faeroe Islands respectively.

Act no. 516 of 12 June 2009 contains the following entry into force and transitional provisions:

25.-(1)

(1) The Minister for Economic and Business Affairs shall stipulate the date of entry into force of this Act.

(2) This Act shall not extend to Greenland, cf. however, subsection (4) but, with the exception of sections 6, 7, 13 and 15-19, may by Royal Decree be extended fully or in part to Greenland subject to such modifications as circumstances peculiar to Greenland may require.

(3) This Act shall not extend to the Faeroe Islands but sections 8-10 and 12 may by Royal Decree be brought fully or partially into force for the Faeroe Islands with any variations necessitated by the specific conditions prevailing in the Faeroe Islands.

(4) Section 14 shall apply to the Faeroe Islands and Greenland.

Act no. 518 of 12 June 2009 contains the following entry into force and transitional provisions:

3.

This Act shall enter into force on 1 January 2010.

4.

This Act shall not extend to the Faeroe Islands and Greenland, but may be brought into force by Royal Decree for these parts of the Realm subject to any variations in their operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland respectively.

Act no. 1273 of 16 December 2009 contains the following entry into force and transitional provisions:

11.

(1) This Act shall enter into force on 1 January 2010, cf. however subsections (2) and (3).

(2) Section 1, no. 20 shall enter into force on 2 January 2010.

(3) (Omitted)

12.

(Omitted)

13.

(1) Sections 1, 2, 4-6, 8 and 10 shall not extend to the Faeroe Islands and Greenland, cf. however, subsections (2) and (3).

(2) Sections 1, 2, 4, 5 and 8 may be brought fully or partially into force for the Faeroe Islands with any variations necessitated by the specific conditions prevailing in the Faeroe Islands.

(3) Sections 1, 2, 4-6 and 8 may by Royal Decree be extended fully or partially to Greenland with any variations by circumstances peculiar to Greenland.

Act no. 579 of 1 June 2010 contains the following entry into force and transitional provisions:

21.

(1) This Act shall enter into force on 1 July 2010, cf. however, subsections (2)-(6).

(2) Section 1, nos. 5, 26, 27, 51, 60, 62-64 and 85, section 5, nos. 1, 3-7 and 9, and section 9 shall enter into force on 1 June 2010.

(3) (Omitted)

(4) Section 1, nos. 12, 14 and 15, section 6, nos. 2, 4, 5 and 8, section 8, nos. 1, 2, 4-6 and 9, section 10, nos. 1, 2 and 4-7, and section 11, nos. 2-5 shall enter into force on 1 January 2011.

(5) Section 1, no. 79 shall enter into force on 1 January 2011.

(6) The Minister for Economic and Business Affairs shall stipulate the date of entry into force of Section 1, nos. 6, 19 and 61, section 3, nos. 3 and 4, section 8, no. 7, and section 14a(4), no. 2 of the Danmarks Nationalbank Act as worded in section 16, no. 1 of this Act.

(7) In the period from 1 July 2010 to 31 December 2010, instead of the limit in section 145(2) of the Financial Business Act as worded in section 1, no. 53 of this Act, the sum of exposures, that after subtracting particularly secure claims amount to 10 percent or more of the capital base, may not add up to more than 800 percent of the capital base.

22.

(1) Sections 1-12 and 14-20 of this Act shall not extend to the Faeroe Islands and Greenland, cf. however subsections (2) and (3).

(2) Sections 1-9, 12 and 14-20 may by Royal Decree be extended fully or partially to Greenland with any variations by circumstances peculiar to Greenland.

(3) Sections 1, 3-6, 9 and 14-20 may be brought fully or partially into force for the Faeroe Islands with any variations necessitated by the specific conditions prevailing in the Faeroe Islands.

Act no. 697 of 25 June 2010 contains the following entry into force and transitional provisions:

23.

This Act shall enter into force on 1 July 2010.

24.

(Omitted)

25.-(1)

This Act shall not extend to the Faeroe Islands and Greenland, but may be brought into force in full or in part by Royal Request for the Faeroe Islands subject to any variations in its operation necessitated by the conditions prevailing in the Faeroe Islands.

Act no. 721 of 25 June 2010 contains the following entry into force and transitional provisions:

5.

This Act shall enter into force on 1 October 2010.

6.

(1) Sections 2-4 of this Act shall not extend to the Faeroe Islands and Greenland, cf. however subsection (2).

(2) Sections 2 and 3 may be brought fully or partially into force for the Faeroe Islands and Greenland by Royal Decree subject to any variations in their operation necessitated by the conditions prevailing in the Faeroe Islands and Greenland respectively.

Act no. 724 of 25 June 2010 contains the following entry into force and transitional provisions:

19.

(1) Sections 16-19 of this Act shall not extend to the Faeroe Islands and Greenland, but may be brought into force in full or in part by Royal Decree for the Faeroe Islands and Greenland subject to any variations in their operation necessitated by the conditions prevailing in the Faeroe Islands and Greenland.

20.

(1) This Act shall come into force on the day after the announcement in the Danish Law Gazette (*Lovtidende*).

(2) (Omitted)

(3) (Omitted)

(4) (Omitted)

(5) (Omitted)

(6) (Omitted)

(7) (Omitted)

(8) (Omitted)

(9) (Omitted)

(10) (Omitted)

(11) (Omitted)

(12) (Omitted)

(13) (Omitted)

(14) (Omitted)

(15) (Omitted)

(16) (Omitted)

Act no. 1556 of 21 December 2010 contains the following entry into force and transitional provisions:

28.

(1) This Act shall enter into force on 1 January 2011, cf. however subsections (2)-(4).

(2) Section 1, nos. 7, 10-15, 19, 24, 27, 28, 31, 32, 34-36, 39, 61, 65 and 66 shall enter into force on 1 July 2011.

(3) (Omitted)

(4) (Omitted)

(5) (Omitted)

(6) (Omitted)

(7) Sections 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) Sections 77c and 77d(1) as worded in section 1, no. 25 of this Act, shall first take effect for the individual company from the first general meeting or similar after entry into force of this Act.

(9) (Omitted)

29.

(1) Sections 1-11, 13, 15, 16, 18, section 19, no. 1 and sections 20-27 of this Act shall not extend to the Faeroe Islands and Greenland, cf. however subsections (3) and (4).

(2) (Omitted)

(3) Sections 1-5, 15, 18, section 19, no. 1 and sections 20-27 may be brought fully or partially into force for the Faeroe Islands by Royal Decree subject to any variations in their operation necessitated by the conditions prevailing in the Faeroe Islands.

(4) Sections 1-7, 9, 15, 16 and 18, section 19, no. 1 and sections 20 and 25-27 may be brought fully or partially into force for Greenland by Royal Decree subject to any variations in their operation necessitated by the conditions prevailing in Greenland.

Act no. 718 of 25 June 2010 contains the following entry into force and transitional provisions:

55.

(1) The Minister for Justice shall stipulate the date of entry into force of this Act.

(2) (Omitted)

(3) (Omitted)

(4) (Omitted)

(5) (Omitted)

(6) (Omitted)

(7) (Omitted)

(8) (Omitted)

(9) (Omitted)

(10) (Omitted)

56.

(1) This Act shall not extend to the Faeroe Islands and Greenland.

(2) Sections 1, 4, 22, 23, 26, 29, 30 and 32 may be brought into force fully or partially by Royal Decree for the Faeroe Islands and Greenland subject to any variations in its operation necessitated by the specific conditions prevailing in the Faeroe Islands and Greenland.

(3) Sections 6-10, 14, 15, 18, 20, 21, 24, 25, 27, 28, 31, 33 and 54 may by Royal Decree be brought fully or partially into force for Greenland with any variations necessitated by the specific conditions prevailing in Greenland.

Act no. 1553 of 21 December 2010 contains the following entry into force and transitional provisions:

5.

This Act shall enter into force on 30 April 2011.

6.

(1) (Omitted)

(2) (Omitted)

7.

(1) This Act shall not extend to the Faeroe Islands and Greenland, cf. however, subsections (2) and (3).

(2) Sections 1-3 of this Act may, by Royal Decree, be brought fully or partially into force for Greenland and the Faeroe Islands with any variations necessitated by the specific conditions prevailing in Greenland and the Faeroe Islands.
(3) Section 4 of this Act may by Royal Decree be brought fully or partially into force for Greenland with any variations necessitated by the specific conditions prevailing in Greenland.

Act no. 456 of 18 May 2011 contains the following entry into force and transitional provisions:

225.-(1) This Act shall enter into force on 1 July 2011.

(2) (Omitted)

(3) (Omitted)

(4) (Omitted)

226. (Omitted)

227. (Omitted)

(2) (Omitted)

228. (Omitted)

235. This Act shall not extend to the Faeroe Islands and Greenland, but may, by Royal Decree, be brought fully or partially into force for Faeroe Islands and Greenland subject to any amendments in its operation necessitated by the conditions prevailing in the Faeroe Islands and Greenland.

Annex 1

Bank activities

1) Acceptance of deposits and other repayable funds.
2) Lending, including
   - consumer credit,
   - - mortgage credit,
   - 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 as well as services relating to mergers and the purchase 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) Electronic money institutions.

Annex 2

Credit institution activities

1) Acceptance of deposits and other repayable funds.
2) Lending, including
   - consumer credit,
   - - mortgage credit,
   - factoring and discounting,
   - 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) foreign exchange;
   c) financial futures and options
   d) exchange and interest-rate instruments;
   e) -transferable 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 as well as services relating to mergers and the purchase 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.

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

Schedule 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.

Schedule 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 service relating to mergers and the purchase of undertakings.
4) Currency transactions when such transactions are related to 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 Investment Associations, etc. Act and units in other collective investment undertakings,
4) options, futures, swaps, Forward Interest-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 Interest-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 other causes of 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, and 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 (FCDs),
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.

Annex 6

Investment management activities

1) Investment management, management and marketing of investment associations authorised according to the Investment Associations, etc. Act.
2) Investment management, management and marketing of special-purpose associations authorised according to the Investment Associations, etc. Act.
3) Investment management, management and marketing of professional associations registered under the Investment Associations, etc. Act.
4) Investment management, management and marketing of restricted associations authorised under the Investment Associations, etc. Act.
5) Investment management, management and marketing of hedge associations authorised according to the Investment Associations, etc. Act.
6) Investment management, management and marketing of other collective investment schemes covered by the Investment Associations, etc. Act.
7) Investment management, management and marketing of UCITS.

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 8.
10) Third-party liability 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 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.

[2)] The lending limit is 70 percent, if the loan is offered before 1 July 2009, cf. section 13 of Act no. 577 of 6 June 2007.
[3)] In Act no. 1553 of 21 December 2010 this amendment was inserted as no. 27 by error. This should have been correctly inserted as no. 28. This error will be corrected in the first coming amendment of the Financial Business Act.
[4)] In Act no. 1553 of 21 December 2010 this amendment was inserted as no. 28 by error. This should have been correctly inserted as no. 29. This error will be corrected in the first coming amendment of the Financial Business Act.
[5)] In Act no. 456 of 18 December 2011 this amendment was inserted as no. 29 by error. This should have been correctly inserted as no. 30. This error will be corrected in the first coming amendment of the Financial Business Act.
[6)] In Act no. 456 of 18 May 2011 this amendment was inserted as no. 30 by error. This should have been correctly inserted as no. 31. This error will be corrected in the first coming amendment of the Financial Business Act.
[7)] The Act was published in the Danish Law Gazette A on 18 November 2003.
[8)] The Act was published in the Danish Law Gazette A on 10 June 2004.
[9)] Section 1, no. 50 of Act no. 1383 of 20 December 2004 deals with section 199(1), 2nd clause of the Financial Business Act.
[10)] By virtue of Executive Order no. 391 of 30 May 2005 on the entry into force of Act. no. 387 of 30 May 2005 on the amendment of the Act on a Ship Financing Institution *(lov om et skibsfinansieringsinstitut)*, the Financial Business Act, the Tax on Mergers, Demergers and Investment of Assets, etc. Act *(lov om fusion, spaltning og tilførsel af aktiver m.v.)*, the Act on Specific Treatment for Taxation of Gains and Losses on Claims and Debt as well as Financial Contracts *(lov om skattemæssig behandling af gevinst og tab på fordringer og gæld og finansielle kontrakter)* and the Act on Taxation of Income of Limited Companies, etc. Act *(lov om indkomstbeskatning af aktieselskaber m.v.)*, the Minister for Economic and Business Affairs stipulated that this Act entered into force on 1 June 2005.
[11)] Section 2, no. 12 of Act no. 411 of 1 June 2005 deals with sections 384 and 385 of the Financial Business Act.