



EUROPEAN CENTRAL BANK
BANKING SUPERVISION

Danièle NOUY

Chair of the Supervisory Board

Mr Luke Ming Flanagan
Member of the European Parliament
European Parliament
60, rue Wiertz
B-1047 Brussels

Frankfurt am Main, 31 October 2018

Re: Your letter (QZ-071)

Honourable Member of the European Parliament, dear Mr Flanagan,

Thank you for your letter regarding Danske Bank and fit and proper assessments, which was passed on to me by Mr Roberto Gualtieri, Chairman of the Committee on Economic and Monetary Affairs, accompanied by a cover letter dated 8 October 2018.

Danske Bank A/S Eesti filiaal is the Estonian branch of Danske Bank A/S, which is a credit institution established in Denmark and licenced by the Danish Financial Supervisory Authority (Finanstilsynet).

Within the framework of European banking supervision, the ECB is entrusted with specific tasks concerning the prudential supervision of credit institutions established in “participating Member States”, i.e. Member States whose currency is the euro or whose currency is not the euro but whose national competent authority (NCA) has entered into close cooperation with the ECB in accordance with the provisions of the SSM Regulation¹. Denmark is not a participating Member State, which means that Finanstilsynet is responsible for the supervision of Danske Bank A/S at the consolidated level. Under Article 49(1) of the CRD IV², this includes the supervision of branches established in other Member States, such as Danske Bank A/S Eesti filiaal.

Nonetheless, certain supervisory tasks, including the assessment of internal governance arrangements and the suitability of members of the management body and key function holders, are carried out at branch level by the competent authority of the host Member State. For branches established in participating Member States, it is the size of the branch that determines whether ECB Banking Supervision or the NCA of the country where the branch is established is responsible for these tasks. When a branch is not classified as significant, it is the NCA that holds the relevant supervisory powers.

¹ Council Regulation (EU) No 1024/2013.

² Directive 2013/36/EU of the European Parliament and of the Council.

Danske Bank A/S Eesti filiaal is not a significant branch. Therefore, ECB Banking Supervision is not responsible for conducting fit and proper assessments of members of the management body of Danske Bank A/S Eesti filiaal. It is rather the task of the Estonian Financial Supervision Authority (Finantsinspektsioon – EFSA) in accordance with the national law implementing Article 52(3) of the CRD IV, which grants the EFSA the power “to carry out, on a case-by-case basis, on-the-spot checks and inspections of the activities carried out by branches of institutions on” its territory. In this regard, we understand that the EFSA is considering what actions to take with regard to the matter mentioned in your letter³.

In the light of this distribution of tasks, questions on Danske Bank A/S or Danske Bank A/S Eesti filiaal should be addressed either to Finanstilsynet or the EFSA.

Yours sincerely,

[signed]

Danièle Nouy

³ For further information, see the EFSA's website: <https://www.fi.ee/index.php?id=236642>