



DENMARK

FINANCIAL SECTOR ASSESSMENT PROGRAM

TECHNICAL NOTE—BANKING REGULATION AND SUPERVISION

August 2020

This Technical Note on Banking Regulation and Supervision for the Denmark FSAP was prepared by a staff team of the International Monetary Fund as background documentation for the periodic consultation with the member country. It is based on the information available at the time it was completed in July 2020.

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Price: \$18.00 per printed copy

International Monetary Fund
Washington, D.C.



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July 15, 2020

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**Monetary and Capital Markets
Department**

This Technical Note was prepared by IMF staff in the context of the Financial Sector Assessment Program in Denmark during October 2019. It contains technical analysis and detailed information underpinning the FSAP's findings and recommendations. Further information on the FSAP can be found at <http://www.imf.org/external/np/fsap/fssa.aspx>

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Glossary

AML	Anti-money Laundering
BCBS	Basel Committee on Banking Supervision
BCP	Basel Core Principles for effective banking supervision
BoD	Board of Directors
BoM	Board of Management
BRRD	Bank Recovery and Resolution Directive
CDD	Customer Due Diligence
CET1	Common Equity Tier 1
CFRP	Contingency Funding and Recovery Plan
CFT	Countering the Financing of Terrorism
CRD	Capital Requirements Directive
CRR	Capital Requirements Regulation
DAR	Detailed Assessment Report
DFSA	Danish Financial Supervisory Authority
DGFSR	Directorate General for Financial Supervision and Regulation
DN	Denmark National Bank
ECB	European Central Bank
EU	European Union
EBA	European Banking Authority
EC	Essential Criterion
ESCB	European System of Central Banks
FATF	Financial Action Task Force
FBA	Financial Business Act
FSAP	Financial Sector Assessment Program
FSC	Financial Stability Company
HQLA	High Quality Liquid Assets
ICAAP	Internal Capital Adequacy Assessment Process
ICCS	Inter-ministerial Committee for Credit and Savings
ICT	Information and Communication Technology
IFRS	International Financial Reporting Standards
ILAAP	Internal Liquidity Adequacy Assessment Process
ILKE	International Market Contact, Liquidity and Capital division
IPS	Institutional Protection Scheme

IRB	Internal Ratings Based
IRRBB	Interest Rate Risk in the Banking Book
ITS	Implementing Technical Standard
JSC	Joint Stock Company
LCR	Liquidity Coverage Ratio
MEAI	Ministry of Economic Affairs and the Interior
MER	Mutual Evaluation Report
MIBFA	Ministry of Industry, Business and Financial Affairs
MLF	Money Laundering Forum
MLS	Money Laundering Secretariat
MoF	Ministry of Finance
MoU	Memorandum of Understanding
NCA	National Competent Authority
NPE	Non-performing Exposure
NPL	Non-performing Loan
NSFR	Net Stable Funding Ratio
P1	Pillar 1
P2G	Pillar 2 Guidance
P2R	Pillar 2 Requirement
PEP	Politically Exposed Person
OCR	Overall Capital Ratio
RCAP	Regulatory Consistency Assessment Program
ROA	Return on Assets
ROE	Return on Equity
SEP	Supervisory Examination Programme
SI	Significant Institution
SME	Small and Medium Enterprises
SRC	Systemic Risk Council
SREP	Supervisory Review and Evaluation Process
SSM	Single Supervisory Mechanism
SSMR	Single Supervisory Mechanism Regulation
STR	Suspicious Transaction Report
TN	Technical Note