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**Revised consultation paper on the management of operational risks in market-related activities**  
(CP 35 revised)

Danish Shareholders Association is the organisation representing private investors in Denmark.

Danish Shareholders Association supports the specific principles and implementation measures for the identification, assessment, control and monitoring of operational risks in market-related activities expressed in the consultation paper.

But we find that two items are missing in the paper:

- The need for creating a new culture of responsibility in the institutions, and
- As part of that new culture the message that operational risks in market-related activities shall not be transferred from the institution to the clients.

We find that all the principles and measures mentioned in the paper are of paramount importance to especially the control and monitoring of operational risks, but they are all part of the supervision and control and many of them have a touch of being ex post activities.

If financial crisis should be avoided in the future or the consequences of the coming financial crises should be downscaled will it be necessary with a new culture in the institutions. A new culture that reduces the possibility of wrong actions by bringing in new values and attitudes, ex ante, is needed.

Up to now the culture in banks and many other financial institutions has been characterised by lack of respect for society, the shareholders, and the clients (especially the small clients, the consumers).

A new culture is needed coming from the management body and influencing all echelons of the financial institutions. New corporate governance principles giving the institutions back to the owners (the shareholders) are needed. The corporate governance principles should also include respect for the policies of society, and that clients must be treated in their best interest.

The consultation paper stresses in principle 2, that the management body should promote a culture designed to mitigate operational risks in market-related activities.

We strongly support this, but it must be placed in a greater context. It is of the utmost importance that operational risks should not be mitigated for the institution by being transferred to the clients. The management body should promote a culture designed to reduce risk. Institutions should only take risks that they understand and are ready and able to carry. And institutions should not invite clients to take risks that they do not understand or are able to carry.

Kind regards

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