

EBA

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EBA Discussion Paper on a template for recovery plans (EBA/DP/2012/2)

Danish Shareholders Association is the NGO representing citizens (consumers) as investors and shareholders in Denmark.

Danish Shareholders Association finds the Discussion Paper on a template for recovery plans very interesting and supports the idea that recovery plans should be drafted and debated in all financial institutions. Recovery plans can contribute to a better understanding of the risks facing the institution and creating awareness in relation to risks and possible recovery actions.

We have no comments to the discussion paper as such, but we would like to stress the importance of a basic question in relation to corporate governance in financial institutions:

Who shall be entitled to decide on important matters for a financial institution?

The size of banks and other financial institutions makes it impossible for private citizens to build up a holding of shares and votes that entitles them to really influence a financial institution. Many institutional investors and other big shareholders are reluctant when it comes to show their intentions and (voting) power in public like at the AGM.

This leaves the boards and the top management of many financial institutions in a position with no controlling power from owners. Is that what society wants?

It can become difficult to find investors interested in investing in financial institutions when influence on the company is unattainable but the responsibility (the risk that shares lose their value) is very much attainable.

Kind regards

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