

*José Manuel Barroso*  
*President of the European Commission*

29. 01. 2009

Brussels,  
BARROSO (2008) A/8424  
BARROSO (2009) D/ 208

Dear Prime Minister, *Mr. Andersen,*

Thank you for your letter of 28 November 2008, enclosing the Danish Parliament's recommendations on openness and accountability in European capital markets. These recommendations provide a constructive contribution to the Commission's ongoing reflections, and the preparations for its "Financial Market for the Future Package", which is one of the Commission's strategic initiatives in 2009.

I welcome your support for the Commission's policy to address the financial crisis and to strengthen the financial system. International coordination of European Union initiatives as well as a consistent policy approach across financial sectors and markets are necessary. There is broad recognition, confirmed by the conclusions at the G-20 meeting, that a lack of transparency and accountability are at the heart of the current financial crisis.

The Danish policy paper includes suggestions that cover a broad range of issues, some of which are already being worked on by the Commission and the remainder deserve to be considered. The Commission's proposals on financial services such as Solvency II, Capital Requirements, Deposit Guarantee Schemes, Credit Rating Agencies and on accounting rules, are well known. Work is also ongoing in a number of other areas. Some examples of this are as follows:

- One of the key strands of the Commission's current work to strengthen the financial system relates to financial supervision. I have mandated a high-level group, chaired by Mr de Larosière, to review the present Union's supervisory structure and to come forward with recommendations that enhance supervisory coordination, convergence and efficiency across Member States. The Group has been asked to present a report to the Commission by the end of February. The work and the recommendations of the Group and other reflections will provide important input into the Commission's response to the financial crisis. The first orientations in this regard will be presented to the Spring European Council.

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Mr Anders Fogh RASMUSSEN  
Prime Minister  
Denmark

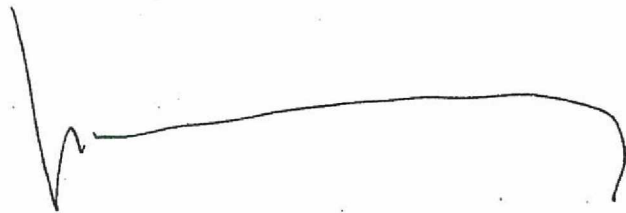
*- In the light of the discussion of the Heads of Government in March, the Commission will soon come forward with proposals that will set out the future direction for reforming the EU regulatory and supervisory framework for financial services. The focus is likely to be on ways to strengthen the financial system in an expanding international market. Among the wide range of issues that are being examined are executive remuneration and hedge funds.*

*- The Commission has also been a key promoter for international discussion on a new global architecture among the G-20, in particular as a catalyst for forming a joint EU position. A stronger role for the International Monetary Fund (IMF) and the Financial Stability Forum are among the issues at stake in these discussions.*

*- Issues such as lack of transparency, especially in the area of administrative cooperation or in the area of taxation of savings, unfair tax competition within the Union, and unfair shifting of profit by multinational companies within or outside the Union have also been a matter of concern for some time. These issues are the subject of current work such as that of the Code of Conduct, the Savings Directive proposal, work on a revised Mutual Assistance Directive, and cooperation with the OECD.*

*These examples clearly demonstrate that the Commission is fully committed to and engaged in enhancing the resilience of the financial system – within the Union and at international level. The Danish recommendations will receive our highest attention.*

*Yours sincerely,*

A handwritten signature in black ink, consisting of a series of connected loops and a long horizontal stroke, characteristic of José Manuel Barroso's signature.

*José Manuel BARROSO*