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Regulatory reforms to the Dutch financial sector

On 15 December 2009, the Dutch Minister of Finance sent Parliament a memorandum describing the concrete intentions and measures that will be taken to reform the Dutch financial sector in the coming years. Earlier the Minister of Finance informed the Parliament of his intentions regarding participations by the Dutch State in certain financial institutions. On 24 November 2009 and 13 January 2010, the Dutch Minister of Finance informed Parliament on the governance regarding its holdings in financial institutions. This briefing provides a summary of these memoranda to Parliament.

Executive summary

The official memoranda discussed in this briefing deal with the following topics:

- the self-regulatory Banking Code proposed by Advisory Committee on the Future of Banking (paragraph 3);
- mandatory remuneration principles (paragraph 4.2);
- EU regulation of rating agencies, alternative investment funds and OTC derivatives market (paragraph 4.5);
- an enhanced and broadened role for financial supervisors, with more intervention powers (paragraph 5.1);
- "living wills" and "Co-co bonds" (paragraph 5.2);
- reforming the Dutch deposit guarantee scheme (paragraph 5.2); and
- establishing an organisation to hold state participations in financial institutions (paragraph 6).

A brief evaluation of the memoranda is provided for in paragraph 7.

1. Introduction

Five months after the Dutch government informed Parliament of its preliminary vision for reforming the Dutch financial sector in the coming years (the "**Government Vision**")[1], it has recently followed up with a more definitive memorandum describing concrete intentions and measures to be taken in accordance with the Government Vision and the corresponding timelines (the "**Update-Memo**")[2]. Basically, the Update-Memo provides information on international and local initiatives that implement the Government Vision. In the annex hereto, an overview is included of the actions described in the Update-Memo.

Before addressing the Update-Memo we briefly discuss in paragraph 2 the aim of the Government Vision.

2. The aim of the Government Vision

The current crisis has shown that vulnerabilities in the financial sector have far-reaching consequences for the rest of the economy. To better safeguard the rest of the economy from problems experienced by financial institutions, it is necessary to deal with incentives and developments that have caused such problems in the past. Also with a view to the envisaged economic recovery in the short term, a sound financial sector and public support for banks and bankers is of great

[1] *Parliamentary Documents II 2009/2010, 32 013 nr. 1.*
[2] *Parliamentary Documents II 2009/2010, 32 013 nr. 6.*

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importance. The Government Vision aims to provide support in this respect. The government believes that fundamental reforms are required in many different areas. The key message is that the activities of financial institutions should be aimed at providing reliable financial services to the public and companies on the basis of acceptable and transparent risks. The costs of excessive risky behaviour should not be borne by the tax payers. The activities in the financial sector should become manageable and growth should be based on a sustainable and responsible strategy. This does not mean that institutions must be small, modest or nationally oriented, but banks should be able to serve the Dutch business community locally and abroad as well as serving multinational organisations operating in the Netherlands. In particular, moderation and manageability are key.

In the first instance, this is a responsibility of the financial institutions themselves. They need to be solid, responsible and transparent (paragraph 3). However, it also requires strengthening and broadening of (international) supervision (paragraph 4) and another interpretation of the role of the supervisors (paragraph 5). These are the three main areas for improvement.

3. Reforms at the institutions

Restoring the trust in and stability of the financial sector is, initially the obligation of the relevant financial institutions themselves. Financial institutions should be more solid, reliable, transparent and give more consideration to the role they play in society and the duties they owe to the stakeholders involved.

Dutch banks have taken an important step to this end by establishing the Advisory Committee on the Future of Banking (*Adviescommissie Toekomst Banken*, also referred to as the *Commissie Maas*)[3] and the ensuing Banking Code which was established and published on 9 September 2009. By doing so the banks have shown that they are willing to take their social responsibilities. The Banking Code includes elements mentioned in the Government Vision such as a mandatory moral-ethical statement (bankers' oath), permanent education (bankers' exam), strengthening of corporate governance and the remuneration paragraph with principles for a sustainable and controlled remuneration policy.

Because the desired cultural shift will not occur naturally the government will stimulate, support and monitor the reforming process continuously. This will be done by, among other things, embedding the Banking Code in Dutch law[4], which will legally require banks to disclose their compliance with the Banking Code in their financial statements on the basis of the "comply or explain" principle. Prior to this, an independent monitoring committee will be established that will report annually on the progress of compliance with the Banking Code. In this context the government intends to provide a legal basis for banks to claw-back any wrongfully awarded bonuses. The draft bill amending the Dutch Financial Supervision Act (*Wet op het financieel toezicht*, the "**FSA**") as per January 2011 now contains such a claw-back right.

4. Strengthening supervision

Strengthening of supervision will require additional efforts from the supervisor and should ensure that banks and insurers operate in a sound manner and have thorough risk management. The specific actions in this respect are the following:

4.1 Tougher capital requirements

The Basel Committee on Banking Supervision has taken important steps to strengthen the capital framework. These measures will be imported into the Capital Requirements Directive[5] ("**CRD**") which will subsequently be transposed into Dutch law. In subsequent processes more strict requirements will be implemented in different areas by (further) amendments to the CRD.

The first change will come into effect on 31 December 2010 and will relate to new rules for securitisation and large interbank exposures. The second change is expected to come into effect on 1 January 2011 and will regard a separate regime for re-securitisation, principles for remuneration policy and more strict capital requirements for trading book positions.

In subsequent amendments to the CRD more fundamental changes, referred to in the Government Vision, are addressed, such as:

- Revision of banks' capital structure: simplification of capital structure and tightened qualitative requirements of the different tiers;
- Harmonisation of liquidity requirements;
- Introduction of (maximum) leverage ratio: a correction factor for the various accounting standards is required to ensure an internationally comparable ratio; and
- Reducing procyclicality: the introduction of a maximum leverage ratio will assist, but in addition thereto, a system of forward looking reserves, a

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[3] *For a summary please refer to our client briefing of April 2009, the Maas Report, Restoring Trust in Banks. http://www.cliffordchance.com/expertise/publications/details.aspx?FilterName=@URL&LangID=UK&contentitemid=15602*

[4] *On 23 December 2009, the Banking Code was published in the Official State Gazette where it was designated as a code of conduct within the meaning of article 2:391 of the Dutch Civil Code on a par with the Dutch corporate government code. The corresponding draft "Decree on the enactment of further rules regarding the content of the annual accounts of financial institutions" (Besluit tot vaststelling nadere voorschriften omtrent de inhoud van het jaarverslag van banken) has recently been published and will be discussed in parliament early 2010.*

[5] *Directive 2006/48/EC of the European Parliament and of the Council of 14 June 2006 relating to the taking up and pursuit of the business of credit institutions and Directive 2006/49/EC of the European Parliament and of the Council of 14 June 2006 on the capital adequacy of investment firms and credit institutions.*

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dynamic buffer (a reservation out of the capital reserves), a variable minimum capital buffer or system with a minimum capital ratio and target capital ratio are being investigated also in connection with the changes to the accounting standards.

4.2 Mandatory remuneration principles for banks

The Dutch Central Bank (*De Nederlandsche Bank N.V.*, the "**DCB**") has fleshed out the principles for controlled remuneration policy (established together with the Dutch Authority for Financial Markets (*Stichting Autoriteit Financiële Markten*, the "**AFM**")) by means of "good practices". These "good practices" are examples that serve as a tool for institutions in shaping and executing their remuneration policy. This will be further embedded in certain secondary Dutch rules with implementation envisaged for 1 January 2011 at the latest, after a public consultation.

Further to paragraph 3 above, it is intended that the right of claw-back of wrongfully awarded bonuses will be included in a separate amendment act to the FSA which should come into effect early in 2011.

4.3 Stability of financial system as a whole

The focus will need to be on the financial system as a whole, including international and cross-sectoral relationships (such as between banks and insurers). This materialises at three levels.

At the Dutch national level, the DCB exercises macro-prudential supervision. In particular, the Financial Stability division (recently strengthened by the newly established "macro-prudential analysis" department) is responsible for analysing the (inter)national financial system. Furthermore, it is being investigated whether (i) the current Financial Institutions Risk Method (FIRM) framework can be expanded with a macro-prudential part and (ii) within the micro-prudential supervision it is possible to establish a link between system-wide risks on the one side and institution specific risks on the other side.

At a European level, it has been decided to establish a European System Risk Board ("**ESRB**"), which will supervise macro-prudential risks and whose main purpose is to timely provide early warnings.

At a global level, the Financial Stability Board and the International Monetary Fund will supervise the stability of the financial system by way of regular publications and the establishment of an early warning system.

4.4 Improving of financial reporting

To improve financial reporting standards, two processes are underway with separate timelines:

- Proposed changes to IFRS accounting rules (the "**IFRS – 9 Accounting Standard**") which will limit the undesirable effects that reduce stability and liquidity in the market. The new rules increase the transparency of the system and solve the impairment problems. The Dutch government, the DCB, the AFM and the financial sector endorse the IFRS 9 – Accounting Standard and are pursuing a quick implementation in Europe.

- Creation of a stronger link between external reporting and internal risk management. This requires amendment of the Basel II framework and the CRD. It is desirable that the actual risk management, capital requirements and external reporting of profit figures and own funds are as much as possible based on the same reporting language.

4.5 Creating a comprehensive system of supervision

The Government Vision indicates that the risks in the financial sector have partly been able to arise because important parts or players of or on the financial sector were unregulated or insufficiently regulated. Therefore measures have been taken to bring the following parties under supervision:

- *Credit rating agencies*: The European regulation on credit rating agencies[6] was published in November 2009 and will be implemented in the FSA and subordinate decrees. In the future, financial institutions are only allowed to use ratings for regulatory purposes if those ratings have been provided by a registered credit rating agency that is active within the European Union. Furthermore, it is proposed that the new European Securities and Markets Authority ("**ESMA**") will supervise the credit rating agencies given their pan-European activities. This will be the most far-reaching form of European supervision.

- *Alternative investment funds* (including hedge funds, private equity funds and commodities funds): The draft Alternative Investment Fund Managers Directive (the "**AIFM Directive**")[7] is currently being negotiated within the European Council. It is important to supervise alternative investment funds with an accompanying broad range of rules, ranging from risk management requirements and portfolio valuation to requirements concerning the information available to the investors and supervisors and concerning the use of leverage. The Dutch government is of the opinion that the rules should not deviate very much from current market practice, however given the lack of self-regulation during the past credit crisis it also believes that this broad range of rules is required. The government has

[6] *Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009.*
[7] *For more information please refer to our client briefing of June 2009, European Directive on Alternative Investment Fund Managers.*

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advocated that the AIFM Directive must include rules on remuneration. Perverse remuneration incentives with alternative investment funds have also played a role in encouraging the taking of excessive risks.

- *Supervision of OTC derivatives*: the government endorses the proposals made by the European Commission on 20 October 2009[8]. It believes that the traditional view that light regulation for professional market parties is sufficient is no longer correct. Legislation will lead to adequate pricing and reducing risks. Within this new approach, a shift of the derivatives market will need to take place from mainly over-the-counter (OTC) transactions to more centralised clearing and trading. The European Commission has proposed a coherent set of policy measures including (i) mandatory clearing of suitable, standardised derivatives at one or more central counterparties with harmonised rules and supervision, (ii) the obligation to provide sufficient collateral and higher capital requirements in case of bilateral clearing and (iii) improved transparency, efficiency and integrity of derivative transactions, among other things, by a mandatory admittance in depositories of trade data with unlimited access for European supervisors and where possible trading on an organised market.

4.6 More international supervision

The credit crisis has shown that (voluntary) cooperation between supervisors is no longer sufficient. The international interrelationship between banks and insurers require an investigation into stronger forms of international cooperation in order to safeguard the interests of all countries. The recent Ecofin meeting approved the various changes to legislation which followed from the De Larosière-report. These changes include the establishment of the ESRB and three European Supervisory Authorities[9]. These supervisors will be charged with stimulating cooperation between national supervisors, creating a joint European supervision "culture" and ensuring a consistent application of European Union legislation. The establishment of the supervisors is a concrete step forward in setting up a European framework of supervision with stronger powers at a European level. The powers enable the European Supervisory Authorities to draw up binding technical standards and to make appointments if member states do not act in accordance with EU legislation regarding financial markets. Furthermore, the European Supervisory Authorities will mediate in case of disputes between national supervisors and, in times of crisis, issue specific temporary emergency measures.

The Dutch government's ambitions in respect of European supervision are more far-reaching. They would like to create new arrangements on the burden-sharing of the costs of cross-border crisis management. This is an important element where in the future further progress will need to be made in order to take even more far reaching steps towards European supervision.

In 2010 colleges of supervisors will be established for large cross border institutions where the DCB is the home member state supervisor. Such colleges have already been established for ING, Aegon and Rabobank.

5. Role of supervisory authorities

In addition to changes at the level of individual institutions, the supervisory authorities will also need to reform. On 20 October 2009 the European Commission published a consultation document on the strengthening of crisis management. The information contained in the Update-Memo on this subject will be used as input for drawing up the Dutch response towards the European Commission.

The main message is that the framework for crisis management will need to be improved with regard to timeliness, transparency and predictability of measures with sufficient powers for the supervisor and authority to intervene on the basis of a broad range of instruments which escalate in different stages according to the severity of the problems.

5.1 Intervention scale

Under current law, the supervisor has discretion to take certain measures in respect of a financial institution and, ultimately, to request for application of emergency measures. Based on the wording of the law, the supervisor may use its powers in case of 'signs of a dangerous development in the own funds, solvability and liquidity' of a financial institution, which gives the supervisor substantial freedom and flexibility to take action depending on the individual circumstances.
The downside of this approach is that (i) the supervisor has a high burden of proof and insufficient legal immunity which will create a high barrier and (ii) this undermines the deterrent effect of the instruments.

The framework of crisis invention can be strengthened with "prompt corrective action", as mentioned in the Government Vision. This requires that it should be clear when intervention can take place. A distinction can be made between intervention after crossing a quantitative threshold and intervention after an assessment made on the basis of quantitative and qualitative indicators.

[8] ***The proposals include a mandatory clearing of standardised derivatives in one or more central counterparties and the obligation to provide sufficient collateral and higher capital requirements in case of bilateral clearing.***

[9] ***The European Banking Authority, the European Insurance and Occupational Pensions Authorities and the European Securities and Market Authority.***

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The government has considered the intervention models of the United States of America, the United Kingdom and Canada and supports the strengthening of the intervention ladder which is consistent with current methodology of the supervisor and whereby a correct level of flexibility is provided, which is in line with the Canadian model.

On the basis of initial findings, the following five step scale is envisaged – sequence and interpretation to be determined for each institution:

- Phase 1: normal supervision: the capital position of the institution is acceptable. The institution has sufficient access to the financial markets. The operational management, risk positions and risk management are fine and the public trusts the institution.

- Phase 2: intensified supervision: one or more indicators are flashing. The institution requires intensified supervision. The supervisor requests the institution to address the problem.

- Phase 3: corrective measure by institution: one or more indicators (including quantitative indicators) are flashing to such an extent that if the institution does not directly address the problems, liquidity or solvency risks may arise. The supervisor requires prompt measures from the institution.

- Phase 4: corrective measure by authorities: one or more indicators indicate that there is a direct danger for the liquidity or solvency of the institution, posing a threat to the interests of third parties or to financial stability as a whole. The supervisor intervenes at the financial institution.

- Phase 5: bankruptcy/winding up: phase 4 appeared insufficient. The supervisor requests bankruptcy.

5.2 Expanding regulatory instruments

In order to be able to correctly implement the correct measure, it is suggested that the instruments available to the supervisor are expanded. The newly proposed instruments include living wills, convertible hybrid capital, temporary restrictions on the powers of certain bodies of the institution and overhaul of the deposit guarantee scheme.

- *Living wills*
  A living will is a dynamic document prepared by the institution itself in order to be better prepared for a stress situation. The document describes the design and main aspects of the institution and the interdependence of its different parts. The purpose of the living will is to give the supervisor and the institution a better preparation for big shocks, in order to allow serious financial problems to be handled more effectively. The intended effect of the living will is (i) to give more attention to stress situations within the current supervisory activities and to provide an incentive to the market, since it is clear that the government/supervisor can intervene, (ii) to provide an upfront insight in the actions which could be taken to cope with an emergency situation and (iii) to provide the supervisor with an additional instrument to monitor the institutions and take mitigating actions. The form of the living will is currently the object of an intense international debate. Subject to progress in that debate, the Ministry of Finance and the DCB will work on a further specified plan with regards to the contents of the living will. This will, among other things, include the question to which institutions this requirement relates, the frequency of the preparation and the subjects covered by the living will. The DCB has the intention to run a pilot in 2010.

- *Convertible hybrid capital*
  During the crisis it appeared that hybrid capital did not have the presumed loss absorbent capacity because banks were not or hardly able to stop payments on the instruments. As well as an increase of capital requirements, measures will need to be taken to ensure that banks' hybrid capital will actually act as buffer capital. To accomplish this, stricter requirements have recently been formulated in the CRD regarding the recognition of hybrid capital instruments. In addition hereto, the Netherlands will attempt to introduce a whole new type of instrument: the mandatorily convertible hybrid. Such instrument will convert into shares upon a pre-defined moment (automatic trigger), therefore the chance that the government will need to assist will be substantially decreased. The advantages are:
  a. the market discipline of all investors in a bank is increased. The shareholders will wish to avoid dilution of their interest as a result of the mandatory conversion, whilst the providers of hybrid capital do not want to convert at times when the forecast of the company is unfavourable; and
  b. the instrument has an anticyclical effect. The moment a bank's financial position deteriorates, its equity is automatically strengthened.
  By way of example the Update-Memo explicitly refers to the automatically convertible hybrids ("Co-co bonds") issued by Lloyds Bank, whilst acknowledging that that was a specific case.

- *Temporary restrictions on the powers of certain bodies of the institution*
  Timely and effective interventions at a financial institution can be impeded by the powers available to

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certain organs of the company. For example, the issuance of shares which results in a dilution of the value of the existing shares, is subject to the prior approval of the general meeting of shareholders. There can also be a situation where far-reaching measures are required, such as the disposal of certain parts of the company or a rights issue, but are blocked by the executive board or the shareholders. Under certain circumstances it can therefore be desirable to (temporarily) curtail or override the powers of a company's executive or non-executive organs or even of it shareholders. The Government Vision lists the following measures: the suspension of one or more members of the executive management board, the temporary appointment of a supervisory board member with a decisive vote or limitation of the controlling rights of shareholders. It also mentions that expropriation ("nationalisation") is the only option for a financial institution which is in serious trouble.

It can be questioned whether the FSA's emergency measures have properly worked as in practice it turns out to be the first step towards insolvency, and restructuring under the emergency measures is in practice not a viable option. Furthermore, the *ex ante* submission for assessment of the emergency measures could cause uncertainty in crisis management as the supervisor no longer has the ability to reverse the decision. An alternative could be to elaborate in the explanatory notes of the FSA on the conditions pursuant to which the emergency measures must be applied. The legal possibilities and pitfalls of this proposal will be further investigated.

- *Overhaul of the Deposit Guarantee Scheme ("***DGS***")*
The DGS is primarily intended as an instrument for crisis prevention. It aims to protect small deposit holders and safeguard confidence in the financial system. With certain improvements, a properly working DGS can support crisis management in various ways.
  - **a.** *Shortening the period for pay-out to the extent possible.* Currently the pay-out period is three months from the moment the DGS is activated. The European directive on deposit guarantee schemes prescribes that this period should be reduced to 4 - 6 weeks as of 2011. The European Commission urges Member States to shorten this period even further. The Netherlands will aim to reduce the pay-out period as much as possible, as long as this does not raise disproportional costs or risks.
  - **b.** *Allowing transfers of deposits to another bank.* This is an alternative to the settlement of most of the claims under the DGS and can assist in making funds available quicker for deposit holders. In the United Kingdom the instrument of a portfolio transfer has been used various times by another institution. The deposits of the troubled bank are taken over by another institution and which financed by the DGS. Such financing is required, because otherwise a bank will never be willing to take over the portfolio of deposits (being only liabilities). Such a scenario is favourable to all parties: (almost) continuous availability of liquidity for deposit holders, maintaining confidence, new customers for the banks taking over and lower costs for the other banks. The Government Vision confirms that new legislation will be prepared to introduce such a facility in Dutch DGS.
  - **c.** *Ex-ante financing.* As announced in the summer, a new structure of financing the DGS will developed. The new structure will include an *ex ante*-fund where banks periodically pay a premium into such fund. The premium is partly set by the risk profile for each bank, so the costs of risks are better and directly visible. Therefore participation in the DGS is no longer without any costs. The new structure will ensure that the principle that the polluter should (also) pay, the procyclic character will be subdued and the banks timely experience the right incentive. Furthermore, the new structure will add to the credibility of the DGS.

6. Managing the State's stakes in financial institutions

During 2008-2009 the Dutch State has made certain investments in Dutch financial institutions[10]. In this respect questions have been raised by Parliament as to whether a separate organisation should be incorporated that will own and manage the State's (direct) equity stakes in financial institutions. A discussion on this topic will be held early 2010. In his memoranda to Parliament[11], the Minister of Finance sets out the two options, being either (a) the constitutional route where the organisation is a body of the Dutch State and governed by administrative law or (b) a delegation of power to a state-owned private organisation governed by normal civil law[12].

The Minister expresses a preference for an administrative law organisation managed by three (part time) managers. It is proposed that the management organisation will operate autonomously from the government although any principal or substantial decision will remain with the Minister of Finance. The organisation is envisaged to have the power to act independently as an active shareholder[13], to decide in accordance with the applicable governance structure on strategic decisions, investments and divestments[14] and to advise the minister on, for example, an exit strategy.

[10] *ABN AMRO, Aegon, ASR Nederland, Fortis, ING and SNS Reaal.*
[11] *Parliamentary Documents II 2009-2010, 32 000, nr. 2 and 3, respectively.*
[12] *E.g. a foundation, private company with limited liability or public company.*
[13] *This includes exercising the rights of a shareholder, including voting, amending articles of association, appointing and dismissing board members.*
[14] *Provided that no new capital injection by the Dutch State is required.*

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The Minister is therefore no longer responsible, upfront, in case of reorganisations and dismissals at individual financial institutions, the sale and purchase of businesses of individual financial institutions, closing of offices and granting of credit by individual financial institutions. The Minister will remain accountable for transactions by the management organisation and as well as capital injections for financial institutions and policy regarding the financial sector in general.

It is intended that draft legislation is sent to the Council of State (*Raad van State*) early this year and subject to progress in the legislative process, the management organisation could be in operation in the third quarter of 2010.

The Minister notes that, ultimately, the management organisation will manage the equity stakes in one insurer (ASR Nederland) and one bank (the merged ABN AMRO/Fortis Bank). Unlike with ASR Nederland, it is expected that the exit of ABN AMRO will take place after the integration of ABN AMRO and Fortis Bank Nederland and formation of a stable organisation. This process will take some years.

After the exit of ASR Nederland and the redemption of the securities by ING, Aegon and SNS Reaal, hence the management organisation will only have the task of managing the merged ABN AMRO/Fortis Bank. The question is whether this justifies the incorporation of a separate management organisation.

In his most recent memorandum on this subject, it is set out that given the proposed active role as shareholder, the management organisation will need to be able to make its own independent decisions without heavily relying on the relevant financial institution or external advisors. Consequently, a board is envisaged of three (part time) members who are supported by 17 to 20 staff. The Minister will include in his considerations the additional costs this would entail and the risk of new bureaucracy.

7. Evaluation

The past years have showed increased reform activity on a global, European and national level targeting the financial regulatory sector. The memoranda provide a complete overview of the plans which already exist at various levels and are therefore not of a groundbreaking nature. The measures and actions are largely copied from existing proposals from the G20, Ecofin, the Basle Committee on Banking Supervision, existing European supervisory advice committees (such as the Central European Banking Supervisors) and the Dutch Advisory Commission on the Future of Banks (*the Commissie Maas*). It could therefore not be expected that these official memoranda showed any surprising creativity, although they do venture from well-trodden path in revealing the government's plans for reforming the Dutch deposit guarantee scheme and creating a statutory claw back right for wrongfully awarded bonuses.

The plans regarding crisis prevention by way of intervention by DCB in combination with a possible government intervention for the banking sector, which could ultimately mean a limitation of shareholders' rights or even nationalisation are also somewhat innovative although they perpetuate moral hazard by giving government powers to effectively run, break up or take over a troubled bank. To the extent that such plans will make their way into Dutch law, the actual intervention is subject to the government in office at that time.

Undoubtedly things will change in the future and the publication of these memoranda show that the government mostly wishes to follow international initiatives rather than taking groundbreaking steps itself. ■

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ANNEX - Overview of actions described

Announced measure in Government Vision	Progress / intention/ implementation
Focus on sustainable growth; transparency	Culture shift banks and tightening supervision
Strengthening risk management process and corporate governance	Specific recommendations in the Code
Bankers oath	Moral-ethnical declaration in the Code
Bankers exam	Permanent education in the Code
Focus on interest of client	Further implementation in discussion with AFM, DCB and fin. sector
More stringent capital requirements	Proposals Basel committee and changes to CRD
Mandatory remuneration principles	Gentlemen's agreement, remuneration principles DCB-AFM, Code
Regular analysis of system risk	National (DCB), European (ESRB) and globally (IMF, FSB)
Re-enforcement of financial reporting	Change accounting standard; better link with risk management
Supervision on credit rating agencies	European rules and change FSA
Supervision on alternative investment funds	European Directive on Alternative Investment Fund Managers
Supervision on OTC traded derivatives	Announcement European Commission, among others central counterparties
Strengthening of international supervision	Agreement in Ecofin on establishment of European supervising authorities
Legal basis of Maas Committee recommendations	In FSA on the basis of "comply or explain" - principle
Strengthening of range of crisis instruments	Intervention ladder on the basis of range of instruments with gradual development
Arrangements on international allocation of costs of rescue operations	Arrangements on process; no ex-ante on specific allocation
Reformation of Dutch deposit guarantee scheme	Faster pay out, transfer of portfolio, ex-ante payment of premium

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