



## EUROPEAN COMMISSION

*Brussels, 20.4.2017  
C(2017) 2377 final*

*Dear Chairman,*

*The Commission would like to thank the Folketing for its Opinion setting out its concerns with regard to the discussions in the Basel Committee on the finalisation of the Basel III agreement.*

*The Commission is well aware of these concerns. They are also shared by other European Member States whose mortgage markets were stable in the past and where the banks which are active in those markets calculate their capital requirements using internal model based approaches.*

*While we share the Basel Committee's objective to curb inappropriate variability in risk weights due to aggressive internal models, the Commission agrees that this exercise must not lead either to the elimination of risk sensitivity or to a substantial increased overall capital requirement.*

*It is unclear at this stage, whether and when the negotiations in the Basel Committee will continue and when an agreement could be reached. The Commission stands ready to continue engaging constructively in this dialogue in its role as an observer at the Basel Committee. As such, the Commission will always take into account the potential impacts of the new Basel rules on the European economy and in particular the views of Member States which do not have a seat at the Basel table.*

*As soon as the supervisory authorities in Basel have reached an agreement, the Commission will take its responsibility to review these proposals and decide whether and how to transpose them into European law. As in the past, the Commission will take into account the specificities of the European economy when drafting a legislative proposal to implement the Basel rules.*

*Mr Erik CHRISTENSEN  
Chairman of the European Affairs Committee  
of the Folketing  
Christiansborg  
DK-1240 Copenhagen*

*cc. Ms Pia KJÆRSGAARD  
Speaker of the Folketing  
Christiansborg  
DK-1240 Copenhagen*

*The Commission hopes that the clarifications provided in this reply address the issues raised by the Folketing and looks forward to continuing our political dialogue in the future.*

*Yours faithfully,*

*Frans Timmermans  
First Vice-President*

*Valdis Dombrovskis  
Vice-President*