

DNB's organisational structure and governance

version of 18-8-2020

De Nederlandsche Bank (DNB) is the Dutch central bank, financial sector supervisor and resolution authority.

DNB is a public limited company led by a Governing Board consisting of a President and several Executive Directors. The Supervisory Board supervises the general course of business at DNB and the Governing Board's policy regarding the implementation of DNB's national tasks.

Organisational structure

DNB has a range of duties and responsibilities in the national and European context, which have a bearing on its governance.

DNB as a legal entity governed by private law

DNB is a public limited company incorporated under Dutch law. The Dutch State is the sole shareholder. In principle, DNB is governed by the general rules of Book 2 of the Dutch Civil Code (*Burgerlijk Wetboek*), although there are exceptions relating to DNB's special tasks. The Bank Act 1998 (*Bankwet 1998*) and DNB's Articles of Association and Rules of Procedure include specific provisions. DNB also complies with the Dutch Corporate Governance Code on a voluntary basis. As a public limited company, DNB has a Governing Board, a Supervisory Board and a meeting of shareholders. The "Governance" tab provides more information about their tasks and powers.

DNB as a member of the ESCB

In its capacity as the Dutch central bank, DNB is a member of the European System of Central Banks (ESCB). The ESCB comprises the ECB and the national central banks of all EU Member States. In an ESCB context, DNB contributes to developing and implementing monetary policy in the euro area and ensuring an effective payment system. The ESCB also engages in foreign exchange operations and manages the Member States' foreign reserves. DNB operates independently in discharging its ESCB tasks. The principle of central bank independence is laid down in the Treaty on the Functioning of the European Union. DNB's President has a seat on the ECB's Governing Council, which also comprises the governors of the national central banks of the other euro area countries and the members of the ECB's Executive Board. The Governing Council's remit includes formulating monetary policy for the euro area. DNB's President is also a member of the ECB's General Council, which takes decisions that apply to all EU Member States.

The ECB's General Council comprises the governors of the national central banks of the EU Member States, and the President and the Vice-President of the ECB.

DNB as a partner in the SSM

The prudential supervision of banks in the euro area is organised in the Single Supervisory Mechanism (SSM), in which the ECB collaborates with the national supervisory authorities in the euro area countries, including DNB, and other Member States. The ultimate responsibility for the prudential supervision of banks rests with the ECB. One of DNB's Executive Directors of Supervision represents DNB on the ECB's Supervisory Board, which is responsible for preparing banking supervision decisions to be taken by the ECB's Governing Council.

DNB as a partner in the SRM

In the Single Resolution Mechanism (SRM), the national resolution authorities collaborate with the Single Resolution Board (SRB).

The SRB is the decision-making body in the resolution of the significant failing banks in the euro area. DNB is the national resolution authority for the Netherlands. Its Executive Director for Resolution is a member of the SRB.

DNB's national tasks

DNB also has various national tasks, which are laid down in the Bank Act 1998. It supervises banks, trust offices, pension funds and insurance companies, among other institutions. The prudential supervision of banks is organised under the umbrella of the Single Supervisory Mechanism (SSM).

Promoting the smooth operation of payment systems is both a national task and an ESCB task. In addition, DNB performs several public tasks relating to coins, and it monitors financial stability in the Netherlands.

DNB's other tasks include compiling statistics, discharging its national resolution tasks and implementing the deposit guarantee scheme (DGS). It is also responsible for banking supervision, ensuring an effective payment system and implementing the DGS in the islands of Bonaire, St Eustatius and Saba (the Caribbean Netherlands).

By issuing independent economic advice, DNB strengthens policies aimed at its primary objectives.

In respect of its supervisory, resolution and DGS tasks, DNB is an independent public body, largely governed by the Independent Public Bodies Framework Act (*Kaderwet zelfstandige bestuursorganen – Kzbo*). The Dutch Ministers of Finance and Social Affairs and Employment are politically responsible according to the principle of distance monitoring: it is their duty to approve DNB's independent public body budget and annual independent public body report. This report sets out DNB's performance as an independent public body, including objectives achieved and expenses made.

Governance

Governing Board

DNB is managed by its Governing Board, which comprises a President and three to five Executive Directors. The Governing Board members are appointed by Royal Decree for seven-year tenures. They can be reappointed once to the same position.

Division of duties

The Governing Board members are jointly responsible for DNB's management, but they have specific duties.

The Executive Director of Monetary Affairs is responsible for monetary affairs, financial stability, payments and statistics. Responsibility for the supervision of financial institutions is allocated to one or more Executive Directors of Supervision, including the Chairman for Prudential Supervision. The Executive Directors of Supervision are authorised to take decisions on supervisory matters independently, but the ultimate responsibility in all cases rests with the full Governing Board. Some supervisory matters require a decision by the full Governing Board, for instance issues potentially affecting the stability of the entire financial sector. The Articles of Association specify which supervisory matters require the full Governing Board's assessment.

The Executive Director for Resolution is responsible for preparing and implementing the resolution of Dutch banks, investment funds and insurers. European rules and regulations provide that this task must be performed independently, which is why the Governing Board's decision-making process provides for a special voting arrangement concerning resolution matters, giving the Executive Director for Resolution a casting vote in specific cases. Notwithstanding this arrangement, decisions are formally taken by the Governing Board acting as a collective body and subject to its joint responsibility.

The Executive Director for Resolution is also responsible for managing DNB's internal operations.

Supervisory Board

Pursuant to the Bank Act 1998, the Supervisory Board consists of seven to ten members. The members are appointed for a four-year period by the shareholder from a list of appointees drawn up by the Supervisory Board. They can be reappointed.

The Supervisory Board is responsible for supervising the general course of business at DNB and the Governing Board's policy regarding the implementation of DNB's national tasks. The term "general course of business" refers to DNB's operational management and effective governance. The Supervisory Board's tasks also include advising the Governing Board. DNB's ESCB tasks (relating to e.g. monetary policy) fall outside of the Supervisory Board's remit.

The Supervisory Board has several significant powers, including prior approval of the budget and adoption of the financial statements. Certain Governing Board decisions, for instance on significant investments, require the Supervisory Board's approval. The Supervisory Board also has powers in the appointment of Governing Board members, drawing up the board profile and a list of appointees. It adopts the annual salaries of the Governing Board members and submits them to the Minister of Finance for approval.

One Supervisory Board member has a special position, being government-appointed by the Minister of Finance. This member acts as a liaison between DNB and the Minister of Finance and is authorised to make enquiries with the Governing Board about DNB's performance of its tasks with a view to notifying the Minister.

The Supervisory Board currently has three committees: the Supervision Committee, the Audit Committee, and the Remuneration and Appointments Committee. The Rules of Procedure describe the activities of each committee.

General meeting

The Dutch State is DNB's sole shareholder, represented at general meetings by the Minister of Finance. The Governing Board renders account to the general meeting by submitting for approval its annual report and financial statements for the past financial year. The general meeting is authorised to discharge the Governing Board and the Supervisory Board of responsibility in respect of their management and supervision. The general meeting appoints the independent auditor and adopts the remuneration policy applicable to the Governing Board members. The general meeting also plays an important role in the composition of the Supervisory Board, approving the board profile and appointing the members.

Bank Council

The Bank Council functions as a sounding board for the Governing Board. The President reports to the Bank Council on general economic and financial developments and discusses the policies pursued by DNB with the Bank Council. The Bank Council comprises 11 to 13 members. Two members of the Supervisory Board, including the government-appointed member, sit on the Bank Council. The Bank Council is composed of representatives of different sectors of society. The Governing Board and the Treasurer-General of the Ministry of Finance attend the meetings of the Bank Council and may take part in its deliberations.

DNB's governance is further elaborated in the Bank Act 1998, DNB's Articles of Association, the Rules of Procedure and other regulations based on these documents. You will find the composition of the Governing Board, the Supervisory Board and the Bank Council at <https://www.dnb.nl/en/about-dnb/organisation/governance/index.jsp>