

Statement on market supervisory function at Sydbank A/S

The Danish Financial Supervisory Authority (FSA) has conducted an inspection of Sydbank A/S regarding its market supervisory function.

The inspection formed part of a cross-sector inspection where the same theme was investigated at selected securities dealers. The investigation was conducted during the period from November 2018 to November 2019.

Background

A securities dealer is an enterprise that is professionally engaged in planning or executing orders and transactions in financial instruments. The purpose of the themed inspection was to investigate whether selected Danish securities dealers complied with the requirements regarding the market supervision of trading activities pursuant to existing legislation.

Securities dealers are under an obligation to establish and maintain effective arrangements, systems and procedures to detect and report possible market abuse. This is in accordance with Article 16(2) of Regulation (EU) No 596/2014 of the European Parliament and of the Council of 16 April 2014 on market abuse (MAR) as well as Articles 2-5 of Commission Delegated Regulation (EU) No 2016/957 (delegated regulation).

Summary

The Danish FSA has examined the bank's:

- arrangements and systems (market supervision and system support)
- procedures (business procedures)
- training and education of employees
- internal reporting and controls (compliance and internal audit)
- case processing and notifications to the Danish FSA.

The Danish Financial Supervisory Authority

The Danish FSA found elements in the bank's arrangements and systems that do not live up to the requirements of the market abuse regulation and has therefore issued orders in response.

The Danish FSA has ordered Sydbank A/S to establish arrangements and systems ensuring that its market supervision comprises all orders and transactions in financial instruments carried out by Sydbank A/S.

Sydbank A/S was also ordered to establish arrangements and systems ensuring that its market supervision comprises all orders irrespective of whether the bank receives, forwards or places orders. This implies that the monitoring of orders received, forwarded or placed by Sydbank A/S by telephone, by email, via chat forums or the like must be systematic and based on proportionality and risk.