

MEMORANDUM

The Danish FSA

6 June 2019

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/KAMA

Statement on inspection of Sydbank A/S as a systematic internaliser

The Danish Financial Supervisory Authority has conducted an inspection of Sydbank A/S in relation to the bank's activities as a systematic internaliser (SI).

The inspection formed part of a cross-sector thematic inspection at all 10 registered Danish SIs. The inspection took place in the period from November 2018 to May 2019.

Background

A systematic internaliser is an investment firm executing client orders to buy or sell securities by dealing on its own account.

The purpose of the thematic inspection was to examine whether the Danish SIs met the requirements for systematic internalisers in terms of:

- Establishing whether the firm has performed systematic internalisation in a certain financial instrument
- Post-trade transparency as regards the instruments for which the firm acts as a SI
- Publication of firm quotes for shares, ETFs and bonds.

Summary

Sydbank A/S has reported that at the time of inspection, the bank acted as a SI as regards a range of shares, mortgage bonds, corporate bonds and government bonds.

The Danish Financial Supervisory Authority ordered Sydbank A/S to establish measures enabling the bank to assess whether its trading activities in corporate bonds exceed the SI thresholds and as a result of which the bank is required to act as a mandatory SI in the relevant issuer's bonds.