

4 June 2025  
Ref. MATH/ CLHE  
File no. 24-006930

## **Statement on themed review of Danske Bank A/S's retention of records and use of non-approved means of communication (record-keeping)**

### **Introduction**

The Danish Financial Supervisory Authority (the Danish FSA) has conducted a review of Danske Bank A/S's compliance with the rules on retention of records and use of non-approved means of communication. The review was conducted as part of a themed review of three Danish banks providing investment services and carrying out investment activities (*securities traders or securities trader*). The review was conducted in the period from October 2024 to June 2025.

Securities traders providing investment services and carrying out investment activities must retain adequate records of services, activities and transactions performed. The records must include recordings of telephone conversations and retention of electronic messages regarding transactions performed at the securities trader's own expense and provision of services regarding the receipt, provision and completion of customer orders.

The purpose of the recording and record-keeping requirements is to ensure investor protection and increase due process protection in the interest of both securities traders and their customers. Retention of records ensures that proof can be presented of the terms of every order placed by a customer and that the order corresponds to the transaction performed by the securities trader. Moreover, retention of records is an important factor in enabling an undertaking to detect and prove potential market abuse.

On this basis, the Danish FSA examined whether Danske Bank complies with the rules on retention of adequate records and what measures the bank has taken to prevent employees from using privately owned equipment or non-approved means of communication from which the bank is unable to make recordings or copies. The Danish FSA also examined how the bank monitors the records of transactions and orders subject to these requirements and ensures that the quality, accuracy and completeness of the records of investment conversations are adequate.

### **Summary**

During its review, the Danish FSA noted that the bank has internal controls in place to ensure that the electronic devices of the relevant employees are set up for correct logging. In addition, an emergency procedure has been set up in relation to technical breakdowns.

However, the bank has not established a dedicated qualitative control in the area to enable monitoring of retained records, including whether investment conversations are retained and are in fact retrievable and that the quality, accuracy and completeness are adequate. The bank relies on other controls performed for other reasons than the verification of record-keeping to detect incomplete recordings. Such controls include market abuse monitoring and investment advice control.

Against this background, the Danish FSA finds that the bank does not have the necessary periodic monitoring in place, including a control pursuant to the rules, and that the bank has not ensured, as required, the quality, accuracy and completeness of the records of investment conversations.

This entails a risk that incomplete records are not identified in due time. The unavailability of records poses a risk in relation to investor protection because it makes it impossible to verify the advice provided and the agreements made. Moreover, it becomes more difficult to detect and prove potential market abuse, and it may weaken due process protection to the detriment of both the bank and its customers.

The Danish FSA has therefore ordered Danske Bank to establish a dedicated qualitative control in the area to monitor its compliance with the recording and record-keeping requirements. The control must ensure that conversations and electronic records underlying transactions subject to the requirements are in fact retained and retrievable and that the quality, accuracy and completeness of the records of investment conversations are adequate.<sup>1</sup> The control must be risk-based and appropriate in relation to the size and organisation of the bank.

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<sup>1</sup> See article 76(6) and (10) of Delegated Regulation (EU) 2017/565.