

## **MEMORANDUM**

**The Danish Financial Supervisory Authority**

File no. 6252-0309

27 May 2020

### **Reprimand to Danske Bank A/S for inadequacies in the publication of quotes in respect of bonds**

**On 27 May 2020, the Danish Financial Supervisory Authority (the FSA) reprimanded Danske Bank for having violated article 18(1) of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on Markets in Financial Instruments and Amending Regulation (EU) No 648/2012 (MiFIR) by having failed to make public certain firm quotes in respect of bonds.**

Danske Bank acts as a systematic internaliser in certain bonds, that is, Danske Bank executes customer orders to buy or sell these bonds via trades involving its own holdings.

Therefore, Danske Bank must meet certain requirements for pre-trade transparency in the bonds in which the bank acts as a systematic internaliser. This means, for instance, that Danske Bank is required to make public the bid and offer prices for securities (quotes) that Danske Bank provides to its customers. The purpose of the publication requirements is to ensure improved price formation and investor protection and to put trading through systematic internalisers on an equal footing with trading on the trading venues.

On 29 October 2019, Danske Bank notified the FSA that, during the period from 3 January 2018 to December 2019, there were inadequacies in the bank's publication of quotes in respect of bonds in which Danske Bank acted as a systematic internaliser. The failure to make public quotes was due to incomplete registration of quotes provided by Danske Bank in connection with requests for quotes received from customers through the bank's branches.

By having failed to do so, Danske Bank violated article 18(1) of the MiFIR, which stipulates that an undertaking acting as a systematic internaliser in liquid bonds is under an obligation to make public firm quotes when a customer requests a quote and the undertaking agrees to provide such quote.