

## **Report on functional inspection of quality-enhancing services at Jyske Bank A/S**

August 2024

**In the first half of 2024, the Danish Financial Supervisory Authority (the FSA) carried out a functional inspection of Jyske Bank A/S (the Bank), focusing on the Bank's documentation of quality-enhancing services when receiving sales commission.**

The functional inspection was part of a thematic inspection as four other financial institutions were also investigated. The purpose of the inspection was to investigate whether the Bank has documented that it meets the requirements for providing quality-enhancing services to investment clients who pay sales commission to the Bank.

During the inspection, the FSA found that the Bank has a process for evaluating how it complies with the rules on quality-enhancing services. However, the documentation is inadequate in a number of areas. For instance, the Bank does not assess the value of the services offered and whether the Bank provides services that are proportional to the sales commission. For certain clients where the services offered are determined by the client's assets, the Bank does not have a process of calculating the commission payment from clients to assess whether it is proportional to the services offered.

Due to the inadequate documentation the Bank cannot document that the client actually receives quality-enhancing services for the sales commission paid by the client, and this involves a risk that the Bank does not fulfil its obligation to provide sufficient quality-enhancing services to the client.

The FSA has therefore ordered the Bank to expand its procedures for evaluation of quality-enhancing services to ensure that the Bank to a sufficient degree records how the commission payment is proportional to the amount of commissions received[1].

[1] See S.8, item 2, of the Executive Order on Third Party Payments etc.

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