Translation from Danish prepared by Jyske Bank of a statement issued by the Danish Financial Supervisory Authority (Finanstilsynet). In the event of any discrepancy between the Danish version and the English version, the Danish version shall prevail.

Report on enforcement order to Jyske Bank A/S concerning product approval procedures and product management schemes

In 2020-21, the FSA conducted a thematic inspection with focus on product approval procedures and product management schemes. The thematic inspection was conducted as function inspections in six banks distributing investment products and offering services, including Jyske Bank A/S.

The regulation concerning product approval procedures and product management schemes is an essential part of the investor protection. The regulation must ensure that clients only buy products suitable for clients and matching the client's investment requirements.

Banks are under an obligation to have well-functioning procedures for product approval and product management, and the management must be in control of the schemes. Investment products and services must be reviewed on a regular basis and extraordinarily in case of special requirements where the Bank must assess whether the products offered or recommended are still consistent with the requirements and characteristics of a limited target group.

During its inspection, the FSA ascertained that the Bank's procedures were not sufficiently well functioning. The Bank did not have clear principles of satisfactory and regular reporting to the management, and the FSA assessed that the management could not in a satisfactory manner lift its control obligations. The FSA ascertained that the regular review did not comprise an actual reassessment of the target group of the products, and that the Bank did not have sufficiently clear frameworks for ensuring that the Bank makes an extraordinary review if circumstances occur which may potentially involve a risk for the limited target group.

Consequently, Jyske Bank was ordered to address the shortages of the product management schemes and the approval procedures, in particular the Bank must strengthen the reporting of the regular review and update the procedures with principles determining when a regular review of existing products must take place and when to initiate an extraordinary investigation.