
FINAL NOTICE

To: Paul John Flowers

IRN: PJF01169

Date: 1 March 2018

1. ACTION

- 1.1. For the reasons given in this Final Notice, the Authority hereby makes an order prohibiting Mr Flowers from performing any function in relation to any regulated activity carried on by any authorised or exempt persons or exempt professional firm, on the grounds that he is not a fit and proper person.

2. SUMMARY OF REASONS

General background

- 2.1. On 29 May 2009 Mr Flowers was granted Approved Person status as a Non-Executive Director by the Authority. Subsequently, between 15 April 2010 and 5 June 2013 Mr Flowers was Chair of Co-op Bank, at the material times a subsidiary of Co-op Group, one of the UK's largest mutual businesses and owned by millions of UK consumers. Mr Flowers ceased to be an Approved Person on 5 June 2013.
- 2.2. Both during his time as Chair and afterwards Mr Flowers has demonstrated that he lacks the fitness and propriety required to work in the financial services industry.

Integrity and Reputation

- 2.3. A Chair occupies a special position of trust and influence. In particular, the Chair plays a central role in facilitating the important support and challenge by the Board of management, and has a responsibility to demonstrate high standards of integrity, probity and ethical leadership. Further, as a director of Co-op Bank Mr Flowers had agreed specifically to uphold high standards of conduct consistent with the values of the Bank.
- 2.4. Mr Flowers failed to discharge his responsibilities and demonstrated disregard for the standards and requirements that he was expected to meet. The manner and degree to which Mr Flowers fell below the standards required of him – in particular during the period in which he held this position of trust and influence – makes his failings sufficiently serious to warrant a prohibition.
- 2.5. Specifically, Mr Flowers, whilst Chair of Co-op Bank:
- (1) on several occasions in the period 22 May 2011 to 16 June 2011, used his work mobile telephone for personal use to call a premium rate chat line, in breach of the Co-op Group Expenses Policy. In July 2011 he received a warning from the Co-op Bank about his telephone use. Mr Flowers apologised for his 'foolishness' and was required to repay all costs incurred; and
 - (2) on several occasions in the period 27 February 2012 to 22 November 2012 and 14 April 2013 to 5 June 2013 used his work email account to send and receive sexually explicit and otherwise inappropriate messages and to discuss illegal drugs, in breach of the Co-op Group Code of Conduct for Directors and the Co-op Group Computer Use Policy.
- 2.6. After Mr Flowers had left office he was convicted for possession of illegal drugs, the penalty for which was a fine of £400 from Leeds Magistrates' Court.
- 2.7. Mr Flowers explained to the Authority that his actions in April to June 2013 occurred in the context of difficult personal circumstances and pressures he was under at the time. The Authority does not consider that Mr Flowers' difficult personal circumstances provide an adequate explanation or justification for his misconduct.

2.8. The misconduct outlined at paragraph 2.5 occurred notwithstanding that Mr Flowers had agreed to uphold high standards, as the Chair of Co-op Bank, as an Approved Person and as a Methodist Minister. Mr Flowers has demonstrated through his actions that he lacks the readiness and willingness to comply with standards to which he is subject, including those of the regulatory system. As such, he lacks the fitness and propriety required to operate in the financial services industry.

Sanction

2.9. The Authority hereby makes an order pursuant to section 56 of the Act prohibiting Mr Flowers from performing any function in relation to any regulated activity carried on by any authorised or exempt persons or exempt professional firm, on the grounds that he is not a fit and proper person.

2.10. Mr Flowers has demonstrated an unwillingness to comply with the requirements and standards of the regulatory system and with other legal, regulatory and professional requirements and standards. Taken together, this pattern of disregard for standards that he is expected to meet demonstrates a lack of integrity.

2.11. Mr Flowers' failure to act with integrity and the attendant negative publicity, which came to public attention after his departure from Co-op Bank, is such that he does not have the requisite reputation to carry on functions in the financial services industry. Any future involvement by Mr Flowers in the financial services industry risks undermining consumer and market confidence.

2.12. The regulatory action taken with respect to Mr Flowers supports the Authority's operational objective of protecting and enhancing the integrity of the UK financial system. It underlines the importance placed by the Authority on those in senior positions at authorised firms conducting themselves in a manner consistent with the high standards expected of them.

3. DEFINITIONS

3.1. The definitions below are used in this Final Notice.

“the Act” means the Financial Services and Markets Act 2000.

“Approved Person” means a person in relation to whom the Authority or the PRA has given its approval under section 59 of the Act (Approval for particular arrangements) for the performance of a controlled function.

“the Authority” means the body corporate previously known as the Financial Services Authority and renamed on 1 April 2013 as the Financial Conduct Authority.

“Co-op Bank” means Co-operative Bank plc.

“Co-op Group” means Co-operative Group Limited.

“Corporate Governance Guidance” means the guidance referred to in paragraph 4.13 of this Notice.

“EG” means the Enforcement Guide.

“FIT” means the Fit and Proper Test for Approved Persons.

“NED” means Non-Executive Director.

“Tribunal” means the Upper Tribunal (Tax and Chancery Chamber).

4. FACTS AND MATTERS

BACKGROUND

Co-op Bank

- 4.1. Co-op Bank is a UK bank which provides high street and internet banking, current accounts, mortgages, savings accounts, credit cards and loans to individuals and businesses.
- 4.2. Until 20 December 2013, Co-op Bank was a wholly-owned subsidiary of Co-operative Banking Group, which in turn was a wholly-owned subsidiary of Co-op Group. Co-op Group is one of the UK’s largest mutual businesses, owned by

millions of UK customers. It is a registered society within England and Wales and has interests across food, funerals, insurance and legal services.

- 4.3. From 21 December 2013, Co-op Bank ceased to be a wholly-owned subsidiary of Co-op Group, although Co-op Group continued to have an investment in the bank until 2017.

The Co-op Bank Board

- 4.4. The Board which Mr Flowers was appointed to Chair comprised 21 members made up of 6 Executive and 15 NEDs. This was larger than Corporate Governance Guidance at the time considered preferable. The consequence of a large Board is the increased risk of an adverse impact on, among other things, individual contributions, group dynamics, the ability of the Board to properly discuss matters and the Board's ability to perform its role properly.
- 4.5. The Co-op Bank Board was made up of directors with banking and non-banking backgrounds. It included sizeable representation from its sole shareholder at the time, Co-op Group, whose members were typically elected to represent the values and principles of the Co-operative and not necessarily because they provided banking expertise.

Mr Flowers' appointment as Chair of Co-op Bank

- 4.6. In its capacity as the sole shareholder of Co-op Bank up until 20 December 2013, Co-op Group was responsible for appointing the Chair of Co-op Bank. On 15 April 2010 it appointed Mr Flowers as Chair of Co-op Bank and Deputy Chair of Co-op Group. Mr Flowers had served as a NED on the Co-op Bank Board since 29 May 2009.
- 4.7. Mr Flowers was a longstanding member of the Co-operative movement. He had served in roles on Boards of a variety of co-operative, religious, local authority and charitable organisations, including as Chair.
- 4.8. Mr Flowers was one of four candidates for the role of Co-op Bank Chair. The selection process conducted by Co-op Group consisted of a psychometric test followed by an interview with the Co-op Group Chair and two other members of the Co-op Group Board. A unanimous decision to appoint Mr Flowers was

presented to the Co-op Bank and the Co-op Group Boards and approved by both. The nature of the selection process underscored the importance that Co-op Bank placed on the selection of its Chair. Mr Flowers recognised this, describing the selection process as 'rigorous and considerable.'

- 4.9. During the period in which Mr Flowers was Chair of Co-op Bank, the Authority did not approve the appointment of Chairs. It had previously approved Mr Flowers to perform the CF2 Controlled Function (Non-Executive Director), which he held from 29 May 2009 to 5 June 2013. Although there was no requirement for the Authority to approve Co-op Group's appointment of Mr Flowers as Chair, the Authority had a clear interest in the governance of firms and engaging with senior management; it therefore met with Mr Flowers in March 2010 to discuss his prospective appointment.
- 4.10. Following the March 2010 meeting, the Authority wrote to Co-op Bank and Mr Flowers, noting that he would bring a diverse range of experiences to the Board but that it would be beneficial for him as Chair to increase areas of his technical banking knowledge.

THE REQUIREMENTS OF A CHAIR

- 4.11. All people working in the UK financial services industry must maintain the requisite standards of fitness and propriety to perform their roles. The Chair of a bank holds a special position of trust and influence. Their honesty, integrity and reputation, as well as their competence and capability, can have a significant impact on their bank and upon confidence in the wider financial services industry. The standards expected of Chairs are therefore necessarily of a high order. In the case of Mr Flowers, this was reflected in various Corporate Governance Guidance available over the period 2006 to 2012, as well as the internal requirements that Co-op Bank placed on its Chair.

Corporate Governance Guidance

- 4.12. The importance placed upon the role of Chair was set out in various Corporate Governance Guidance that was publicly available at the relevant time. That guidance took the form of voluntary codes of conduct, good practice, codes and recommendations and did not constitute standalone legal or regulatory duties.

Such guidance, however, provided a clear articulation of the standards expected of a Chair.

4.13. Examples of the relevant Corporate Governance Guidance, which included standards of integrity, probity and ethical leadership, included:

- (1) Financial Reporting Council: Good Practice Suggestions from the Higgs Report (June 2006);
- (2) Financial Reporting Council: The Combined Code on Corporate Governance (June 2008);
- (3) A review of corporate governance in UK banks and other financial industry entities – Final Recommendations (26 November 2009);
- (4) Financial Reporting Council: The UK Corporate Governance Code (June 2010);
- (5) Financial Reporting Council: Guidance on Board Effectiveness (March 2011); and
- (6) Financial Reporting Council: The UK Corporate Governance Code (September 2012).

4.14. The Corporate Governance Guidance recognised that a Chair was expected to demonstrate the highest standards of integrity and probity. For example, the Financial Reporting Council: Guidance on Board Effectiveness (March 2011) stated that the Chair's role included 'demonstrating ethical leadership' and also that:

'Good boards are created by good chairmen. The chairman creates the conditions for overall board and individual director effectiveness.

The chairman should demonstrate the highest standards of integrity and probity, and set clear expectations concerning the company's culture, values and behaviours, and the style and tone of board discussions.'

- 4.15. Former Board members interviewed by the Authority underscored these expectations. One said Mr Flowers was required to 'set the tone from the top' and, according to another, he was obliged to be a role model for fellow directors and employees.
- 4.16. The importance placed upon the role of Chair is also evident from the nature of the Chair's role and the high expectations of them. By way of illustration, the Corporate Governance Guidance:
- (1) stated that the Chair occupied a pivotal and wholly special position between the Executives and NEDs in the leadership of the Board, playing a central role in facilitating the important support and challenge by the Board of management;
 - (2) recommended that a Chair have the benefit of both relevant financial industry experience and a track record of successful leadership capability in significant Board positions. The Corporate Governance Guidance emphasised the importance of the latter and stated that if a Chair lacked relevant industry experience then an appropriate development programme should be put in place; and
 - (3) stated that the Chair was responsible for ensuring that directors received accurate, timely and clear information and that they had sufficient time to consider it for the purposes of performing their roles.
- 4.17. In its Financial Statements Co-op Bank stated that, with limited exceptions not relevant to this Notice, it considered itself compliant with the principles and provisions of the Combined Code on Corporate Governance and the UK Corporate Governance Codes.

Co-op Bank requirements

- 4.18. Consistent with the expectations set out in the Corporate Governance Guidance, Co-op Bank had specific and high expectations of its Chair. These were set out in Co-op Bank's internal policies, and confirmed publicly through its financial statements (which were approved by the Board).

- 4.19. Co-op Bank's financial statements for the years ending 2010, 2011, 2012 and 2013 stated that the Board was responsible for setting the values and governance standards for the Bank. Mr Flowers, as Chair, was responsible for leading the Board in achieving its objective of setting those values and standards. Co-op Bank placed responsibility on its Board, led by Mr Flowers, to ensure that the Bank's affairs were conducted and managed in accordance with the Co-operative values and principles, which included acting in accordance with the ethical values of honesty, openness, social responsibility and caring for others.
- 4.20. Co-op Bank Financial Statements also stated that the Chair was responsible for leading the Board in the determination of its strategy and in the achievement of its objectives. The Chair was personally responsible for organising the business of the Board, ensuring its effectiveness and setting its agenda. The Chair was also responsible for facilitating the effective contribution of directors and constructive relations between the Executive and NEDs, and had responsibility for ensuring directors received accurate, timely and clear information.
- 4.21. In addition, Co-op Group and Co-op Bank had a number of internal policies which contained standards that Mr Flowers was expected to meet. These included:
- (1) The Code of Conduct for Directors. This Code contained requirements relating to the personal conduct of directors. These included the requirements that: (i) 'Directors must not bring the [Co-operative] Society into disrepute'; and (ii) 'Directors must uphold the values of the [Co-operative] Society';
 - (2) The Computer Use Policy, which included the requirements that: (i) 'You must not send emails or visual content that are illegal, obscene, discriminatory, inaccurate, defamatory, derogatory or libellous'; (ii) 'You must not send communications or visual content that discriminate, harass, harm, offend or insult others...'; and (iii) 'You must not use systems for unlawful purposes including any criminal activity...'; and
 - (3) The Expenses Policy, which required mobile telephones to be used for 'business purposes only.' This requirement was set out in the policy in bold capital letters.

MR FLOWERS' CONDUCT: INTEGRITY AND REPUTATION

4.22. Mr Flowers lacks the integrity and reputation required to work in the financial services industry. His conduct shows that he disregarded and failed to comply with the requirements and standards expected of him. This has been demonstrated through Mr Flowers':

- (1) use of his work mobile telephone in breach of the Expenses Policy;
- (2) use of his work email account in breach of the Code of Conduct for Directors and the Computer Use Policy; and
- (3) conviction for possession of illegal drugs.

4.23. Mr Flowers' failings are particularly serious because:

- (1) the requirements and standards that Mr Flowers was subject to were specific and known to him;
- (2) his failings span a significant period of time (namely 22 May 2011 to 7 May 2014) and demonstrate that Mr Flowers was unwilling to comply with the requirements and standards of the regulatory system and with other legal, regulatory and professional requirements and standards to which he was subject;
- (3) Mr Flowers was in his own words 'signally involved' in the drawing-up of the Code of Conduct for Directors. It was a Code drafted by the Co-op Group's Remuneration and Appointments Committee, which Mr Flowers Chaired; and
- (4) the misconduct occurred notwithstanding that Mr Flowers had agreed to uphold high standards both as an Approved Person and as a Methodist Minister. In January 2017 Mr Flowers was removed from the list of ministers of the Methodist Church after he admitted to 'seriously impairing the mission, witness or integrity of the Church.'

Work mobile telephone

- 4.24. On nine separate occasions in the period 22 May 2011 to 16 June 2011, Mr Flowers used his work mobile telephone for personal use to call a premium rate chat line, in breach of the Expenses Policy. Mr Flowers received a formal warning from Co-op Bank on 7 July 2011 about the telephone calls and was required to repay the costs incurred.
- 4.25. Mr Flowers admitted in interview with the Authority that the use of his work mobile telephone in this manner was contrary to the terms of the Expenses Policy and that his actions had been 'foolish'.

Work email account

- 4.26. Mr Flowers used his work email account in a manner that was inconsistent with the high standards expected of him, as well as the specific internal Co-op Group and Co-op Bank requirements of the Code of Conduct for Directors and the Computer Use Policy. Mr Flowers' disregard for the requirements to which he was subject occurred notwithstanding that he had already been formally warned about the inappropriate use of his work mobile telephone in 2011.
- 4.27. On several occasions in the period 27 February 2012 to 22 November 2012 and 14 April 2013 to 5 June 2013 Mr Flowers used his work email account to send and receive a number of inappropriate messages. The Authority has reviewed emails to and from Mr Flowers' work email account that contain sexually explicit and otherwise inappropriate content. Mr Flowers accepted in interview with the Authority that using his work email account in this manner was in breach of the Computer Use Policy and the Code of Conduct for Directors.
- 4.28. Mr Flowers also used his work email account to discuss the purchase, the taking of and offering to provide to others, the following illegal drugs:
- (1) cocaine (classified by the Misuse of Drugs Act 1971 as a Class A drug);
 - (2) gammahydroxybutrate or GHB (classified by the Misuse of Drugs Act 1971 as a Class C drug); and

- (3) ketamine (classified at the relevant time by the Misuse of Drugs Act 1971 as a Class C drug).

4.29. Mr Flowers accepted in interview that using his work email account to discuss purchasing, taking and offering to provide to others illegal drugs, as described above, was in breach of the Computer Use Policy. Mr Flowers did not accept that such conduct breached the provisions of the Code of Conduct for Directors. However, the Authority considers that Mr Flowers' conduct did breach the Code of Conduct for Directors in that it brought the Co-operative Society into disrepute.

Conviction for possession of illegal drugs

4.30. On 7 May 2014, Mr Flowers was convicted for the possession of the following illegal drugs:

- (1) cocaine (classified by the Misuse of Drugs Act 1971 as a Class A drug);
- (2) methamphetamine (classified by the Misuse of Drugs Act 1971 as a Class A drug); and
- (3) ketamine (classified at the relevant time by the Misuse of Drugs Act 1971 as a Class C drug).

4.31. The conviction related to an incident which occurred on 9 November 2013, after Mr Flowers had left Co-op Bank and was no longer an Approved Person. It is further evidence of Mr Flowers' unwillingness to comply with the standards and requirements expected of him (in this case under the criminal law). Taken together with the conduct described above, it is further evidence that Mr Flowers lacks a readiness and willingness to comply with the standards expected of him (including those of the regulatory system).

Evidence provided by Mr Flowers and former Board members at interview

4.32. In interview with the Authority, Mr Flowers explained his conduct with respect to the matters set out at paragraphs 4.26 to 4.29 by reference to the difficult personal circumstances and pressures he was under at the time. In terms of his

use of his work email account, he said that during the period 2011 to 2013 he did not have a personal email account. The Authority does not consider that this offers an adequate explanation or justification for his conduct.

- 4.33. Former Board members who the Authority interviewed were critical of Mr Flowers' conduct and considered that it had damaged Co-op Bank and the Co-operative Society more generally. One said Mr Flowers' conduct showed 'recklessness', describing his actions as 'ridiculous' and being 'a million miles away from the values of the Co-operative Society.' Mr Flowers' conduct was particularly damaging as it 'contradicted the strong ethical image of the Bank.'

5. FAILINGS

- 5.1. The regulatory provisions relevant to this Final Notice are referred to in Annex A.
- 5.2. FIT 1.3.1G states that the Authority will have regard to a number of factors when assessing the fitness and propriety of a person.
- 5.3. FIT 1.3.1B G states that the most important considerations will be the person's:
- (1) Honesty, Integrity and Reputation;
 - (2) Competence and Capability; and
 - (3) Financial Soundness.
- 5.4. As a result of the facts and matters described above, Mr Flowers' conduct has fallen short of the minimum regulatory standards and the Authority considers he is, therefore, not fit and proper because he lacks the requisite integrity.
- 5.5. Mr Flowers' conduct demonstrates a lack of integrity as he:
- (1) used his work mobile telephone in breach of the Expenses Policy;
 - (2) used his work email account in breach of the Code of Conduct for Directors and the Computer Use Policy; and
 - (3) was convicted for possession of illegal drugs.

- 5.6. This misconduct occurred notwithstanding that Mr Flowers had agreed to uphold high standards as the Chair of Co-op Bank, as an Approved Person and as a Methodist Minister. The nature of Mr Flowers' conduct demonstrates a disregard for standards and requirements that he is expected to meet, and evidences that Mr Flowers is not ready and willing to comply with the requirements and standards of the regulatory system.
- 5.7. Mr Flowers' failure to act with integrity and the attendant negative publicity, which came to public attention after his departure from Co-op Bank, is such that he does not have the requisite reputation to carry on functions in the financial services industry. Any future involvement by Mr Flowers in the financial services industry risks undermining consumer and market confidence.

6. SANCTION

- 6.1. The Authority considers that it is both necessary and appropriate to prohibit Mr Flowers from performing any function in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm, to protect and enhance the integrity of the UK financial system.
- 6.2. The Authority has had regard to the guidance in Chapter 9 of EG in deciding that it is appropriate to make a Prohibition Order in this case.
- 6.3. The Authority hereby makes a Prohibition Order pursuant to section 56 of the Act prohibiting Mr Flowers from performing any function in relation to any regulated activity carried on by any authorised or exempt person or exempt professional firm.

7. PROCEDURAL MATTERS

- 7.1. This Notice is given to Mr Flowers under and in accordance with section 390 of the Act. The following statutory rights are important.

Decision maker

- 7.2. The decision which gave rise to the obligation to give this Notice was made by the Settlement Decision Makers.

Publicity

- 7.3. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this notice relates. Under those provisions, the Authority must publish such information about the matter to which this notice relates as the Authority considers appropriate. The information may be published in such manner as the Authority considers appropriate. However, the Authority may not publish information if such publication would, in the opinion of the Authority, be unfair to you or prejudicial to the interests of consumers or detrimental to the stability of the UK financial system.
- 7.4. The Authority intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

Authority contacts

- 7.5. For more information concerning this matter generally, contact Nicholas Hills at the Authority (direct line: 020 7066 4162/email: nicholas.hills@fca.org.uk).

Laura Dawes

Head of Department

Financial Conduct Authority, Enforcement and Market Oversight Division

ANNEX A

RELEVANT STATUTORY PROVISIONS

1. The Authority's operational objectives established in section 1B of the Act include the operational objective (amongst others) to protect and enhance the integrity of the UK financial system.
2. Section 56 of the Act provides that the Authority may make an order prohibiting an individual from performing a specified function, any function falling within a specified description or any function, if it appears to the Authority that that individual is not a fit and proper person to perform functions in relation to a regulated activity carried on by an authorised person, exempt person or a person to whom, as a result of Part 20, the general prohibition (in s19 of the Act) does not apply in relation to that activity. Such an order may relate to a specified regulated activity, any regulated activity falling within a specified description, or all regulated activities.

RELEVANT REGULATORY PROVISIONS

Relevant Handbook Provisions

3. The part of the Authority's Handbook entitled '*The Fit and Proper Test for Approved Persons*' (FIT) sets out the criteria that the Authority will consider when assessing the fitness and propriety of a candidate for a controlled function. FIT is also relevant in assessing the continuing fitness and propriety of an Approved Person.
4. FIT 1.3.1 G states that the Authority will have regard to a number of factors when assessing the fitness and propriety of a person. FIT 1.3.1 B G states that the most important considerations will be the person's honesty, integrity and reputation, competence and capability, and financial soundness.
5. The matters to which the Authority will have regard in determining a person's honesty, integrity and reputation include whether a person demonstrates a readiness and willingness to comply with the requirements and standards of the regulatory system and with other legal, regulatory and professional requirements and standards (FIT 2.1.3G (13)).

The Authority's policy for exercising its power to make a Prohibition Order

6. The Authority's policy in relation to Prohibition Orders is set out in Chapter 9 of EG.
7. EG 9.1.1 states that the Authority may exercise this power where it considers that, to achieve any of its statutory objectives, it is appropriate either to prevent an individual from performing any functions in relation to regulated activities or to restrict the functions which he may perform.
8. EG 9.2.2 states that the Authority has the power to make a range of Prohibition Orders depending on the circumstances of each case and the range of regulated activities to which the individual's lack of fitness and propriety is relevant. Depending on the circumstances of each case, the Authority may seek to prohibit individuals from performing any class of function in relation to any class of regulated activity, or it may limit the Prohibition Order to specific functions in relation to specific regulated activities. The Authority may also make an order prohibiting an individual from being employed by a particular firm, type of firm or any firm.
9. EG 9.3.3 states that the FCA may have regard to the cumulative effect of a number of factors which, when considered in isolation, may not be sufficient to show that the individual is not fit and proper to continue to perform a controlled function or other function in relation to regulated activities.
10. EG 9.5.1 states where the Authority is considering making a Prohibition Order against an individual other than an individual referred to in EG 9.3.1 to 9.3.7, the Authority will consider the severity of the risk posed by the individual, and may prohibit the individual where it considers this is appropriate to achieve one or more of its statutory objectives.
11. EG 9.5.2 states when considering whether to exercise its power to make a Prohibition Order against such an individual, the Authority will consider all the relevant circumstances of the case. These may include, but are not limited to, where appropriate, the factors set out in EG 9.3.2. The factors set out in EG 9.3.2 that the Authority considers are most relevant to Mr Flowers are:

- (1) whether the individual is fit and proper to perform functions in relation to regulated activities, including whether the individual has the requisite honesty, integrity and reputation (FIT 2.1) (EG 9.3.2(2));
- (2) the relevance and materiality of any matters indicating unfitness (EG 9.3.2(5)); and
- (3) the severity of the risk which the individual poses to consumers and to confidence in the financial system (EG 9.3.2(8)).