
FINAL NOTICE

To: The Matrix Model Group (UK) Limited

Of: Silkhouse Court, Tithebarn Street, Liverpool, L2 2LZ

FRN: 401319

Date: 31 March 2011

TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS ("the FSA") gives you, The Matrix Model Group (UK) Limited, final notice about a decision to impose a public censure on you.

1. THE ACTION

- 1.1. The FSA gave The Matrix Model Group (UK) Limited ("Matrix") a Decision Notice on 2 February 2011 which notified Matrix that pursuant to section 205 of the Financial Services and Markets Act 2000 ("the Act"), the FSA had decided to impose a public censure on Matrix in respect of breaches of Principles 7 and 9 of the FSA's Principles for Businesses ("the Principles") and associated FSA Rules, between 17 November 2004 and 31 December 2006 ("the relevant period") in relation to its sales of the Geared Traded Endowment Policy ("GTEP") product.
- 1.2. The FSA had originally sought to impose a financial penalty of £45,000. However, Matrix provided verifiable evidence that imposing a financial penalty would cause it serious financial hardship. In the circumstances, the FSA decided that it would not be appropriate to impose a financial penalty. The FSA considers that any available assets that Matrix has should be made available to deal with any outstanding customer issues and redress, if appropriate.
- 1.3. Matrix has not referred the matter to the Upper Tribunal (Tax and Chancery Chamber) within 28 days of the date on which the Decision Notice was given to it.
- 1.4. Accordingly, for the reasons set out below, the FSA has today published a statement about the contravention by Matrix of Principles 7 and 9 of the Principles and associated FSA rules during the relevant period.

2. REASONS FOR THE ACTION

- 2.1. On the basis of the facts and matters described below, the FSA has imposed a public censure on Matrix for breaches of Principles 7 and 9 and related FSA Handbook Rules due to failures in its advice in relation to GTEP products. These failings are set out in summary below and in more detail in sections 4 and 5.

Summary of breaches

Communications with clients

- 2.2. Matrix failed to pay due regard to the information needs of its clients, and communicate information to them in a way which was clear, fair and not misleading, in contravention of Principle 7 by:
- (1) failing to communicate why it had concluded that a GTEP product was suitable for the client; and
 - (2) failing to communicate the characteristics of and risks associated with the GTEP product, also breaching COB 5.4.3R.

Suitability of advice

- 2.3. Matrix also failed to take reasonable care to ensure the suitability of its advice, in contravention of Principle 9 by:
- (1) failing to gather or record adequate Know Your Customer (“KYC”) information, also breaching COB 5.2.5R;
 - (2) failing to match the customer’s attitude to risk to the risk rating of the recommended product; and
 - (3) failing to record adequately why the GTEP product was the most suitable product for the client. In particular, Matrix failed to record evidence of having conducted research on other financial products that could have met the particular client’s needs.
- 2.4. Matrix’s failings are viewed as being particularly serious because it:
- (1) could not demonstrate the suitability of its recommendations;
 - (2) could not demonstrate that it provided its customers with adequate information to ensure that they were in a position to make an informed decision;
 - (3) failed to explain the increased gearing risk to customers who were re-mortgaging their homes to invest in the GTEP product; and
 - (4) advised a number of clients to re-mortgage their homes but did not make clear the risks relating to the gearing of the GTEP product.

- 2.5. The FSA has also taken into account the following steps taken by Matrix, which have served to mitigate its failings:
- (1) following the FSA's visit Matrix instructed independent consultants to review all of its GTEP sales;
 - (2) Matrix contacted all of its clients to highlight the concerns raised by the FSA and complete new client fact find documents; and
 - (3) following the identification of weaknesses in its systems, Matrix has sought to rectify these.

3. RELEVANT STATUTORY PROVISIONS

- 3.1. The relevant statutory provisions, regulatory requirements and FSA guidance are set out in Appendix 1 to this Warning Notice.

4. FACTS AND MATTERS RELIED ON

Background

- 4.1. Matrix was incorporated in 2004 and initially had three offices in Liverpool, Bristol and Hove. When it first started, Matrix had ten shareholder/directors, who had previously all worked together at another authorised firm. Seven of these directors were IFAs.
- 4.2. At present, Matrix has two offices and three directors, two of whom are IFAs. Matrix's main business is the provision of investment advice to retail customers.
- 4.3. Matrix currently holds permission to undertake the following activities:
- (1) Advising (except on pension transfers and pension opt outs);
 - (2) Agreeing to carry on a regulated activity;
 - (3) Arranging (bringing about) deals in investments; and
 - (4) Making arrangements with a view to transactions in investments.

- 4.4. Matrix earned approximately £328,000 commission from the sale of GTEP products during the relevant period and continues to earn a limited amount of trail commission of approximately £2,700 per annum.
- 4.5. Matrix began selling GTEPs shortly after becoming authorised in 2004. Some of the advisers at Matrix had sold GTEPs at a previous employer and so continued to do so once Matrix was set up.
- 4.6. The product provider provided documentation to assist the advisers with the sale of GTEPs. This included brochures, key facts documents and illustrations. Some of the advisers also received training from the product provider.
- 4.7. Prior to any sales Matrix would meet with customers and discuss the GTEP product. In some instances, Matrix's advisers approached potential customers purely in relation to the sale of a GTEP. This was because those potential customers were referred to Matrix by a third party on the basis of a specific interest in a GTEP.
- 4.8. During the initial meetings with clients, Matrix's advisers would complete fact find documents and generally discuss the details of the product. If the customer agreed to invest in the product the adviser would confirm the sale in writing. Following a client's decision to invest in a GTEP, junior employees of Matrix, known as para-planners, would produce the first drafts of suitability reports, which would then be checked and signed off by advisers before being sent to clients.
- 4.9. The FSA visited Matrix in May 2007. Following the visit the FSA raised concerns about Matrix's sales process. In response, Matrix engaged external compliance consultants to review each GTEP that had been sold. As a result of this review, which raised concerns similar to those expressed by the FSA, Matrix contacted all of its clients to highlight the concerns raised by the FSA and complete new client fact find documents. Matrix also sought to rectify the areas of concern by modifying its sales process.

The GTEP product

- 4.10. Traded Endowment Policies ("TEPs") form the basis of the GTEP product. TEPs are with-profits endowment policies (a long term, regular premium savings plan with a life policy attached) which are no longer required by their original holder and have been sold on the secondary market. The purchaser of such policies agrees to pay the remaining premiums on the policy and in return receives the value of the policy at maturity or when the original owner dies, depending on which occurs first. This payout will include both bonuses declared at the time of the sale and subsequent bonuses, though such bonuses are not guaranteed.
- 4.11. Investment in GTEPs involves gearing and is typically funded by the customer using cash savings, funds raised through a mortgage on the investor's home or a charge on a bond already owned by the investor. These funds are used together with a GTEP investment loan to purchase a portfolio of TEPs. The portfolio of TEPs is security for the GTEP investment loan. Once a customer decides to invest, and Matrix sold the product, the product provider would compile the portfolio of TEPs for the GTEP product and arrange the GTEP investment loan at the same time. The GTEP

investment loan is used to fund the TEP premiums and annual review fees payable on the TEPs as well as the monthly withdrawals (income), where required. The GTEP investment loan is designed to be repaid by the maturity values of the TEPs within the portfolio. The investment rationale is that by the time the final TEP matures, the loan will be repaid and any additional capital remaining can be taken as profit by the holder of the GTEP product or used to pay any mortgage that remains outstanding.

- 4.12. The gearing element introduces the following risks to the investment strategy: an interest rate risk and increased exposure to the usual risks of the investment (such as fluctuations in the performance or the underlying TEPs and secondary market demand). These varying levels of gearing are effectively using the strategy of borrowing to invest, which can be a high risk strategy. In order for the investor to make a profit, the product has to outperform the interest rate payable on the loan.
- 4.13. The loan is a rolling facility, meaning that it is renewed on an annual basis, thus allowing for premiums, charges and income to be paid each year during the life time of the plan. The GTEP product provider reviewed each product annually and the lending institution provided the annual loan review. The lending institution will agree to extend the facility for the coming year provided the ratio of loan value (“LV”) to the current surrender value (“CSV”) of the TEPs is within stated parameters. In circumstances where the ratio of LV to CSV is not within stated parameters, the lending institution will not renew the facility. The consequence for the client is serious if the facility is not renewed as the loan is used to pay premiums and income. In certain circumstances, clients may be required to inject further capital into the scheme in order to bring the ratio of LV to CSV within the agreed levels.

Background to the investigation

- 4.14. The FSA conducted a thematic project in relation to GTEPs, which examined the process by which IFAs had advised their customers to invest in the GTEP product. The FSA visited Matrix in May 2007 at part of the thematic project. During the visit the FSA reviewed a sample of GTEP sales.
- 4.15. As a result of this visit, Matrix engaged advisers to carry out a Past Business Review (“PBR”) of the 29 sales of GTEP products. The PBR was carried out by an independent firm of compliance consultants. This review identified similar concerns as those identified by the FSA.

Outcome of the FSA’s investigation

- 4.16. The FSA’s findings in relation to Matrix’s sales of GTEP products are based on the PBR, and the FSA’s own review of ten client files, which support the findings of the PBR.

Communications with clients

- 4.17. As a result of its investigation, the FSA identified the following issues:

- (1) Draft suitability reports were produced by para-planners at Matrix before being signed off by the advisors. Para-planners were employees at Matrix who were not qualified to give investment advice but who assisted the advisors by preparing draft suitability letters, using a structured template.
- (2) The advisors would then ‘top and tail’ the letters and make sure they reflected the conversations with the client.

Suitability of advice

4.18. As a result of its investigation, the FSA identified the following issues:

- (1) The process used to gather and document information about customers’ personal circumstances including information about the customers’ objectives was inconsistent. The FSA found weaknesses in seven of the ten files reviewed. In one case, it was not possible to identify clearly the customer’s objective from the fact find document or file notes. In four cases, the fact find or file notes only stated the customer’s objectives as “retirement planning”, “make use of pension funds”, “investment planning” “estate planning”, “long term investments” or “medium term investments” without a further expansion. In one case, there was no fact find or notes containing relevant information on file. In one case, neither the fact find nor the handwritten notes contained information about the customer’s income requirements that later appeared in the suitability report.
- (2) Matrix did not ensure that the advisors used a consistent approach to the assessment and classification of customers’ attitude to risk. It was not clear from the customer files whether advisors had given consideration to the specific circumstances of each client, for example, if the customer was borrowing to invest or intending to take an income, when assessing the risk of the product.
- (3) The FSA did not find any documentation on customer files that demonstrated that Matrix had researched alternative ways of achieving a customer’s aims and objectives prior to making a recommendation to invest in the GTEP product, given the individual customer’s particular needs and circumstances.

5. ANALYSIS OF BREACHES

Communication with clients

- 5.1. The FSA found that Matrix failed to communicate in a manner that was clear, fair and not misleading. Specifically Matrix:
 - (1) failed to ensure that its suitability letters were specifically tailored to the individual client and set out the risks relevant to that particular client’s circumstances; and

- (2) failed to communicate the characteristics of and risks associated with the GTEP product.
- 5.2. By reason of the facts and matters referred to in paragraph 4.17, Matrix did not ensure that its suitability reports were sufficiently clear and did not appropriately communicate the characteristics of and risks associated with the GTEP product to customers. Suitability letters were drafted by para-planners and the FSA found that advisers did not properly check the quality of the suitability letters to ensure that they were adequate.
- 5.3. The consequences of failing to check the suitability reports properly were that:
 - (1) the content of suitability reports was not tailored to the customer's individual circumstances. In all the files reviewed by the FSA the risk warnings were the same. This had the effect that customers were not expressly warned of the individual risks inherent in the GTEP product in relation to their specific personal and financial circumstances; such as the increased risk (if the source of investment funds was derived from re-mortgaging the customer's home) or that because they had no readily available additional funds to put into the GTEP product should it be necessary, there was a risk that the bank would not extend the loan.
 - (2) Matrix failed to communicate the particular characteristics and risks of the GTEP product to its customers. For example, in seven out of the ten files reviewed by the FSA, the customer was seeking to draw an income from the product. However, in all these cases, the full risk of drawing an income was not adequately explained in the suitability reports. The customer should have explicitly been made aware that any income drawn down from the product was added to the existing loan and this therefore increased the customer's level of debt and the level of risk of the product as the product needed to perform better in order to maintain the required LVR.
- 5.4. As a consequence of these failures, Matrix failed to pay due regard to the information needs of its clients, or communicate with them in a way which was clear, fair and not misleading, in breach of Principle 7. By failing to ensure that clients understood the nature of the risks involved, Matrix breached COB 5.4.3R.

Suitability of advice

- 5.5. By reason of the facts and matters referred to in paragraph 4.18 the FSA found that Matrix failed to:
 - (1) gather and/or record sufficient personal and financial information about clients;
 - (2) explain to its customers why it had concluded that the GTEP product was suitable for each customer; and
 - (3) did not carry out appropriate client specific research into alternative products.

- 5.6. The failure to record full information about clients' objectives and personal and financial circumstances meant that Matrix was unable to demonstrate that the decision to advise a customer to invest in the GTEP product was taken with sufficient information about the customer having been obtained.
- 5.7. Matrix did not ensure that the risk rating of the recommended transaction matched the attitude to risk of the customer in every case. Given that the GTEP product involves a level of gearing, the FSA considers that if a customer also borrows to invest (for example by remortgaging their home), the level of gearing and the corresponding level of risk is considerably higher. This has the effect that the recommendation to invest in GTEP products becomes potentially unsuitable for customers with only a medium attitude to risk (or lower). The risk level is further amplified if a customer wishes to draw an income from the product. This issue of additional gearing and the corresponding impact on the risk of the product does not appear to have been taken into account by Matrix. Three out of the ten GTEP product customer files reviewed by the FSA showed that the customer re-mortgaged their home to invest and all three of these customers classified their attitude to risk as only medium.
- 5.8. Consequently, Matrix was unable to demonstrate that its recommendations to invest in the GTEP product were suitable. Matrix therefore failed to take reasonable care to ensure the suitability of its advice, in breach of Principle 9. By failing to take reasonable steps to ensure that it was in possession of sufficient personal and financial information about the customer, Matrix also breached COB 5.2.5R.

6. ANALYSIS OF PROPOSED SANCTION

Policy on the imposition of a public censure

- 6.1. The FSA's policy in relation to the imposition of a public censure is set out in Chapter 6 of the Decision Procedure and Penalties Manual ("DEPP"), which forms part of the FSA Handbook. DEPP sets out the factors that may be of particular relevance in determining whether it is appropriate to issue a public censure rather than impose a financial penalty. The criteria are not exhaustive and all relevant circumstances of the case will be taken into consideration. Relevant extracts from DEPP are set out in Appendix 1.

Deterrence

- 6.2. The principal purpose of issuing a public censure is to promote high standards of regulatory conduct by deterring persons who have committed breaches from committing further breaches, helping to deter other persons from committing similar breaches and demonstrating generally the benefits of compliant behaviour.
- 6.3. A public censure will deter Matrix from further breaches of regulatory rules and Principles. In addition, other firms will be deterred from allowing similar failings to occur and it will therefore promote the message to the industry that the FSA expects firms to maintain high standards of regulatory conduct. The public censure will reinforce the message that the FSA expects firms to be able to evidence the suitability

of their advice to customers and to communicate with customers in a clear, fair and not misleading way.

The financial resources and other circumstances of the firm

- 6.4. The facts and matters set out above demonstrate that Matrix has breached Principles 7 and 9. The FSA would have imposed a financial penalty of £45,000 were it not for the financial hardship that a financial penalty would cause Matrix.
- 6.5. The principal purpose of a financial penalty is to promote high standards of regulatory conduct by deterring firms who have committed breaches from committing further breaches, and helping to deter other firms from committing similar breaches, as well as demonstrating generally the benefits of compliant behaviour.
- 6.6. In determining whether a financial penalty is appropriate the FSA is required to consider all the relevant circumstances of a case. Applying the criteria set out in the DEPP 6.2.1 (regarding whether or not to take action for a financial penalty or public censure) and 6.4.2 (regarding whether to impose a financial penalty or a public censure), the FSA considers that a financial penalty is an appropriate sanction, given the serious nature of the breaches, the risks created for customers of Matrix and the need to send out a strong message of deterrence to other firms of the consequences of recommending a course of action to its customers without demonstrating the suitability of those recommendations.
- 6.7. DEPP 6.5.2 (applicable to conduct before 6 March 2010) sets out a non-exhaustive list of factors that may be of relevance in determining the level of a financial penalty. The FSA considers that the following factors are particularly relevant in this case.

The seriousness of the breach in question

- 6.8. In determining the appropriate sanction, the FSA has had regard to the seriousness of the breaches, including the nature of the requirements breached, the duration and frequency of the breaches, whether the breaches revealed serious failings in Matrix's systems and controls and the number of customers who were affected and/or placed at risk of loss.
- 6.9. Matrix's failings are viewed as being particularly serious because it:
 - (1) could not demonstrate the suitability of its recommendations;
 - (2) could not demonstrate that it provided its customers with adequate information to ensure that they were in a position to make an informed decision; and
 - (3) failed to explain the increased gearing risk to customers who were re-mortgaging their homes to invest in the GTEP product.
- 6.10. The FSA has also taken into account the steps taken by Matrix following the FSA's visit, which have served to mitigate its failings. Matrix instructed independent consultants to review all of its GTEP sales and Matrix also spoke to all of its clients to

highlight the concerns raised by the FSA and complete new client fact find documents.

The extent to which the breach was deliberate or reckless

- 6.11. The FSA has found no evidence to show that Matrix acted in a deliberate or reckless manner.

The impact on Matrix

- 6.12. In determining the appropriate sanction the FSA has considered the following issues:
- (1) Matrix's latest financial statements; and
 - (2) the cost of the remedial action.
- 6.13. The FSA had sought to impose a financial penalty of £45,000. However, as Matrix has provided verifiable evidence that imposing a financial penalty would cause it serious financial hardship, the FSA has decided that it would not be appropriate.

The amount of benefit gained or loss avoided

- 6.14. The FSA notes that Matrix made £328,000 in commission from the sale of GTEP products during the relevant period and continues to earn a limited amount of trail commission of approximately £2,700 per annum.

Conduct following the breach

- 6.15. Matrix has been proactive in taking steps to rectify its shortcomings as described in paragraph 6.10 above.

Disciplinary record and compliance history

- 6.16. Matrix has not been the subject of previous disciplinary action.

Other action taken by the FSA

- 6.17. In determining the appropriate sanction, the FSA has taken into account sanctions imposed by the FSA on other authorised persons for similar behaviour. This was considered alongside the principal purpose for which the FSA imposes sanctions, namely to promote high standards of regulatory conduct by deterring persons who have committed breaches from committing further breaches and helping to deter other persons from committing similar breaches, as well as demonstrating generally the benefits of compliant business.

7. DECISION MAKER

- 7.1. The decision which gave rise to the obligation to give this notice was made by the Regulatory Decisions Committee.

8. IMPORTANT

- 8.1. This Final Notice is given to Matrix in accordance with section 390 of the Act.

Publicity

- 8.2. 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 FSA must publish such information about the matter to which this notice relates as the FSA considers appropriate. The information may be published in such manner as the FSA considers appropriate. However, the FSA may not publish information if such publication would, in the opinion of the FSA, be unfair to you or prejudicial to the interests of consumers.
- 8.3. The FSA intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

FSA contact

- 8.4. For more information concerning this matter generally, you should contact Anna Hynes of the Enforcement and Financial Crime Division of the FSA (direct line: 0207 066 9464; fax: 0207 066 9465).

Tom Spender
FSA Enforcement and Financial Crime Division

APPENDIX 1

1. RELEVANT STATUTORY PROVISIONS, REGULATORY REQUIREMENTS AND GUIDANCE

Statutory Provisions

- 1.1. The FSA's statutory objectives, as set out in section 2(2) of the Act, include the protection of consumers and maintaining market confidence.
- 1.2. Section 138 of the Act provides that the FSA may make such rules applying to authorised persons as appear to it to be necessary or expedient for the purpose of protecting consumers.
- 1.3. To enable the appropriate discharge of its functions, FSMA provides the FSA with certain powers. Section 205 of FSMA provides:

“If the Authority considers that an authorised person has contravened a requirement imposed on him by or under this Act, the Authority may publish a statement to that effect”.

Relevant Handbook Provisions

- 1.4. In exercising its power to impose a financial penalty, the FSA must have regard to relevant provisions in the FSA Handbook of rules and guidance (“the FSA Handbook”). The main provisions relevant to the action specified above are set out below.

Principles for Businesses

- 1.5. Under the FSA’s rule-making powers as referred to above, the FSA has published in the Handbook the Principles which apply either in whole, or in part, to all authorised persons.
- 1.6. The Principles are a general statement of the fundamental obligations of firms under the regulatory system and reflect the FSA’s regulatory objectives. A firm may be liable to disciplinary sanction where it is in breach of the Principles.
- 1.7. Principles which are relevant to this matter are:

Principle 7 (Communications with clients) which provides that:

“A firm must pay due regard to the information needs of its clients, and communicate information to them in a way which is clear, fair and not misleading.”

Principle 9 (Customers: relationships of trust) which provides that:

“A firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for any customer who is entitled to rely upon its judgment.”

Conduct of Business Rules (COB)

- 1.8. The relevant provisions of the module of COB (which was in force during the relevant period) are as follows:

COB 5.2.5R requires that before a firm gives a personal recommendation concerning a designated investment to a private customer, it must take reasonable steps to ensure that it is in possession of sufficient personal and financial information about that customer relevant to the services that the firm has agreed to provide; and

COB 5.4.3R requires that a firm must not, amongst other things, make a personal recommendation of a transaction to a private customer unless it has taken reasonable steps to ensure that the private customer understands the nature of the risks involved.

Decision Procedures and Penalties (“DEPP”)

- 1.9. The FSA's policy in relation to the issue of public censures is set out in Chapter 6 of DEPP which forms part of the FSA Handbook. It was previously set out in Chapter 12 of the Enforcement Manual (ENF), to which the FSA has also had regard. The principal purpose of issuing a public censure is to promote high standards of regulatory conduct by deterring persons who have committed breaches from committing further breaches, helping to deter other persons from committing similar breaches and demonstrating generally the benefits of compliant behaviour.

- 1.10. The relevant section of DEPP is 6.4.2 which states:

The criteria for determining whether it is appropriate to issue a public censure rather than impose a financial penalty are similar to those for determining the amount of penalty set out in DEPP 6.5. Some particular considerations that may be relevant when the FSA determines whether to issue a public censure rather than impose a financial penalty are:

- (1) whether or not deterrence may be effectively achieved by issuing a public censure;
- (2) if the person has made a profit or avoided a loss as a result of the breach, this may be a factor in favour of a financial penalty, on the basis that a person should not be permitted to benefit from its breach;
- (3) if the breach is more serious in nature or degree, this may be a factor in favour of a financial penalty, on the basis that the sanction should reflect the seriousness of the breach; other things being equal, the more serious the breach, the more likely the FSA is to impose a financial penalty;
- (4) if the person has brought the breach to the attention of the FSA, this may be a factor in favour of a public censure, depending upon the nature and seriousness of the breach;

- (5) if the person has admitted the breach and provides full and immediate co-operation to the FSA, and takes steps to ensure that those who have suffered loss due to the breach are fully compensated for those losses, this may be a factor in favour of a public censure, rather than a financial penalty, depending upon the nature and seriousness of the breach;
- (6) if the person has a poor disciplinary record or compliance history (for example, where the FSA has previously brought disciplinary action resulting in adverse findings in relation to the same or similar behaviour), this may be a factor in favour of a financial penalty, on the basis that it may be particularly important to deter future cases;
- (7) the FSA's approach in similar previous cases: the FSA will seek to achieve a consistent approach to its decisions on whether to impose a financial penalty or issue a public censure; and
- (8) the impact on the person concerned. In exceptional circumstances, if the person has inadequate means (excluding any manipulation or attempted manipulation of their assets) to pay the level of financial penalty which their breach would otherwise attract, this may be a factor in favour of a lower level of penalty or a public statement. However, it would only be in an exceptional case that the FSA would be prepared to agree to issue a public censure rather than impose a financial penalty if a financial penalty would otherwise be the appropriate sanction. Examples of such exceptional cases could include where there is:
 - (a) verifiable evidence that a person would suffer serious financial hardship if the FSA imposed a financial penalty;
 - (b) verifiable evidence that the person would be unable to meet other regulatory requirements, particularly financial resource requirements, if the FSA imposed a financial penalty at an appropriate level; or
 - (c) in Part VI cases in which the FSA may impose a financial penalty, where there is the likelihood of a severe adverse impact on a person's shareholders or a consequential impact on market confidence or market stability if a financial penalty was imposed. However, this does not exclude the imposition of a financial penalty even though this may have an impact on a person's shareholders.