
FINAL NOTICE

To: **Perspective Financial Management Limited**

FRN: 178690

Date: 24 January 2011

TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS ("the FSA") gives final notice about the imposition of a financial penalty:

1. PENALTY

- 1.1 The FSA gave Perspective Financial Management Limited ("PFM") a Decision Notice on 18 January 2011 which notified PRM that pursuant to section 206 of the Financial Services and Markets Act 2000 (the "Act"), the FSA had decided to impose a financial penalty of £49,000 on PFM. This penalty is in respect of breaches of Principles 3, 7 and 9 of the FSA's Principles for Businesses ("the Principles"), during the period between 6 April 2006 and 30 April 2008 ("the relevant period").
- 1.2 PFM has agreed that it will not be referring the matter to the Upper Tribunal (Tax and Chancery Chamber).
- 1.3 Accordingly, for the reasons set out below, the FSA imposes a financial penalty in the amount of £49,000.

- 1.4 PFM agreed to settle at an early stage of the FSA's investigation and therefore qualified for a 30% (Stage 1) discount under the FSA's executive settlement procedures. Were it not for this discount, the FSA would have imposed a financial penalty of £70, 000 on PFM.

2. REASONS FOR THE PENALTY

- 2.1 The FSA has imposed a financial penalty on the basis of the facts and matters described in more detail in section 4, below. These failings relate to advice given by PFM to customers during the relevant period to transfer their existing pension arrangements into a personal pension plan ("PPP") or self invested personal pension ("SIPP").

- 2.2 PFM failed to take reasonable care to ensure the suitability of its advice, in breach of Principle 9. This gave rise to a risk of unsuitable advice being given. In a number of individual cases, transacted during the relevant period, that were looked at by the FSA, there was evidence of unsuitable advice being given to customers. Specifically, PFM:

- (1) gave unsuitable advice to its customers to transfer their existing pension arrangement into PPPs or SIPPs;
- (2) promoted and subsequently advised 14 customers to invest pension funds, via a SIPP, in an unregulated collective investment scheme ("UCIS") without ensuring that those customers fell within the relevant exemptions to the general restriction on the promotion of UCIS, contained within section 238 of the Act, exposing these customers to the risk of being sold investments that may not have been suitable for their needs. It appears to the FSA following a review of four of these customers' files and following interviews with directors and employees of PFM that these customers did not fall within one of the exemptions which would have permitted the Firm to promote the UCIS directly to them;
- (3) failed to take into account the customers' needs and circumstances when making recommendations; and

- (4) failed to obtain, record and retain sufficient information about its customers' needs and circumstances to support its assessment of suitability.
- 2.3 PFM failed to pay due regard to the information needs of its clients, and communicate information to clients in a way which was clear, fair and not misleading, in breach of Principle 7. Specifically, documentation regarding pension switching produced by PFM and disclosed to clients contained insufficient and/or unclear information. This prevented clients from making informed decisions about the recommendations being made by PFM.
- 2.4 PFM failed to take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems, in breach of Principle 3. Specifically:
 - (1) PFM failed to monitor adequately the quality of advice being given by its advisers to customers to switch from one pension arrangement to another and did not take steps to update its compliance monitoring arrangements in spite of recommendations received from PFM's internal compliance manager ("the compliance manager") and from an external compliance consultant engaged by PFM ("the external consultant"); and
 - (2) PFM did not put in place any system or procedure which would ensure that it only recommended investments in a UCIS to those customers who fell within the relevant exemptions.
- 2.5 The FSA regards these failings as particularly serious because:
 - (1) pension switches require careful consideration of a customer's attitude to risk, of the benefits being given up and, as a pension is a long term investment, the long term impact of charges. Customers who are not advised properly can suffer substantial financial losses, which may not become apparent until the customer retires;
 - (2) PFM employed the external consultant to conduct quarterly file reviews. The external consultant expressed a number of concerns which included concerns about the quality of pension switching advice provided by PFM's advisers.

However, PFM failed to address these issues.

- 2.6 PFM was acquired by Perspective Financial Group Limited (“the Group”) in April 2008. All the misconduct referred to in this Notice took place prior to the Group’s acquisition of PFM.
- 2.7 The FSA considers that the failings identified have been mitigated to a considerable extent by PFM’s decision to make significant changes to its organisational, governance and compliance arrangements. This programme of change began following PFM’s acquisition by the Group in April 2008 and was accelerated following an FSA visit to PFM in June 2008. The changes include carrying out pre-submission checks on all pension transfer cases and UCIS cases, weekly management information being provided to PFM’s senior management and enhanced key performance indicators for individual advisers. In addition, PFM has not conducted any UCIS business since 2008.

3. RELEVANT STATUTORY AND REGULATORY PROVISIONS

- 3.1 The relevant statutory provisions and regulatory requirements are set out at Annex A to this Final Notice.

4. FACTS AND MATTERS RELIED ON

Background

- 4.1 On 6 April 2006 (“A-Day”), the Government introduced changes to simplify the tax rules for personal and occupational pensions in the UK. In particular, limits to the amount that could be paid into a personal pension were removed, although restrictions on the amount of tax-free cash that could be taken from personal pensions remained. Additionally, from A-Day, alternatives to drawing a pension as an annuity become available. Following these changes many advisers reviewed their clients’ existing pension arrangements. These reviews led to a significant increase in advice given to customers to transfer their existing pension arrangements into PPPs or SIPP.
- 4.2 In light of the significant increase in pension switches the FSA become concerned that consumers may have been switched into pension products which carried high charges and had features or additional flexibility that customers did not need. The FSA was

also concerned about whether firms' management oversight and compliance monitoring of this type of advice were robust enough to detect and prevent unsuitable advice and ensure fair outcomes for customers.

- 4.3 In the summer of 2008, the FSA commenced Phase 1 of a thematic review of pension switching advice, looking at pension switches made since A-Day. For the purposes of the FSA thematic review a pension switch was defined as advice to switch from any occupational or individual pension scheme to an individual PPP or SIPP.
- 4.4 In December 2008, the FSA published a report on the findings of Phase 1 of the thematic review. The report noted that the FSA had visited 30 firms and assessed 500 customer files. A quarter of the firms visited were assessed as providing unsuitable advice in a third or more of the cases sampled. Overall, unsuitable advice was found in 16% of cases reviewed.
- 4.5 In February 2009, the FSA published guidance on assessing the suitability of pension switches, setting out the standards the FSA expects in relation to pension switches and the action firms should take to ensure that customers receive suitable advice.
- 4.6 The FSA wrote to over 4,500 firms to summarise its findings, to ask them to consider past and future sales in light of the findings and to take remedial action where necessary. The FSA then undertook a further programme of firm assessments in the latter half of 2009 in Phase 2 of the thematic review.

The Firm

- 4.7 PFM is an IFA based in Milton Keynes and Wilmslow with approximately 20 advisers and has been authorised and regulated by the FSA since 1 December 2001.
- 4.8 PFM has conducted 210 pension switches in the two years since A-Day and approximately 30 of these have been into SIPPs.

Sales process

- 4.9 PFM identified pension switches as 'high risk' products and attempted to put in place controls to mitigate the risk of customers receiving unsuitable advice. The

controls included risk rating advisers and pre-submission and post sale file checking. However, the FSA identified a number of procedural failings which were:

- (1) the pre-submission and post sale checks did not assess overall suitability of advice;
- (2) the pre-submission checks failed to identify that the cost comparisons were inaccurate and suitability letters were misleading;
- (3) the pre-submission checks identified a number of procedural failings in relation to specific advisers yet despite this the individuals advisers were 'signed off' as competent; and
- (4) although management information was collected, it was not effectively monitored or acted upon by senior management.

CONDUCT IN ISSUE

Suitability of advice

4.10 The FSA reviewed nine client files where advice was given by PFM on pension switches and a further four files where advice was given by PFM to invest in a UCIS.

4.11 Deficiencies in the steps taken by PFM to ensure the suitability of its pension switching advice were found in around 75 % (nine files) of the 13 files reviewed (five out of the nine pensions switching files reviewed and all of the four UCIS files reviewed). In particular, PFM failed to:

- (1) obtain and/or record sufficient "know your client" ("KYC") information to establish its clients' needs and objectives to demonstrate that the advice to switch was suitable (COB 5.2.5R / COBS 9.2.2R);
- (2) ensure that sufficient information was recorded on fact finds about customers' objectives (COB 5.2.5R / COBS 9.2.2R);
- (3) ensure that there was a process for assessing and recording customers' attitude

to risk in a consistent manner (COB 5.2.5R / COBS 9.2.2R); and

- (4) ensure that the customers who were recommended to invest in a UCIS fell within the exemptions under COB 3.11.2 (which was the relevant part of the FSA's Handbook in force at the time that the UCIS was being promoted) or The Financial Services and Markets Act 2000 (Promotion of Collective Investments Schemes) (Exemptions) Order 2001 (SI 2001/1060). This exposed customers to a risk of being given unsuitable investment advice.

4.12 PFM could not demonstrate that it had considered the needs and circumstances of each customer prior to making a recommendation for the customer to switch their pension because (COB 5.2.5R / COBS 9.2.2R):

- (1) details of the existing scheme were not adequately recorded and/ or obtained;
- (2) there was no evidence that alternative products had been discussed, including considering whether alternative funds within the customer's existing scheme(s) may have been suitable;
- (3) illustrations and suitability reports did not reflect the actual charges of the recommended product. Cost comparisons were provided for cash funds whereas the customer had been recommended managed funds with higher management charges. The costs of discretionary management services were also excluded;
- (4) where the customers' attitude to risk did not meet the product's risk rating there was no explanation why the recommendation was considered nonetheless suitable; and
- (5) PFM failed to make and retain records of product research to demonstrate the choice of the product and/or the product provider.

4.13 PFM's failure to ensure the suitability of its pension switching advice gave rise to unsuitable advice being given. In over 60 % (five cases) of the nine files reviewed the FSA considered there to be evidence that unsuitable recommendations had been made (COB 9.2.1R(2)). A summary of the client files where the FSA found evidence of

unsuitable sales is set out in Annex B. In summary:

- (1) recommendations to switch pension arrangements were made where the new product was almost identical to the existing scheme and the customer incurred costs associated with the switch which were unnecessary; and
- (2) the recommendation to switch exposed customers to a higher level of risk than they had stated that they were prepared to take.

Communications with clients

4.14 PFM failed to communicate its recommendations to customers in a way which was clear, fair and not misleading.

4.15 The file reviews highlighted that PFM's suitability reports did not explain adequately the reasons for, or the suitability of, recommendations for its customers. Specifically, PFM's suitability reports (COB 1.9R / COBS 2.2.1R (1)):

- (1) did not reflect its customers' individual circumstances. Suitability reports contained standard generic phrases rather than being tailored specifically to each customer;
- (3) failed to explain why PFM had concluded that the recommended pension switch was suitable for the particular customer, having regard to the customer's personal and financial circumstances;
- (3) did not contain details of the ceding scheme, as a result customers could not compare the cost of the new scheme with the ceding scheme on a like for like basis;
- (4) contained insufficient information on the cost of extra services (such as discretionary fund management) for clients to be able to make an informed decision on whether they were happy to pay for the additional charges on the recommended product; and
- (5) provided inadequate information about alternative advice or products, for

example the possibility of remaining in an existing scheme but changing funds was not discussed with customers.

Systems and controls

- 4.16 PFM failed to put in place adequate systems and controls to mitigate the risk of customers receiving potentially unsuitable advice. The facts and matters referred to above at paragraphs 4.12 and 4.13 are repeated, particularly PFM's failures to ensure that there was a process in place for assessing and recording customers' attitude to risk in a consistent manner and failure to make and retain records of product research to demonstrate why a particular product and/or product provider had been selected.
- 4.17 PFM employed the external consultant to conduct quarterly file reviews. The external consultant reviewed a minimum of 10% of each adviser's business. Amongst the files reviewed were a number containing advice given by PFM to customers to make pension switches. PFM received a series of reports ("the reports") from the external consultant between 14 July 2006 and 11 April 2007. The reports highlighted the following significant concerns with pension switching:
- (1) generally the risk profile used in suitability reports contradicted the risk profile used in the fact find. The external consultant advised PFM to adopt a standardised approach to risk profiling its customers; and
 - (2) the quality of advice being given by three advisers ("the advisers").
- 4.18 Despite the fact that the external consultant had expressed concern about the quality of advice being given by the advisers, two of the advisers were subsequently signed off as competent by PFM and in 2007 and 2008 these advisers were appointed as supervisors of other more junior staff at PFM.

5. ANALYSIS OF BREACHES

- 5.1 For the reasons set out in paragraphs 4.10 to 4.18 above, the FSA has concluded that PFM failed to take reasonable care to ensure the suitability of its advice, in breach of Principle 9. Specifically, PFM failed to obtain, record and retain sufficient information about its customers' needs and circumstances to support its assessment of

suitability, failed to ensure that its customers were provided with sufficient information to enable them to make properly informed decisions and failed to monitor adequately the quality of advice being given by its advisers. These defects caused unsuitable advice to be given in some instances as PFM advised its customers to transfer their existing pension arrangements into PPPs or SIPP, without taking into account the individual needs and circumstances of customers.

5.2 By reason of the facts and matters referred to in paragraph 4.14 to 4.15 above, the FSA has concluded that PFM has failed to pay due regard to the information needs of its clients, and communicate information to its clients in a way which is clear, fair and not misleading, in breach of Principle 7. Specifically, suitability reports issued by PFM did not contain enough information or contained confusing and/or contradictory information which made it difficult for clients to make informed decisions.

5.3 By reason of the facts and matters referred to in paragraphs 4.16 to 4.18 above, the FSA has concluded that PFM failed to take reasonable care to organise and control its affairs responsibly and effectively, in breach of Principle 3. Specifically, PFM had been put on notice by the external consultant that there were problems in the way it had classified its customers' attitude to risk and in relation to the quality of advice being given and, despite having a mechanism in place for such matters to be escalated to its senior management, PFM did not address these issues.

6.0 ANALYSIS OF SANCTION

6.1 The FSA's policy on the imposition of financial penalties is set out in Chapter 6 of the Decision Procedures and Penalties Manual ("DEPP") which forms part of the FSA Handbook. When determining the appropriate level of financial penalty the FSA has also had regard to Chapter 13 of the Enforcement Manual ("ENF"), the part of the FSA's Handbook setting out the FSA's policy on the imposition of financial penalties which was in force until 27 August 2007 and to Chapter 7 of the Enforcement Guide ("EG"), in force thereafter.

6.2 The principal purpose of imposing a financial penalty 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 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 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 PFM 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.
- 6.4 DEPP 6.5.2 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.

Deterrence: DEPP 6.5.2G(1)

- 6.5 A financial penalty would deter PFM from committing further breaches. Equally, other authorised firms will be encouraged to improve their systems and controls in relation to the advice process; this in turn promotes the message to the industry that the FSA expects firms to maintain high standards of regulatory conduct. The fine will reinforce the message that the FSA expects firms to be able to evidence the suitability of their advice to customers.

The nature, seriousness and impact of the breach: DEPP 6.5.2G(2)

- 6.6 The FSA has considered the nature and seriousness of the breaches that occurred during the relevant period, including the nature of the requirements breached; the number and duration of the breaches; the extent to which the breaches revealed serious or systemic weaknesses in PFM's management systems or internal controls; and the loss or risk of loss caused to consumers.

The extent to which the breach was deliberate or reckless (DEPP 6.5.2(3))

- 6.7 Although the FSA found no evidence that the conduct in issue was deliberate, we concluded that there was a significant risk to customers arising from the deficiencies in the monitoring of the quality of advice by PFM's advisers in respect of pension switching recommendations during the relevant period and that this risk has crystallised in a small number of cases where unsuitable advice has been given.

Other action taken by the FSA (or a previous regulator): DEPP 6.5.2(G)(10)

- 6.8 In determining the appropriate sanction, the FSA took into account sanctions imposed by the FSA on other firms for similar behaviour.

The size, financial resources and other circumstances of the firm: DEPP 6.5.2G(5)

- 6.9 The FSA had no evidence to suggest that that PFM cannot afford the proposed penalty.

Conduct following the breach: DEPP 6.5.2G(8)

- 6.10 PFM has co-operated fully with the FSA's investigation.
- 6.11 Following its acquisition by the Group PFM has made significant changes to its organisational, governance and compliance arrangements.
- 6.12 Additionally on 3 December 2009, PFM appointed a skilled person ("the skilled person") under section 166 of the Act to review 41 higher risk pension switches, to assess whether the advice given was unsuitable, whether the unsuitable advice caused the customer any loss and the extent of that loss and to identify any changes that needed to be made to systems and controls to prevent similar issues arising in the future.

Disciplinary record and compliance history: DEPP 6.5.2G(9)

- 6.13 PFM has not been the subject of previous disciplinary action by the FSA.

7. DECISION MAKERS

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

8. IMPORTANT

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

Manner of and time for Payment

8.2 The financial penalty must be paid in full by PFM to the FSA by no later than 7 February 2011, 14 days from the date of the Final Notice.

If the financial penalty if not paid

8.3 If all or any of the financial penalty is outstanding on 7 February 2011, the FSA may recover the outstanding amount as a debt owed by PFM to the FSA and due to the FSA

Publicity

8.4 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 PFM or prejudicial to the interests of consumers.

8.5 The FSA intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

FSA contacts

8.6 For more information concerning this matter generally, PFM should contact Mario Theodosiou (direct line: 020 7066 5914/ fax 020 7066 5915) of the Enforcement and Financial Crime Division of the FSA.

Tom Spender
Head of Department
FSA, Enforcement and Financial Crime Division

Annex A

STATUTORY PROVISIONS, REGULATORY GUIDANCE AND POLICY

1. Introduction

- 1.1. The FSA's statutory objectives, set out in section 2(2) of the Act, are: market confidence; public awareness; the protection of consumers; and the reduction of financial crime.
- 1.2. The FSA has the power, pursuant to section 206 of the Act, to impose a financial penalty of such amount as it considers appropriate where the FSA considers an authorised person has contravened a requirement by or under the Act.

Principles for Businesses

- 1.3. The Principles are a general statement of the fundamental obligations of firms under the regulatory system and reflect the FSA's regulatory objectives. They derive their authority from the FSA's rule-making powers as set out in the Act and reflect the FSA's regulatory objectives. The relevant Principles breached are as follows:
 - (1) Principle 9 (Customers: relationships of trust): A firm must take reasonable care to ensure the suitability of its advice and discretionary decisions for customer who is entitled to rely upon its judgment;
 - (2) Principle 7 (Communications with clients): 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; and
 - (3) Principle 3 (Management and control): A firm must take reasonable care to organise and control its affairs responsibly and effectively, with adequate risk management systems.

Financial Penalties

- 1.4. The FSA's approach to taking disciplinary action is set out in Chapter 2 of EG. In deciding to take the proposed action the FSA has also had regard to the appropriate provisions of ENF which was in force until 27 August 2007 and therefore during part of the relevant period. Imposing financial penalties and public censures shows that the FSA is upholding regulatory standards and helps to maintain market confidence, promote public awareness of regulatory standards and deter financial crime. An increased public awareness of regulatory standards also contributes to the protection of consumers.
- 1.5. The FSA's policy on the imposition of financial penalties is set out in chapter 6 of DEPP (which came into force on 28 August 2007) which is a module of the FSA's Handbook of rules and guidance (and, previously, ENF). The principal purpose of imposing a financial penalty 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 (DEPP 6.1.2G and previously ENF 13.1.2).
- 1.6. The FSA will consider the full circumstances of each case when determining whether or not to take action for a financial penalty. DEPP 6.2.1G (and previously ENF 12.3.3) sets out guidance on a non-exhaustive list of factors that may be of relevance in determining whether to take action for a financial penalty, which include the following:
 - (a) DEPP 6.2.1G(1) and previously EG 12.3.3(2): The nature, seriousness and impact of the suspected breach;
 - (b) DEPP 6.2.1G(2) and previously 12.3.3(3): The conduct of the person after the breach;
 - (c) DEPP 6.2.1G(3) and previously ENF 12.3.3(4): The previous disciplinary record and compliance history of the person;
 - (d) DEPP 6.2.1G(4): FSA guidance and other published materials; and

- (e) DEPP 6.2.1G(5) and previously ENF 12.3.3(5): Action taken by the FSA in previous similar cases.

1.7. The FSA will consider all the relevant circumstances of a case when it determines the level of financial penalty. DEPP 6.5.2G sets out guidance on a non-exhaustive list of factors that may be of relevance when determining the amount of a financial penalty, which include:

- (a) DEPP 6.5.2G(1): Deterrence;
- (b) DEPP 6.5.2G(2) and previously ENF 13.3.3(1): The nature, seriousness and impact of the breach in question;
- (c) DEPP 6.5.2G(5) and previously ENF 13.3.3(3): The size, financial resources and other circumstances of the person on whom the penalty is to be imposed;
- (d) DEPP 6.5.2G(8) and previously ENF 13.3.3(5): Conduct following the breach;
- (e) DEPP 6.5.2G(9) and previously ENF 13.3.3(6): Disciplinary record and compliance history; and
- (f) DEPP 6.5.2G(10) and previously ENF 13.3.3(7): Other action taken by the FSA.

Conduct of Business Rules

In force until 31 October 2007

- 1.8. 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
- 1.9. 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.

- 1.10. COB 3.11.2R and COB 3.11.3 G allows a firm to communicate an invitation or inducement to participate in an unregulated collective investment scheme if either;
- (a) the communication falls within COB 3 Annex 5 R or;
 - (b) the communication is exempt from the scheme promotion restriction under the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001.

In force from 1 November 2007

- 1.11. COBS 2.2.1R (1) provides that a firm must provide appropriate information to a client about the firm and its services and also about costs and associated charges, so that the client is reasonably able to understand the nature and risks offered so that the client is able to take investment decisions on an informed basis.
- 1.12 COBS 9.2.1R (2) requires that a firm must take reasonable steps to ensure that a personal recommendation, or a decision to trade, is suitable for its client.
- 1.13 COBS 9.2.2 R requires that;
- (1) a firm must obtain from the client such information as is necessary for the firm to understand the essential facts about him and have a reasonable basis for believing, giving due consideration to the nature and extent of the service provided, that the specific transaction to be recommended, or entered into in the course of managing:
 - (a) meets his investment objectives;
 - (b) is such that he is able financially to bear any related investment risks consistent with his investment objectives; and
 - (c) is such that he has the necessary experience and knowledge in order to understand the risks involved in the transaction or in the management of his portfolio.

- (2) The information regarding the investment objectives of a client must include, where relevant, information on the length of time for which he wishes to hold the investment, his preferences regarding risk taking, his risk profile, and the purposes of the investment.
- (3) The information regarding the financial situation of a client must include, where relevant, information on the source and extent of his regular income, his assets, including liquid assets, investments and real property, and his regular financial commitments