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**FINAL NOTICE**

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**To:** Noel Heaney trading as Heaney Finance

**Of:** 46 Longstone Street  
Lisburn  
County Antrim  
BT28 1TP

**FRN:** 301594  
**Individual ref:** NVH00002

**Dated:** 27 November 2009

**TAKE NOTICE: The Financial Services Authority of 25 The North Colonnade, Canary Wharf, London E14 5HS (“the FSA”) gives you, Noel Heaney trading as Heaney Finance, final notice about an order prohibiting you from performing any function in relation to any regulated activity carried on by any authorised person, exempt person or exempt profession firm and about the cancellation of your Part IV permission.**

**1. ACTION**

1.1. The FSA gave you, Noel Heaney trading as Heaney Finance, a Decision Notice on 27 October 2009 (“the Decision Notice”) which notified you that it had decided to:

- (1) make an order pursuant to section 56 of the Financial Services and Markets Act 2000 (“the Act”) prohibiting you from performing any function in relation to any regulated activity carried on by any authorised person, exempt person or exempt professional firm (the “Prohibition Order”), because you are not a fit and proper person in terms of integrity, competence and capability; and

- (2) cancel your Part IV permission pursuant to section 45 of the Act, because you are failing and likely to continue to fail to satisfy Threshold Condition 5 (Suitability).
- 1.2. You did not refer the matter to the Financial Services and Markets Tribunal within 28 days of the date on which the Decision Notice was given to you.
- 1.3. Accordingly the FSA hereby makes an order, pursuant to section 56 of the Act, prohibiting you from performing any function in relation to any regulated activity carried out by an authorised person, exempt person or exempt professional firm and has cancelled your Part IV permission pursuant to section 45 of the Act. The Prohibition Order and the cancellation of your Part IV permission take effect from 27 November 2009.

## **2. REASONS FOR THE ACTION**

- 2.1. The FSA concluded on the basis of the facts and matters set out below and your representations made in a communication dated 4 September 2009 that, between 31 October 2004 and 3 July 2008 (the “Relevant Period”), you failed:
  - (1) in breach of Principle 1 (Integrity) of the FSA’s Principles for Businesses (the “Principles”) to conduct your business with integrity by failing to take remedial steps identified by two compliance consultants and the FSA, the implementation of which might otherwise have helped to ensure that your authorised business complied with regulatory requirements;
  - (2) in breach of Principle 3 (Management and control) to take reasonable care to organise and control the affairs of your authorised business responsibly and effectively, with an adequate risk management system in that you:
    - (a) delegated the day to day running of your authorised business, including responsibility for ensuring compliance with regulatory requirements, to an employee who was not suitable to undertake the role and who was not properly supervised or competent to undertake the work;
    - (b) failed to take reasonable steps to ensure that the advisers employed by you were trained and supervised adequately and that their advice was monitored adequately;
    - (c) failed to take reasonable steps to counter the risk that your business might be used to further financial crime in circumstances where the FSA has found evidence that customers used your business to apply for mortgages on a fraudulent basis (e.g. because you failed to give guidance to individuals to whom you had given responsibility for the day to day running of your authorised business);
    - (d) did not collect management information about your authorised business which might otherwise have enabled you to make informed decisions about the management of your business; and

- (e) failed to operate a complaint handling procedure during the Relevant Period;
  - (3) in breach of Principle 7 (Communications with clients), to communicate information to customers in a way which was clear, fair and not misleading by:
    - (a) failing to disclose adequately to customers the fees payable by them and the scope of the service provided by your authorised business; and
    - (b) failing to state in paperwork provided to clients of a second mortgage business that this second business was simply another trading name for you, and not making it clear that it was not separately authorised by the FSA by failing to put your name and details on the paperwork; and
  - (4) in breach of Principle 11 (Relations with regulators) to co-operate with the FSA by failing to comply, in any respect, with a notice served on you pursuant to section 166 of the Act which required you first to nominate and then to appoint a skilled person to report on the suitability of mortgage advice given by your advisers. You also failed to take remedial steps identified by the FSA, the implementation of which might otherwise have helped to ensure that your authorised business complied with regulatory requirements.
- 2.2. As a sole trader, you were the authorised person. You were responsible for ensuring that your business was run in accordance with regulatory guidance and standards. You were therefore responsible for the failures referred to in this Notice.
- 2.3. The FSA considered that the failures summarised above were particularly serious because:
- (1) your customers were exposed to the risk of entering into mortgage contracts which were unsuitable for them, on the basis that your advisers were unclear about the sales process, they were not properly supervised and their work was not properly monitored; and
  - (2) the FSA saw evidence which indicated that some of your customers may have used your business to submit mortgage applications containing false or misleading information, which means that lenders may have entered into mortgage contracts with customers based on false and misleading personal and financial information.
- 2.4. The FSA considered that action should be taken against you in support of the FSA's consumer protection and financial crime objectives. In addition, you pose a risk to lenders and so to confidence in the financial system. Therefore the action was also taken against you in support of the FSA's market confidence objective.

### **3. STATUTORY PROVISIONS, REGULATORY GUIDANCE AND POLICY**

3.1. The relevant statutory provisions, regulatory guidance and policy are set out as an Annex to this Notice.

### **4. FACTS AND MATTERS RELIED ON**

#### **Background**

4.1. You were an authorised person and a sole trader operating in Lisburn, County Antrim. You operated as a mortgage and general insurance broker. You did not provide advice yourself. You employed three mortgage advisers. You also employed an office manager and two administrators. As the authorised person, you were responsible for the operation of your business and for ensuring that it complied with regulatory requirements.

4.2. With effect from 31 October 2004, you were authorised by the FSA to carry on the following regulated activities in relation to regulated home finance:

- (1) agreeing to carry on a regulated activity;
- (2) advising on regulated mortgage contracts; and
- (3) arranging regulated mortgage contracts.

4.3. With effect from 14 January 2005, you were authorised by the FSA to carry on the following regulated activities in relation to insurance mediation:

- (1) advising (ex pension transfers/opt outs);
- (2) arranging deals in investments; and
- (3) making arrangements.

4.4. On 2 July 2008, you agreed to vary your Part IV permission on a voluntary basis so as to cease conducting regulated activities from that date pending the outcome of the FSA's investigation.

#### **Principle 3 (Management and control)**

##### **Management and monitoring of employees**

4.5. You delegated all responsibility for the day to day operation of your business, including responsibility for ensuring that your business complied with regulatory requirements, to an employee ("Employee A").

4.6. You failed to put in place any formal reporting structure for Employee A. You did not supervise or monitor the work of Employee A or make any arrangements for training and professional development of Employee A.

4.7. You helped Employee A with work relating to accounts and with the completion of forms required to be submitted to the FSA, but you expected Employee A to consult the FSA website to gain an appropriate understanding of compliance issues.

- 4.8. This is of particular concern because Employee A, who was employed from September 2007 to May 2008, told the FSA that they had no previous compliance experience or experience of the mortgage industry, and they accepted that they were not therefore suitably experienced to undertake the role.
- 4.9. There was no adequate arrangement for the training, supervision and monitoring of your mortgage advisers. Employee A indicated to the FSA that their lack of understanding of the mortgage advice process meant that they were not able to make a proper assessment of whether the advisers were following an appropriate sales process or making recommendations that were suitable. You acknowledge that Employee A was not able to adequately supervise the advisers, and that you did not supervise Employee A or provide Employee A with the necessary training and support to carry out this supervisory role.
- 4.10. Consequently, the FSA concluded that there was no adequate system in place to monitor the work done by your advisers and that the work of your mortgage advisers was not properly checked. In May 2007, your external compliance consultant advised you to introduce a file reviewing process. You delegated responsibility for implementation of this recommendation to Employee A.
- 4.11. Below are some examples of the consequences of the absence of a documented sales process and lack of appropriate training, supervision and monitoring of your mortgage advisers:
- (1) Adviser A never advised customers seeking a re-mortgage to contact their existing lender to see if the existing lender would offer the customer a better deal, because they did not know about that option.
  - (2) Advisers A and B did not realise that net monthly disposable incomes should be used to calculate affordability.
  - (3) Adviser B sourced mortgage contracts for customers before they had undertaken an assessment of the customers' financial circumstances.
- 4.12. There was no formal gathering of management information at your business, which might otherwise have enabled you to review patterns of business and to identify anomalies and risks. You therefore had no formal means of reviewing whether your business complied with regulatory requirements, such as the requirement to treat customers fairly, the requirement to take reasonable care to ensure the suitability of mortgage advice, and the requirement to take reasonable care to establish and maintain effective systems and controls for countering the risk of your business being used to further financial crime. This is of concern given that you delegated management and compliance responsibility to Employee A, and it appears that your business was used to commit mortgage fraud.
- 4.13. Two of your mortgage advisers told the FSA that they would take the information provided by customers at face value. The FSA checked the income information declared by ten of your mortgage customers with Her Majesty's Revenue and Customs ("HMRC"). In nine of those cases, the information declared by the customers on their mortgage applications was inconsistent with records kept by HMRC. In three cases, HMRC had no records for the customers. It therefore appears

that nine of your customers submitted mortgage applications to lenders which contained false or misleading information about their incomes. The FSA has concluded that you failed to put in place any systems or training to help mitigate the risk of your business being used to commit mortgage fraud.

- 4.14. When the FSA spoke to your advisers, it was evident that they did not understand the type of service your business provided to customers. For example:
- (1) one of your advisers thought the business made non-advised sales whereas you told the FSA that throughout the Relevant Period all of your mortgage sales were advised;
  - (2) another adviser considered there to be no real distinction between the level of service provided in advised and non-advised sales; and
  - (3) on one of your client files, the suitability letter indicated that the recommendation was made on an advised basis, but the fact find recorded it as a non-advised sale.
- 4.15. Another consequence of your management and control failures was poor record keeping which prevented the FSA, and would prevent any other external reviewer of your client files, to determine whether your business made suitable recommendations to customers. For example:
- (1) on one of your client files it was not even possible to determine what mortgage contract was recommended to the customer;
  - (2) another client file contained no evidence of any affordability assessment;
  - (3) on two of your client files, customers' monthly disposable incomes appeared to have been calculated using their gross rather than their net monthly incomes; and
  - (4) there was no evidence on client files that advisers had recorded customers' anticipated retirement ages or that they had considered with the customers the implications of recommending mortgages which extended beyond the customers' retirement ages.
- 4.16. In summary, poor record-keeping meant that it was not possible to ascertain whether advice given was suitable. For example, your advisers failed to record key information regarding your customers' personal and financial circumstances and to keep evidence of any product research that may have been carried out. They also failed in some cases to record reasons why the mortgage recommended was suitable for the customer, and to keep records of conversations with customers. You told the FSA that the failure to keep proper records was a "big weakness."
- 4.17. Given the record keeping failures, there was a risk that your customers were recommended unsuitable mortgage contracts by your advisers.
- 4.18. For example, in one client file where there were more detailed records, it appeared that the customers, who were facing significant financial difficulties, were

recommended an interest-only mortgage with a four year tie-in period, even though they had indicated that they wished to switch to a repayment mortgage after one year. They would be liable to pay £8,000 as an early repayment charge if they moved to a repayment mortgage during the tie-in period. There was no evidence on the file to indicate that this drawback had been discussed with the customers or why the adviser considered the recommended mortgage contract to be suitable in relation to the customers' stated needs.

4.19. The FSA found two other instances of customers having been recommended mortgages that were not consistent with their stated needs and preferences:

- (1) in one case the customers were recommended a mortgage with a four year tie-in period, whereas documents on the file indicated that they did not wish to be tied in; and
- (2) in another case, the customer was recommended an interest-only mortgage contract whereas the fact find on the client file recorded that the customer had requested a repayment mortgage contract.

4.20. As a result of the above the FSA required you to appoint a Skilled Person under section 166 of the Act to review your past business.

### **Complaint handling**

4.21. There was no complaint handling procedure continuously in place at your business during the Relevant Period.

### **Principle 1 (Integrity)**

4.22. Your attention was drawn on various occasions to the possibility that your business was failing to comply with regulatory requirements.

- (1) On 9 May 2007, your external compliance consultant sent you a report setting out the compliance issues that needed to be addressed, including the training and monitoring of your employees and the need to document reasons for recommending mortgage contracts (although the report concluded that the breaches were "minor").
- (2) Later in 2007, one of the mortgage lenders that you dealt with instructed a compliance consultant to report on your business. The report, which set out the action required to comply with regulatory requirements, was sent to you on 3 September 2007. The report highlighted, among other things, the need to demonstrate the affordability of, and evidence the suitability of, recommended mortgage contracts.
- (3) On 23 June 2008, the FSA wrote to you setting out its concerns about your business in respect of your management and control of your business, the training, supervision and monitoring of your employees, and about the suitability of mortgage advice.

- 4.23. You failed to take remedial steps in response to the above. After the FSA notified you in July 2008 that it had appointed investigators, you said that your reason for not having taken remedial steps in response to the FSA's letter of 23 June 2008 was that the 23 June 2008 letter had not been drawn to your attention. This cannot be true because you wrote to the FSA on 27 June 2008 confirming receipt of the 23 June 2008 letter and indicating how you intended to restructure your business by appointing a new partner to set up new systems and controls.
- 4.24. On 29 August 2008 you set out in writing how you intended to remedy the deficiencies in your business but the FSA found no evidence that you took the remedial steps.

#### **Principle 7 (Communications with clients)**

- 4.25. Your fees were not disclosed adequately to customers. For example, the FSA found discrepancies on two client files about the amount of fees payable by these clients. You accepted that the information was misleading and confusing. When the FSA spoke to your advisers, it was evident that they each had a different understanding of the level of fees charged to clients. At the very least, there was a risk that your advisers therefore gave customers misleading information about your fees.
- 4.26. You took over a second mortgage business which had previously been directly authorised by the FSA. The business operated under the authorisation of, "Noel Heaney trading as Heaney Finance" but you used a different trading name.
- 4.27. Documents disclosed to clients of your second business and your website for that business stated that the business was directly authorised and nowhere did it mention that it was merely a different trading name of "Noel Heaney trading as Heaney Finance". The FSA told you in April 2008 that this was misleading. You closed the website but you did not change the business stationery, which meant that you continued to mislead clients.

#### **Principle 11 (Relations with regulators)**

- 4.28. On 27 October 2008, the FSA sent you a notice in accordance with section 166 of the Act requiring you to appoint a skilled person to report on the suitability of mortgage contracts recommended by you and, where unsuitable mortgage contracts had been recommended, to identify appropriate remedial action or redress. On 5 November 2008, you told the FSA that you could not afford to pay for the skilled person's work. The FSA accordingly asked you to submit a statement of assets and liabilities by 13 November 2008. Despite being chased on a number of occasions, you failed to cooperate with the FSA either by appointing a skilled person or by providing a statement of assets and liabilities. In December 2008, you applied to be made bankrupt.

## **5. CONCLUSIONS**

### **Prohibition**

- 5.1. The FSA therefore concluded that you are not a fit and proper person to perform any function in relation to any regulated activity carried on by any authorised person,



exempt person or exempt professional firm. The FSA therefore exercised its powers to make the Prohibition Order against you, pursuant to section 56 of the Act.

#### **Cancellation of Part IV permission**

- 5.2. As a sole trader, you were the authorised person. The FSA concluded that you are not fit and proper and you are failing, and likely to continue to fail, to satisfy Threshold Condition 5 (Suitability).
- 5.3. You were made bankrupt on 15 January 2009 and your purported continuing inability to meet the cost of a skilled person's report led the FSA to conclude you were also failing to satisfy Threshold Condition 4 (Adequate resources).
- 5.4. Accordingly your Part IV permission has been cancelled, pursuant to section 45 of the Act.

#### **6. DECISION MAKER**

- 6.1 The decision that gave rise to the obligation to give this Final Notice was made by the Regulatory Decisions Committee.

#### **7. IMPORTANT**

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

#### **Publicity**

- 7.2. Sections 391(4), 391(6) and 391(7) of the Act apply to the publication of information about the matter to which this Final 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.
- 7.3. The FSA intends to publish such information about the matter to which this Final Notice relates as it considers appropriate.

#### **FSA contacts**

- 7.4. For more information concerning this matter generally, you should contact Chris Walmsley of the Enforcement Division of the FSA (direct line: 020 7066 5894/ fax 020 7066 5895).

**Tom Spender  
Head of Department  
FSA Enforcement Division**

## **Annex**

### **STATUTORY PROVISIONS, REGULATORY GUIDANCE AND POLICY**

#### **Statutory objectives**

FSA's statutory objectives, set out in section 2(2) of the Act, include market confidence, the protection of consumers and the reduction of financial crime.

#### **Prohibition orders**

##### *Relevant statutory provisions*

The FSA has the power, under section 56 of the Act, to make an order prohibiting you from performing a specified function, any function falling within a specified description, or any function, if it appears to the FSA that you are not a fit and proper person to perform functions in relation to a regulated activity carried on by an authorised person. Such an order may relate to a specified regulated activity, any regulated activity falling within a specified description, or all regulated activities.

##### *FSA's policy for exercising its power to make a prohibition order*

The FSA's approach to exercising its powers to make prohibition orders is set out at Chapter 9 of the Enforcement Guide ("EG"). EG 9.1 states that the FSA's power to make prohibition orders under section 56 of the Act helps its work towards achieving its regulatory objectives. The FSA may exercise this power where it considers that, to achieve any of those 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.

EG 9.4 sets out the general scope of the FSA's powers in this respect, which include 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. EG 9.5 provides that the scope of a prohibition order will vary according to, amongst other things, the reasons why he is not fit or proper and the severity of the risk posed by him to the consumers or the market generally.

EG 9.17 to 9.18 provides guidance on the FSA's exercise of its power to make a prohibition order against an individual who is not an approved person. The FSA 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 regulatory objectives. When considering whether to exercise its power to make a prohibition order against such an individual, the FSA will consider all the relevant circumstances of the case, which may include but are not limited to the factors set out in EG 9.9.

EG 9.9 states that the FSA will consider all the relevant circumstances when deciding whether to make a prohibition order. Such circumstances include, but are not limited to, the following factors:

- (1) whether the individual is fit and proper to perform functions in relation to regulated activities. The criteria for assessing fitness and propriety are set out in FIT 2.1 (Honesty, integrity and reputation), FIT 2.2 (Competence and capability) and FIT 2.3 (Financial soundness);

- (2) the relevance and materiality of any matters indicating unfitness;
- (3) the length of time since the occurrence of any matters indicating unfitness;
- (5) the severity of the risk which the individual poses to consumers and to confidence in the financial system; and
- (6) the previous disciplinary record and general compliance history of the individual.

EG 9.10 provides that the FSA may have regard to the cumulative effect of a number of factors.

*Relevant FSA Handbook provisions: Guidance concerning the Fit and Proper Test*

The part of the FSA Handbook entitled “FIT” sets out the Fit and Proper test for approved persons. The purpose of FIT is to outline the main criteria for assessing the fitness and propriety of a candidate applying to become an approved person and FIT is also relevant in assessing the continuing fitness and propriety of an approved person.

The criteria set out in FIT are also relevant in considering whether the FSA may exercise its powers to make a prohibition order against an individual who is not an approved person in accordance with EG 9.9 and EG 9.18.

FIT 1.3.1G provides that the FSA will have regard to a number of factors when assessing a person’s fitness and propriety. Among the most important considerations will be the person’s honesty, integrity and reputation, and the person’s competence and capability.

In determining a person’s honesty, integrity and reputation, FIT 2.1 states that the FSA will have regard to matters including, but not limited to, those set out in FIT 2.1.3G. This guidance includes:

- (1) whether the person has contravened any of the requirements and standards of the regulatory system (FIT 2.1.3G(5)); and
- (2) whether the 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)).

**Cancellation of Part IV permission**

*Relevant statutory provisions*

The FSA is authorised by section 45(2) of the Act to cancel an authorised person's Part IV permission where it appears that an authorised person is failing, or likely to fail, to satisfy the threshold conditions or it is desirable to exercise that power in order to protect the interests of consumers or potential consumers.

Section 41 and Schedule 6 of the Act set out the threshold conditions which are conditions that the FSA must ensure a firm satisfies, and will continue to satisfy, in relation to regulated activities for which it has permission. (For the purpose of the Act and the FSA Handbook, the definition of a “firm” includes sole traders with Part IV permission such as you.)

Paragraph 5 of Schedule 6 to the Act states that the person concerned must satisfy the FSA that he is a fit and proper person having regard to all the circumstances including (a) his connection with any person; (b) the nature of any regulated activity that he carries on or seeks to carry on; and (c) the need to ensure that his affairs are conducted soundly and prudently (threshold condition 5: suitability).

#### *FSA's policy for exercising its power to cancel Part IV permission*

The FSA's policy for exercising its power to cancel Part IV permissions is set out at Chapter 8 of EG. EG 8.13(1) provides that the FSA will consider cancelling a firm's Part IV permission where the FSA has very serious concerns about a firm, or the way its business is or has been conducted.

#### ***Threshold Conditions ("COND")***

COND provides guidance on the Threshold Conditions set out in or under Schedule 6 to the Act (COND 1.2.1G).

#### *Threshold Condition 4: Adequate Resources*

COND 2.4.2G provides that threshold condition 4 (adequate resources), requires the FSA to ensure that a firm has adequate resources in relation to the regulated activities which it carries on. The FSA will interpret 'adequate' as meaning sufficient in terms of quantity, quality and availability and 'resources' as including all financial and non-financial resources and the means of managing its resources.

COND 2.4.3G provides that when assessing this threshold condition, the FSA may have regard to any person appearing to be, or likely to be, in a relevant relationship with the firm, in accordance with section 49 of the Act (Persons connected with the applicant); for example a firm's controllers, its directors or partners, other persons with close links to the firm, and other persons that exert influence over the firm which might pose a risk to the firm's satisfaction of the threshold conditions and would, therefore, be in a relevant relationship with the firm.

#### *Threshold Condition 5: Suitability*

COND 2.5.2G provides that threshold condition 5 requires the firm to satisfy the FSA that it is "fit and proper" to have Part IV permission having regard to all the circumstances, including its connection with other persons, the range of its regulated activities and the overall need to be satisfied that its affairs are and will be conducted soundly and prudently.

COND 2.5.4G and 2.5.6G provide that, when determining whether the firm will satisfy and continue to satisfy threshold condition 5, the FSA will have regard, among other things, to whether a firm conducts, or will conduct, its business with integrity and in compliance with proper standards, which may include whether the firm has been open and co-operative in all its dealings with the FSA and is ready, willing and organised to comply with the requirements and standards under the regulatory system (COND 2.5.6G(1)); whether the firm has contravened, or is connected with any person who has contravened, any provisions of the Act or the regulatory system (COND 2.5.6G(4)); and whether the firm has taken reasonable care to establish and maintain effective systems and controls for compliance with applicable requirements and standards under the regulatory system that apply to the firm (COND 2.5.6G(6)).

COND 2.5.4G and 2.5.7G provide that, when determining whether the firm will satisfy and continue to satisfy threshold condition 5, the FSA will have regard, among other things to whether a firm has, or will have, a competent and prudent management, which may include whether the governing body of the firm is organised in a way that enables it to address and control the regulated activities of the firm (COND 2.5.7G) and whether the firm has made arrangements to put in place an adequate system of internal control to comply with the requirements and standards under the regulatory system (COND 2.5.7G).

### **The FSA's Principles for Businesses**

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 the interests of consumers.

Pursuant to section 138, the FSA has published the Principles which apply either in whole or in part to all authorised persons. Guidance concerning the Principles is set out in the section of the FSA Handbook entitled "Principles for Business" ("PRIN").

The Principles are a general statement of the fundamental obligations of firms under the regulatory system and reflect the FSA's regulatory objectives. Breaching the Principles may call into question whether a firm with Part IV permission is fit and proper for the purpose of threshold condition 5 (Suitability) (PRIN 1.1.4G). The relevant Principles are as follows:

- (1) Principle 1 (Integrity): A firm must conduct its business with integrity.
- (2) 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.
- (3) 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 that is clear, fair and not misleading.
- (4) Principle 11 (Relations with regulators): A firm must deal with its regulators in an open and cooperative way, and must disclose to the FSA appropriately anything relating to the firm of which the FSA would reasonably expect notice.