

# WHERE THE BANKS FAILED

The 10 financial institutions that sold Lehman-linked structured products were rapped yesterday for failing to follow guidelines. Some specific failings are highlighted below.

Hong Leong Finance	OCBC Securities	Phillip Securities	CIMB-GK Securities	Kim Eng Securities	Maybank	ABN AMRO Bank	DBS Bank	UOB Kay Hian	DMG & Partners
<b>EXAMPLES OF LAPSES</b>									
The notes were misclassified as “low to medium risk”. 771 conservative clients bought Minibonds and 111 bought Pinnacle Notes. 428 clients with no investment experience bought notes.	Should have given financial advice to clients who were referred by “introducers”, but failed to do so.	Allowed financial advisers to refer clients after advising them, but one adviser – who made 14 sales – did not provide advice.	Erroneously told some sales representatives that the notes were “moderate” risk when they were in fact high risk.	Sales representatives were emailed write-ups that contained inaccurate or misleading statements about the notes.	In the first weeks of selling Minibond series 1 and 2, the notes were wrongly said to be “conservative” and sold to more than 120 “conservative” and “moderate” clients.	132 sales of Minibonds were made to clients looking for less risky products. A slip up in the risk profile questionnaire also gave 44 clients a higher risk profile than they should have had.	49 relationship managers who did not take the required training test – some did not even attend training – sold High Notes 5 to 303 clients.	Sales representatives who did not attend briefing sessions were allowed to sell the notes.	Sales representatives who did not attend briefing sessions were allowed to sell the notes.
<b>* MINIMUM BAN FOR SELLING NEW STRUCTURED NOTES, STARTING JULY 1</b>									
<b>2</b> YEARS	<b>1</b> YEAR	<b>1</b> YEAR	<b>1</b> YEAR	<b>1</b> YEAR	<b>6</b> MONTHS	<b>6</b> MONTHS	<b>6</b> MONTHS	<b>6</b> MONTHS	<b>6</b> MONTHS

\* Ban will only be lifted after the institution has put in place adequate selling procedures, even if the minimum ban period has passed