Annual Public Meeting

Tuesday, 11 September 2018

Read Charles Randell's speech
Read Andrew Bailey's speech

Q&A

Charles Randell: So, as Andrew said, this is the part of the meeting where we open up for your questions. I am joined on my right, starting from the far end, by Non-executive Directors, Jane Platt and Baroness Sarah Hogg, by Mark Steward our Executive Director of Enforcement and Market Oversight and Georgina Philippou, our Chief Operating Officer. To my left, sitting next to Andrew is Christopher Woolard, the Executive Director of Strategy and Competition, then Megan Butler, our Executive Director of Supervision, Investment, Wholesale and Specialists, and then Jonathan Davidson who is the Director of Supervision, Retail and Authorisations.

So, Mr Samra has submitted the following question on the topic of RBS GRG, which is, 'Why did it take 4 years, and a Section 166 report into RBS, for the FCA to realise that it had no power to regulate the bank?' I am going to direct it, if I may, to Andrew Bailey.

Andrew Bailey: Yes, let me sort of pick up the theme that I developed really in the remarks I made. First of all, although it predates my time as Chief Executive, it is clear that the FCA knew of course that GRG was outside the regulator perimeter. But, as I said, the bar is set lower for conducting an investigation to determine whether there was anything in there, that in a sense connected it into the perimeter and that could result with therefore informal action. So, I think it was entirely appropriate that the 166 report was carried out. As I said, we have done a lot of work in this area, we cannot make a robust connection to the regulatory perimeter that is a matter of fact; we have had that conclusion reviewed by independent counsel.

Now however, let me pick up 2 other points which I think are important. First, nonetheless, because of the public interest in this issue, I think the fact of the matter is that, the report serves an important purpose in its own right, and therefore it stands in its own right. We had obviously a difficult issue again because the legal framework we operate in and we cannot publish that report on our own initiative without RBS' consent, but the Treasury Select Committee did and could and did. That is perfectly understandable.

The second point and final point, just to address your points about 4 years. One of the things, and I have said this in the Treasury Select Committee I think more than once actually, that was quite notable about this Section 166 report. Bear in mind, we do quite a lot of Section 166 reports each year. None of them I say attracts as much interest as this one. It rightly so, attracts a great deal of interest from those who are the victims of GRG, but as I think, I have said to the Treasury Select Committee as many people know, it was hotly and quite stridently opposed by RBS in the early stages. That is quite unusual for a Section 166 report. Usually, we have technical points of detail that have to be cleared up, but we do not get that sort of situation.

As I have said in parliament, we therefore have to do a lot more work of our own in that intervening period to essentially validate the findings, which we did, and we did validate the findings. You can see that because in the language that we used in both summaries, it is the same. Particularly, I would highlight the fact that we pointed to, as the Section 166 report pointed to, that there were parts of the treatment of customers which resulted in widespread

and systematic failings. That was the language as you know from – also from RBS' Treasury Select Committee hearings that they objected to, but we stand by that language very firmly.

Lisa King: The FCA has the power to issue redress schemes, but they fail to effectively monitor implementation. This allows banks to manipulate and abuse the process to the detriment of the consumer. The current system effectively allows the banks to self-regulate and govern their own action. Has the rule of law been abandoned and why is it that the FCA only use – seem to only use the S166 report and not the FSMA S.404 which would be a better redress scheme?

Charles Randell: Okay. Thank you for that. I will pass that question again, if I may, to Andrew.

Andrew Bailey: Yes. Well, it is a very good question, but what I have to do again is point to the fact that there is a difference between activities that are regulated and activities that are not regulated here. Where activities fall within the regulated perimeter, we do have powers to require redress schemes. Where activity falls outside the regulated perimeter, we do not. However, firms do set up redress schemes, which we think is an appropriate and right thing to do, and we do look very carefully at those schemes. The operation of those schemes is something that is covered because, of course, that is current activity by the objectives and the responsibilities of firms, and this is more so today because the senior managers' regime is a whole firm regime and therefore, the responsibilities today, we cannot apply it retrospectively, but the responsibilities today, do apply. But there is this important difference.

But if you let me come back to GRG for a moment and the scheme that is overseen by Sir William Blackburne, that scheme is very important. It does have the characteristic that as a matter of law, it had to be established by the firm, but I can tell you, and I think Sir William is a very independent overseer. He has criticised RBS on a number of occasions and required changes. If you have concerns about the operation of a scheme that are not being addressed by the overseer, then you should tell us.

Charles Randell: Roger Dean's question is, 'Does the FCA have any plans to increase the scope of regulated activity within the commercial lending market specifically aimed at protection for SMEs and smaller limited companies?'

There is a second half, which is, 'Does the FCA feel that within the commercial lending market, arranging loans back by personal guarantees from directors over limited company should become a regulated activity?'

Now if I may, I will direct that question to Chris Woolard.

Christopher Woolard: Thank you. Clearly, the perimeter, the boundary of what we regulate is a matter of parliament. It is not a matter directly for us. It is set by parliament. As Andrew has mentioned a number of times, since a number of the cases that we have already spoken about this morning that has changed in terms of the introduction of the senior managers and certification regime. It does not apply retrospectively, but it does potentially apply to some cases in the future.

There are also some actions that we can take as a regulator in thinking about the protection for SMEs. We did publish a discussion paper on our approach to SME as users of financial services, exploring 2 things, really. Whether the rules that we have inside the perimeter strike the right balance between providing protection for SMEs and avoiding unnecessary requirements, but then also looking at the question of redress within the rules.

Now, following that review, most of the consultation responses that we got about the rules within the perimeter said they were probably striking roughly the right balance. But there was very clearly an issue about access to redress, and the fact that many SMEs struggle to really resolve their disputes, I suppose, through the courts, and also have very little access to alternative means of doing so.

At the beginning of this year, we followed up with a consultation designed to increase the numbers of SMEs who might have access to alternative routes to resolution, particularly through the Financial Ombudsman.

We have also, specifically to the question, opened up the issue of whether individuals who provided personal guarantees or security to certain SMEs or micro-enterprises, should also have the ability to refer complaints to the ombudsman, and we would expect to publish the results and the outcomes of that work later on this year.

Charles Randell: Mr Storer's question is, 'In line with the FCA mission, does the FCA intend to make more of its work public in order to give the public and the regulated community confidence in its decisions and procedures?' Andrew?

Andrew Bailey: The answer simply is, yes, I agree with you, Mr Storer. To give you an example which I have already quoted, it would not normally be the case for us to commit, to undertake the further, more detailed, publication of the outcome and the evidence of the work that we did on GRG in determining the consequence of the investigation, but we think this is entirely appropriate to the public interest. I have been fully committed to that from day one.

To give you another example, something that we have just introduced, which really follows on the work we have done in the last 2 years following the publication of our mission document and then publication of what we are going to call the approach documents, seeking to explain the approach to supervision, to explain the approach to enforcement, the approach to each of our operational objectives, consumers, market integrity, competition.

We have also introduced a new form, ex-post evaluation of the effect of the measures, in particular, the rule making measures that we introduced. We have just published the first of those, which after a period of time, a year or two, once we have got a reasonable body of evidence, we have gone back and assessed whether the evidence, in a sense, aligns with the analysis that we did ahead of introducing those rules, what the consequence of the changes are, and obviously we can draw appropriate conclusions from that. I think that is a very important thing to do.

We learned some interesting things from the first one, which essentially said you have certainly achieved things in the direction of where you intended, but you actually have not achieved as much as you thought you would, fair enough. We are committed to do more of those because I think you are quite right in highlighting the need to do this.

Lorenzo Migliorato: Following on from the internal redress schemes versus FCA mandated action, part of what Richard Lloyd highlighted, the review of the Financial Ombudsman Service following the Channel 4 expose, was that the FOS was essentially crumbling down under the weight of the influx of PPI cases. What he suggested, and ideally would apply in his vision to cases such as GRG as well, was that instead of having each and every single customer go through the individual complaints process and potentially burden the FOS with an equally big influx of cases, he suggested that a much more sensible idea would be for the FCA to mandate

action in these cases, to mandate redress schemes without waiting for the affected customers to submit their own complaints and then see where that ends up and then appeal, etc., etc.

Was he putting the cart before the horse in a sense that would there be action needed on part of parliament for that or is this something that, with the right tools, could be implemented? Thank you.

Charles Randell: Thank you for that question. Can I just start by an observation about Richard Lloyd's independent review into the operation of the Financial Ombudsman Service? Obviously, I and my broad colleagues have been closely in touch with that process. If I may, just to clarify, his review does not say that the Financial Ombudsman Service is crumbling under the weight of PPI complaints. In fact, his review says that consumers can have confidence that the ombudsman provides a service that they should be encouraged to use.

Can I then pass that question on to Chris Woolard?

Christopher Woolard: Yes. In terms of talking about this question of do you have, if you like, mandated schemes versus do you have individual complaints dealt with by the ombudsman. In many, many instances, the actual nature of complaint that is brought will be quite specific to the individual or it will be to do with a group of issues that they are looking into in the past. Often, the ombudsman is the right place to deal with those kinds of questions.

There is the ability, it has already been mentioned already this morning, for the FCA to use what is called the section 404 scheme. So in other words, to put in place a scheme that does deal with arrangements for the compensation of individuals where there have been certain circumstances, where there may have been a very broad class of individuals affected rather than an individual set of circumstances. In those cases, what we do is effectively take a power to bind the ombudsman in those circumstances.

Some of those powers already exist, they are used from time-to-time. However, in doing so, we fetter the discretion of effectively, the ombudsman in deciding those cases. They do need a lot of thought before they are used. They obviously also only work in certain circumstances where you can really look at a pattern of behaviour and say that did apply to everybody in pretty much the same way. That is part of the toolkit now.

Andrew Bailey: Thank you. And just a couple of points to follow-on from that. First of all, you mentioned parliament in your question. That point really comes up in the context of the handling of small firm complaints.

My view, and I have said it a lot of times, is that it is a serious problem that there is no mechanism for handling small firm complaints, which is really appropriate, and that, again, is a reflection of the perimeter. We have consulted on a proposal to extend the ombudsman scheme. I think that is appropriate, particularly for the smaller end of firms, but another proposal that exists, which I have also said I think has much to recommend, which is to introduce the tribunal. The difference really is that the ombudsman is an alternative, dispute resolution mechanism, a tribunal is a legal process.

To do the second, requires parliament. We cannot do the second. It is not within the scope of the FCA, to do the second it would require legislation, so that issue, I am afraid is very clearly with the government, and with parliament.

Peter Crowley (Windsor): Thank you. Question on the interest rates swaps in GRG. When Harold Shipman treated all the grannies, he considered that they were worth more to him dead

than alive. When banks sell interest swaps with corporate loans, the same applies. These swaps are really binary auctions betting against the Bank of England. The FCA and their big 4 cronies condone this behaviour, Lloyds Bank are still selling swaps to medical practices, presumably to help with people's mental health. Will this ever get sorted out, or will it be the next regime which really addresses this point?

Charles Randell: Right. Your question in essence is: should there be a ban on swaps being sold to businesses, is that right?

Peter Crowley: Apology. With full disclosure of the risk, with a credit support annex, for example.

Charles Randell: Right. Okay. Now where should I direct that question?

Andrew Bailey: I will start with that. Let me take you a few parts of what you said. I think it is important that obviously the mis-selling of the past is dealt with. I should say that we have a number of cases that we are looking at, at the moment which involve doctors, doctors' surgeries, GPs. We are looking at it from the point of view of our responsibilities in terms of how the rules work, whether we can see sort of systematic practices in there.

I think I would draw a distinction. I think you made the point really and the point you made right at the end, I would draw the distinction. I think there is a reason why firms want to manage their interest rates exposure and I do not think we should cut that off. I think there are very good reasons why firms should want to manage exposure to interest rates.

As you rightly said, it needs to be done on a basis which is properly understood. I do think there is a merit in your point about ensuring that the appropriate explanations and documentations are there. I think that is a better way into it than restricting access to interest rate hedging.

Michael Mason Mahon: Good morning Mr Chairman, ladies and gentlemen. I am very concerned with how you highlight conduct in the FCA. Conduct is a really very important word for the financial sector. How can people have trust and confidence in the FCA when you allow companies of every minute of every day, to ignore the FCA's Principles for Business? This is what hurts customers and individuals more than anything else. You have discussed HBOS, RBS, Lloyds. Let us look at Aviva, and how you are handling the market abuse investigation. Let us see what happened to Jes Staley at Barclays: smack on the wrist, go away, do not do it again. That was a felony offence, what this man did, in the US, and you just give him a small little fine.

We look at Jes Staley, again, and Ashok Vaswani: the CEO of Barclays Bank and the CEO of Barclays PLC. It is their duty to make sure that that organisation complies not only with the FCA regulations – and I refer to principles of business – but also the FCA rules.

If you look at Principle 1, Principle 2 and Principle 6, which customers are being abused at every turn, and I can guarantee that, only as of an email last night, when are you actually going to make companies adhere to your Principles for Business? The word, gentleman, is principles. If you are not going to show your teeth, they are just going to ignore you.

Mr Bailey, I am terribly sorry, sir. I have always disputed your part here as the CEO. I have questioned it. Are you more concerned about turning around and becoming the next governor of the Bank of England than you are about protecting the British consumer? We have seen the inactions and the costs to people because of the FCA. We only have to look at HSBC.

My final question is, Mr Chairman: Isn't it nice to be nice when you can turn around and throw the customer away?

Charles Randell: I mean, you directed some personal remarks at Andrew Bailey, so I think I should give him the first chance to respond to your question, and then I think Andrew may want to invite other colleagues to respond.

Andrew Bailey: Well, I will ask Mark Steward to comment on the actions that we are taking on the investigatory front, and he may wish to comment on the Staley case. As we have said publicly, the Aviva case is under investigation.

I am just going to pick up on 1 comment you made and just repeat: I have said many times that, as personal matter, I do not spend my time thinking about whatever in my life is going to come next. I spend my time thinking about the job I do today. I have a very large job. It is a very large organisation with very important responsibilities, and I can tell you Mr Mahon, it gets all my attention.

Charles Randell: Okay.

Andrew Bailey: Mark?

Mark Steward: Yes. Sir, I largely agree with what you are saying. The Principles for Business and the conduct rules must be adhered to, they must be enforced when they are not.

I do not think there is anyone at the FCA who has any disagreement with those propositions whatsoever. We have over 500 investigations on foot now looking into those things. There have been more investigations on foot now than there ever have been before, which is why these things are so important.

You mentioned Aviva. We are investigating Aviva, but within weeks of the issue that triggered that investigation, investors received compensation as the result of the action we have taken.

I do not agree with your characterisation of the action taken against Mr Staley. We found that he had acted with significant negligence in his handling of that whistleblowing complaint. As a consequence, not only was all of that in the public eye, in detail, and in our notices, but he was fined nearly a million pounds for what was an isolated piece of negligence rather than a sustained series of dishonest conduct, a very different state of affairs. I think the action we took was timely, and robust, and demonstrated the seriousness of which we take senior management conduct at the FCA.

I accept we are not going to get everything right all the time and we have a lot that we can do to improve, but you should not underestimate the determination we have here to try and do exactly the job that you want us to do.

Nicholas Wilson: I have submitted this question, but I know you will not ask it, so I will do it in person. In your course of your investigations, do you have access to other government bodies or agencies such as the Ministry of Justice? If so, can you explain to me why it is that I submit to you 139,000 records from the Ministry of Justice as proof of HSBC fraud, and you say you cannot authenticate them because they were leaked to me. Can you explain this situation and why you continue to protect HSBC? Thank you.

Andrew Bailey: Well, I cannot personally; I do not know if Mark is familiar with the specific case.

Mark Steward: Look, now, I do not think I can talk about your particular situation. So I am familiar with it.

Nicholas Wilson: [Inaudible] 600,000 people. It is not my situation.

Mark Steward: I am not going to deal specifically with the issue that you have raised. I can answer the question that you have asked about access to records of other government departments. Of course, we have a multitude of relationships and gateways with other government departments in which we exchange information frequently, including information that is provided to us by complainants as well, and we authenticate that information, of course, as part of our normal process. I cannot talk about your particular situation.

Nicholas Wilson: [Inaudible] I am the whistleblower of a billion-pound fraud.

Mark Steward: Which is the reason why I cannot talk about it.

Nicholas Wilson: You agreed with HSBC, voluntarily repay £4 million. Straight away after the complaints commission report, you employed Baroness Hogg who works for John Lewis, who you are supposed to be investigating, and you employed Ruth Kelly, who work for HSBC, who you are supposed to be investigating. You are corrupt.

Charles Randell: Okay, we are going to move on to the next question, please, which is the gentleman over here. Then, may I suggest: I do not, in any way, want to downplay the importance of the topic of RBS GRG, HBOS and some of the related issues around the way in which we conduct investigations and our regulatory perimeter, but I think it is fair to say that further questions in this area are likely to cover ground that we have covered as much as we can today and we have heard your answers. I would quite like then to move on to some other questions in other areas because I know there are people with other important questions. Gentleman down here.

Speaker: Yeah. I wish to challenge a decision made by the Financial Ombudsman Service.

Charles Randell: Okay. Well, I am sorry, sir, but this is really not a place where you can do that because they have their own procedures and –

Speaker: I was –

Charles Randell: We cannot overturn their decisions.

Speaker: I was going to ask for a judicial review. I was going to ask the FCA if it would support my pending judicial review action as an interested third-party.

Charles Randell: All right. Well, I think if you can contact us, please. We cannot really deal with that I think here in that way and in a way that you would understand.

Steve Middleton: I take umbrage with Mr Bailey's position on the recognition or the declaration of credit facilities when it comes to swaps. I recently supplied evidence to the FCA of a rigging or an error in relation to swap credit line that went through the review from RBS where just before the review file was prepared, Treasury actually contacted the local relationship manager and asked him to reduce the credit risk on the file from £3.7 million down to £1.4 million. That information was then submitted in a file note for the review, and the review decision was based upon that erroneous information. Just after the independent review had gone through the file, Treasury then got in touch with the relationship manager and got them to put the credit risk back up to £3.5 million.

Now, the practice involved in this case was a GP's practice, which were heavily targeted by RBS with interest rates swaps on time. I have raised this issue and given the evidence to the FCA, to KPMG, and to RBS. They admit there is an error, which is slightly coincidental error, shall we say, at the same time the file review is being prepared, but none of them were interested in taking any action. If this was not just once single case, but it was systematic, that could mean hundreds of millions did not go back to the healthcare sector, GPs, dentists, other people who work in healthcare because of file rigging by RBS.

Why are the FCA disinterested in actions like this by RBS that may be criminal? Why do the FCA seem to be protecting RBS at all costs?

To put it simply, why should anyone believe that the FCA is not colluding with RBS in these matters to the ongoing detriment of SMEs and consumers? Thank you.

Andrew Bailey: Well, Mr Middleton, the best I could answer that one, I am familiar with the case, and we are by no means disinterested in it. I think we have been in touch with you over the last month or so, on it. You raised it. We would like any further information you have got in the case. We think it is an interesting case. We want to follow the case up. Please do not think that we are disinterested in that case. We are not at all. Anything you can provide us on that case, we will find helpful. That is not on our part a sign of lack of interest.

Steve Middleton: I will just make 1 point on that, Mr Bailey. It is alright saying that, but the bank withholding documentation required that would give you the further evidence in breach of the Data Protection Act, what is the part are you going to give me to get that information?

Andrew Bailey: If you give us the information, we will see what we can do with it.

Charles Randell: Thank you. I am now going to take some more of the questions that were submitted in advance. I have a question from Peter Free. 'Why has the issue of cold calling been allowed to continue without more pressure for action from the FCA specifically with regard to pension transfers?' Chris?

Christopher Woolard: Treasury has consulted on the regulations for a ban on cold calling on pension transfers. It is committed to publicly introduce a ban or legislation for a ban in autumn 2018, so very soon.

We are supportive of that. In fact, I gave evidence to Parliament in support of this and because we believe that a lot of the harm in this particular market comes not particularly from regulated firms but also from unauthorised introducers. Without that public legislation, we would not have a ban that reached those kinds of firms.

The ban, of course, itself will not reduce completely unsolicited approaches, nor will it completely eliminate them. And in particular, it will not prevent cold calls from coming from overseas. However, nevertheless, we think a ban here would send a very clear message to everyone that if you are contacted out of the blue by someone with pensions advice, then that is a scam or most likely to be a scam. It certainly will not be coming from a legitimate source inside the UK.

Charles Randell: Okay. Then I will take a question submitted by Ranil Perera. 'At present, firms authorised in the UK can offer services in EU countries without needing to apply for authorisation in those countries. Are there arrangements to allow those to continue post Brexit? If not, will financial services firms, especially overseas, seek to locate elsewhere in Europe rather than in London? If so, what are the implications for the London as the world

leading financial centre and what can the FCA do to preserve the pre-eminence of UK financial services?'

Now, on one reading, that is 4 questions, but I think there is really 1 question there, so I will take it as a fair question and perhaps I can pass it to you, Andrew.

Andrew Bailey: I will try to get 1 answer. Obviously, to start with, the exit from the EU means that passporting will no longer exist in the form that it exists today. The passporting is obviously a very specific feature of the European single market.

As I said in my remarks at the beginning, we have discussed at length with the government and they are now introducing a temporary permissions regime, which you can think of as a way to effectively bridge, on a temporary basis, the lack of continuity from the removal of the passporting, and that would apply particularly in the absence of a transition arrangement.

Your question really goes, obviously, to the point there, but what is going to be the, what I might call, the steady state permanent future. Well, of course, we cannot tell you the answer to that in a sense that the Brexit settlement, A) is not done, and B) of course, is not being negotiated by the FCA.

However, what I would say is this, and just follow-up remarks I made earlier, we have emphasised very much that we think it is in the interest of all parties that there are open financial markets.

I find it pretty strange, frankly, that if you are a European corporate treasurer, you would not wish to have access to London financial markets. I sometimes wonder whether all European corporate treasurers realise what would be the consequence of not having that access. Therefore, we are strong advocates of open markets.

Now, the government has set out a proposal around what is called expanded equivalence. We and the government have set out, the Chancellor has set out, what we regard as some of the shortcomings of the current equivalence regime that operates, it is patchy in terms of coverage, it can be withdrawn at almost no notice and it takes a different form from the piece of legislation. There is a lot to be said frankly if we could have a mutual agreement which would put that on to a more systematic basis, it seems to me.

I think, and hope and believe that the UK will remain committed to open markets, so I think in terms of outward activity or in terms of people doing activity in the UK, people from outside the UK coming into the UK, some in the UK, remain open, it must be the right thing. As I said many times, and I said in Vienna last week, I hope that the European Union will do the same thing.

Henry Irving (Hansuke Consulting): Both you, Charles and Andrew, have mentioned public value a few times in your remarks. I am just interested to find out what it is and how do you measure it, and how do you measure the FCA's impact on it?

Charles Randell: Excellent. If I may, I think it is an excellent question. It is one of the issues that is uppermost in my mind as incoming chair because I am acutely conscious of our duty to demonstrate public value, but I am also conscious that it is an extremely difficult thing to put hard numbers on all the time. However, with those introductory remarks, perhaps I can pass the baton to Andrew.

Andrew Bailey: I am going to bring Chris in again actually, but let me start by saying, as I said earlier, that we have introduced a new technique for ex-post evaluation of the effects of the measures we take, which I think is an important contributor to that. We are required to and we do actively undertake cost benefits analysis in the proposals we put forward. A major example of that field, as I have mentioned in my remarks, in my opening remarks, would be the asset management market study, for instance, which has major cost benefits around it. However, Chris has developed this sort of idea that you rightly point to around public value.

Christopher Woolard: Thanks, Andrew. We think there are a number of component parts to this. I think we are all familiar with phrases like value for money. That clearly is sort of an underlying part of this, what resources do you spend? Do you actually get to deliver something that is cost effective?

Sitting over and above that, I think the main part of this is, how we are thinking about harm in the markets that we regulate? How do we think about the impact on the public, our individual consumers, our modern society of when things go wrong? Sometimes they are very easy to point to and sometimes actually in our market study process, we find things that may be going on for years and are not wrong, but nevertheless markets are not working in an optimal way. We think that the rules of the game needs to change.

It is how do we set that off – so how do we deal, if you like, with the most harm that we can with the actions that we take as a regulator, and indeed how do we avoid that harm happening in the first place, most often through our supervisory work. It gives us a framework to actually weigh a number of considerations against, and it is about how do we then place our chips when we are deciding our strategy and how do we put our resources in the places when we think we are going to have the most impact and how do we look at that over time.

As Charles said, a lot of these stuff you cannot boil down to the simple one number. It is about trying to take a variety of factors into consideration and having a structured conversation around that and making sure that we really try and act where we can have the most effect.

Charles Randell: Can I just stress that last point that Chris made? I mean, I think as an organisation, it is absolutely right. We should be held to account on the value that we provide. I am very keen and I believe my board colleagues would agree that we do not try to approach financial regulation in the way that NICE might approach medicines, of trying to put a value on human life and on human suffering. We are acutely conscious of the fact that the value for money analysis does not in any way help to quantify the devastating impact that poor behaviour in financial firms has on the lives of people. The value for money part of decision making is one part, it is not the only part – and I do not mean it ever can be the only part.

Jennifer Agar (Baird): I am aware that AFMD is coming into force, but I would really like to know is what are the regulations you think we should be focusing on in the next 2 years that might be coming into force, but also what would you like to see come in to force? Thanks.

Andrew Bailey: That is a broad question. I mean it is important to look at the business plan that we have. At the risk of appearing to think that some things are usually more important than others and those judgements get over-exaggerated, I would point to a number of things, so big issues that we face.

High-cost credit and consumer credit is no doubt one of the very big issues we face. Chris's teams and Jonathan's teams are doing a huge amount of work on this. We have tackled, as

you know, the pay-day cap. We have our rules out on credit cards, but as we have said in the work we published, those are very important or there are some very important other parts of that landscape that we want to tackle. What we are currently doing having done the first cut of the analysis, published our findings, suggested some potential remedies is put the evidential basis in place to do that.

The second area that I would highlight is the broad area of pensions. The reason I do this is because I think that one of the biggest underlying issues we have to face in this country is changes in patterns of long-term savings, changes in patterns of pension provisions. I think the so-called freedoms are sensible, but they pose a huge challenge to individuals and society. Because what it effectively does it transfers decision making responsibility for probably the most complicated financial decision an individual can take, to individuals, and that is something that we have to be aware of and acutely aware of and address as a public party.

Thirdly, obviously has to be, and also there is no priority here, is that we get through Brexit in the sense and come out on the other side with the objectives that I set out in my opening remarks and very much there is where I think that there is a critically important aspect. Those are the 3 observations for me. My colleagues may wish to come in with other thoughts.

Christopher Woolard: To think just briefly about that, I mean, I think partly where your question is going to, if I heard it right, is there is a range of European legislation coming on to the books. Clearly, we are moving through a period where Brexit clearly comes into the equation. We do not know quite what form that would take yet, and depending on what form that takes then clearly there may still be some things that we need to implement. We certainly need to think about what our stance is depending on where the UK ends up over around those things.

Apart from that, I would echo Andrew's points. I think in particular the work we are doing around high-cost credit is both coming towards a conclusion but also I think deals with a group of people who are some of the most vulnerable in society, frankly.

Charles Randell: If I can take Chair's privilege and just add one other thing. Yes, Andrew is right. There are some areas where the regulatory landscape is not yet settled and further action may be required. But from my point of view as Chair, and picking up I think on lots of what you are saying around the room, we need to make sure that rather than produce regulation, volumes of regulation for the sake of it, we focus on continuing to improve our performance in all the areas of the things we do.

I am not wanting a huge volume of regulation that takes us away from performance improvement. That would be my own wish in that area, because I think Andrew and his team have done a great job in focusing on the performance of the FCA, but we can always be better, we know that and we do really want to be the best we can be. Can I take a question from this side of the room? Gentleman here. The one who has been filming.

Neil Gann: Hi there. I am a bank whistleblower like Mr Nicholas here. I passed over information to the FCA regarding bank behaviour. I am just concerned that neither yourselves nor the Financial Ombudsman are actually doing anything about the banks. You do not investigate them. I am struggling to understand what your purpose is.

Andrew Bailey: We take those seriously Mr Gann. I really do not think it is appropriate to discuss your individual whistleblowing case in a public forum. As Charles said earlier, we have

staff here, but please also get in touch with me, please, because I take this very seriously. If there are issues that you are unsatisfied with, or unfinished business, we will –

Neil Gann: This happened as long ago as when you were the FSA. This has been going on for 15 years. The treatment of whistleblowers in this country is absolutely appalling, and you know that. You know that, but nobody is getting any support from you guys and the government does not support us. Nobody supports us. In fact, I am standing here in a suit, but I have had to make my way as a handyman because my career has been ruined, and you guys have done nothing about that.

Charles Randell: Mr Gann, I mean, are you willing to take up Andrew's invitation? Because I do think, inevitably, the sort of question you have either has to be answered very generally and the general answer is we are, certainly at the board, and the executive, and throughout everything I see at the FCA absolutely committed to the operation of our whistleblowing process and we spend a lot of time overseeing what is working and trying to –

Neil Gann: I have written hundreds of letters. You guys, to the Financial Ombudsman, everybody.

Charles Randell: In this specific, which is a discussion about your personal circumstance, which I do think –

Neil Gann: It is not just my personal circumstances. I have a website called bankwhistleblower.co.uk, and I am taking inquiries on there. There are thousands of people that are being destroyed by banks, and you guys are supposed to be sorting out and you are not.

Charles Randell: Okay.

Neil Gann: We know that. You need to tell these nice people here, these honest people, why you are not doing anything about it.

Andrew Bailey: Well, Mr Gann, I would be happy to meet you. Why do we not arrange to meet and we can discuss all of that?

Neil Gann: Let us do that.

Andrew Bailey: Happy to do that.

Neil Gann: Okay.

Charles Randell: Okay. All right.

Neil Gann: Thank you.

Question: Thank you very much, Chairman, and to all, for this session this morning. My question and relation is not to RBS, GRG. It is more general actually. On systematic risk, you mentioned earlier on that. It is actually quite difficult from your perspective to go back retrospectively and apply any form of redress to any firms. Now, in a bit of a dichotomy, we see an increasing level of retrospective legislation in the UK, particular over the past, I would say, 3 to 5 years or so. Some of these even going back to 20 years or longer.

My question would be, from your perspective, how do you think does retrospective legislation impact financial stability and also certainty, and to some extent takes away people's ability to plan for the future? Thank you.

Charles Randell: Okay. Andrew.

Andrew Bailey: Well, let me start. First of all, let me draw a distinction. Of course, we can and regularly do undertake investigations and redress programmes for issues that go back in time. Obviously, PPI is probably the best example of that. Of course, this all relates to past misconduct and that is entirely appropriate. The issue of retrospectivity, particularly from our perspective, relates, as you rightly say actually, to changing the law and then applying it retrospectively. I think the particular case in point where we are sort of referring to here is, let us go back to the point about small firms. If there were to be a change by parliament that bought small firms into the regulatory perimeter, I do hear people say that it should be applied retrospectively in terms of issues like GRG.

Now, you rightly pointed out that is an issue for parliament, first of all. We cannot determine that. It is a difficult issue, because as you rightly point out, if you go down that road, you raise issues about contract certainty, raise issues about returns on which business is done and what can be assumed about the future, and that is a very difficult road to go down.

I would caution that it is an issue for parliament but it raises some very important and difficult issues. Of course, actually, by the way, as you rightly said, not just in our world.

Charles Randell: Right. I will now take some questions that were pre-submitted and the next one I have is from Carlo Philips. 'In the light of the revelations regarding the potential for misuse of corporate structures for money laundering, and tax evasion and the increased international focus on trust and corporate service providers and other professional services, what plans does the FCA have to improve the oversight of this sector aside from establishing OPBAS?' That is the part of the FCA function that Andrew referred to in his introductory remarks where we oversee professional bodies, supervision of anti-money laundering and financial crime.

Shall I pass that to Megan?

Megan Butler: Thank you, Charles. I think it was clear from the introductory words from both Charles and Andrew here today that this is such an important part of the work that we do here at the FCA. I think Charles' phrase was the role that we play in making the UK an inhospitable place for financial crime. It is so important for us, you will have seen it in our business plan, it remains a key part of all our supervisory activities. Every single one of the supervisors at the FCA has it within their role to work with the financial services industry across all of its sectors around that key objective.

In addition to that, we have a specialist team of financial crime supervisors who work very closely particularly with the larger institutions in the UK to ensure that their systems mean that they are not capable of being used by those who seek to commit financial crime in the UK, and that is a central part of our role here.

We have heard a little about OPBAS, which is a new role we are playing in terms of working with the other regulators of financial crime controls across other areas of the sector, particularly solicitors and accountants, to ensure that those standards are rigorously enforced and the whole of this industry is working in the right way to prevent and limit the disruption for financial crime.

However, sitting alongside that, we are trying to do new things as well. We have a new financial crime survey which we do on an annual basis. We have done for the first time this

year. We expect to build on that across a great many more sectors moving forward which will give us some really rich data to help us do our job more effectively.

Alongside that, we are actually trying to turn technology against criminals themselves. We are doing quite interesting work around better use of data more broadly, picking up particularly perhaps in the market abuse areas, so that we can target the wrongdoers directly for ourselves.

Sitting alongside that, of course, is a recognition that we cannot do this all on our own. This is a complex picture. A great many participants are involved in trying to abuse our markets and abuse the financial system, and so we are working extremely closely with other law enforcement agencies both domestic and internationally, but that is sort of a broad sweep of the way we approach this.

Charles Randell: Okay. Thank you for that question. The next question I have comes from Priya Shah. The question was 'What exams and test do FCA staff undergo on the Handbooks?' Georgina, do you want to?

Georgina Philippou: Thank you. We have an extensive training programme across the FCA for colleagues from all parts of the organisation and at all levels. In respect of the Handbook, there is training across Authorisations, Supervision and Enforcement. For example, in Authorisations, new staff have to complete their learning and to do an online test and pass that test within their first 3 months. In Supervision, colleagues do training which includes simulations and scenarios and they have to complete that within the first 6 months. In Enforcement, colleagues have to complete their foundation training on the handbook within the first 8 months. Last year, we met our target for completion of that training and we are on line to meet those targets again this year.

Of course, that is only part of a general training offering, that we have right across the organisation which is about ensuring that we have the capabilities to do the jobs that we do now, well and that we are equipped for any changes in the future as well. If you think about Authorisations colleagues, for example, as well as doing that Handbook training that I described, they also do training in how to impose requirements, approved persons, enforcement powers, client assets rules, as well as the wider regulatory environment, so financial crime for example, data protection, culture and firms, business models, risk and governance. It is all part of a very wide programme but very specific training on the Handbook especially when colleagues first join.

Charles Randell: Okay. Thank you. There is a question from Rowena Chowdrey. Okay, so it is quite a long question so if you do not mind me just slightly summarising it. I think the essence of the question is, you are making the point that we need a good register of all financial advisers. It is an important part of client protection so that consumers can look at the register and be confident that they are dealing with somebody who is appropriately qualified and authorised. The point you are making is that this would help to reduce scams.

So if I can, can I pass this question to Jonathan?

Jonathan Davidson: Yes, thank you very much. First of all, I want to say that like you, we take this very, very seriously. Andrew talked at the beginning about our concerns about financial crime and scams are on the rise and our absolute commitment is to try to make financial services a very hostile environment to criminals. And these people are criminals.

What is particularly disturbing is often they prey on the most vulnerable in society, the elderly who fall victim to some of these scams. We have invested a lot in the scam smart campaign to communicate to consumers how to avoid scams, how to recognise the scams when they happen. The key part of that is to look at the register and to check that the firm that they are talking to is indeed a legitimate firm.

If I then turn to the register, the register contains all authorised firms and all authorised individuals. We have been working to make it even more usable. We are trying to bring it up to make it much more searchable and present information that allows people to see, does the firm exist, are they who they say are and what restrictions, what business are they allowed to do. In the next few days, we are rolling out a beta trial of a new search function that will allow consumers to do that.

But we are not stopping there. We have also, as result of the introduction of the senior managers and certification regime, looking at how we can provide even better information to consumers about advisers who are certified but not approved by the FCA. They are certified by firms as being fit and proper providing information to allow consumers to search those to find somebody local. We have a consultation out on that on the design of this thing, which we are calling a directory, which would contain information to allow consumers to understand how to find a certified financial adviser and that closes on the 5th October, so any opinions, please, come forward and contribute to that consultation.

Dexter Perrott: I have worked in the industry for 35 years, but I am just here as a point of principle. Those resigning from the PIA were only bound to comply with PIA rules, including decisions issued by the ombudsman, for 3 years after the resignation is accepted.

One I found particular, for whom I have acted in the past, was only briefly regulated by the PIA for around 6 months in 1995, he resigned with their agreement, retired from the industry and legally dissolved his partnership during 1995, over 6 years before FSMA 2000, and FOS were created. The FOS still claimed to have an infinite jurisdiction to handle complaints against him, other partnerships, or partners and sole traders extending potentially to his estate.

There is no appeal process against a FOS final decision, no matter how flawed, and awards of up to £150,000 are legally binding. I have represented many similar retired IFAs, and seen first-hand the stress that this exposure has caused. Surely it is time for the FCA to change its position on the long stop of 15 years, at the very least, as most complaints would have been time barred after 6 years under the PIA ombudsman bureau. Thank you.

Charles Randell: Chris?

Christopher Woolard: This, obviously, when we think about this kind of issue, I think you have to think about the nature of the service provided and then obviously the nature of the market and the product. I think one of the features that we found when we looked at this question at a long stop was, often from a consumer perspective, the ability to know that you have actually got a product that is not the one that you had sold or works in the way that was intended, often only become very clear, many years later. That is the first thing, the nature of the products we are dealing with.

The second thing is, when we look at long stop as part of the wider financial advice and markets review, we were also looking at where do sort of comparable professions sit in terms of where advice has been given. If you look at doctors, lawyers, accountants, similarly, they do

not benefit from a long stop in respect of complaints or advice about their services. Ultimately, that review which we conducted with the Treasury, concluded that relatively few complaints actually fall into this category, so it is a tiny fraction of those complaints that do go to the Financial Ombudsman, that we are looking over a kind of 15-year plus period.

Our balanced review concluded that actually, in terms of public interest, it would be inappropriate to limit the protection for consumers on that long-term basis.

Now, we are still going to come back to that in years to come, we are going to look at what the outcomes of that formal review with the Treasury are, over time, we will look at the Financial Ombudsman's complaint data as part of that as we go, but at the moment, the issue you have raised is one that we have obviously looked at very closely at the Treasury and come to the conclusion that on balance, in terms of consumer interest, the line is probably drawn in the right place at this moment in time, although we do understand the kinds of issues that you have raised.

Question: In June 2013, the FCA were aware that RBS had mis-sold loans to its Northern Irish and Irish business customers, and that the true nature of the 2012 IT glitch was a covering up of the fact that the bank tried to cover and subsequently destroy the evidence that they broke their regulated contracts. The FCA, further to that, published a fake report into the 2012 glitch in 2014. As a subsequence to that, commercial contracts are being enforced that the bank broke and courts in Northern Ireland that should not be. If the truth was told about the FCA, the consumers would not be pursued by the bank in our courts from then until now. Therefore, I ask the question, how does publishing a fake report into the IT glitch in 2012 fit into the FCA's objective of protecting consumers?

Charles Randell: Okay, thank you very much. I will pass this over to Mark Steward.

Mark Steward: I think you were referring to the final notice that the FCA published in 2013 fining RBS £42 million for the IT glitch.

That related to an IT glitch and it followed an extensive investigation by the FCA into that matter. It did not relate to anything else.

Question: The head of the bank visited me and asked me whether I wanted to keep it quiet. The FCA has got the evidence, I have got the letters back from me that you have the actual evidence of what the bank was doing to all of its regulated customers. It was sent back to me in October 2015 from the FCA. It was reported to the SFO in 2014. The official report was lies. I still have the evidence with me.

Mark Steward: It may well be we are talking at different things, but the document that was published by the FCA related to an IT glitch and followed an investigation.

Question: On 18 June 2012, and it was not an IT glitch.

Mark Steward: Right.

Question: It was the bank destroying the evidence of what it was doing to its customers that had regulated contracts that were issued whenever Andrew Bailey was in charge of the prudential business unit, and the official story is not true.

Mark Steward: I am not sure we agree with that.

Question: I have the evidence with me.

Mark Steward: The evidence that relied upon the FCA is described in the public notice that is on the website as well. There is material that the FCA relied upon to substantiate the notice and substantiate the finding that justified a fine, a very large fine of £42 million. It may well be there are different issues there. However, certainly what the FCA did in relation to this matter is set out in the final notice.

Question: That is a picture taken in Dublin last week, 30 families that are having their homes taken from them. You have the evidence of what really happened to the computers in 2012. If you acted on it, those people would not be pursued by the bank.

Charles Randell: Right. Can I suggest that there was notice issued by the FCA in 2013, which on its terms –

Andrew Bailey: 2014.

Charles Randell: Sorry, 2014, that on its terms, related to an outage in the RBS system which affected the consumers and their ability to access bank accounts and things like that. I think you are suggesting that you have evidence that that was related to a separate set of circumstances in which evidence was destroyed by the bank about the treatment of customers.

Now, I would have thought that the important thing is that you and Mark, that you get a chance to ensure that Mark understands what you are saying better than you could do in this meeting, if I can suggest that. I think that is the best way for you.

Philip Meadowcroft: Could Maxwellisation be invoked by the identified parties in 2 of the current FCA investigations, one, to investigate whether market abuse was committed by the directors and senior managers of Aviva in respect to their announcement on 8 March this year to cancel preference shares.

The other one being the FCA investigation into whether the prosecution of certain directors of HBOS should occur. May I remind you the Treasury Select Committee demanded both investigations from you?

The second one regarding HBOS was initiated by the Treasury Select Committee as long ago as November 2016. The FCA, Whitehall and the general public and the people in this room all know how Maxwellisation can be manipulated to delay publication and, if appropriate, due punishment in a timely way.

Charles Randell: Okay, thank you very much Mr Meadowcroft. I will pass that also to Mark Steward.

Mark Steward: Firstly, just to be clear, Maxwellisation is a reference to a process where persons who were criticised in a public report can have an opportunity to respond and answer that criticism before it is published. Under our legislation, the normal enforcement process incorporates a procedural fairness process already. So whenever we publish a disciplinary notice imposing a sanction or a fine, there has already been a procedural fairness process that has occurred already.

If we are to take action in either of those cases, or in any case where we are investigating, we are required by the legislation to give prior opportunity to those who are criticised or those who are to be sanctioned so they can have a chance to respond to that criticism. It is an important part of the justice system generally that people have an opportunity to answer criticism before they are to be sanctioned or punished.

If we are to take action, there will be a procedural fairness process in any event. If no action is to be taken, there is no requirement for us to publish anything which is why this issue of Maxwellisation has become such a significant issue in the context of the Section 166 report in relation to GRG and various other matters. Until we know where we are with both of the outcomes of those investigations it would not be right to speculate on what might happen. Importantly, the process for taking enforcement action already requires us to give procedural fairness to those who might be affected, and that is in the legislation.

Philip Meadowcroft: Okay. Chairman, can I come back on that, please? Because Maxwellisation, you have said, sir, relates to public inquiries that you make. There are many public inquiries and public investigations to take place where Maxwellisation does not occur, and it is a procedural matter which relates I believe to the nature of the inquiry that has been sought in those initiation processes.

Mark Steward: Okay.

Philip Meadowcroft: Are you therefore saying that every investigation by the FCA invokes Maxwellisation?

Mark Steward: No, not all. We are not saying that.

Philip Meadowcroft: How do you differentiate? Where does the red line get crossed as to whether an investigation is a Maxwellisation matter or not?

Mark Steward: I say we do not Maxwellise. We are required to give procedural fairness as part of our disciplinary process set out in the Financial Services and Markets Act. Whenever we take action by imposing a fine or imposing any kind of sanction on the firm or individual, we have to give them a procedural fairness process. If you like that is like Maxwellisation, but it is in fact not Maxwellisation. It is a statutory process that we need to go through.

Charles Randell: Okay, Mr Meadowcroft, I am sorry, I think we do have to take a question from somebody else.

Philip Meadowcroft: Well, I think there is a lot of lack of clarity, Mr Chairman, that really needs to be attended to.

Mark Steward: When we are taking action, sir, when we are taking enforcement action, so there is any –

Charles Randell: I would be very happy to commit Mr Meadowcroft that we will write to you and set it all out. I heard very clearly, but the nub of the answer is, as anybody would expect when dealing with us, they should at some stage have a right to put their side of the story. They can either do that during the enforcement process, in the processes we have there, but where we are publishing something without an enforcement process or outside of an enforcement process, it so happens that the process of giving them their right to respond to the criticism is called Maxwellisation. Okay, we really have to move on.

Andy Agathangelou (Transparency Task Force): Thank you. I lead the Transparency Task Force which is in effect a trade body for consumers that have issues with aspects of the financial services sector.

I think the FCA's consultation on duty of care is an excellent initiative that could lead to much needed reform to the attitudes and mindset within the sector. In particular, I am hoping it

might help to deal with the regulatory whack-a-mole issues that occur when very well paid lawyers find ways around the rules that are put in place to protect consumers.

My question is this: what are the relative merits of a duty of care approach and a fiduciary duty approach, and could the FCA in some way look to combine the best of both to help create a more protective market for the consumer? Thank you.

Charles Randell: Okay, thank you for that question. Chris?

Christopher Woolard: Thanks, Andy. Consumer protection is obviously central to the mission, it is central to the work that we do. Almost every member of the public is going to come into contact at some point with a financial institution. They need to know they are going to be treated fairly in the first place and that things are going to work if things go wrong. Some of the stakeholders around us have raised this question of does the current regulatory framework provide adequate protection for consumers? I think the short-hand for what might be done is the idea of the introduction of the duty of care.

As you said, I mean, in the paper that we published that set out discussion around this, there are some different schools of thought. There is this concept of a wider fiduciary duty and there is the concept of a duty of care. We have called them 'a new duty' as the sort of blanket term.

I think in broad terms, the fiduciary duty piece feels more like such a prohibition on certain activities really when you translate in to what it could be in effect. The duty of care piece I think is more around can you establish a further general principle. The two are operating at different ends of spectrum, but nevertheless in the same kind of sort of territory.

What we are trying to do is through the document we have published, is actually flesh out people's views actually, where do they really stand in this issue. What is it they are looking for in terms of how we could, perhaps enhance the current system that we have and the current principles and duties that we have within the system.

We are keen to hear views. I am going to give a shameless plug here, we have got obviously the feedback period running where we are inviting views, it runs up to the end of November. I mean, I think if people have got views, you got views only around what is the best of both worlds looks like. We do really like to hear them as part of that process. As I said, it is genuinely an open call for input at this point in time because I think that the detail of how this could look in practice actually really does matter. It is really important that we get it right, and that if we are going to down this route, we actually do something that's genuinely effective.

Andrew Bailey: If I could add one other thought there which is entirely consistent, I think it is an important thing to do because the other thing is that we do have quite a patchwork of legislation. It is often assumed that the FCA's legislative framework is sort of FSMA and nothing more. Actually that is not the case. I mean, as well as obviously competition legislation, we also, for instance, operate under the Consumer Credit Act. These bits of legislation have quite different duties in them.

I have to say, from the point of view of, as Chris said, looking at this issue afresh, and actually it is a very important issue, there is another reason why it is a good thing to do, although it will come back to parliament in that instance, which is making some sort of sense across this landscape of legislation would from our point of view be very helpful.

Charles Randell: Sir, can I just reemphasise, all our consultations are important obviously, but this is one of the more important consultations that we are undertaking on the duties that

firms should owe to consumers, and I really would encourage as much engagement with that consultation process as possible.

Robert Panitz (Heidelberg University): My question goes to this unsecure time of the Brexit negotiations. As almost nobody knows what the output will be, we could expect that there will be a lot of different regulations coming up in the next time. How did you prepare the FCA as an organisation for this upcoming work to get this regulation into practice?

Andrew Bailey: Well, so very good question. Of course, as you rightly say it, we cannot answer that question definitely without knowing the outcome of the Brexit negotiation.

Let us take 2 scenarios commonly taken. One is that there is a transition period in which case the UK will continue to implement the legislation during that period and we have got an eye on what is in the pipe line.

On my estimation, the pipeline is rather less than it has been in recent years. We do not have another MiFID coming down the track at the moment. I think that is for 2 reasons. One is because there has been obviously a big wave of post-financial crisis legislation which is probably coming towards the end of that cycle. The second is, of course, there is a cycle in the European Union. We are going into end of the commission and elections and that tends to dictate something of the timing of the cycle.

The second scenario obviously is, well, some of us call 'hard Brexit, hard exit'. There, I think across, it entirely depends upon what the terms of any arrangements that the UK has with the European Union thereafter are. We are preparing for all eventualities, but to your precise points and to reiterate, we are preparing on the basis that there is likely to be a scenario, which has quite a high likelihood in my view, that there is a transition period and we have to go on undertaking that work.

Close

Charles Randell

Chair, FCA

Okay. Now, by the time I finish speaking it is going to be 12 noon, so I think this is the time that I need to draw the meeting to a close. Inevitably, we have only been able to get through some of the questions that you have today, but those of you who have submitted questions in writing to us, please rest assured we will publish answers to all of the questions submitted on our website.

I would really like to thank you all for your attendance today, your patience and your participation. We have, as Andrew said, over 55,000 firms that we have to regulate and they range from the smallest independent financial adviser or credit broker, to the largest of the banks, insurance companies and asset managers. We know that we do not always get it right. The interest and challenge that we get from you at this meeting does, I can assure you, have a very big impact on us and the way we work, and I really thank you for coming along today, and I am sure I should see some of you next year.

Thank you very much.

[END OF TRANSCRIPT]