

Dame Elizabeth Gloster
One Essex Court
Temple
London
EC4Y 9AR

26 May 2020

By email

Dear Liz,

Independent investigation into the regulation of London Capital & Finance

Thank you for your letter dated 15 May formally notifying me that it will not be possible to complete your investigation into the Regulation of London Capital & Finance by 10 July 2020. I appreciate that you have not taken the decision to request an extension to your investigation lightly and share your concerns about the impact on those that have invested in LCF.

I would again like to assure you that, despite the unforeseen technology challenges in retrieving and providing documents and information, and the consequent impact on the timing of interviews, the FCA has been committed to doing everything we can to support the independent investigation and the delivery of your report by 10 July 2020. Throughout the investigation, we have worked to provide you and your team with a significant amount of information and documentation from across the FCA's systems, to help you quickly understand the FCA's regulation of LCF and conduct the investigation, with the overwhelming majority of material having been provided. We have taken your concerns about the delays and the impact on the conduct and completion of the investigation very seriously; for example, upgrading our technology to increase the pace of delivery. Given this, I welcome your comments that the FCA has not intentionally delayed or deliberately not co-operated with the investigation.

We remain committed to supporting the timely conclusion of your investigation and are particularly focused on ensuring that you and your team have all relevant information and documentation to enable you to form your conclusions. We are, therefore, continually conducting assurance activities to ensure that this is the case. This has recently resulted in some limited additional documentation being identified, which we are in the process of providing.

As discussed during our call of 29 April, the Covid-19 pandemic has posed significant challenges for the FCA, both in terms of employee working arrangements and our regulatory tasks more generally, with the need to respond urgently to develop and implement major policy measures to support the market, regulated firms and consumers. This has particularly affected the availability of the FCA's Senior Management, who have had to - and continue to - respond urgently to a wide range of significant issues across most financial services sectors. The scope and urgency of the FCA's necessary response has, unfortunately, had an unavoidable impact on the timing of the interviews, both at a junior and senior level. However, as you recognise, since then, we have worked closely with your team to schedule remote meetings with junior employees and confirm the availability of current and former FCA Senior Management. I understand that, despite these challenges, all but one interview has been completed with junior employees and four meetings have already been scheduled with senior management, including Andrew Bailey.

As you will be aware, there is still a great deal of uncertainty about the progress of the pandemic, its impact on consumers, the economy and financial services in general, and hence on the FCA and its priorities in light of its statutory objectives. We are grateful for your recognition of how this uncertainty could impact on the availability of Senior Management for interview, and your flexibility to reschedule meetings with them at short notice should circumstances dictate. In the context of this uncertainty, I can confirm that the FCA has no objection to the proposed extension to 30 September 2020 and will continue to work with you to deliver to this timescale.

As you have highlighted, the FCA must inform HM Treasury of the reason for the delay in the conclusion of the investigation and the revised target date and will, of course, enclose a copy of your letter. We will also work with HM Treasury and with your team on how and when we make public the delay in the conclusion of the investigation. We would suggest publishing this exchange of letters on our respective websites and would welcome your views on this. I can confirm that we also have no objection to you sharing a copy of your letter with the Chair of the Treasury Select Committee, as we will also do with this letter.

Yours sincerely,

Charles Randell