

Gareth Thomas MP  
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*Via email*

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3 December 2021

Your Ref: GT49837

Our Ref: 211108A

Dear Mr Thomas,

**Re: Update regarding the future of Liverpool Victoria**

I am writing in response to your letter of 8 November and additional questions received on 19 November regarding the proposed sale of Liverpool Victoria Financial Services Limited (LV) to Bain Capital. We have also published this letter on our website to make it easier to share with interested parties.

For the majority of the questions you raised, I have set out responses below. Some of your questions have been classified as Freedom of Information (FOI) requests, and I have appended the responses to these questions to follow standard practice as relates to FOI requests. These questions are:

- from your letter of 8 November, questions 1 – 3 of your “Royal London” queries, question 5 of your “The demutualisation process” queries, and questions 1 – 2 of your “The information that the FCA has” queries;
- from your additional questions of 19 November, all 4 of the queries.

Before turning to your questions, I thought it would be helpful to note that we recognise the important role of the FCA in a transaction such as this, namely applying our rules and principles as part of our ongoing supervision of LV and considering the process it has followed to date in deciding to sign a deal with Bain Capital. As always we are motivated by our consumer protection objective, and we are conscious that customers and members of LV will not be privy to all the details of confidential bids received as part of a competitive bidding process that led to the proposed deal with Bain Capital.

One of our considerations has been whether LV examined a comprehensive range of strategic options side by side, including running a competitive process to generate potential bids for the business. We were focused on ensuring that the process LV followed would enable decisions that are fair to their policyholders and members, and that recognise the particular interests of with-profits policyholders, many of whom will be maturing in the next ten years.

Throughout this process, we emphasised to LV the importance of their governance processes being robust, including the specific governance arrangements designed to protect the interests of with-profits policyholders – the With-Profits Committee and With-Profits Actuary. Our rules also make specific provision for the With-Profits Committee to notify the FCA of any decision of the Board to depart from their advice or

recommendation if they consider that the issue is sufficiently significant. In this instance, LV's With-Profits Committee has not notified us of any such departure.

My most recent letter to you of 26 October 2021 set out the reasons for our decision not to object to LV putting their proposals to members and the Court at this stage. I can assure you that this decision followed significant scrutiny by the FCA, and as I noted in the letter we made clear to LV the expectations we have of them to ensure that their members have access to the information they need to make an informed decision.

If members vote in favour of the Scheme of Arrangement, we will be writing to the Court for the Sanction Hearing in late December with our views. We also continue to provide input to the PRA's consideration of Bain Capital's change in control application, and would assess the Part VII transfer in 2022 and provide our views to the Court, if members vote in favour of both the deal with Bain Capital and the Scheme of Arrangement, and if the change in control application is approved. As noted in our letter of 26 October, members will also have the opportunity to place their objections before the Court for the Sanction hearing on the Scheme of Arrangement.

### **FCA communication with LV:**

1. How many further meetings have the FCA held with the Board of LV or its representatives since their letter to us on 5th August 2021?

The FCA has met with a member of the LV Board on three occasions as part of our ongoing supervision of the firm since this date, and on one occasion with a group of non-executive directors of the LV Board as part of the ongoing change in control application assessment for the entity of LV that Bain Capital is planning to acquire. In addition, we have met with the Chair of the With-Profits Committee and the With-Profits Actuary on one occasion in this period.

2. With which other regulators and agencies has the FCA discussed the proposed demutualisations of LV and sale to Bain and on how many occasions?

Since our last letter to you of 5 August 2021, the FCA has met bilaterally with the Prudential Regulation Authority (PRA) on 8 occasions with respect to the proposed transaction between LV and Bain Capital, in addition to other ad hoc engagement with them. Further, in this period we have engaged with Her Majesty's Treasury (HMT) on 6 occasions in response to questions they have had for us.

### **The Demutualisation Process:**

1. What are the eligibility criteria to vote in the proposed demutualisation ballot and how have these criteria been chosen?

There are two proposals being put to member votes, and LV members would need to vote sufficiently in favour of both for LV to continue to move to the next stage of the proposed demutualisation. Vote 1 relates to the acquisition of LV by Bain Capital and Vote 2 relates to amending LV's constitution to remove the 50% minimum turnout threshold required for a vote on a transaction which transfers LV's business to a company that is not a mutual. The eligibility criteria for each of these votes and the analysis of their fairness is set out in the two reports of the Independent Expert, which can be found at <https://www.lv.com/members/asset-library>. I have summarised the eligibility criteria and LV's basis for these below.

## **Vote 1**

Vote 1 is a special resolution vote and as defined by the Companies Act 2006, 75% of eligible voters who vote must vote in favour in order for the resolution to be passed. This requirement is also set out within Article 14.24 of the LV Articles.

LV members who have held a member qualifying product (as set out in Article 2 of the LV Articles) for a continuous period for 12 months would be entitled to vote in Vote 1.

## **Vote 2**

Under the proposed voting arrangements for the Article 14.23 Scheme, a majority in number of the members who vote, representing 75% of such members by value<sup>1</sup>, would need to vote in favour of Vote 2 for it to be approved. This is as required by a Scheme of Arrangement pursuant to Part 26 of the Companies Act 2006. A Scheme of Arrangement must also be presented to the Court for sanction.

All LV members that hold a member qualifying product (as set out in Article 2 of the LV Articles) and are registered as members at least 49 days prior to the member vote, would be entitled to vote on the Article 14.23 Scheme in Vote 2. For determining eligibility, changes to the register of members made on or after the day which is 49 clear days before the meeting will be disregarded (on the basis of the planned date for the member vote on the Article 14.23 Scheme of 10 December 2021). The cut off is necessary for administrative reasons. The LV members would not be required to have held the member qualifying product for a continuous period of 12 months, which is currently required to vote at general meetings of LVFSL.

LV has been attempting to make contact with customers for which they do not have current contact details and these customers will have membership reinstated should they get back in touch with the firm. Provided they reconnect with LV at least 14 days ahead of the date of the member vote they will be entitled to vote, per the criteria outlined above.

### **2. How many LV customers are there and how many are eligible to vote in the ballot for demutualisation?**

LV currently has a total of about 1,220,533 customers. Of these customers, about 1,150,469 are also members and would potentially be eligible to vote subject to the criteria noted in the response to your question above.

### **3. What efforts have, and will, the FCA take to check no members who should have a vote are denied one?**

As part of our decision not to object to LV proceeding to put their proposals to member votes, the FCA has considered the fairness of the voting process, the communications and engagement plans to ensure that members have access to sufficiently clear, fair and not misleading information and support in order to make an informed decision, and also whether LV has taken sufficient action to reconnect with any members that it no longer holds valid contact details for.

On this last point, we also considered LV's efforts to make contact with customers for which they do not have current contact details. In 2018/2019, as part of the process

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<sup>1</sup> The vote of each member has been assigned equal value on the basis that LV's legal advice is that the legal rights of members subject to a compromise under the Article 14.23 Scheme are similar for all members and the treatment of those rights under the Article 14.23 Scheme is similar for all members.

leading up to its conversion to a mutual company limited by guarantee, LV undertook an extensive tracing campaign to attempt to reconnect with those members with whom it had lost contact. In May 2021, LV undertook a review of its member register mailing records in order to identify any members classified as gone-away, making use of a national register. LV have since been undertaking a proof of address notification process for these members and have been sending tracing letters to members marked as having a new forwarding address. The Independent Expert has set out that LV's approach to, and treatment of, members for whom LV does not have current contact details and members who would have their membership reinstated subject to reconnecting with LV is fair and reasonable. The FCA is also content that LV is taking adequate steps to engage with members and has an appropriate process in place should they reconnect.

In terms of the voting process itself, it is worth noting that LV is using an external provider of ballot and election services, Civica, to manage the voting process. Civica are the company previously known as Electoral Reform Services and provide ballot services for the government. All postal, online and in-person votes will go straight to Civica with no LV involvement on the counting or processing of them. The involvement of an external provider in this capacity adds independence to ensure that the process is fair and transparent.

LV will keep the FCA informed of the outcome of the voting process. The views of the Independent Expert on the voting outcome will also be detailed in his supplementary report on the Scheme of Arrangement prior to the Sanction hearing scheduled for 20 December. The supplementary report will be available on LV's website.

4. What information will those eligible to vote receive from a) LV b) the FCA c) opponents of the sale?

It is the responsibility of LV to provide its members with the information they need in order to make an informed decision on how to vote. LV has mailed all of its members with a member vote pack, which contains: a letter summarising the transaction and providing voting forms; an explanatory booklet that sets out the details of the proposed transaction and change to LV's constitution, including the views of the Independent Expert and LV's With-Profits Actuary; and a letter from Bain Capital. In addition, LV's website provides this information as well as the full Independent Expert and With-Profits Actuary reports and further updated FAQs at [www.lv.com/future](http://www.lv.com/future), the details of webinars that LV members can join to ask questions of LV and the Independent Expert prior to the closure of voting, and the emails and telephone lines that members should use if they have any further questions.

The FCA's role has been to scrutinise LV's communications and engagement plans in order to be satisfied that these are clear, fair and not misleading, and to ensure that LV does all it reasonably can to provide support to its members in making a decision as to how to vote. In order to make clear our position, we have published a letter (available [here](#)<sup>2</sup>) that sets out our considerations of the proposed deal and change to LV's constitution and the expectations we have set for LV as part of our decision not to object to them putting their proposals to member votes. LV has also linked to this letter on their website, so that members can more easily access it. We also wrote to the Court in advance of the Convening hearing for the Scheme of Arrangement in October, and will do so for the Sanction hearing planned for December if members vote in favour of this change.

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<sup>2</sup> <https://www.fca.org.uk/publication/correspondence/fca-letter-consideration-lv-bain-capital-transaction.pdf>

Members who are opposed to the sale will have the opportunity to express their views through their votes on the proposed transaction and change to LV's constitution, and via questions to LV and the Independent Expert on the webinars that LV will be holding as well as through contacting LV by telephone, email or post. They will also have the opportunity to place their objections before the Court for the Sanction hearing on the Scheme of Arrangement. Regarding any other opponents of the sale, it is for them to determine how they wish to express these views.

6. Will the FCA disclose what it understands are the real capital needs of LV going forward?

Given the particular objectives and focus of the PRA, this is a question for them rather than the FCA, albeit that confidentiality obligations would restrict what they could disclose. However, we note that in line with the requirements of Solvency II, the PRA expect all firms to take responsibility for maintaining at all times an adequate level and quality of capital, taking into account the risks to which they are exposed, and consistent with their safety and soundness and the protection of policyholders. FCA rules also place a requirement on firms that have with-profits policyholders to consider the fair distribution of surplus capital over time to these policyholders in line with their interests.

7. Will the FCA disclose the total sum the LV Board are proposing to spend on compensating members for the loss of ownership rights?

The total value of member payouts is set out in the member vote pack being sent to LV members and available on LV's website as noted further above. The total value of these member payouts (of £100 per eligible member) in the event of demutualisation is £111m.

**The Proposed Sale to Bain Capital:**

1. Do the FCA have any plans to meet with consumers of LV to discuss their handling of the Board of LV's plan to sell up to Bain Capital?

As I have noted above, in order to make clear our position and the reason for our non-objection to LV putting its proposals to member votes, we have published a letter (available [here](#)<sup>3</sup>) that sets out our considerations of the proposed deal and change to LV's constitution and the expectations we have set for LV as part of this decision not to object. We will also be publishing this letter to yourself on our website so that members and customers of LV, and other interested stakeholders have access to our responses.

We have also had frequent direct engagement from individual customers of LV regarding the proposed transaction. We have found their questions and concerns useful in understanding what some customers are thinking, and we have used this information to help shape the expectations we have set for LV for their communications and engagement with members.

The FCA Chair, Charles Randell, and Chief Executive Nikhil Rathi will also be attending the Treasury Select Committee on 8 December 2021, and we would welcome the opportunity to discuss our consideration of this transaction in that forum.

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<sup>3</sup> <https://www.fca.org.uk/publication/correspondence/fca-letter-consideration-lv-bain-capital-transaction.pdf>

## **The appointment and work of the Independent Expert:**

1. Can the FCA confirm the independent experts were appointed by Liverpool Victoria, have been or will be paid by LV and are being briefed on their role primarily by LV staff?

There are two Independent Experts who are or might be involved in considering different aspects of the proposed transaction.

Oliver Gillespie is the Independent Expert who has been considering the overall proposed transaction with Bain Capital and the proposed change to LV's constitution in advance of the member votes on both of these proposals. Mr Gillespie was appointed by LV, and the FCA did not object to his appointment. The Terms of Reference for his work was agreed with the FCA and he is briefed primarily by LV staff. His fees are being split between LV and Bain Capital.

Simon Grout is the Independent Expert for the Part VII transfer of business from LV to the LV entity that Bain Capital is seeking to acquire. His role and the Part VII transfer itself will only proceed if members vote sufficiently in favour of the proposed transaction and the change to LV's constitution, if the Court sanctions the Scheme of Arrangement for this change, and if the regulators approve the change in control application for Bain Capital to acquire the entity of LV into which the business would be transferred. Mr Grout was appointed by LV, but his appointment was subject to approval by the PRA, having consulted with the FCA. He will be briefed by both LV and Bain Capital, as the two parties to the Part VII transfer should it proceed, and the Terms of Reference for his work was agreed with both the FCA and PRA. His fees will be split equally between LV and Bain Capital.

It is also important to note that both Independent Experts are Fellows of the Institute & Faculty of Actuaries and as such have professional obligations and an ethical code of conduct that they are required to comply with. It is also a requirement for their reports to be peer reviewed by another suitably qualified and experienced actuary. In addition, as actuaries their reports need to comply with certain technical actuarial standards issued by the Financial Reporting Council.

2. Were the FCA offered a number of choices of possible 'independent' experts and what criteria did they use when deciding to support the appointment of Simon Grout and Oliver Gillespie?

We have made clear to firms that we do not want them to propose multiple alternative Independent Expert nominations, although we expect them to have considered an alternative candidate should we not agree with their first nomination.

The FCA has set out the criteria we consider in reviewing the appointment of Independent Experts for Part VII transfers (see Section 3 of [FG18/4: The FCA's approach to the review of Part VII insurance business transfers<sup>4</sup>](#)). These criteria are the same for our consideration of Independent Experts more generally, including for Schemes of Arrangement, and applied to our reviews of the appointments of both Mr Gillespie and Mr Grout. I have reproduced the list of key criteria below.

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<sup>4</sup> <https://www.fca.org.uk/publication/finalised-guidance/fg18-04.pdf>

We considered the following when assessing the Independent Experts' independence:

- How many insurance business transfers or Schemes of Arrangement the Independent Experts or their employers have reviewed for LV and Bain Capital and how recently. This is also relevant for the nominated peer reviewers and key members of the proposed teams.
- Any work, such as consultancy, which the Independent Experts or their employers have already, or will, undertake for LV or Bain Capital. For this question, we also consider the materiality of the work and the capacity in which the Independent Experts did or will do it. In particular, we would not expect the Independent Experts to be reviewing their own previous work. For this reason, we required a different Independent Expert for the Part VII transfer in order to remove the risk of the Part VII Independent Expert reviewing his previous work on the overall transaction and/or change to LV's constitution.
- Whether the Independent Experts or their employers are connected (as, for example, an employee, partner, principal or consultant) to a firm which has either LV or Bain Capital, or member of the group, as a client (e.g. to provide audit services). Such issues will not necessarily mean we rule out the nominated candidate from appointment; the regulators consider each case on its merits.
- Whether the Independent Experts or their employers have any other connection with LV or Bain Capital, e.g. an insurance policy, and if this has a material impact on their independence.
- Any potential or actual conflicts of interest from other matters the Independent Experts or their employers have been involved in, or as a result of personal relationships.
- Any non-standard fee arrangements. For example, abnormally low fee caps may raise concerns that the quality of the work could be compromised. For mutuals where the fees are being paid by policyholders, we would have concerns if fee levels seem too high based on our knowledge of other transactions.

We considered the following when assessing whether the Independent Experts have sufficient skill, experience and resources:

- Specific evidence of relevant experience, especially potential conduct risk issues in a transaction of this sort. We also considered the experience of the wider Independent Expert teams.
- Key information about the proposed transaction and its features as context for assessing the Independent Experts' relevant experience.
- Confirmation from the Independent Experts that they will be able to allocate sufficient resource, including as part of a wider team, to consider all relevant conduct issues adequately, assess their materiality, collect relevant information, complete the Independent Expert reports and provide necessary updates in the agreed timeframe. This also included considering the Independent Experts' other commitments.
- Performance on previous Part VII transfers or Schemes of Arrangement.

3. What evidence can the FCA provide to demonstrate Mr Grout and Mr Gillespie have a record of standing up for consumers?

As noted above, in agreeing to the appointment of both Independent Experts, the FCA assessed their independence (and that of their peer reviewer and support team), and whether they have sufficient skill, experience and resources.

The assessment also considered the work previously undertaken by the Independent Experts, including whether there were any previously identified concerns in relation to the quality of their previous work or whether their previous reports have lacked sufficient analysis.

Also as noted above, both Independent Experts are Fellows of the Institute & Faculty of Actuaries and as such have professional obligations and an ethical code of conduct that they are required to comply with.

4. How many staff are expected to work with a, Mr Grout and b, Mr Gillespie?

As we have noted in response to your question regarding the criteria we use when considering the appointment of an Independent Expert, we consider whether they have sufficient skill, experience and resources, including from their wider team. Mr Grout will be supported by a peer reviewer, as well as three other team members. Mr Gillespie has similarly been supported by a peer review, as well as three other team members. In addition, both Mr Grout and Mr Gillespie have access to draw on the wider teams at their firms where needed.

5. Has the FCA asked LV how much they anticipate paying the Independent experts and will the FCA be monitoring this expenditure?

The FCA is aware of the estimated fees that LV anticipates paying the Independent Experts. As noted above with respect to the criteria we use when assessing the independence of Independent Experts, we also consider the structure of fee arrangements, and we would have concerns if we considered the fee levels to be high given that part of the costs is being borne by the policyholders of LV.

The responsibility for monitoring the expenditure on Independent Experts is for LV, and the FCA's rules and principles require LV to consider the interests of their policyholders in this regard. We have requested updates on overall expenditure on the proposed transaction, and if we observe any spike in expected costs then we would challenge LV in this regard.

6. How do the FCA intend monitoring the quality of Mr Grout and Mr Gillespie's work?

The FCA has set out how we review the form of an Independent Expert's report for Part VII transfers (see Section 6 of [FG18/4: The FCA's approach to the review of Part VII insurance business transfers](#)<sup>5</sup>). These criteria are the same for our consideration of Independent Experts' reports more generally, including for Schemes of Arrangement.

The FCA has already closely considered the quality of Mr Gillespie's work, and these criteria applied to this review. His reports on the overall Bain Capital transaction and the proposed change to LV's constitution are both available to LV members on LV's website. The work of Mr Grout has yet to commence, as the Part VII transfer is contingent on the members votes and other Court and regulatory approvals as noted

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<sup>5</sup> <https://www.fca.org.uk/publication/finalised-guidance/fg18-04.pdf>



above. The process for our consideration of the work of Mr Grout will be the same as that we have applied for Mr Gillespie.

For Mr Gillespie's work, the FCA had sight of multiple drafts of both of his reports and we reviewed these and provided detailed feedback and questions to him. This feedback covered a range of items, including whether there has been sufficiently detailed analysis and challenge of LV's and Bain's positions. It also covered the content of the executive summaries, given that some members may only read this portion of the reports.

On this former point, it needed to be clear to the FCA that the conclusions drawn by Mr Gillespie are his own and that they are supported by analysis of the underlying information. We questioned and challenged him where we felt it wasn't sufficiently clear whether he had relied on LV's or Bain Capital's assertions without sufficient challenge or asking for supporting detail or evidence.

We also confirmed that the peer review had been appropriately undertaken, and that he could confirm that his work had been done in line with the technical actuarial standards set out by the Financial Reporting Council.

7. Which previous proposed demutualisations have Mr Grout and Mr Gillespie worked on?

As we have noted in response to your question regarding the criteria we use when considering the appointment of an Independent Expert, we consider whether they have specific evidence of relevant experience, especially potential conduct risk issues in a transaction of this sort.

Regarding experience of demutualisations, Mr Gillespie did some work on demutualisations in the 1990s and 2000s, although not in the capacity as Independent Expert, and Mr Grout worked as a team member on the demutualisation of Scottish Mutual in the early 1990s and advised Scottish Legal as part of its choice of a transfer of engagements to Scottish Friendly to retain its mutual status.

In addition both Mr Grout and Mr Gillespie have extensive experience of transactions, schemes of arrangements and transfers involving mutual life insurers, and the conduct risk issues that arise. Whilst there have not been many demutualisations in the life insurance sector in recent years and neither Mr Grout nor Mr Gillespie have worked on a demutualisation as Independent Expert before, both have extensive relevant experience that they are able to bring to bear.

I trust that the responses I have set out will make clear the scrutiny that the proposed acquisition of LV by Bain Capital has received from the FCA, and that they will be of assistance to you.

Yours sincerely,

**Matt Brewis**  
**Director, Insurance and Conduct Specialists**

Gareth Thomas MP  
House of Commons  
London  
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By email

Date: 3 December 2021

Our Ref: FOI8791

Dear Mr Thomas,

**Freedom of Information: Right to know request**

Thank you for your letter of 8 November and additional questions received on 19 November, in which you asked for information regarding the future of Liverpool Victoria. Please see Annex A for full details of your request.

We have processed your request in line with the provisions of the Freedom of Information Act 2000 (FOIA) and we will respond to each question below.

Request 1

For ease of reference, we have responded to the questions raised in the first request under the headings used.

*Royal London*

Subsequent to your letter, LV has now issued a press release in which they set out some of the information that you have requested at <https://www.lv.com/about-us/press/response-to-royal-london-statement>. We hold some of the information you have asked for in questions 1 to 3, but we are unable to disclose it, as this is confidential information that the FCA has received in the course of carrying out its public function under the Financial Services and Markets Act 2000 (FSMA). Section 348 of FSMA prevents us from disclosing such confidential information, except in certain limited circumstances, none of which would apply here. Section 44 (Prohibitions on disclosure) of FOIA, therefore, applies. For more details on the FSMA provision and why this exemption applies here, please see Annex B.

*The Demutualisation Process*

We hold some of the information you have asked for in questions 5, but we are unable to disclose it to you, as this is confidential information that the FCA has received in the course of carrying out its public function under FSMA. For the reasons set out in our response to questions 1 to 3 and in annex B, we are therefore exempted from the duty to provide this information under section 44 of FOIA.

*The information that the FCA has*

The proposed acquisition by Bain Capital of the entity within LV into which all the business of LV will be transferred should the deal proceed as planned, is subject to an ongoing change in control application. We hold some of the requested information but, for the same reasons explained above, we are prohibited from disclosing it to you. Please refer to Annex B for further details on this.

## Request 2

We can confirm we hold information relevant to this part of your request, but we are prohibited from disclosing any specific details, as they constitute confidential information that the FCA has received in the course of carrying out its public function under FSMA. For the reasons explained above, we are therefore exempted from the duty to provide this information under section 44 of FOIA. Please refer to Annex B for further details on this.

We can however confirm that the FCA held discussions on the future of the Chairman of Liverpool Victoria.

We would also like to explain that in relation to question 2 it is the responsibility of the Board of LV to approve any tender documents issued on behalf of the firm.

In addition, for question 4 we would also like to specify that for a Part VII transfer, it is the Prudential Regulation Authority (PRA) that leads on the review of the proposed Independent Expert and they need to consult with us first before approving. We consider any potential conflicts of interest (as do the PRA) as part of the need for an Independent Expert to be able to demonstrate both independence and having sufficient skill, experience and resources. We have published guidance for Part VII transfers ([FG18/4: The FCA's approach to the review of Part VII insurance business transfers](#)) that sets out in Section 3 our review of the appointment of the IE for any Part VII transfer.

### **Your right to complain under the FOIA:**

If you are unhappy with this response, you have the right to request an internal review. To do so, please contact us within 40 working days of the date of this response at [FreedomofInformationAppeals@fca.org.uk](mailto:FreedomofInformationAppeals@fca.org.uk).

If you are not content with the outcome of the internal review, you also have a right of appeal to the Information Commissioner by phone or on their website at:

Telephone: 0303 123 1113

Website: [www.ico.org.uk](http://www.ico.org.uk)

Yours sincerely

Information Disclosure Team  
Financial Conduct Authority

## **Annex A**

### Request 1

We are taking forward the following parts of your letter of 8 November 2021:

*Royal London*

*It is now clear that the two most valuable bids received by the Liverpool Victoria Board were from Bain Capital and crucially, another mutual, Royal London. I understand there are nondisclosure agreements in place which prevent the full details of these bids being made available to the owners of Liverpool Victoria. The FCA has a particularly crucial obligation as a result to the owners given its consumer protection role.*

- 1. Will you confirm what many have explicitly suggested; that Royal London offered more money than Bain Capital?*
- 2. Has the FCA seen the original With Profits Committee report supporting the proposed sale of LV to Royal London?*
- 3. If so, will it disclose the report so consumer/owners of LV can make their own complete assessment of whether the Bain bid was preferable to the Royal London bid?*

*The Demutualisation Process:*

- 5. Does the FCA hold the information about the departure of the former Chief Executive Richard Rowney and his pay, and will they disclose it to aid consumer/owners in making a full and complete assessment of the proposed sale to Bain?*

*Information that the FCA has:*

- 1. Has the FCA had access to the likely remuneration, including pay, LTIP, shares of the future LV Board post sale to Bain?*
- 2. If so, will it release this information so those voting can form a complete judgement of whether the proposed demutualisations is in their interest?*

### Request 2

You also made the following additional questions via Parliamentary Questions which were passed to the FCA to respond on 19 November 2021:

- 1. Whether representatives of the Financial Conduct Authority [and Prudential Regulation Authority] have held discussions on the immediate future of the Chairman of Liverpool Victoria*
- 2. Whether the Financial Conduct Authority [and Prudential Regulation Authority] approved the tender documents issued by Fenchurch Advisory Partners on behalf of the LV Board which invited bids to purchase Liverpool Victoria*
- 3. How many letters of complaint have the Financial Conduct Authority received about the proposed demutualisation of Liverpool Victoria and the sale to Bain Capital*
- 4. What assessment the FCA [and PRA] has made of a potential conflict of interest in the retention of FTI Consulting by LV, to promote their plans for demutualisation, in the context of the employment by FTI Consulting of Simon Grout, Managing Director of FTI, who was appointed by LV and approved as their independent expert for the Part V11 transfer.*

## **Annex B**

- **General right of access to information held by public authorities**

Anyone requesting information from a public authority is entitled to be informed in writing whether it holds the information described (this is under section 1(1)(a) of FOIA). If the public authority does hold it, the person requesting it is entitled to have the information communicated to them, under section 1(1)(b). However, there are exclusions and exemptions to these rights.

- **Section 44 (Prohibitions on Disclosure)**

Section 44(1)(a) of FOIA states that information is absolutely exempt from disclosure if this is prohibited by law. Section 348 of FSMA restricts the FCA from disclosing 'confidential information' it has received in the course of carrying out its public function. FSMA allows exceptions to this in a few specific circumstances, but none of these apply to this request.

Confidential information here is defined as non-public and non-anonymised information involving a person's business or other affairs, which the FCA received in the course of carrying out its public function.

The information you requested is confidential information under this provision. If we disclosed this information, without the provider's consent and the consent of the person the information is about, we would be in breach of section 348 of FSMA. This would be a criminal offence.

In many requests for information under FOIA we have to judge different factors to decide whether disclosing the requested information would be in the public interest or not. For this request, we have an 'absolute' exemption against supplying the information, and so we do not need to make this kind of judgement.