
London Capital & Finance Investigation

The London Capital & Finance investigation is complete and the report has been published. Emails to the investigation will not receive a response.

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The independent investigation into the regulation by the Financial Conduct Authority (FCA) of London Capital & Finance Plc (LCF), which collapsed in January 2019.

Video: Dame Elizabeth Gloster provides some [information about the investigation](#).

The investigation held a meeting for LCF bondholders on Thursday 23rd January 2020. The purpose of this meeting was for Dame Elizabeth and her team to hear directly from bondholders about their experience of the FCA's regulation of LCF.

Bondholder meeting - 23rd January 2020 [Livestream video](#)

What is the investigation

The investigation is complete and the report has been published [here](#).

The investigation is tasked to consider issues connected with the regulation by the Financial Conduct Authority (FCA) of London Capital & Finance Pie (LCF) in the period 1 April 2014 to 30 January 2019.

[Watch the video here](#)

Background to the investigation

On 30 January 2019, LCF entered administration following regulatory action by the FCA in December 2018.

According to the March 2019 report issued by LCF's administrators, as at December 2018, LCF had, however, already issued some 16,706 LCF mini-bond/ISA products, totalling £237,207,497, across 11,625 investors. On 22 May 2019, following a request from the FCA's Board, the Economic Secretary to the Treasury directed the FCA to set up this independent investigation into the circumstances surrounding the collapse of LCF. At the same time, the Treasury announced its approval of the proposed appointment of Dame Elizabeth Gloster to lead the investigation.

The independent investigation will consider the FCA's actions, policies and approach when regulating LCF. Please find more information about the remit of the investigation [here](#).

Bondholders and others affected by the role of the FCA and the collapse of LCF can submit information to the investigation [here](#).

17th December 2020: Update on the investigation

Report into the Financial Conduct Authority's regulation of London Capital & Finance published

HM Treasury has today published Dame Elizabeth Gloster's report into the Financial Conduct Authority's (FCA) regulation of London Capital & Finance (LCF). It is available to view [here](#).

HM Treasury has also published the FCA's response to Dame Elizabeth's report and that response is available to view [here](#).

Please find below a short summary of the findings in Dame Elizabeth's report:

The primary question that the Investigation was asked to focus on by the Direction signed by the Economic Secretary to the Treasury on 22 May 2019 was "*whether the FCA discharged its functions in respect of LCF in a manner which enabled it to effectively fulfil its statutory objectives*". The Investigation has concluded that the FCA did not discharge its functions in respect of LCF in a manner which enabled it effectively to fulfil its statutory objectives. In all the circumstances, the Investigation concludes that the Bondholders, whatever their individual personal circumstances, were entitled to expect, and receive, more protection from the regulatory regime in relation to an FCA-authorized firm (such as LCF) than that which, in fact, was delivered by the FCA.

Answers to questions posed in the Direction

The Direction also asked the Investigation to consider various questions regarding the FCA's regulation of LCF during the Relevant Period (1 April 2014 to 30 January 2019). The Investigation reached the following conclusions in respect of these questions:

- *Were the permissions granted to LCF appropriate for its business activities?* The Investigation concluded that the permissions granted to LCF were not appropriate for the business that it carried on.
- *Did the FCA adequately supervise LCF's compliance with its rules and policies?* The Investigation concluded that the FCA did not adequately supervise LCF's compliance with the FCA's rules and policies.
- *FCA's handling of information from third parties regarding LCF.* The FCA's handling of information from third parties regarding LCF was wholly deficient. This was an egregious example of the FCA's failure to fulfil its statutory objectives in respect of the regulation of LCF.
- *Did the FCA have in place appropriate rules and policies relating to the communication of financial promotions by LCF?* The FCA had appropriate rules to regulate the communication of financial promotions by LCF. The FCA also had sufficient power under the relevant legislation to monitor LCF's financial promotions and to

intervene if there was a breach. However, the FCA did not have in place appropriate policies.

Significant gaps and weaknesses in the FCA's policies and practices

The root causes of the FCA's failure to regulate LCF appropriately were significant gaps and weaknesses in the policies and practices implemented by the FCA to analyse the business activities of regulated firms. These failings can be grouped into three broad categories:

- First, the FCA's approach to its regulatory perimeter was unduly limited. In general, the FCA did not sufficiently encourage its staff to look outside the perimeter when dealing with FCA-authorized firms such as LCF. This made it possible for LCF to use its authorized status to promote risky, and potentially fraudulent, non-regulated investment products to unsophisticated retail investors. LCF was a regulated firm, but the majority (if not all) of its revenue was generated from non-regulated activities. The Investigation has concluded that LCF's bond business did not constitute "regulated activity". As a result of the FCA's approach to the perimeter, this core aspect of LCF's business was not subject to sufficient scrutiny. The FCA's flawed approach to the perimeter resulted in LCF being able to use its FCA-regulated status to present an unjustified imprimatur of respectability to the market, even in relation to its non-regulated bond business.
- Second, the FCA failed to consider LCF's business holistically. Instead, FCA staff analysed LCF's breaches as though they were isolated issues. In particular, they did not consider whether, and if so how, these issues were indicative of broader concerns with LCF's business. For example, LCF had repeatedly breached the FCA's financial promotion rules by using its FCA-authorized status to attract investors to its non-regulated bond business. The FCA's Financial Promotions Team had raised concerns regarding LCF's financial promotions in correspondence on six occasions. Nevertheless, these breaches did not result in a referral to the Supervision or Enforcement Divisions for further review. As a result, the FCA did not consider whether LCF's breaches might be symptomatic of a more serious problem. In particular, it failed to question, in any meaningful way, whether LCF might have obtained, or used, its FCA-authorized status in order to attract investors to its unregulated bond business.
- Third, FCA staff who reviewed materials submitted by LCF had not been trained sufficiently to analyse a firm's financial information to detect indicators of fraud or other serious irregularity. This weakness permeated various aspects of the FCA's regulation of LCF during the Relevant Period.

As a cumulative result of these failures, the FCA did not appreciate the true nature of LCF's business or the risks that it posed to consumers. Neither did the FCA appreciate the significance of an ever-growing

number of red flags, which were indicative of serious irregularities in LCF's business. This occurred at a time when LCF's unregulated bond business was growing at a rapid pace and substantial funds were being invested by Bondholders.

Individual responsibility of the FCA's senior management

The report makes certain findings of individual responsibility. For the avoidance of doubt, the findings of individual responsibility in the report are not conclusions about the personal culpability of any individuals or groups of individuals. In particular, the fact that the Investigation has identified an individual as being responsible for one aspect of the FCA's deficient regulation of LCF does not necessarily mean that the individual had specific knowledge of the relevant problem(s), or that the individual failed to take reasonable steps to address them. The Investigation has not made findings about personal culpability (as opposed to responsibility) because it has not found it necessary to do so in order to answer the questions put to it. To have done so would have require an analysis of detailed evidence relating to the specific actions or omissions by relevant individuals, the circumstances in which they were taken and the extent of their knowledge at the relevant time. The Investigation has not considered these matters. It follows that the Investigation has also not made findings about whether there was any causal connection between the actions or omissions of specific individuals within the FCA and losses suffered by Bondholders.

Key examples of the findings of responsibility in the report are:

- Paragraph 1.7(d) of Chapter 6 (The FCA's approach to the Perimeter) states: "*Section 6 explains that, despite the awareness of the issues described in paragraph 1.5 above, the FCA's Senior Management failed to implement an appropriate level of awareness at lower levels of the organisation where LCF was actually dealt with. The FCA's failures of regulation in respect of LCF, which were associated with its approach to the Perimeter, accordingly occurred nonetheless. Responsibility for this failure rests with the CEO and [the FCA's Executive Committee].*"
- Paragraph 6.7 of Chapter 8 (The "Delivering Effective Supervision" and "Delivering Effective Authorisations" Programmes) states: "*The Investigation has nonetheless concluded that the Board was unjustifiably relaxed in its oversight of the timing and delivery of the [Delivering Effective Supervision Programme] relating to the supervision of flexible portfolio firms.*"
- Paragraph 6.13(b) of Chapter 9 (Appropriateness of LCF's permissions) states: "*The FCA's process for risk assessing applications for Variation of Permission focused too much on the risks posed by LCF's regulated activity, resulting in the significant issues connected with LCF's unregulated activity not being appreciated and acted upon. Responsibility for this weakness lies with: (i) the Executive Director of [Supervision - Retail and*

Authorisations] given his remit at the time included being" [r] esponsible for establishing and overseeing processes for the authorisation of all firms, transactions and individuals"; and (ii) [the FCA's Executive Committee] as a whole given its role in setting the FCA's attitude to the Perimeter."

- Paragraph 2.13 of Chapter 12 (Information provided by third parties) states: *"However, responsibility for [failures in respect of certain Contact Centre policies regarding the handling of information received from third parties] is not solely attributable to the FCA's attitude to its Perimeter. Responsibility also rests with management of the Supervision Division, in particular with those elements of management responsible for the Contact Centre..."*
- Paragraph 2.22 & 2.24 of Chapter 12 (Information provided by third parties): *"...there was no policy which required the FCA's supervision staff to interrogate a firm's financial information following an allegation of fraud or serious irregularity being made against a firm." "Responsibility for these policy failings rests with the Senior Management of the Supervision Division."*

Recommendations

In the circumstances, the Investigation makes 13 recommendations which are split into two categories: (i) nine recommendations targeted at the FCA's policies and practices; and (ii) four recommendations focused on the regulatory regime. As you will see from the FCA's response to Dame Elizabeth's report, the FCA accepts and will implement each of the nine recommendations targeted at its policies and practices. The FCA's response also confirms that the FCA will work with Treasury and wider Government (as appropriate) in relation to the four recommendations focused on the regulatory regime.

Key chapters of the report

Although the Investigation considers that all 14 chapters contain important and relevant information and findings, the key chapters for the purposes of obtaining a summary of the relevant facts, issues and conclusions are:

- Chapter 1 provides an introduction and the background to the report.
- Chapter 2 is an executive summary of the Investigation's conclusions and recommendations.
- Chapter 3 provides an overview of key events related to LCF during the Relevant Period.
- Chapter 14 outlines the recommendations made by the Investigation.

Remit Of The Investigation

The investigation is complete and the report has been published [here](#)

The investigation is tasked to consider issues connected with the regulation by the Financial Conduct Authority (FCA) of London Capital & Finance (LCF) in the period 1 April 2014 to 30 January 2019.

Specifically, the investigation will consider whether the FCA discharged its functions in respect of LCF in a manner which enabled it effectively to fulfil its statutory responsibilities. This means that the investigation will focus on:

- Whether the FCA adequately supervised LCF's compliance with its rules and policies
- Whether the FCA had in place appropriate rules and policies relating to the communication of financial promotions by LCF
- Whether the FCA had established appropriate policies for responding to information provided by third parties regarding the conduct of LCF
- Whether those policies were properly applied
- Whether the FCA received information of significance concerning the conduct of LCF during the relevant period
- Whether the FCA responded appropriately to such information
- Whether the permissions that LCF was granted were appropriate for the business activities which it carried on

Dame Elizabeth Gloster and her team are very conscious of the considerable financial and personal impact which the events concerning LCF have had on many of those who placed, and lost, investments with LCF.

However, as set out above, the remit of the investigation is to consider the conduct of the FCA over the period 1 April 2014 to 30 January 2019. That means that the investigation will not be in a position to determine:

- Whether individual bondholders are entitled to compensation
- The location or recoverability of any investments following the collapse of LCF
- Whether any criminal or civil liability attaches to those involved in the events of LCF

For queries around compensation, and other issues outside the scope of the independent investigation, please find more information [here](#).

The investigation is independent of, and separate from, other inquiries being carried out by other organizations arising from the collapse of LCF.

Who Is Conducting The Investigation

The investigation is complete and the report has been published [here](#).

The investigation is being carried out by the highly experienced lawyer and former Court of Appeal judge, Dame Elizabeth Gloster, who is independent of the Financial Conduct Authority (FCA). Dame Elizabeth was appointed as the investigator on 10 July 2019 and is supported by an independent team.

The Rt. Hon. Dame Elizabeth Gloster DBE, PC

Dame Elizabeth has had a distinguished career as a barrister and as a judge on the High Court and the Court of Appeal. As well as her work as an international arbitrator, she has deep experience in commercial law, with expertise in financial services, insolvencies and regulation.

Dame Elizabeth practised as a commercial and Chancery QC at One Essex Court from 1991 until 2004, before accepting an appointment as a High Court judge, becoming the first woman to be appointed a judge of the Commercial Court and as Judge in Charge of that Court from 2010-2012. She was appointed to the Court of Appeal in 2013 and became Vice-President of the Civil Division of that Court in 2016.

Since retiring from the Court of Appeal in 2018, Dame Elizabeth has returned to One Essex Court to practise as an international commercial arbitrator. She has been appointed both as chair and co-arbitrator in a wide range of international arbitrations including banking, insurance/reinsurance, energy, telecoms, construction, joint venture and State investment disputes.

As a QC, she had a high-profile City practice specialising in corporate, banking, financial regulation, insolvency, insurance and reinsurance and energy cases. For example, she acted for creditors, investors and/or office holders in cases arising out of major international insolvencies such as: Barlow Clowes, Maxwell, Canary Wharf (Olympia & York), Heron, Garuda Airways, Enron, Telewest, Parmalat, Marconi, TXU, Barings etc. and for the Secretary of State in the disqualifications of the Barings directors and the Blue Arrow directors.

As a High Court Judge, Dame Elizabeth presided over numerous important commercial and financial markets cases, including JPMorgan Chase Bank v Springwell Navigation Corporation, Masri v Consolidated Contractors International and the notable Berezovsky v Abramovich trial.

As a Lady Justice, she sat on numerous important commercial and financial cases, ranging from capital markets, arbitration, shipping, gas and oil, insurance, tax, and insolvency to criminal LIBOR fixing. These included LBG Capital No. 1 Pie v BNY Mellon Corporate Services Limited, Burlington Loan Management Ltd & Ors v Lomas & Ors (a Lehman case), R v Hayes and Ukraine v The Law Debenture Trust Corporation Pie.

Dame Elizabeth was Treasurer of the Honourable Society of the Inner Temple for 2018 and is an Honorary Fellow of Girton College, Cambridge and Harris Manchester, Oxford. She is Patron of the London Branch of the CI Arb and a Freeman of the Worshipful Company of Arbitrators.

James Petkovic (Junior Counsel, One Essex Court)

James Petkovic was called to the Bar in 2009.

He has a depth of experience in financial regulatory law, having been seconded to the FSA (a previous regulator to the FCA) in September 2011-February 2012 and with the FCA part-time in March 2017-June 2017 as well as assisting the FSA on its work in preparing the Handbook for the transition of functions from the FSA to the FCA. Work has included assisting on drafting rules pertaining to tax-transparent funds, master-feeder structures and also assisting on issues concerning Brexit and the CSDR. While at the FSA and FCA, James had no involvement in respect of London Capital & Finance.

James also practises in a range of other commercial areas. In recent years, much of his work has been in international arbitration and he has appeared in arbitration disputes in the oil and gas, banking and international investment treaty sectors as well as in other arbitration disputes of a more general commercial nature. James has also acted in a range of proceedings in the English High Court including banking disputes and proceedings seeking and obtaining urgent injunctive relief.

Dorothy Cory-Wright (Head of Dechert LLP's London Disputes Practice)

Dorothy Cory-Wright is a highly experienced lawyer advising on a variety of complex disputes matters and contentious regulatory issues. In June 2019, Dorothy was honoured with an award for "Best in Litigation" at Euromoney's European Women in Business Law Awards 2019.

Her practice spans many sectors including financial services, with clients including banks, funds, asset managers, payment services providers, private equity houses, insurers and reinsurers. Dorothy has extensive experience in supporting similar reviews having been one of the primary legal advisors to HSBC's Monitor and having led the inquiries into the "Spygate" and "Crashgate" issues for the Federation Internationale de l'Automobile. She also advised the world's then second largest reinsurer on its EU and Bermuda entities' responses to the US Securities and Exchange Commission and the New York Attorney General's investigations into alternative risk transfer and finite reinsurance products and broker commissions.

Richard Frase (a Partner in the Financial Services Group in Dechert LLP's London office)

Richard has extensive experience of the legal and regulatory aspects of the UK financial services industry, gained in private practice, in-house and with the regulators, covering both wholesale and retail markets and including regulation and compliance.

Richard was head of litigation at the Personal Investment Authority (which later became the Financial Services Authority and subsequently the Financial Conduct Authority) from 1995-1998, where he dealt with a range of compliance and enforcement matters involving life companies and financial advisers. He was seconded to the Securities and Futures Authority during 1989-1991, where he advised on policy and legal matters, and carried out extensive work on the conduct of business rules. He was a member of the London Metal Exchange and SFA arbitration panels for 10 years, sitting as an arbitrator in more than 30 arbitrations.

John Bedford (Counsel in the Contentious Regulatory and Investigations team in Dechert LLP's London office)

John has advised corporations and board committees on the conduct of investigations into allegations of bribery, corruption, money laundering, fraud and breach of domestic and international sanctions and/or export controls. These matters have involved prosecutors, regulators and enforcement agencies, including the FCA.

John has extensive experience in supporting similar reviews having been one of the primary legal advisors to HSBC's Monitor. He has also assisted clients at voluntary interviews with the FCA in connection with authorisation issues.

Bondholders

The investigation is complete and the report has been published [here](#). emails to the investigation will not receive a response.

Engagement with Bondholders has been very helpful to the Investigation. Information and evidence provided by Bondholders, particularly about their interactions with the FCA, informed many of the findings expressed in the Report. Dame Elizabeth appreciates that the collapse of LCF has had a significant impact on the physical and mental wellbeing of a number of Bondholders and she wishes to thank all Bondholders who have engaged with the Investigation, whether via email, letter, in person at the Bondholders' meeting in January 2020 or otherwise. Dame Elizabeth and the Investigation Team would also like to thank all those bondholders and others who, following the publication of the Report, have contacted the Investigation to express their views.

In relation to compensation issues, we suggest contacting the [Financial Services Compensation Scheme](#) for any specific questions.

The administrators of LCF are working to maximise returns to Bondholders. Further details regarding the work of the administrators (including contact details) can be found at: <https://smithandwilliamson.com/london-capital/> (www.evelyn.com/services/restructuring-and-recovery-services/london-capital-finance-plc/).

www.evelyn.com/services/restructuring-and-recovery-services/london-capital-finance-plc/

Information on the Serious Fraud Office investigation can be found here: www.sfo.gov.uk/2019/03/18/sfo-opens-investigation-into-london-capital-finance-plc/

Additional support

We understand that the collapse of London Capital & Finance has had a substantial personal and financial impact upon the lives of bondholders. Should you need advice on your finances and with debt management the following organisations may be able to help you:

Citizens Advice: www.citizensadvice.org.uk/

National Debt Line: www.nationaldebtline.org/

StepChange: www.stepchange.org/

If you are struggling to cope and need emotional support the following organisations may be able to assist: Mind: www.mind.org.uk/

Samaritans: www.samaritans.org

Contact Us

The investigation is complete and the report has been published [here](#) emails to the investigation will not receive a response.

For queries relating to the independent investigation and other issues relating to London Capital & Finance (LCF)

Please review this website and refer to our [FAQ page](#) for any questions you may have relating to the role of the Financial Conduct Authority (FCA) and the collapse of London Capital & Finance Pie.

In relation to compensation issues, we suggest contacting the Financial Services Compensation Scheme (www.fscs.org.uk/failed-firms/lcf/) for any specific questions.

The administrators of LCF are working to maximise returns to Bondholders. Further details regarding the work of the administrators (including contact details) can be found at: <https://smithandwilliamson.com/london-capital/>.

For media enquiries

Please email Lansons for all press/media enquires at IndependentInvestigationLCF@lansons.com

Additional support

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Citizens Advice: www.citizensadvice.org.uk/

National Debt Line: www.nationaldebtline.org/

StepChange: www.stepchange.org/

If you are struggling to cope and need emotional support the following organisations may be able to assist: Mind: www.mind.org.uk/

Samaritans: www.samaritans.org

Useful Links

[Report of the Independent Investigation into the Financial Conduct Authority's Regulation of London Capital & Finance plc](#)

[Report of the Independent Investigation into the Financial Conduct Authority's Regulation of London Capital & Finance plc - The FCA Response](#)

[Statement made by John Glen, Economic Secretary to the Treasury](#)

[Letters between Dame Elizabeth Gloster and the FCA, notifying the FCA of the report's revised publication date](#)

[Administrators - Smith & Williamson](#)

[Direction to the FCA to investigate London Capital & Finance](#)

[FCA protocol for the independent investigation into London Capital & Finance](#)

[FSCS investigation and compensation updates](#)

[SFO investigation into London Capital & Finance](#)

Frequently Asked Questions

The investigation is complete and the report has been published [here](#).

Q. What caused the investigation to take place?

A. On 22 May 2019, following a request from the Financial Conduct Authority (FCA) Board, the Economic Secretary to the Treasury directed the FCA to carry out an independent investigation into the circumstances surrounding the collapse of London Capital & Finance (LCF).

Q. Who appointed Dame Elizabeth Gloster?

A. Dame Elizabeth was appointed by the FCA to carry out an independent investigation into the events and circumstances surrounding the failure and placing into administration of LCF. The Treasury announced its approval of the proposed appointment of Dame Elizabeth on 22 May 2019.

The investigation is independent of the regulator and the FCA is required to share the investigator's findings and recommendations with HM Treasury.

Q. If Dame Elizabeth was appointed by the FCA, does this mean the FCA will be able to interfere with the investigation?

A. No. The investigation is independent of the FCA, as is Dame Elizabeth and her team.

Q. What is the aim of the investigation?

A. The investigation will consider whether the FCA discharged its functions in respect of LCF in a manner which enabled it effectively to fulfil its statutory responsibilities. Please find a more detailed explanation [here](#).

Q. How long will the investigation take?

A. The investigation was originally expected to take approximately 12 months, and was scheduled to deliver its report by 10 July 2020. On 25th August 2020, Dame Elizabeth Gloster announced a second revised timeframe for the delivery of her report. Assuming there are no further significant developments, the revised date for completion of the report will be on or before Monday, 23 November 2020.

This follows an initial change to the delivery date in June from 10th July to 30th September, which was due to delays in receiving documents and information from the FCA, which, in turn, impacted the investigation team's timetable to interview FCA employees. These delays were further exacerbated by the COVID-19 pandemic.

The revised timeframe is as a result of the following reasons:

- The FCA disclosed approximately 3,500 documents in mid-July which should have been provided previously and have required members of the investigation team to set aside time from their ongoing work on the report to review and consider their import to the investigation.
- Interviews with senior employees were only made possible from mid-June and took much longer than anticipated. These raised important new issues requiring substantial additional work as well as further interviews.

In the circumstances, to allow proper consideration of these issues, and assuming there are no other significant developments, Dame Elizabeth has notified the FCA of the revised timeline for delivering her report.

The FCA protocol sets out that the FCA will arrange for the final report to be submitted to HM Treasury. It is then for HM Treasury to decide whether to publish the report in full or whether part of the report needs to be redacted (in accordance with Section 82 of the Financial Services Act 2012). HM Treasury requires the FCA to set out the FCA's response to the investigation's findings, conclusions and recommendations. It also requires the FCA to include any lessons that it should learn from the investigation and make any recommendations as the FCA considers appropriate.

Q. How will Dame Elizabeth Gloster "investigate" and what will this entail?

A. Dame Elizabeth Gloster will determine the methods of investigation.

Supported by an independent team whom Dame Elizabeth has approved, the investigation will take into account all matters which Dame Elizabeth considers relevant to the question of whether the FCA discharged its functions in a manner which enabled it effectively to fulfil its statutory responsibilities. The investigation will have full access to all relevant documentation in the FCA's files and proposes to question relevant individuals about the conduct and discharge of the FCA's regulatory responsibilities.

Q. Will there be an interim report?

A. No. There will be one final report, which is scheduled to be delivered on or before Monday, 23 November 2020. Any updates in the meantime will be found on this website.

Q. I'm a Bondholder. Will I get my money back?

A. The Administrators are working to maximise returns to Bondholders. For information regarding the administration of LCF, please visit <https://smithandwilliamson.com/en/>. In relation to compensation issues, we suggest contacting the Financial Services Compensation Scheme www.fscs.org.uk/failed-firms/lcf/ for any specific questions.

Q. Will I be compensated by the Financial Services Compensation Scheme (FSCS) as a Bondholder?

A. The purpose of this investigation is to review the FCA's actions, policies and approach when regulating LCF, and is not to determine whether individual bondholders are entitled to compensation. Anyone who thinks they may be eligible for compensation should contact the FSCS (www.fscs.org.uk/failed-firms/lcf/).

Q. Will individuals responsible for the collapse of LCF be prosecuted?

A. The Serious Fraud Office (SFO), working in conjunction with the Financial Conduct Authority, is investigating individuals associated with LCF. Details can be found here (www.sfo.gov.uk/cases/london-capital-finance-plc/).

Q. I've read that the investigator will not be able to force FCA employees to attend interviews and give their account of the collapse. Is that true?

A. Under the relevant statutory provisions relating to this type of investigation, the investigator does not have power to compel attendance on the part of individuals. However, it is anticipated that relevant individuals currently employed by the FCA will attend voluntarily.

Q. I'm a Bondholder and have read that I may have to pay tax on the mini-bonds. Is that true?

A. Please speak to an accountant or financial adviser with any questions regarding tax liabilities.

Q. Will the investigation consider the wider concern of mini-bond regulation?

A. The investigation's specific role is to review the FCA's conduct in relation to LCF. However, the investigation may consider it appropriate to make recommendations for others to consider in their own investigations.

The FCA is required to share the findings and recommendations of the investigation with HM Treasury, which is tasked with a review of the wider policy questions raised by the case of LCF.

