

Telephone: 020 7066 8080
Email: foi@fca.org.uk

[By Email]

04 June 2018

Our Ref: **FOI5741**

Dear

Freedom of Information : Right to know request

Thank you for your request under the Freedom of Information Act 2000 (the Act), for the following information:

"- The number of investigations commenced by the Financial Conduct Authority in each year calendar year from 2012 to 2017.

- The number of investigations that had an outcome of "no action" in each of the above years.

- The external cost of investigations closed as "no action" in each of the above years."

Before I respond to your request I would like to explain that the information provided here should be seen in the overall context of FCA enforcement trends.

The most significant trend in the last year has been an approximate 75% increase in the number of investigations we have commenced. This is mainly as a result of three factors: more investigations into capital market disclosures; the extension in scope of reporting by firms brought about by the Market Abuse Regime which has given the FCA a richer and more varied market picture; and the change in the FCA's approach when deciding whether to open an investigation.

Of significance, in November 2015 the HBOS Report written by Andrew Green QC reviewed the reasonableness of the FSA's investigations into HBOS. One finding was that the then FSA did not conduct investigations into the failure of HBOS when it could have because there was a view that the FSA was unlikely to win subsequent disciplinary proceedings. The problem with this approach was the difficulty in accurately evaluating the prospects of success in disciplinary proceedings before an investigation had even begun. This approach, therefore, had a tendency to discourage the FSA from starting investigations even though the threshold test for investigating was met and even though the public importance of investigating was high. This prompted us to rethink the starting point for our investigations.

Following our acceptance of the recommendations in the HBOS report, our general approach is therefore now to investigate where we suspect serious misconduct may have occurred.

An investigation, of course, is a fact-finding exercise. We do not pre-determine the guilt of a firm or individual under investigation. It is therefore to be expected that there will be some investigations that result in an enforcement outcome, and others that do not.

Turning back to your request, your request has now been considered and the relevant information can be found below:

Q1) The number of investigations commenced by the Financial Conduct Authority in each calendar year from 2012 to 2017.

Year	Number of cases opened
2017	295
2016	212
2015	97
2014	105
2013	85
2012	135

Q2) The number of investigations that had an outcome of "no action" in each of the above years.

Year	Cases closed with 'no action'
2017	161
2016	60
2015	30
2014	46
2013	18
2012	11

Q3) The external cost of investigations closed as "no action" in each of the above years.

Year	External costs
2012	£265,819.98
2013	£229,266.69
2014	£527,475.82
2015	£736,380.90
2016	£1,303,252.87
2017	£1,291,575.39
Grand Total	£4,353,771.64

*includes VAT

Yours sincerely

Information Disclosure Team