

As from One Essex Court  
Temple  
London  
EC4Y 9AR

Financial Conduct Authority  
12 Endeavour Square  
London  
E20 1JN

FAO: Charles Randell Esq

**BY EMAIL**

15 May 2020

Dear Charles,

**Re: Independent Investigation into the Financial Conduct Authority's Regulation of London Capital & Finance plc**

**Introduction**

1. I write further to our previous correspondence and conversations regarding the progress of my investigation, including our conversation on 29 April 2020, my letter to you of the same date and your email to me of 5 May 2020. I also refer to the direction dated 22 May 2019 (the "**Direction**") to the Financial Conduct Authority (the "**FCA**") to investigate events and circumstances surrounding the failure and placing into administration of London Capital & Finance plc ("**LCF**").
2. Paragraph 7(1) of the Direction requires my investigation to be completed "*within a period of 12 months*" from the date on which I was appointed. Accordingly, as matters presently stand, I am required to deliver my report by 10 July 2020.
3. Paragraph 7(2) of the Direction states: "*If the Investigator considers that it will not be possible to complete the Investigation within the period of 12 months mentioned in [paragraph 7(1) of the Direction], the FCA must inform the Treasury of (a) the reasons for the delay in the conclusion of the Investigation, and (b) a revised target date for the conclusion of the Investigation.*"
4. In light of the above, I write to notify the FCA formally that I am now certain that it will not be possible to complete my investigation by 10 July 2020. This is not a decision I have taken lightly. I appreciate, as I am sure you do, that my decision to postpone my report, may cause some anguish amongst those people who invested with LCF, something we should all seek to minimise.

**Reasons for the delay**

5. I wrote to you in December 2019 to record my concerns over the time it was taking the FCA to progress document and information requests submitted by my team (most of which were submitted in September/early October 2019). On a related point, I understand that your team has contacted my team this morning to highlight that they have identified various datasets that were not searched (this appears to have been an error) for the purposes of identifying material relevant to my investigation and, accordingly, we will be provided with further data for review over the next week.

6. I do not think it is disputed that the FCA's delays and difficulties in providing documents and information have had a significant impact on the timetable for my investigation. In your email to me of 12 December 2019, you expressed your regret regarding the delays and stated that these issues had arisen because the FCA "*faced a number of unexpected technology challenges which have hampered [its] ability to deliver data in a timely manner*".
7. For the avoidance of doubt, I accept this explanation and don't consider, nor am I intending to imply, that the delays experienced in receiving documents and information from the FCA have been intentional or the result of deliberate non-cooperation. However, as I am sure you will appreciate, these delays have impacted my timetable significantly such that my team was only in a position to begin the interviews of junior FCA employees in March 2020, having originally planned to start those interviews in December 2019/January 2020.
8. The consequence of the interviews being delayed until March 2020 was that they were then impacted by the COVID-19 pandemic given the FCA's implementation of a policy (in line with UK Government guidance) asking employees to work from home the day before the interviews were scheduled to begin. Accordingly, the interviews of junior FCA employees scheduled for March 2020 were cancelled and my team has been working with your team to agree parameters so that the interviews can go ahead remotely. I understand that this has taken some time due to the various technical, logistical and security issues involved in conducting interviews remotely. As you may be aware, those interviews finally began last week and most (if not all) will be completed by the end of next week.
9. As I explained in my letter to you of 29 April 2020, but for the FCA's delays in providing information and documents, my team and I would currently have been engaged in finalising the report; something which would not have been impacted significantly (or at all) by the limitations arising from the COVID-19 pandemic.
10. Although interviews of junior employees are almost complete, my team still needs to interview senior FCA employees (i.e. those current or former FCA employees who are/were Heads of Department or of Director-level or above). My team wrote to your colleagues yesterday to ask that the interviews of those senior employees take place in early June 2020. As you will appreciate, in investigations of this kind, it is best to conduct interviews with senior leadership towards the conclusion of the investigation once the investigation team has the best possible understanding of the facts and issues taking account of the information obtained from the documents and the interviews of junior employees.
11. My team had formally highlighted to you my intention to interview the senior employees in a letter dated 24 February 2020. However, given the importance to my investigation of speaking with Mr Andrew Bailey, I had also written to your colleagues on the day his appointment as Governor of the Bank of England was announced (20 December 2019) to confirm my intention to interview Mr Bailey.
12. Assuming the interviews of senior employees are completed by mid-June 2020, it clearly will not be feasible for me to complete the report and go through the representations process set out at paragraphs 25 and 26 of the Investigation Protocol (the "**Representations Process**") by the July 2020 deadline.

#### **Revised target date**

13. On the basis that the senior employee interviews (including, for the avoidance of doubt, Mr Andrew Bailey) take place during the first half of June 2020 and there are no significant issues arising from the data that we have not yet received, I anticipate completing the report by the end of July/early August 2020. Taking account of the requirement to go through the Representations Process, my revised target date for completion of my investigation would be **Wednesday, 30 September 2020**.

14. I hope that the senior employees will be able to make themselves available for the sixty to ninety minute interviews that my team requires to complete the investigation.
15. If you do not consider the above would be achievable, or if you would like to discuss my proposed timetable further, please do let me know as soon as possible.

**Conclusion**

16. Although the Direction does not expressly require that I obtain your approval for an extension to the duration of my investigation, I would be grateful if you could confirm that the FCA does not object to the proposed extension to 30 September 2020. I would also be grateful if your team would consult with my team regarding the wording of any announcement (either for the press or the FCA's website) concerning the revised timing of my investigation.
17. Pursuant to the Direction, it is the obligation of the FCA to inform HM Treasury of the reasons for the delay in completing my investigation and the revised target date for its conclusion. However, as a matter of courtesy, I would like to share a copy of this letter with the relevant individuals at HM Treasury and the Chair of the Treasury Select Committee. Please let me know if you have any objection to my doing so.

I look forward to hearing from you.

Yours sincerely,

**[Signed]**

**Dame Elizabeth Gloster**