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John Glen MP
The Economic Secretary to the Treasury
HM Treasury
1 Horse Guards Road
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17 December 2020

Dear John,

Thank you for your letter of earlier today, which follows the publication of the London Capital & Finance and Connaught Reviews.

Since becoming Chief Executive in October, I have taken forward the transformation of the Financial Conduct Authority (FCA) that was begun before my arrival and identified by Board as a priority in this year's business plan. I have been pleased to discuss our plans with you and thank you for your support.

This transformation is focused on ensuring the FCA can make fast and effective decisions, can prioritise the right outcomes for consumers, markets and firms, and reforms our approach to intelligence and information sharing. These reforms are vital so the FCA can sustainably oversee the 60,000 firms under its remit and make the difficult risk-based choices about where to allocate resources this entails. The Reviews published today underscore the need for this transformation.

As you know the FCA has accepted the Reviews' recommendations in full and my colleagues and I are committed to their implementation. The implementation of the Reviews' recommendations and lessons learnt will be subject to comprehensive assurance activity, and oversight by the FCA Board and its Audit and Risk Committees.

We will report on the progress of our transformation programme in our Business Plan due by April and Annual Report, expected to be published in July. We will be reporting at 6-monthly intervals thereafter until the recommendations from the reviews have been substantially implemented. Ahead of these public reports, and as part of our established regular cycle of meetings, I would be happy to discuss our progress with you, including any risks I foresee to the implementation of the Reviews' recommendations.

In addition to the recommendations for the FCA, a number in the LCF Review also relate to wider matters. I look forward to meeting in the New Year to discuss the FCA's annual perimeter report. In her review, Dame Elizabeth Gloster also mentions considerations around the intersection of tax and regulatory policy and the question of whether the FCA or another body should have powers in relation to financial online harm and I look forward to keeping in close touch as thinking on these points develops.

Yours sincerely,

Nikhil Rath
Chief Executive