



Treasury Committee

House of Commons, Committee Office, London SW1A 0AA

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Andrew Bailey
Chief Executive
Financial Conduct Authority
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11th October 2017

Dear Andrew

I am sure that you share the Treasury Committee's concern about the recent cyber-security breach at Equifax. I understand that Equifax Limited is authorised by the FCA as a credit reference agency and a credit broker, and that as such, it must comply with the FCA's principles for businesses, and its relevant rules, including on systems and controls. I also understand that Equifax has completed what it calls a "forensic investigation" of the impact of the breach on UK residents. With this in mind, I would be grateful if you could tell me:

- When did Equifax first notify the FCA of the breach?
- Is the FCA satisfied that Equifax Limited has identified all UK individuals affected, and the data that has been potentially compromised in each case?
- Is the FCA satisfied with the timescale over which Equifax plans to notify affected individuals, and the means by which it proposes to inform them?
- Which principles for business and FCA rules are engaged by this incident?
- Which customers suffered the breach: those of the credit reference agency, those of the credit broker, or both? Would your response change depending on which part of the business was affected?
- Does the FCA consider that principles, rules or threshold conditions for authorisation may potentially have been breached? Has it appointed investigators and/or issued a Notice of Appointment to Equifax Limited?

- What are the implications for the enforcement options available to the FCA of the fact that the data breach occurred at Equifax Limited's parent company, Equifax Inc? Did the "process failure" (Equifax's words) that caused the data on UK individuals to be held by the US parent potentially break any FCA rules, and do such intra-company data transfers compromise the ability of the FCA to meet its consumer protection objective?
- Does the FCA consider that it has powers to establish a consumer redress scheme to compensate affected individuals, were such a scheme to prove necessary?
- Has the FCA reached an agreement with the ICO on which body is most appropriate to investigate this matter? Please could you provide a brief account of the division of responsibilities between the FCA and the ICO in this case?

As I have made clear to the Chief Executive of Equifax Limited, the breach is particularly concerning in a firm that is seeking to take advantage of the commercial opportunities arising from the Open Banking initiative. I would be interested to know your thoughts about the implications of such breaches for the future of financial services data sharing initiatives, and on the FCA's supervisory approach under the Second Payment Services Directive.

I would be grateful for a reply by 24 October. I will be placing this letter, and in due course your response, in the public domain.

Yours sincerely



The Rt Hon. Nicky Morgan MP
Chair of the Treasury Committee