RE: FCA Investigations

Thank you for your letter dated 16 May. You have asked for an update on the progress of our investigations in relation to RBS GRG, HBOS Individuals and HBOS Reading.

RBS GRG

The investigative work is nearing its conclusion. The next steps will be for the investigation team to draw together its findings and consider with senior counsel what action, if any, is possible in the light of the findings and the relevant statutory regime, noting that the majority of RBS GRG’s activities were outside the regulatory perimeter and pre-date the Senior Manager and Certification Regime (SM&CR).

The Financial Conduct Authority (FCA) will be in a position to publish an account of its findings once it has concluded that process. As you will be aware, in the event the FCA makes findings in relation to misconduct or fitness and propriety following an investigation, the Financial Services and Markets Act 2000 (FSMA) requires us to publish a statutory notice. Before that can happen there are a number of steps we must follow to ensure due process. Where we do not make findings of misconduct we would not ordinarily publish details of the investigation.

However, if no enforcement action results from our investigation and given the public interest in this matter, we would prepare as full account of the matter as the law permits for publication, dealing with our views of the evidence we have gathered, our conclusions and any other opinions that would appear to us to be necessary and relevant to conduct issues that arise outside the regulatory perimeter.

We are committed to completing this process as soon as possible.

HBOS Individuals

The FCA’s investigations into HBOS individuals are continuing. As noted in my letter dated 19 January 2018 we have gathered a substantial amount of documentation and information from many sources. To date, the investigation team has gathered 2 million documents. We have conducted targeted electronic searches to identify a sub-set of approximately 450,000 potentially relevant documents, which we are reviewing. The total number of documents that still need to be reviewed is currently estimated at approximately 67,000. This number may increase if we identify further additional material potentially relevant to the investigation.
In parallel with this extensive document review, the investigation team is conducting an evidential and legal analysis of relevant information, and this will continue. We cannot reach any conclusions until the evidence review process is complete.

This progress is in line with that projected in the FCA’s letter to you dated 19 January 2018.

**HBOS Reading**

The FCA’s HBOS Reading Investigation is continuing. To date, the investigation team has gathered 140,000 documents. The investigation team has conducted targeted electronic searches to identify a sub-set of documents from this population. The team has reviewed around 35,000 documents and conducted an analysis of the interviews they conducted with a number of former HBOS employees. The investigation team is nearing the end of its investigative review. The next steps will be to consider the findings arising from the investigation and what, if any, action is appropriate as a result.

The FCA recognises the considerable public interest in all these investigations, and has committed significant resources and time to ensure these matters are being properly investigated. Investigations like these, especially into events that took place several years ago, can take longer than for contemporary cases.

Despite these challenges, we have been treating these investigations as priorities and we are committed to completing them as soon as possible. For HBOS, as with RBS GRG, I think the strength of the public interest points to us publishing as full account of the matter as the law permits.

I hope this is helpful.

Yours sincerely,

Andrew Bailey
Chief Executive