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Rt Hon Nicky Morgan MP  
Treasury Committee  
House of Commons  
Committee Office  
London  
SW1A 0AA

16 February 2018

Dear Nicky

Further to my letter of 9 February, and following correspondence with a number of individuals, it has not proved possible to obtain the consents that we need in order for us to publish the s166 report into Royal Bank of Scotland's (RBS) treatment of small and medium-sized enterprise customers transferred to its Global Restructuring Group without infringing s348 of the Financial Services and Markets Act (FSMA).

Since publication by the FCA has proved impossible for this reason, I am enclosing a copy of the full s166 report to comply with the Committee's order as set out in your letters of 7 and 13 February.

We agree that it is regrettable that the report has been leaked but this does not allow us to publish. The confidentiality regime which Parliament has set up under s348 permits us to treat confidential information as being in the public domain only if the disclosure has not been 'precluded' by that section. As the initial leak of the full report was precluded by s348, we would be breaking the law if we were to publish the report without the necessary consents.

As you know from our previous correspondence, one of our concerns about publishing the full report has been that the report includes statements about how much GRG management knew about the failings in GRG. When we published our interim summary in October 2017 we explained the reasons for not including findings as to what GRG and wider RBS management knew, or ought to have known, about the failings in GRG. This included the fact that those who might be implicated by such findings had not had the opportunity to make representations in relation to those findings - either during the exploratory work by Promontory which preceded the report or subsequently. As we made clear in our letter on 2 February, we intended to complete the processes necessary to enable publication once our focused investigation had concluded. Our intention would be to request any written representations from individuals and to offer to publish those we receive, rather than to attempt to revise the report itself in the light of any representations as we think this is the most efficient and appropriate way to meet the requirements we are under.

I do want to make clear that it is not our intention to frustrate or impede the work of the Committee, quite the reverse in fact, and with that in mind we are providing the report as required. As I hope you will understand, as a public body we regard it as vital to assist the Committee as far as we can while respecting the requirements of the law.

It may be helpful to also highlight the work the FCA is doing in relation to both the recommendations of the report and to ensure such a situation does not occur again. It is very important to us that those companies that have suffered loss as a result of how they were treated whilst in GRG are appropriately compensated. The FCA is closely monitoring the complaints process, overseen by an independent third party, Sir William Blackburne, to ensure that things are put right.

Through the Senior Managers Regime, recommended by the Parliamentary Commission on Banking Standards and implemented in 2016, there is now clear ownership and responsibility by the senior management of RBS for the current restructuring unit. The FCA will continue to hold RBS and its senior management to account to ensure the recommendations from the s166 report are implemented fully within RBS.

Given the public interest in this matter, we will be placing this letter in the public domain.

*Yours Sincerely*



**Andrew Bailey**  
**Chief Executive**