



Treasury Committee

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Economic Secretary to the Treasury
HM Treasury
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19 March 2019

Dear John

As you will be aware, London Capital and Finance (LC&F) recently went into administration. It had recently been the subject of regulatory intervention by the Financial Conduct Authority (FCA).

Given that the failure of LC&F could have a significant effect on those invested in its products, and that it has raised wider questions regarding the regulatory system, I have written today to the Chair of the FCA to ask for the FCA Board's view on whether this failure has reached the level where its duty under Section 73 of the Financial Services Act 2012 is engaged.

I am writing to you at the same time, as Section 77 of the Financial Services Act 2012 allows the Treasury to require the FCA to undertake such an investigation in the public interest, if one is not already underway. Should the FCA Board decide not to conduct an investigation into the failure of LC&F, I would expect the Treasury to consider the use of that power.

Furthermore, I would welcome the Treasury's view on whether changes to the regulatory system are warranted to bring mini bonds into the perimeter of regulation

I am copying this letter to the Chair of the FCA.

I will be placing this letter, and in due course, your reply, in the public domain.

Nicky Morgan

Rt Hon Nicky Morgan MP
Chair of the Treasury Committee