



Treasury Committee

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10 December 2015

Dear Stephen,

RE: HBOS Report

In the light of the HBOS reports, the FRC should act quickly to maintain its public and professional credibility. It should reconsider the need for an investigation into HBOS's auditors (KPMG) and HBOS senior management.

Bearing in mind the level of public financial support and losses to shareholders, it appears unlikely that the HBOS case does not clear the hurdle required to trigger a thorough re-examination. Were the FRC to remain of the view that an investigation was not justified, then its decision would, in turn, warrant detailed scrutiny.

The Treasury Committee's independent advisers noted in their written evidence that "*it is important that the FRC should consider its final conclusion very carefully and that there should be transparency in relation to its decision making*". The Treasury Committee now expects this thorough re-examination to be commenced immediately.

Yours sincerely,

RT HON ANDREW TYRIE MP
CHAIRMAN OF THE TREASURY COMMITTEE