

Andrew Tyrie MP
House of Commons,
London
SW1A 0AA

20 August 2012

Dear Andrew

I am writing in relation to the House of Commons Treasury Committee report on fixing LIBOR: some preliminary findings. I would like to make clear I share the Committee's view of the importance of this issue and the importance of ensuring that the facts and any lessons to be learnt are fully in the public domain.

Consistent with this objective, I am writing with regards to the report's findings concerning the original approval by the FSA of Mr Diamond as Chief Executive of Barclays in September 2010. In respect of this matter I would like to record the following facts which are supported by the internal file note taken at the time by the staff member present in the meeting. The existence of which Lord Turner referred to in his evidence to the Committee.

Firstly, I would like to make clear that the statement in paragraph 116 that the LIBOR investigation was not considered at the time of appointing Mr Diamond as CEO is not correct. The FSA was fully aware that the on-going investigation might come to conclusions which would be relevant to Mr Diamond's suitability. However, at the time, since the investigation was not concluded it would not have been appropriate to pre judge its outcome. The fact that there were certain conclusions which might be reached which would have precluded Mr Diamond from holding the CEO role were fully appreciated by the FSA at the time and were discussed at an Executive Committee and minuted. Furthermore, in the meeting on 15 September 2010, in which I handed the letter concerning Mr Diamond's appointment to Mr Agius, I specifically made clear that we reserved the right to re-assess his suitability in the light of the conclusions reached by this investigation and requested he make this clear to Mr Diamond. The reason this point was not made in the letter was because we did not wish to prejudice our enforcement process. The conversation I had with Mr Agius however was minuted by a staff member of the FSA and along with the letter forms part of the FSA's supervisory record.

Secondly, I would like to record that in that conversation, I made clear that our concerns about Barclay's culture were not some generic observation but specific to Barclays and asked that these concerns be communicated by Mr Agius to Mr Diamond. Mr Agius confirmed that he would do this. I made it clear that these issues would be a matter of on-going supervisory focus and would be followed up by our supervisory team.

I would be grateful if any further publications by Parliament on this issue reflected these facts. I am copying this letter to Lord Turner, Chairman of the FSA.

Kind regards,

A handwritten signature in black ink, appearing to read 'H. Sants', with a horizontal line underneath.

Hector Sants

Copy to: Lord Turner, Chairman, Financial Services Authority