FCA'S RANDELL TO STEP DOWN - THE TRUE REASONS FOR HIS DEPARTURE

Charles Randell, the FCA Chairman has announced his intention to step down next spring, a year early. The Chancellor Rishi Sunak thanked him for his work and stated that the FCA undertakes "a vital role in ensuring that the UK financial markets work well, protecting the interests of consumers, promoting effective competition and enhancing the integrity of the UK financial system." Yes, that is what the Financial Conduct Authority should do but certainly has not done under Randell's Chairmanship. The FCA has claimed to observe high standards and that its standards are somehow internationally superior, which they are decidedly not. The regulator has further maintained that it is tough on financial crime and its observance of its Principles, regulatory perimeter and ESG (environmental, social and governance) guidelines are somehow adequate. In reality, the UK's regulatory standards for financial services have never fallen so low and this, in turn, has severely damaged the reputation of the City of London. Commentators have cited the London Capital & Finance and Woodford scandals as reasons for Randell's planned departure but they come close to bottom of our list[1]. The essential next step will be to scrap the FCA altogether.

Randell chosen to maintain the cover up of serious banking fraud

Charles Randell performed a leading role with Andrew Bailey at the Bank of England (BoE) during the 2008 banking crisis and prior to his elevation to Chairmanship of the FCA, he was an external member of the BoE's prudential regulation committee. He was therefore the perfect choice to join Bailey at the FCA and maintain the cover up of serious banking fraud, just as Bailey himself was the ideal candidate for Chancellor Osborne to appoint, famously "without interview", as the regulator's Chief Executive in July 2016.

Under Bailey, and since April 2018, under Randell too, the FCA has inter alia:

1. Authorised the Griggs review and manipulated the Cranston review into HBoS Reading, the only major banking fraud which the authorities have allowed to be investigated. These reviews were designed to play for time, avoid taking appropriate action and minimise the compensation paid to victims.

2. Withheld publication of the Promontory section 166 report into RBS' recovery unit, the Global Restructuring Group (GRG), with repeated attempts made to prevent the full report being published.

3. Failed to investigate widespread wrongdoing involving RBS-GRG and Lloyds' Business Support Units (BSUs), while UK Finance & Investments (UKFI) simultaneously sold taxpayer-owned shares in these banks.

4. Failed to recommend criminal prosecutions over the manipulation of LIBOR and colluded with the Serious Fraud Office (SFO) to end its investigation, two months before Bailey was announced as the next BoE Governor in December 2019.

[1] For a full list of the FCA's failures, see pages 1 & 2 of "**The FCA's leadership must resign**" – also attached. This press release was posted in May on www.lloydsbankassetfrauds.com left-hand icon on third row.

5. Repeatedly failed over the Interest Rate Hedging Product (IRHP) redress scheme. Despite the FCA calling this out in 2012, John Swift QC was only appointed by the FCA seven years later and last week, publication of his report was postponed for a third time, until the end of the year, just as in July, publication of the Dobbs review into HBoS Reading was delayed for the third time. Both postponements have been totally improper.

6. Colluded with the National Crime Agency (NCA) and the SFO to frustrate investigation of overwhelming evidence of signature forgeries by banks and their use of invalid documentation, including in court. This separate scandal remains live and entirely unaddressed.

7. Failed to respond to numerous red flags over London Capital & Finance (LCF). Along with that of Andrew Bailey, the FCA's conduct was singled out for criticism by Judge Dame Elizabeth Gloster.

8. Other FCA scandals have included Woodford, Premier FX, Lendy, Blackmore Bond, Aramco and Park First.

Limiting compensation / the FCA's "transformation"

Randell's attempts to limit the FCA's liability to compensation for its own regulatory failure was covered in our May release – see also attached, page five - and underlined his disregard for due process, while the appointment of Megan Butler as the FCA's director of transformation was a spectacular own goal, given her failures of supervision in relation to LCF and immediately undermined public confidence in the proposed "transformation" of the regulator. The suggestion that Randell will step down early, so that his successor can oversee this process through to completion appears patently thin.

The clear out continues

Randell's planned departure is consistent now with a clearly established trend. All those responsible for the cover up of serious banking fraud have been steadily removed from the scene, with thanks for their service and full pension rights. They have included Owens from the NCA, Blackwell, Horta-Osório and Colombás from Lloyds Banking Group, McEwan from RBS/Natwest, and Mountstevens and Smith from Avon & Somerset Police. Once an individual has stepped down from their leading role, it is all the more difficult to hold them to account.

The FCA should be scrapped

The regulator's conduct has left far too much to be desired and as Professor Nigel Harper has explained in his report "UK Banking – what is badly wrong and how to put it right"[2], the FCA and all the other failing financial regulators should be replaced by two new ones, which actually work: The Controller for Banking and the Professional Complaints Regulator. The departure of Charles Randell could mark the first tentative steps along this road but its course has yet to be charted. A very great deal remains to be done to repair the UK's shattered reputation for proper regulation of banking and financial services.

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[2] See www.lloydsbankassetfrauds.com right-hand icon, top row.