

Press release: Investigation into London Capital & Finance launched

- Dame Elizabeth Gloster will lead the investigation into LCF and how the FCA exercised its powers in relation to it
- The findings will be reported to HM Treasury
- HM Treasury will also review the regulation and marketing of the kinds of retail investment products issued by LCF

An independent investigation into the circumstances surrounding the collapse of investment firm London Capital & Finance (LCF) and the Financial Conduct Authority's (FCA's) supervision of the firm has been formally launched today (Thursday 23 May).

The Economic Secretary to the Treasury, John Glen, has approved the FCA's appointment of Dame Elizabeth Gloster to lead the investigation and has laid before Parliament [the direction to initiate this work](#). Mr Glen has also announced that the Treasury will begin a wider policy review in response to the case, including a review of the regulatory regime for 'mini-bonds' and other non-transferrable securities.

The Economic Secretary, John Glen, said:

We urgently need to get to the bottom of the circumstances around the collapse of LCF.

Dame Elizabeth will bring her vast experience and rigour to this important investigation, which will help ensure this type of thing doesn't happen again.

The Treasury will also be looking at how the current regime for these investments works, so customers are properly protected and the UK's financial system can continue to be one of the safest in the world.

Dame Elizabeth has had a distinguished career as a barrister and as a judge on the High Court and the Court of Appeal. As well as her current work as an international arbitrator, she has deep experience in commercial law and will bring expertise in financial services, insolvencies and regulation to the role. She will look at how the FCA exercised its powers and whether it fulfilled its statutory objectives with respect to LCF. The FCA will report the findings of the investigation to the Economic Secretary, as well as the lessons it will take from those findings.

Further information

In April the Economic Secretary wrote to the FCA to set out that he would order an investigation into the failure of LCF, using Treasury powers under section 77 of the Financial Services Act 2012. Section 77 gives the government wide ranging powers to direct an investigation.

The move follows a meeting of the FCA board earlier this year where they agreed that a statutory investigation was in the public interest and requested the Treasury direct the FCA to carry out an investigation.

The Treasury will commission research into the wider market for 'mini bonds' and other non-transferable securities, and their role in the economy. The Treasury will also consider the regulatory arrangements currently in place for the issuance of these investments, including the Financial Promotions regime which governs the marketing of those products.

The Treasury will work with Her Majesty's Revenue and Customs to review the tax rules for the Innovative Finance Individual Savings Accounts (IF ISAs) and the relationship of these rules to the financial services regulators.