



ShareSoc

UK Individual Shareholders Society

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Harriet Baldwin MP
Head of the Treasury Select Committee

by email to: treascom@parliament.uk
copy to harriett.baldwin.mp@parliament.uk

Dear Harriet,

I write to respectfully request that the Financial Conduct Authority (FCA) be invited to appear before the Treasury Select Committee to answer further questions regarding their ongoing investigation into the Woodford Investment Management scandal.

The FCA has been investigating the effective failure of the Woodford Equity Income Fund (WEIF) and the resulting suspension of withdrawals for more than three years. The FCA was looking into WEIF and/or Link Fund Solutions Ltd (LFS) in early 2019 and may have been aware of problems since Nov 2017, when LFS introduced enhanced daily monitoring and stress testing. Despite this, and despite repeated requests from the Committee, the FCA has yet to release any substantive report on the matter or provide any detailed updates on the progress it has made to date.

Progress of the investigation has been painfully slow, with very little transparency and no effective external oversight. Updates from the FCA to the Treasury Committee appear to have been by letter, with a search of the Committee's oral transcripts producing no results. We suggest that a representative of the FCA, preferably Mark Steward or Nikhil Rathi, should appear before the Committee to allow properly scrutiny of the investigation.

At the FCA's Annual Public Meeting on 12th October 2022, Mark Steward, executive director for enforcement and market oversight even stated that a public report may never be made public unless enforcement action is taken at the end of the process: "There isn't any report that we're able to publish unless we get an outcome in an enforcement case, unless we take enforcement action and there's an outcome and then there's some documents, some statutory documents that we're able to publish under the Financial Services and Markets Act." This suggestion is of great concern to the hundreds of thousands of investors who have suffered significant losses as the result of the Woodford debacle, and indicates that the FSMA is fundamentally flawed.

It is imperative that both the principal actors in this matter and the FCA as regulator be held accountable for their actions and inactions, and that the public have a clear understanding of the events leading up to the Woodford scandal and the steps that have been or will be taken to prevent similar incidents in the future. Oral evidence from the regulator to the Committee would go a long way towards achieving the level of transparency that the public expect around major financial and regulatory failures.

I would be grateful for your consideration of this matter and look forward to your response.

Yours sincerely,

Cliff Weight
ShareSoc Woodford Campaign Director