Treasury Committee
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John Glen MP
Economic Secretary to the Treasury
HM Treasury
Via email

29 April 2021

Dear John,

Thank you for appearing before the Committee on 21 April 2021 to give evidence on our ongoing inquiry into the Financial Conduct Authority's Regulation of London Capital and Finance ("LCF"). As I mentioned during the session, I welcome the approach you have taken to compensate LCF bondholders who have suffered losses.

I would like to follow up on a few points regarding the compensation scheme and would be grateful for your answers to the following questions:

- In your ministerial statement[1], you said that "the government will establish a scheme that provides 80% of LCF bondholders' initial investment up to a maximum of £68k." Does the "initial investment up to a maximum of £68k" suggest that LCF investors who made more than one investment, will receive compensation on only 80% of their first investment, or is it 80% of their aggregated investments?
- Can you provide a rough estimate of when you expect to introduce to Parliament the primary legislation required to establish the compensation scheme?
- Has the bill received a provisional timetable from the Parliamentary Business and Legislation Committee, and if so, what is the estimated end date?
- How soon after the legislation is in force will investors be able to claim under the scheme?
- What adjustments will be put in place to assist any vulnerable customers to access the scheme?
- How can LCF bondholders find out more information about the proposed compensation scheme in the interim?
- In your ministerial statement[2], you said that "it is imperative to avoid creating the misconception that government will stand behind bad investments in future, even where FSCS protection does not apply." How do you decide which failings deserve government compensation and which do not?

[1] HCWS922
[2] Ibid.

I would be grateful for a reply by 14 May 2021. In line with our usual practice, I shall be placing this letter and your response in the public domain.

With best wishes,

Rt Hon. Mel Stride MP
Chair of the Treasury Committee