



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Lord Sikka  
House of Lords  
London  
SW1A 0PW

19 April 2023

Dear Lord Sikka,

#### **FINANCIAL SERVICES AND MARKETS BILL: PREVENTION OF FRAUD**

Thank you for your contribution during the fourth Grand Committee debate on the Financial Services and Markets Bill on 6 February. I committed to write to you in response to questions you raised during the debate on the prevention of fraud.

You asked whether the government would provide a copy of the 'Sandstorm Report' into the Bank of Credit and Commerce International (BCCI). You will be aware that it is the government's long-standing position not to publish an unredacted version of the report by Lord Justice Bingham into the supervision of BCCI, otherwise known as the 'Sandstorm Report'.

I am sorry for any disappointment this may cause, but I would like to emphasise that the UK has strong standards in place to ensure that our regulatory system maintains the trust of the consumers it is there to protect.

You also asked about the interaction between UK and US authorities during the investigation by US authorities of alleged money laundering by HSBC in 2012.

The US and UK enjoy a strong partnership working together to ensure the financial system is a hostile place for financial crime. The UK government and regulators are committed to ensuring that UK financial institutions are fully compliant with global standards and rules.

Contact between the UK and US governments and regulators in 2012 was part of a regular, ongoing dialogue on a range of issues. This was not with the purpose of interfering with criminal or regulatory action but to highlight the issues raised by the enforcement action, primarily from a financial stability perspective, and to underline our commitment to working closely with the US on anti-money laundering and sanctions issues.

I also disagree that there was any cover-up of criminal conduct as you suggested. The Homeland Security & Government Affairs Permanent Subcommittee on Investigations' report into HSBC was published on 16 July 2012 and was widely covered in the media. The Treasury is not aware of information that would suggest that the UK government knew of the committee's findings before they were published, or made any attempt to prevent publication.

I look forward to further discussing these issues throughout the passage of the Bill. I am copying this letter to other Peers who spoke during the debate, and I am placing a copy of this letter in the Library of the House.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Baroness Penn', written in a cursive style.

**BARONESS PENN**