

Woodford – what is Link up to and is it fair?



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What is Link up to?

- Protecting Link
- Facilitating transfer of the business to Waystone
- Cleaning up liabilities
- Foregoing the sale proceeds
- Paying £60 million from the parent company

What is the FCA up to?

- Focus on fair treatment of clients
- Breach of Principles, not Rules
- The Magic Number
- Protecting the ACD market
- Protecting the FSCS
- Protecting the FCA
- Conflicts of interest?

What is the loss?

- NAV at suspension date £3.6bn
- Liquidation proceeds £2.6bn
- Loss £1.0bn

- The Magic Number
 - “the losses incurred by investors who continued to hold investments in the WEIF on or after the Suspension Date were up to £298 million (the FCA Total Amount)”

Is it fair?

- Link proposal is rational and sensible
- Parent is protected by corporate veil

BUT

- Scheme only covers around 23% of investor losses
- Those losses seem to stem from misbehaviour, not from investment decisions in line with mandate
- **That is what the FSCS is there to cover!**