

UK Financial Investments Ltd

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Michael Richards

By e-mail: request-284689-b3593e49@whatdotheyknow.com

20 October 2015

Dear Mr Richards,

Thank you for your enquiry of 6 August, under the Freedom of Information Act 2000. Please accept my apologies for the delay to this reply, which was due to an administrative error.

You requested the following information:

- a) "I note with interest that RBS' share price was 403.90 pence on 24 February 2015. Please could you tell me what advice UKFI gave to the Chancellor in February 2015 when the RBS shares were trading at that level?"
- b) "What discussions were held at UKFI board level in relation to the appropriateness of selling the RBS shares in February 2015 or August 2015?"
- c) "Also has UKFI ruled out the possibility of RBS' share price returning to February 2015 levels in future?"
- d) "Has UKFI advised the Chancellor to sell but the Chancellor has rejected the advice?"
- e) "Finally, what investigations have been carried out within UKFI as regards the decision not to sell any RBS shares in February 2015 when the share price was above £4?"

With regards to parts a), b) and c), I can confirm that UKFI does hold information which falls within the scope of your request.

Some of the information you have requested is available in the public domain. UKFI's Executive Chairman wrote to the Chancellor, on behalf of the UKFI board, on 3 August setting out the Board's views on an RBS sale. This letter can be found here:

www.gov.uk/government/uploads/system/uploads/attachment_data/file/450957/2_UKFI_letter_to_the_Chancellor.pdf.

Andrew Tyrie, Chairman of the Treasury Select Committee (TSC), has written to UKFI requesting additional information on the RBS sale. This letter is available on the TSC's website:

www.parliament.uk/documents/commons-committees/treasury/150914_Chair_to_James_Leigh-Pemberton.pdf.

Mr Tyrie has indicated that UKFI's response to his letter will be placed in the public domain in due course. We expect that the letter will be published on the TSC's website. We therefore consider this information to fall under Section 22 of the Freedom of Information Act, which exempts the release of information intended for future publication.

We consider other information within scope of this request to be exempt under Section 43(2) of the Freedom of Information Act. Section 43(2) exempts information if its disclosure would, or would be likely to, prejudice the commercial interests of any person (including the public authority holding it).

We consider that disclosure of internal UKFI information relating to the valuation of UKFI's investee banks and potential disposals would be likely to damage UKFI's commercial interests. Confidentiality around this is key to UKFI's ability to achieve commercially successful outcomes. The publication of details relating to UKFI's commercial strategies could lead investors to change their behaviour to act based on assumptions about UKFI's commercial plans or approach and would therefore be likely to result in poorer commercial outcomes from future transactions.

The application of Section 43(2) is qualified by the need to consider the public interest in withholding information against the public interest in release. In considering this we recognise that there is a general public interest in the disclosure of information, as greater transparency makes UKFI more accountable. However, there are public interest considerations in favour of withholding the information in order to ensure that UK financial interests in relation to future transactions are not damaged and that UKFI's commercial plans are not prejudiced or undermined by disclosure of information which has the potential to impact the behaviour of investors. The disclosure of this information would be likely to adversely affect the value the taxpayer could secure from the sale of UKFI's assets. On balance, we consider the public interest to lie in withholding this information.

In relation to parts d) and e) of your request, prior to August 2015 UKFI had not made any recommendation to the Chancellor to sell RBS shares and no investigation has been conducted into this. You may find it useful to know that UKFI's rationale for not recommending an earlier sale was outlined at a recent TSC hearing (on 8 September 2015), a transcript of which is available here:
<http://data.parliament.uk/writtenevidence/committeeevidence.svc/evidencedocument/treasury-committee/uk-financial-investments-ltd-annual-report-and-accounts-201415/oral/21325.pdf>

If you are unhappy with the service you have received in relation to your request and wish to make a complaint or request a review of our decision, you should write within two months of the date of this letter to UK Financial Investments, 100 Parliament Street, London SW1A 2BQ.

If you are not content with the outcome of your complaint, you may apply directly to the Information Commissioner for a decision. Generally, the ICO cannot make a decision unless you have exhausted the complaints procedure provided by UKFI. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF.

Yours sincerely,

UKFI Enquiries Unit