

MEDIA RELEASE: 11 April 2024

Statement issued on behalf of WilmerHale and BCLP, legal counsel to Woodford Investment Management and Neil Woodford, in response to the [FCA announcement](#) today

Today, the FCA announced that it has initiated regulatory enforcement action against both Woodford Investment Management (WIM) and Mr Woodford. This announcement comes nearly five years after the investigation commenced.

The FCA alleges that WIM and Mr Woodford failed to act with due skill, care and diligence during the 11 months from 31 July 2018 to 3 June 2019, when Link decided to suspend the Fund.

It is striking that the FCA's only criticisms of Neil Woodford relate to his involvement in matters relating to the Fund's liquidity framework, which was, in fact, Link's responsibility and supervised by the Depositary (the Depositary is responsible for the safekeeping of the Fund's assets and for overseeing the Fund's Authorised Corporate Director) and the FCA.

Even though, as Authorised Corporate Director, Link delegated the daily investment management responsibilities to WIM, it remained the Fund Manager and retained ultimate responsibility for the running of the Fund. As the delegated Investment Manager, WIM was required to manage the Fund in accordance with both the liquidity framework and all the other portfolio constraints set by Link.

Central to the failings alleged against WIM and Mr Woodford is the FCA's claim that the framework used to measure and monitor the Fund's liquidity risk and the corresponding parameters of the Fund's liquidity were not appropriate.

Importantly, that framework and its parameters were set by Link, one of the most experienced Authorised Corporate Directors in the industry. At the time, Link managed fund assets for over 100 investment managers. As acknowledged by Andrew Bailey shortly after the Fund's suspension, responsibility for liquidity rested with Link.

Additionally, staff at WIM had it confirmed by Link that the FCA and the Depositary knew the details of the liquidity framework that was being applied to the Fund, including its parameters, throughout the period. In fact, WIM knew that the FCA had been monitoring the Fund's liquidity continuously since the beginning of 2018. The oversight and investment functions at WIM all understood that the framework's parameters, set by Link, overseen by the Depositary and known to and monitored by the FCA, represented the acceptable liquidity profile of the Fund.

The team at WIM, including Mr Woodford, having not had any prior warning, were surprised by Link's decision to suspend the Fund, only being informed on the morning of the suspension. Subsequently, the entire WIM team were shocked by Link's damaging decision to liquidate the Fund, and that Link took responsibility for the management of that process, as well as the losses that investors suffered as a result.

However, the FCA's case is that Neil Woodford should have known that Link's liquidity framework was deficient and that he should have challenged it, even though the FCA appeared to have sanctioned the framework and closely monitored it.

WIM and Mr Woodford disagree with the FCA's findings, which they believe are unprecedented and fundamentally misconceived. The findings will be challenged by WIM and Mr Woodford.

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