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A reporter is asking on background if this was us who provided the cache of emails (below).

UK regulators opened Staley probe after receiving JPMorgan emails

Regulators examine disclosures made about CEO's relationship with deceased sex offender

UK regulators opened an investigation into the links between Barclays chief executive Jes Staley and disgraced financier Jeffrey Epstein after receiving a cache of emails supplied by JPMorgan Chase.

The emails between the two men — dating back to Mr Staley's time as an executive at JPMorgan when Epstein was a client of the bank — suggested their relationship was friendlier than claimed by Mr Staley, who had categorised the association as professional, according to three people familiar with the matter.

The cache was provided by JPMorgan to US regulators, who passed it to their counterparts in the UK, the people added. Epstein was until 2013 a key client of JPMorgan's private bank, which Mr Staley used to run.

Mr Staley developed a relationship with Epstein and visited the sex offender's island on his yacht in 2015.

Epstein committed suicide last year while awaiting trial on charges that he sex-trafficked underage girls.

Barclays and JPMorgan declined to comment on the emails.

Barclays said on Thursday that the Financial Conduct Authority and the Bank of England's Prudential Regulation Authority had "commenced an investigation ...into Mr Staley's characterisation to the company of his relationship with Mr Epstein and the subsequent description of that relationship in the company's response to the FCA".

On a call with reporters later on Thursday to discuss the bank's full-year results — overshadowed by the earlier announcement of the probe — Mr Staley said it had been "very well known" that he had a professional relationship with Epstein dating back to 2000, when he took over JPMorgan's private bank.

Mr Staley said the relationship began to "taper off" after he left the US bank in 2013 and became "much less frequent" before ending "totally" towards the end of 2015.

"Obviously, I thought I knew him well and I didn't and, for sure, with hindsight, I deeply regret having had any relationship with Jeffrey Epstein," Mr Staley said.

Mr Staley declined to comment on the reporters' call when asked whether he was happy with the way the bank had described his relationship with Epstein to regulators. "I'm clear that I've been transparent," he said. "Let's let the regulatory process continue."

The launch of the investigation comes less than two years after a whistleblowing scandal that almost cost Mr Staley his job. The FCA and PRA fined Mr Staley £640,000 for twice trying to reveal the identity of an anonymous whistleblower.

The fresh probe was launched in December after the FCA made initial enquiries about Mr Staley's ties to Epstein last summer. Barclays responded with a letter to the regulator that described the relationship as professional. That assertion

was based on information volunteered by Mr Staley to the bank's chairman and other executives.

After receiving the letter, the FCA and PRA opened the full-blown investigation.

The probe turns on whether the letter mischaracterised Mr Staley's relationship as professional, or whether their association was "chummier", as suggested by the JPMorgan emails, according to one of the people briefed on it.

Also at issue is whether any misleading description in the bank's letter to the FCA was because of Mr Staley's representations or instead down to poor drafting, another of the people said.

Both regulated firms and individuals have a duty to be fully frank and open with the watchdogs.

The regulators' inquiry has narrowed to whether Mr Staley misled the regulator through omission, according to people familiar with the probe.

After being informed of the investigation into Mr Staley, Barclays hired external lawyers and launched an internal review of his relationship with Epstein, the bank said.

Barclays said that following the review it had concluded that Mr Staley had "been sufficiently transparent with the company as regards the nature and extent of his relationship with Mr Epstein".

The bank has seen the JPMorgan emails and they were considered as part of its internal review, according to one person briefed on Barclays' own probe.

The UK bank added that Mr Staley "retains the full confidence of the board" and would be unanimously recommended for re-election at this year's annual meeting. "The board will continue to co-operate fully with the regulatory investigation, and will provide a further update as and when it is appropriate to do so," the bank said.

Previous regulatory infractions such as the Barclays whistleblowing affair can be taken into account if the watchdogs prove their case against Mr Staley, and can toughen any penalty.

Prior enforcement action can also weigh on whether the PRA — and ultimately Barclays' shareholders at its upcoming annual general meeting — consider Mr Staley the right person to lead the bank.

The FCA said: "The FCA and PRA confirm there is an investigation concerning Mr Staley. We are unable to comment any further."

Shares in Barclays closed 1.7 per cent lower.

Barclays' full-year results were ahead of analyst expectations, with the bank hitting its main profitability target — a return on tangible equity of 9 per cent after stripping out litigation costs.

The bank posted net profits of £681m for the fourth quarter — about 30 per cent ahead of consensus analyst estimates — compared with a loss of £76m in the same period of last year. It generated revenues of £5.3bn, about £230m more than the fourth quarter of 2018.

However, the investment bank, which has been under attack from activist investor Edward Bramson, missed analysts' profit expectations. Barclays also dropped its profitability target for this year — a 10 per cent return on equity — instead saying it intended to hit this over time.

<https://www.ft.com/content/5f686972-4e31-11ea-95a0-43d18ec715f5>

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