

Minutes

Meeting: FCA Board
Date of Meeting: 22 and 23 July 2020
Venue: Meeting held via Skype

Present: Charles Randell (Chair) Richard Lloyd
Catherine Bradley Alice Maynard
Liam Coleman Sam Woods
Bernadette Conroy Christopher Woolard
Sarah Hogg Tommaso Valletti
Jeannette Lichner

In attendance: Set out in Annex A

1 Quorum and declarations of interest

- 1.1 The meeting **noted** there was a quorum present and proceeded to business.
- 1.2 No interests in relation to the items to be discussed were declared.

2 BTS Briefing – Digital Strategy

- 2.1 The Board was briefed on the FCA’s digital strategy and its contribution to the transformation of the FCA. The briefing was intended to enable the Board to challenge decisions relating to technology projects and programmes, in line with recommendations from the Board’s effectiveness review.
- 2.2 The historical and current challenges associated with delivery of the digital strategy, which were noted to be in the upper quartile of difficulty as a programme of work, were considered. However, this investment in technology was necessary to deliver the FCA’s strategy. The Board was keen to understand the interdependencies across projects.
- 2.3 The timetable for key decisions associated with delivery of the digital strategy was noted, as were the reporting mechanisms to ensure sufficient Board and Audit Committee oversight.
- 2.4 In conclusion, the Board welcomed the briefing and thanked Simon Ricketts and the team for their ongoing support and commitment to delivery of the strategy.

3 Report from the Chief Executive

- 3.1 Mr Woolard briefed the Board on a number of topical issues, including:
 - i. Vulnerability guidance: Guidance to support firms in meeting the demands and needs of vulnerable consumers during the Covid-19 pandemic would shortly be published and
-

would underpin the FCA's regulatory approach to vulnerability in financial services going forward.

- ii. Future regulatory framework: The issues associated with development of the Financial Services Bill, due to be introduced in the autumn, were considered.
- iii. Payment & e-money sectors: The inherent challenges of the payment and e-money sectors regarding low capital and high risks were recognised. The Board noted that FCA guidance required these firms to have a wind down plan and that an accompanying assertive supervision plan was in place. HM Treasury was also being engaged regarding the ongoing regulatory challenges associated with these sectors.
- iv. Business Interruption Insurance: The court case was noted to have commenced.

4 Report from the PRA

- 4.1 Mr Woods briefed the Board on the business of the PRA that was of relevance to the FCA.

5 EU Withdrawal

- 5.1 The Board was briefed on the FCA's proposed plan for the remainder of the transition period and the ongoing approach to its future relationship with the EU, including equivalence.
- 5.2 The risks of the UK leaving the transition period without a trade deal or findings of mutual equivalence were considered, and in particular the potential regulatory implications. Engagement with HM Treasury on these issues continued, including consideration of a suitable policy plan to ensure the maintenance of high regulatory standards.
- 5.3 Whilst recent supervisory engagements with firms had largely been focussed on the impacts of Covid-19 this was expected to shift over the summer with greater emphasis on how Covid-19 may impact existing Brexit implementation plans.

6 Business Priority Strategies

- 6.1 The Board was briefed on the detail of the four business priority strategies: safe & accessible payments; ensuring consumer credit markets work well; fair value in a digital age and; enabling effective consumer investment decisions.
- 6.2 The Board recognised that around a third of FCA staff were now deployed on Covid-19 related work. In response to these immediate resource pressures, a reprioritisation exercise had been undertaken and strategy workplans phased. However, further reprioritisation regarding resourcing for the rest of 2020/21 was required.
- 6.3 The importance of clear communications framing the current and future challenges for financial services, and the accompanying resource pressures for the FCA, were discussed. This included ongoing engagement with consumers and other stakeholder groups to ensure the organisation was attuned to the practicalities of these challenges as they developed.

7 Mid-year prioritisation

- 7.1 The Board was briefed on the outcomes of the reprioritisation activities conducted to date and the progress of the further exercise currently underway.

-
- 7.2 The Board acknowledged the potential risk implications of reprioritisation and advocated a preventative approach, built up from regulatory non-negotiables through to more discretionary activities.
- 7.3 When considering the final proposals, the Board was keen to understand the rationale used to drive decision making and how the resulting workplan responded to the future challenges for financial services.

8 Mortgage and Consumer Credit payment deferrals

- 8.1 The Board was briefed on the proposed approach to mortgage and consumer credit payment deferrals beyond the existing guidance.
- 8.2 The FCA was noted to have acted quickly at the outset of the Covid-19 pandemic in support of consumers in temporary payment difficulties because of Covid-19.
- 8.3 The current proposals focussed on supporting consumers who remained in financial difficulty, despite having taken up Covid-19 related payment deferrals. It was noted that for many, these payment deferrals would come to an end in mid-September 2020. The proposals sought to ensure that consumers get the support and forbearance that is in their interest, when temporary support ends, without necessarily having to resort to a formal debt advice solution. In addition, the proposals sought to create the right conditions for firms to deliver support, moving beyond blanket payment deferrals, in a way that delivers good outcomes for consumers, by ensuring they are clear what is expected of them and that they have the necessary systems in place.
- 8.4 The accompanying assumptions, principles and outcomes being sought would be set out in a Call for Input to allow stakeholders the opportunity to respond. The results from this would inform draft guidance and an associated supervisory strategy. In addition, proactive engagement with relevant stakeholders would continue to maximise the opportunity for input.
- 8.5 The Board recognised the importance of the communications accompanying the Call for Input in framing the issues and the FCA's remit. The increasing importance of debt advice was also acknowledged and the potential options for building resilience within this sector were considered.
- 8.6 The Board **supported** the proposed approach.

9 Future of Data Collections (FDC) drawdown

- 9.1 The Board was briefed on the revised FDC programme plan and accompanying costs, developed in response to the challenges faced by the programme, including the impact of Covid-19. It was noted that the plan included additional contingency and a number of key milestones to support ongoing progress monitoring.
- 9.2 Going forward, lessons learned and associated action tracking in relation to the FDC programme would be continually reviewed. This would include regular Board reporting.
- 9.3 The Board **approved**:
- i. the re-baselined plan (May 2020)
 - ii. the increase in the total investment case funding requirement.

10 Reports from Chairs of Board Committees

- 10.1 The Board **noted** the reports from the following Board committees
- i. the Board Risk Committee meetings held on 15 May, 16 June and 1 July 2020
 - ii. the Audit Committee meeting held on 23 June 2020
 - iii. the joint Audit and Board Risk Committee meeting held on 17 July 2020

11 Reports from the Independent Panels

- 11.1 The Board **noted** the issues raised in the monthly reports from the Independent Panels.
- 11.2 The Board **noted** the Annual Reports of the Practitioner Panel, Smaller Business Practitioner Panel, Markets Practitioner Panel and Listing Authority Advisory Panel.

12 Rules and Guidance

- 12.1 The Board **resolved** to make the following instruments:
- i. Glossary Amendment (Multilateral Development Banks) Instrument 2020 (FCA 2020/32)
 - ii. Financial Services Compensation Scheme (Determination of Default) Instrument 2020 (FCA 2020/35)
 - iii. COVID-19: Deferral of Commencement (Access to insurance) Instrument 2020 (FCA 2020/33)
 - iv. Enforcement (Fifth Money Laundering Directive) Instrument 2020 (FCA 2020/37)
 - v. Consumer Credit (Bounce Back Loans) Instrument 2020 (FCA 2020/38)
 - vi. Motor Finance Instrument 2020 (FCA 2020/36)

13 Decisions of the Board

- 13.1 The Board **approved** the minutes of the meetings 17 and 25 June 2020.
- 13.2 The Board **approved** the following Panel appointments:
- i. Tim Waddell as the Interim Chair of the Markets Practitioner Panel, subject to the approval of HM Treasury, and his reappointment as a member of the MPP from 1 August 2020
 - ii. Marisa Drew as a member of the Markets Practitioner Panel, for a three-year term, from 1 August 2020 to 31 July 2023
 - iii. Vim Maru as a member of the Practitioner Panel, for a three-year term, from 1 September 2020 to 31 August 2023
 - iv. Matt Hammerstein as a member of the Practitioner Panel, for a three-year term, from 1 September 2020 to 31 August 2023

-
- v. Penny James as a member of the Practitioner Panel, for a three-year term, from 1 September 2020 to 31 August 2023
 - vi. Gerry Mallon as a member of the Small Business Practitioner Panel, for a three-year term, from 1 September 2020 to 31 August 2023.

13.3 The Board **approved** the following Financial Services Compensation Scheme non-executive director appointments:

- i. Nicky Morgan and Wendy Williams, for a three-year term, with effect from 1 September 2020
- ii. Cathryn Riley, for a three-year term, with effect from 1 February 2021, or any other such date as agreed by FSCS.

14 Papers for noting

14.1 The Board **noted**:

- i. the progress with the matters arising from previous meetings
- ii. the following decisions taken by Written Procedure since the last meeting:
 - i. On 29 June 2020, the Board approved the COVID-19 Credit Cards & Personal Loans (No 2) Instrument 2020
 - ii. On 1 July 2020, the Board approved the COVID-19 Motor Finance & High Cost Credit (No 2) Instrument 2020
 - iii. On 13 July 2020, the Board approved:
 - amendments to the Complaints Scheme Consultation approach
 - to launch the consultation on Friday 17 July, or as soon as possible thereafter, subject to approval to consult from the Bank of England and Prudential Regulation Authority
 - to delegate final approval of the text of the consultation and draft Scheme to the Chair and Interim Chief Executive.

15 Any other business

15.1 There being no further business, the meeting closed.

Charles Randell
Chair

ANNEX A: Attendees*

Attending for all, or substantially all of the meeting:

Megan Butler	Executive Director, Supervision – Inv., Wholesale and Specialist
Jonathan Davidson	Executive Director, Supervision – Retail & Authorisations
Nausicaa Delfas	Executive Director, International
Sheree Howard	Executive Director, Risk and Compliance Oversight
Sean Martin	General Counsel
Sheldon Mills	Interim Executive Director, Strategy & Competition
Georgina Philippou	Chief Operating Officer
Simon Pearce	Company Secretary
Mark Steward	Executive Director, Enforcement and Market Oversight
Beverley Walker	Manager, Central Secretariat
Andrew Whyte	Director, Communications

Attending for the following items:

2	Simon Ricketts Martin Bellamy James Anderson Ross Marden	Non-Executive Director, Payment Services Regulator Director, Business Technology Solutions (BTS) Head of Department, BTS Strategy Architecture & Planning Manager, BTS Investment Analysis
6	Greg Sachrajda Stephen Longden Zertasha Malik Stephane Amoyel	Head of Department, International Delivery Technical Specialist, EU Withdrawal Policy Head of Department, International Engagement Manager, EU Withdrawal Policy
7	Richard Monks Natasha Oakley David Godfrey Keren Oser Therese Chambers David Geale Kate Collyer Debbie Gupta Jonathan Pearson	Director, Strategy Head of Department, Strategy & Analysis Director, Finance Head of Department, Finance Director, Enforcement Regulatory Processes & Risk Director, Retail Banking Director, Chief Economist Director, Life Insurance & Financial Advice Manager, Retail Sector Views
8	Richard Monks Natasha Oakley David Godfrey Keren Oser William Hague	Director, Strategy Head of Department, Strategy & Analysis Director, Finance Head of Department, Finance Director, Human Resources & Transformation
9	Nisha Arora Caroline Gardner Ian Searle	Director, Consumer & Retail Policy Head of Department, Retail Lending Manager, Payments Policy
10	Matthew Tyrell Martin Bellamy Jagpal Jheeta Graham Coe	Accountable Executive, Future of Data Collections Director, Business Technology Solutions (BTS) Head of Department, BTS Divisional Operations Technical Specialist, Portfolio Risk Advisory
13	Edwin Schooling-Latter Mhairi Jackson Samuel Duffett	Director, Markets Policy Manager, Wholesale Conduct Manager, GCD Payments, Credit, Competition and Claims

* Relevant associates and professional business support staff were also in attendance.