

Minutes

Meeting:	FCA Board	
Date of Meeting:	2 July 2015	
Venue:	25 The North Colonnade, Canary Wharf, London E14 5HS	
Present:	Andrew Bailey	Mick McAteer
	Catherine Bradley	Tracey McDermott
	Amanda Davidson	Jane Platt
	Amelia Fletcher	Sir Brian Pomeroy
	John Griffith-Jones (Chair)	Martin Wheatley
In attendance:	Set out in Annex A	

Quorum and Conflicts

The Meeting noted there was a quorum present and proceeded to business.

1 Minutes and meetings

1.1 Minutes of the FCA Board meeting

The Board approved the minutes of the FCA Board meetings held on 3 and 4 June 2015 and 18 June 2015.

1.2 Minutes of the PSR Board meeting

The Board noted the draft minutes of the PSR Board meetings held on 4 June & 18 June 2015 and received an update from Mr Griffith-Jones on the items discussed.

1.3 Matters arising

The Board noted the progress with the matters arising.

1.4 Monthly reports from the Independent Panels

The Board received and discussed the reports from the Panels.

The Board considered the Consumer Panel's proposal that providers of financial services be subject to a duty of care, which the Panel believed would be a stronger commitment than the current FCA requirement to treat customers fairly. The Board noted that the Policy Steering Committee would shortly be considering the issues arising from the

implementation of a duty of care and the Executive would provide feedback to the Consumer Panel following that discussion.

Referring to the comments made by the Smaller Business Practitioner Panel, Mr Wheatley confirmed the FCA would be reviewing what resource would be required to review the retained Consumer Credit Act provisions prior to 2019.

The Board noted the views of the Markets Practitioner Panel (MPP) regarding the FCA's approach to pursuing market abuse offenders. Mr Wheatley agreed to discuss this further with the Chair of the Panel.

The Board also noted the MPP's comments on the additional data that would need to be collected following the implementation of MiFIR and MiFID II. It noted that a project was in progress to enhance the strategic and diagnostic capability to make effective use of the data collected, and that a proposal to approve the necessary investment would be brought back to the Board in due course.

The Board noted that the FCA had carried out some work on the liquidity of asset managers which had been provided to the FPC. It was suggested this should be presented to the Board and shared with the MPP if appropriate.

2 Report from the Chief Executive

The Board received the report and noted and discussed the following points:

- the process to recruit a new Director of Supervision, Retail & Authorisations was now complete and the appointment of Jonathan Davidson would be announced the following week;
- the PRA and FCA now had commitments to support new banks both prior and post authorisation which would affect the FCA's risk appetite and resource requirements for these organisations;
- the FCA would be required to report separately on its competition objective;
- Ms McDermott and Mr Woolard had held a roundtable meeting with the CEOs of life companies and retirement companies at which a range of views had been expressed and a number of ideas had emerged to take forward. It had been agreed the roundtables would take place regularly and the next would be in September, prior to the publication of the FCA's policy work on pensions.

The Board congratulated Mr Wheatley and the team on the success of the IOSCO conference hosted by the FCA.

3 Specific items of business

3.1 Responses to the Panels' Annual Reports

The Board received the draft response and provided some comments on the drafting. The Board delegated authority to Mr Woolard to finalise the response prior to publication.

3.2 Divisional Report - Enforcement & Market Oversight

The Board received a report on the Enforcement and Market Oversight Division. The Board noted and discussed the risk-based approach to the allocation of resources and the outcomes achieved. It discussed the work being undertaken in respect of wholesale and other market abuse cases and noted there were some delays as a result of cases being significantly more complex than others or affected by external factors. It noted there was a strong pipeline of cases expected.

The Board considered the examples of work carried out by the Market Oversight Division and the risks and challenges faced, including the changes in EU and domestic policy that increased its scope of responsibilities and the importance of developing the critical IT systems supporting the work.

The Board discussed the ways that the revised structure was working including the linkages between the different areas and the examples of cross-organisational working.

3.3 Divisional Report – Authorisations

The Board received the report on the Authorisations Division.

The Board noted the statutory and voluntary deadlines for the authorisation cases and the reasons for the lower levels of achievement earlier in the year, which related to the authorisations division having been through a major change programme and there being a significant increase in case volumes and the introduction of a new system. The Board noted the remedies in place to deal with the issues.

The Board discussed the way in which the resource plan allowed for seasonality and scenario planning for the division and the contact centre and queried if this could be further improved through using intelligence from elsewhere in the organisation on issues that might generate calls.

The Board noted that the consumer credit authorisations were currently meeting service standards, but this might change if firms appealed the decisions where authorisations were refused. The Board noted there had been a recent publication on the types, number and timeframes for consumer credit cases and asked that this be circulated.

3.4 Terms of reference of Audit and External Risk and Strategy committees

The Board noted that the terms of reference of the Audit Committee and the External Risk and Strategy Committee (formerly the Risk Committee) were put in place at the formation of the FCA in 2013 and have since remained broadly unchanged. The strategic re-organisation provided an opportunity to re-examine the terms of reference, which had been discussed by the Chairs of the respective Committees.

The Board discussed a proposed change to make it clear the Audit Committee's approach to the management of internal (operational) risk was substantially aligned with the approach taken by the External Risk and Strategy Committee towards external risk. Some other minor changes were suggested to reflect the extent to which the Committee's monitoring of the relationship with the external auditor was limited by the statutory requirement for the NAO to be the FCA's auditor.

The Board asked the Company Secretary to provide revised set of the terms of reference to the next Board meeting for agreement.

3.5 Report from the PRA

The Board received a report from Mr Bailey on the following items:

- the PRA's discussions on Greece;
- the forthcoming announcement on the deposit protection limit;
- the work carried out in relation to the implementation of PCBS recommendations;
- the recent publication of the six-monthly financial stability report and its contents; and

- the shared services of systems of the PRA and FCA. The Board agreed that the Director of IS should provide an update on the IS Investment Programme and the support of current systems and future plans.

3.6 Competition Act investigations

The Board discussed in detail the proposals for dealing with Competition Act 1998 (CA98) investigations. It considered whether it should retain the option that it may require parties who choose to settle CA98 investigations to waive their right to appeal an infringement decision. The Board noted that this was the position for FSMA cases in which most cases against firms settled, providing, among other benefits, quicker outcomes for consumers than contested cases. The Board discussed the concerns raised by respondents to the consultation and the potential risks associated with taking different approaches from FSMA cases and from different Competition Authorities.

The Board acknowledged it was a finely balanced decision, however there was no direction in the legislation with regard to the approach to take and it concluded that it should follow the same approach as the FCA's settlement process, which was clearly described, and in practice would generally require parties who chose to settle investigations to waive their right to appeal an infringement decision.

The Board also approved:

- the delegation of authority to David Saunders, senior advisor, to be the relevant person who may carry out the functions of the Procedural Officer in a CA98 investigation.
- the delegation of authority to some current directors and some current Heads of Department (as named in Annex C) to exercise the functions of "relevant persons" under the CMA Rules. The Board also agreed that in relation to the exercise of CA98 decision-making, the functions of overseeing an investigation under CA98 and deciding whether to issue a Statement of Objections would be carried out jointly by one head of department from Enforcement and one from Competition. The Board agreed the two persons who decide to follow a settlement procedure and issue an infringement decision in a settlement case would be the executive director of Enforcement and Market Oversight or Strategy and Competition, and a director or head of department in Enforcement or Competition, other than in exceptional circumstances.
- that the Executive should decide who should carry out the functions of "relevant person" in any particular case.
- the terms of reference for the Competition Decisions Committee (CDC), subject to an alteration to give the procedural officer a function to recommend the composition of the Panels of the CDC in light of there not being a CDC chairman; and
- the code of conduct for the CDC.

4 Decisions reserved to the Board

4.1 Rules & Guidance to be determined

The Board made four instruments set out in Annex B and consented to and approved the making of a further instrument by the Financial Ombudsman Service, also set out in Annex B.

It also resolved to make the Pension Wise Recommendation Policy

4.2 Decisions of the Board

The Board approved:

- the re-appointment of Consumer Panel member Jeff Salway for a second three year term from 1 September 2015 to 31 August 2018;
- the appointment of Gill Whitehead to the Board of the Financial Ombudsman Service for a period of three years, from 6 July 2015 to 5 July 2018;
- the appointment of Antonio Simoes as Chair of the FCA Practitioner Panel for two years from 1 August 2015 to 31 July 2017;
- the appointment of Andy Briggs as a member of the FCA Practitioner Panel for 3 years from 1 July 2015 to 30 June 2018;
- the appointment of Steve Lewis as a member of the FCA Practitioner Panel for 3 years from 1 August 2015 to 31 July 2018;
- the appointment of Steven Cooper as a member of the FCA Practitioner Panel for 3 years from 1 August 2015 to 31 July 2018;
- the appointment of Suvro Dutta as a member of the FCA Markets Practitioner Panel from 1 August 2015 to 31 July 2018;
- the reappointment of Rosemary Martin as a member of the Listing Authority Advisory Panel from 1 August 2015 to 31 July 2018; and
- the appointment of Gerald Grimes as a member of the FCA Smaller Business Practitioner Panel for three years from 1 August 2015 to 31 July 2018.

5 Papers for noting:

5.1 Minutes of ExCo meeting held on 10 February, 10 and 23 March and 19 May 2015

The Board noted the ExCo minutes.

5.2 Forward agenda

The Board noted the Forward Agenda.

6 Any other business

There was none

7 HBOS Review Update

Mr Griffith-Jones and Ms McDermott left the meeting having previously declared potential conflicts in this matter.

The Board received an oral update from Sir Brian Pomeroy on the progress of the report.

Claire Strong
Deputy Company Secretary

ANNEX A: Attendees

Sean Martin	General Counsel
Simon Pearce	Company Secretary
Claire Strong	Deputy Company Secretary
Christopher Woolard	Director of Strategy & Competition
Mark Bethell	Manager, Competition - Wholesale / Investment Sectors (for item 3.6 and part of item 4.1)
Susan De Mont	Director, Authorisations (for item 3.3)
Richard Monks	Manager, Policy Director's Office (for part of 4.1)
David Geale	Director, Policy (for part of item 4.1)
Richard Johnson	Manager, Cross Cutting & Prudential Head of Department Office (for part of item 4.1)
Deborah Jones	Director, Competition (for item 3.6 and part of 4.1)
Georgina Philippou	Director, Enforcement and Market Oversight (for item 3.2 and 3.6)
Marc Teasdale	Director, Market Oversight (for item 3.2)

Relevant associates and technical specialists also attended the meeting.

ANNEX B: Resolution

The Board of the Financial Conduct Authority resolves to make the following instruments:

Individual Accountability Instrument 2015 (FCA 2015/31)

Handbook Administration (No 38) Instrument 2015 (FCA 2015/37)

Competition Law Infringement (Disclosure) Instrument 2015 (FCA 2015/38)

Complaints Handling and Call Charges Instrument 2015 (FCA 2015/39)

The Board of the Financial Conduct Authority resolves to consent to and approve the making by the Board of the Financial Ombudsman Service of that part of the following instrument which falls within the responsibility of that organisation:

ADR Directive Supplementary Instrument 2015 (FOS 2015/6)

The Board of the Financial Conduct Authority also resolves to make the Pension Wise – Recommendation Policy

ANNEX C: LIST OF HODS AND DIRECTORS IN EMO, S&C, SIWS, SRA

1. Enforcement and Markets Oversight (EMO)
 - Director of EMO: Georgina Philippou (acting); Mark Steward (takes effect when he becomes a member of staff)
 - Legal HoD: Daniel Thornton
 - Retail & Regulatory Investigations Director: Tom Spender
 - Retail 1 HoD: Guy Wilkes (acting)
 - Retail 2 HoD: Anthony Monaghan
 - Retail 3 HoD: Bill Sillett
 - Wholesale, Unauthorised Business & Intelligence Investigations Director: Jamie Symington
 - Wholesale 1 HoD: Therese Chambers
 - Wholesale 2 HoD: Mario Theodosiou
 - UBD HoD: Mark Francis
 - Intelligence HoD: Jane Attwood
 - Strategy and Delivery Director: Megan Forbes (Acting)
 - LPI HoD: Greg Sachrajda (acting); Andrea Bowe
 - Market Oversight Director: Marc Teasdale
 - Market Monitoring HoD: Patrick Spens
 - UKLA HoD: Clare Cole (acting)
2. Strategy & Competition (S&C)
 - Director of S&C: Christopher Woolard
 - Chief Economist's Department HoD: Peter Andrews
 - Strategy HoD: Natasha Oakley (acting)
 - Competition Directors: Mary Starks & Deb Jones
 - Competition HoDs: Robin Finer, Karman Gordon & Brian Corr
 - Market Intelligence, Data and Analysis Director: Jo Hill
 - Data & Information Operations HoD: Nick Cook
 - Consumer Insight HoD: Jonathan Phelan
 - Analysis & Insight HoD: Tracey Tibos (acting)
 - Policy Director: David Geale
 - Technical HoD & Project Innovate HoD: Bob Ferguson
 - Banking, Lending & Distribution HoD: Ed Smith
 - Pension Policy HoD: Maggie Craig
 - Prudential, Protection, Governance and Investments Policy HoD: Richard Monks (acting)
3. Supervision - Investment, Wholesale and Specialists (SIWS)
 - Director of SIWS: Tracey McDermott
 - Investment Management HoD: Robert Taylor
 - Wholesale Banking HoD: Julia Hoggett
 - Capital Markets (Infrastructure & Trading Firms) HoD: Alison Barker
 - Retail Investments HoD: Clive Gordon
 - Pensions & Retirement Income HOD: Caroline Gardner
 - Specialist Supervision Director: Nausicaa Delfas
 - Prudential HoD: Robin Jones
 - Financial Crime HoD: Rob Grupetta
 - CASS HoD: Matthew Shaw (acting)
 - Event Supervision HoD: Simone Ferreira
4. Supervision – Retail and Authorisations (SRA)
 - Director of SRA: Linda Woodall (acting)
 - Authorisations Director: Susan De Mont
 - Dual Regulated HoD: Val Smith
 - Approved Persons, Passporting and Mutuals HoD: Graeme McLean

- Permissions HoD: Lucy McClements
- Supervision Retail Banking Director: Karina McTeague
 - Large Retail Banking Groups 1 HoD: Jeremy Marsden
 - Large Retail Banking Groups 2 HoD: Clare Bolingford
 - Retail Banks HoD: Steve Riding (acting)
- Credit Authorisations Director: Susan De Mont
 - Debt Department HoD: Hilary Bourne
 - DCR Department HoD: Nick Mears
 - Credit Department HoD: David Fisher
- Supervision Retail Lending Director: Philip Salter (acting)
 - Mortgages & Mutuals HoD: Alison Carpenter (acting)
 - Consumer Credit HoD: Roma Pearson (acting)
- Supervision General Insurance & Protection Director: Simon Green
 - GI&P Wholesale HoD: Mark Wilson (acting)
 - GI&P Retail HoD: Sarah Forsyth (acting)
 - Conduct Specialists Department HoD: David Blunt