

## Minutes

Meeting: FCA Board

Date of Meeting: 27 February 2020

Venue: 12 Endeavour Square, London, E20 1JN

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|----------|-------------------------------|---------------------------|
| Present: | Charles Randell (Chair)       | Richard Lloyd             |
|          | Andrew Bailey (from 11:25 am) | Alice Maynard             |
|          | Catherine Bradley             | Tommaso Valletti          |
|          | Liam Coleman                  | Sam Woods (from 12:10 pm) |
|          | Amelia Fletcher               | Christopher Woolard       |
|          | Sarah Hogg                    |                           |

In attendance: Set out in Annex A

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### 1 Quorum and declarations of interest

- 1.1 The meeting noted there was a quorum present and proceeded to business. No interests in the business of the meeting were declared.

### 2 Minutes of the FCA Board held on 29 and 30 January 2020

- 2.1 The minutes of the meeting of the Board that took place on 29 and 30 January 2020 were **approved**.

### 3 Matters arising

- 3.1 The Board **noted** the progress of matters arising from previous meetings.

### 4 Decisions taken since the previous meeting

- 4.1 The Board noted the following decisions taken since the previous meeting:

On 3 February 2020 The Board **approved** the appointment of Richard Haas as a member of the FCA Markets Practitioner Panel from 1 February 2020 to 31 January 2023

On 10 February 2020 The Board **approved** the appointment of David Geale as a non-executive director of the Payment Systems Regulator (PSR) from 14 February 2020 to 13 February 2023

On 10 February 2020 The Board **approved** the appointment of Sheldon Mills as the interim Executive Director of Strategy and Competition from 16 March 2020

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## 5 Reports from the Chairs of Board Committees

- 5.1 The Board was briefed, by the respective committee chairs, on the business conducted at the meetings of the Risk Committee held on 5 February 2020 and the Remuneration Committee meeting held on 26 February 2020.

## 6 Monthly reports from the Independent Panels

- 6.1 The Board **discussed** the reports from the Chairs of the Consumer Panel, the Markets Practitioner Panel, the Practitioner Panel and the Smaller Business Practitioner Panel.

## 7 Decisions of the Board

- 7.1 The Board **approved** the appointment of Tommaso Valletti as a non-executive director of the PSR from 1 April 2020 to 4 November 2022.
- 7.2 The Board **noted** that Christopher Woolard would resign as a director of the PSR with effect from 28 February 2020 but would continue to be invited to attend meetings of the PSR Board in an ex officio capacity.
- 7.3 The Board **approved** the appointment of Gerald Grimes as Deputy Chair of the FCA's Smaller Business Practitioner Panel (SBPP) for a period of 16 months from 1 April 2020 until 31 July 2021.
- 7.4 The Board **approved** the reappointment of Nicholas Coghill as a member of the SBPP for a second three-year term from 1 March 2020 until 28 February 2023.
- 7.5 The Board **approved** the reappointment of Sue Round as a member of the SBPP for a second three-year term from 1 March 2020 until 28 February 2023.
- 7.6 The Board **approved** minor changes to the FCA Crisis Planning Policy.

## 8 PSR Annual Plan & Budget 2020/21

- 8.1 The Board was briefed on the basis on which the Annual Plan & Budget for 2020/21 of the PSR had been prepared. The Board discussed the principal aspects of the planned work programme.
- 8.2 The Board **approved** the PSR's requested work programme for 2020/21 with a budget of £16.8m.
- 8.3 The Board **agreed** to delegate authority for final changes and design approval for the final document to Charles Randell and Chris Hemsley.

## 9 Q3 2019/20 Performance report

- 9.1 The Board discussed the Performance Report and considered various issues arising from this review. It considered the interrelationship with the Sector Views and discussed the role of Sector Views in strategic planning, in view of the importance of effective horizon-scanning.
- 9.2 The Board noted the increased levels of work-in-progress across a number of areas of the business and was briefed on plans to address these. The Board requested further information in relation to some of the reports to ensure that members could more clearly assess progress against the FCA's objectives.
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- 9.3 The Board noted the variation during 2019 in expenditure on skilled persons and requested further analysis of the organisation's use of skilled persons.

## **10 Report from the Chief Executive**

- 10.1 Mr Bailey briefed the Board on a number of topical issues, including:
- a) Data breach: In a response to a Freedom of Information Act request published on the FCA website in November 2019, certain underlying confidential information may have been accessible. The response related to the number and nature of new complaints made against the FCA and handled by the Complaints Team between 2 January 2018 and 17 July 2019. The publication of this information was a mistake and as soon as the organisation became aware of it, the relevant data was removed from the website. The Board was informed that the Information Commissioner's Office had been notified and was briefed on the steps being taken in response to the breach.
  - b) A matter concerning a Senior Manager at a major financial institution.
  - c) Contingency planning in response to the potential spread of the coronavirus (COVID-19).

## **11 Report from the Prudential Regulation Authority (PRA)**

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

## **12 Business Planning and 2020/21 Budget**

- 12.1 The Board had an extensive discussion on the Business Plan which included a presentation from representatives of the teams leading on each of the key strategic priorities.
- 12.2 The Board was also briefed on the proposed budget for 2020/21.
- 12.3 Consequently, the Board **agreed:**
- a) An Ongoing Regulatory Activity (ORA) Budget for 2020/21 of £548.5m
  - b) To raise through a levy a special fee for the Transformation Project of £30m over three years, with £10m being raised in 2020/21
  - c) To consult on raising through a levy a special fee for a Consumer Harm Fraud Campaign, with £2.3m being raised in 2020/21
  - d) To raise through a levy a special fee for EU Withdrawal activities of £15m
  - e) Scope change recoveries totalling £14.1m
  - f) A capital expenditure budget of £41.1m.

## **13 Approach to Market Integrity and Wholesale Markets**

- 13.1 The Board noted that, as part of the 2018/19 Business Plan, the FCA had committed to publish a document setting out its approach to market integrity. The document would sit alongside the FCA's other "Approach to" documents; Consumers, Supervision, Enforcement and Competition.
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## **14 PPI Complaints deadline – Final Report**

- 14.1 The Board noted that the FCA had previously committed to publishing a final report, following the 29 August 2019 deadline for PPI complaints, that would assess what the deadline and the FCA’s consumer communications campaign had achieved. The report was also intended to provide an update on supporting supervisory activity.

## **15 Patient Capital: changes to COBS 21 permitted links rules**

- 15.1 The Board was informed that the Pension Scheme Investments Taskforce led by HM Treasury had identified aspects of the Conduct of Business Sourcebook (COBS) 21 permitted links rules which may present barriers to investment in so-called “patient capital” via unit-linked (mainly defined-contribution pension) funds. It was noted that the FCA had published a Consultation Paper (CP)18/40 on 12 December 2018 that proposed changes to the permitted links rules to permit retail investors to invest in a broader range of patient capital through unit-linked funds, while continuing to maintain an appropriate level of protection for consumers.
- 15.2 The Board was informed that it was now proposed to publish a Policy Statement setting out final rules.
- 15.3 The Board **agreed** that the proposed rules should be made and the Policy Statement should be published in March 2020 or as soon as practicable thereafter.

## **16 Rules and Guidance**

- 16.1 The Board **resolved** to make the following instruments:
- a) Conduct of Business Sourcebook (Conditional Permitted Links) Instrument 2020 (FCA 2020/9)
  - b) Fees (Miscellaneous Amendments)(No 15) Instrument 2020 (FCA 2020/8)

## **17 Papers for Noting**

- 17.1 The Board **noted** the briefing that provided an update on the potential impact of audit changes on the FCA’s role as a securities regulator and the progress of the three current reviews of the UK audit market.

## **18 Any other Business**

- 18.1 There being no further business, the meeting closed.

**Charles Randell**  
Chairman

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## **ANNEX A: Attendees\***

### **Attending for all, or substantially all of the meeting:**

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| Megan Butler       | Director, Supervision – Inv., Wholesale and Specialist<br>(from 1:00 pm) |
| Sheree Howard      | Director, Risk and Compliance Oversight                                  |
| Jeannette Lichner  | Non-Executive Director elect   |
| Sean Martin        | General Counsel  |
| Georgina Philippou | Chief Operating Officer  |
| Simon Pearce       | Company Secretary  |
| Mark Steward       | Director, Enforcement and Market Oversight                               |
| Beverley Walker    | Manager, Central Secretariat   |

### **Attending for the following items:**

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|----|---|--|
| 8  | David Godfrey<br>Anita Kelly-Metelewa<br>Toby Parker  | Director, Finance<br>Manager, Strategic Programme Delivery PSR<br>Head of Communications, PSR  |
| 9  | Vito Capobianco<br>Peter Liddiard<br>Natasha Oakley   | Manager, Performance Reporting and Value for Money<br>Manager, Operational Risk & Risk Review<br>Head of Department, Strategy and Analysis   |
| 12 | Therese Chambers<br>Kate Collyer<br>Katie Fisher<br>David Geale<br>David Godfrey<br>William Hague<br>Sheldon Mills<br>Natasha Oakley<br>Gareth Thomas | Director, Regulator Processes and Risk<br>Director, Chief Economist<br>Interim Director, Strategy<br>Director, Retail Banking<br>Director, Finance<br>Director, Human Resources & Transformation<br>Director, Competition, Enforcement and Strategy<br>Head of Department, Strategy and Analysis<br>Manager, Wholesale, Investments & Pension Sector views |
| 13 | Julia Hoggett<br>Edwin Schooling-Latter   | Director, Market Oversight<br>Director, Pension & Funds Policy   |
| 14 | Christopher Preston   | Manager, PPI Campaign, Retail Banking  |
| 15 | Richard Bennett<br>Edwin Schooling-Latter   | Manager, GCD<br>Director, Pension & Funds Policy   |

\*Relevant associates were also in attendance