Minutes

Meeting: FCA Board
Date of Meeting: 26 September 2019
Venue: 12 Endeavour Square, London, E20 1JN

Present: Charles Randell (Chair) Catherine Bradley
Andrew Bailey Amelia Fletcher
Sarah Hogg (items 1-9) Richard Lloyd
Nick Stace Christopher Woolard
Sam Woods

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.

2 Minutes of the FCA Board
2.1 The Board approved the minutes of the FCA Board meeting held on 24 and 25 July 2019 subject to a minor amendment. The Board also approved the minutes of the FCA Board meeting held on 4 September 2019.

3 Matters arising
3.1 The Board noted the progress with the matters arising from previous meetings
The Board received an update on the Pensions Master Trust application. The Board noted that a process had commenced to appoint a professional trustee to the Board of FCA Pension Plan Trustee Ltd.

4 EU Update
  Managing Brexit outcomes
4.1 The Board noted the update on managing Brexit outcomes.
4.2 The Board discussed the main cliff edge risks.
  Update on Temporary Permissions Regime
4.3 The Board was briefed on the Temporary Permissions Regime.
4.4 The Board considered the process proposed to assess whether firms would be authorised and how firms might be prioritised depending on potential harm. It noted that the approach appeared proportionate. The Board noted that communications were due to be published on requirements for authorisation including the need for a physical presence in the UK.

4.5 The Board requested more information on measures for the identification and prevention of potentially “harmful” firms once further assessment had taken place. FCA(19)349 Annex E – Funds Investing in Illiquid Assets Instrument 2019

4.6 The Board approved the instrument subject to its name being changed to Non-UCITS Retail Schemes Investing in Illiquid Assets Instrument 2019.

5 **Report from the Chief Executive**

5.1 The Board discussed the report from Andrew Bailey.

5.2 The Board noted the update on PPI since the claims deadline. The Board discussed some of the issues raised by stakeholders and considered by the FCA in deciding upon its approach to PPI including the importance of securing redress for breach of FCA rules, the effectiveness of the FCA’s communications campaign and the need to bring the PPI redress exercise to an orderly conclusion. The Board agreed that consideration should be given to how best to capture any general lessons to be learnt from PPI.

5.3 The Board requested that its gratitude be passed on to the PPI team for the work completed.

5.4 The Board noted Thomas Cook entering insolvency and noted the options available to customers affected by the failure of the firm in terms of insurance and litigation.

5.5 The Board noted the update on App scams.

6 **Report from the PRA**

6.1 The Board received an update from Mr Woods on matters relating to the PRA.

7 **Analytics and Information Management (AIM) update**

7.1 The Board discussed the update on AIM delivery. The Board noted that the project formed a critical part of the data strategy to ensure the FCA was a data-centred organisation. Some project benefits had already been realised as the tools had been rolled out to Supervision and were already proving to be advantageous.

7.2 The Board noted that it was proposed to reprioritise the IT change project portfolio so that the overrun on cost be absorbed within the overall portfolio envelope. It noted the Audit Committee’s view that the project was a critical underpinning tool to create the right capabilities for better supervision.

7.3 The Board asked for the Audit Committee to be briefed by Simon Ricketts on issues relating to the governance of IT projects more widely, with the briefing offered to other interested members of the Board.

7.4 The Board:

a. noted the AIM delivery update, achievements to date, crystallised risks and investment options;

b. approved the revised AIM funding requirement; and
c. delegated approval of further drawdowns to the Executive Operations Committee.

8 General Insurance Pricing Practices

8.1 The Board noted that the interim findings of the general insurance market study had identified that competition in the home and motor markets was not working well for consumers. Pricing practices meant that customers were being penalised for loyalty and were not being charged only on the basis of risk. It was noted that harms arose across the spectrum of consumers, and were not only experienced by vulnerable consumers.

8.2 The Board noted that if customers paid the average rate for their risk the overall saving would be £1.2 billion. The Board also requested more information on the proposed communication plan.

8.3 The Board discussed the proposed remedies.

8.4 The Board discussed the risks from the possible remedies. The Board asked the team to consider mitigation for these risks.

8.5 The Board agreed that the interim market report should be published.

9 Approach to mini-bonds and related products – update and future work plan

9.1 The Board received an update on the cross organisational work on mini-bonds and related products. It was also briefed on the developing strategy to ensure that investors in mini-bonds could invest with a full appreciation of the potential risks. The Board discussed the challenge of assessing so many products and noted the prioritisation methods developed by the team. The majority of products identified in the market are not issued by FCA-authorised firms; for these products, the FCA’s regulatory role relates to authorised firms approving financial promotions and/or arranging investments or by virtue of the bonds being held within investment vehicles managed by authorised firms.

9.2 The Board noted that the cross-divisional team would be deployed for a fixed period to investigate and focus on sectors where there is the potential for significant harm.

10 Decisions of the Board

Panel Appointments

10.1 The Board approved:

- The appointment of Les Matheson to be appointed as Deputy Chair of the FCA Practitioner Panel from 1 October 2019 to 30 September 2020
- The appointment of Sean Hagerty as a member of the FCA Practitioner Panel from 1 November 2019 to 31 October 2022
- The appointment of Lee Streets as a member of the FCA Smaller Business Practitioner Panel from 1 October 2019 to 30 September 2022
- The reappointment of Gemma Harle as a member of the FCA Smaller Business Practitioner Panel from 1 October 2019 to 30 September 2022
- The appointment of Jonathan Hewitt, Julia Mundy and Erik Porter as members of the Consumer Panel, with effect from 1 November 2019 for a period of three years.
11  **Rules and Guidance to be determined**

11.1 The Board **passed** the resolution set out in Annex B.

12  **Any other business**

12.1 There being no further business, the meeting closed.

Charles Randell  
Chairman
ANNEX A: Attendees

Megan Butler  
Director, Supervision – Inv., Wholesale and Specialist

Jonathan Davidson  
Director, Supervision, Retail and Authorisations

Nausicaa Delfas  
Director, International

Sean Martin  
General Counsel

Georgina Philippou  
Chief Operating Officer

Simon Pearce  
Company Secretary

Berenice Seel  
Company Secretarial Assistant

Mark Steward  
Director, Enforcement and Market Oversight

Beverley Walker  
Acting Deputy Company Secretary

Attending for the following items:

4a  
Sarah Rapson  
Director – Authorisations

Lee Foulger  
Head of Department – International

Greg Sachrajda  
Head of Department – International Delivery

Stephen Longden  
Technical Specialist – EU Withdrawal Policy

Paul Baker  
Technical Specialist – GCD International

4b  
Sarah Rapson  
Director – Authorisations

Val Smith  
Head of Department – Retail Authorisations

Lee Foulger  
Head of Department – International Delivery

Nick Miller  
Head of Department – Asset Management

Paul Baker  
Technical Specialist – GCD International

4c  
Pritheeva Rasaratnam  
Head of Department – Pensions and Funds

Nick Miller  
Head of Department – Asset Management

Noel Clarken  
Manager – Asset Management and Funds

7  
Martin Bellamy  
Director – Business Technology Solutions

10  
Sheldon Mills  
Director - Competition

Brian Corr  
Head of Department – Retail Competition

Peter Lukacs  
Manager – Retail Competition

11  
David Geale  
Director – Retail Banking

Alison Barker  
Director – Specialist Supervision Division

Mark Francis  
Director – Wholesale and Unauthorised Business Investigations

Lucy Castledine  
Head of Department – Head of Retail Lending

Alex Roy  
Manager – Consumer Distribution

Matt Evans  
Technical Specialist – GCD Investment, Insurance and Redress
ANNEX B: Resolution

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

B) Mortgages (Regulatory Reporting) Instrument 2019 (FCA 2019/88)
C) Overdrafts (Information and Tools) Instrument 2019 (FCA 2019/86)
F) Handbook Administration (No 51) Instrument 2019 (FCA 2019/85)