

Minutes

Meeting: FCA Board
Date of Meeting: 29 and 30 January 2020
Venue: 12 Endeavour Square, London, E20 1JN

Present: Charles Randell (Chair) Alice Maynard
Andrew Bailey (30 Jan only) Richard Lloyd
Liam Coleman Sam Woods (30 Jan only)
Catherine Bradley Christopher Woolard
Amelia Fletcher Tommaso Valletti
Sarah Hogg

In attendance: Set out in Annex A

Apologies: None

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 the business of the meeting were declared.
- 1.3 The Chair confirmed the appointment of two new Non-Executive Directors, approved by HM Treasury, and to be announced on 06 February. Jeannette Lichner and Bernadette Conroy would join the Board, each serving a three-year term, beginning on 1 April 2020 and 1 August 2020 respectively.
- 1.4 It was noted that Amelia Fletcher OBE and Catherine Bradley CBE would be stepping down, having served since April 2013 and August 2014 respectively. Amelia Fletcher would also be stepping down as a Non-Executive Director of the Payment Systems Regulator (PSR). The Chair confirmed that Nick Stace, who was appointed in April 2017, had also stepped down from the FCA and PSR Boards as of 29 January 2020.
- 1.5 The Board took the opportunity to congratulate both Andrew Bailey, on his forthcoming appointment as Governor of the Bank of England, and Christopher Woolard, as the interim Chief Executive Officer, following Mr Bailey's departure.

2 Minutes of the FCA Board held on 12 December 2019

- 2.1 The Board **approved** the minutes of the previous meeting, subject to minor amendment.
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3 Matters arising

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

4 Written Procedures

4.1 The Board **noted** the following items approved by written procedure since the last meeting:

Item	Date Circulated	Decision Required	Outcome
Minutes of the Board meeting held on 20 and 21 November 2019	13 December 2019	The Board is asked to approve the minutes of its November meeting, including the version for publication.	Approved
Enterprise Act Report 21 June 2019 – 12 December 2019	09 January 2020	The Board is asked to approve the report for publication on 16 January 2020	Approved
FEES (Cryptoasset Business) Instrument 2020	10 January 2020	The Board is asked to make the final Fees (Cryptoasset Business) Instrument 2020.	Approved

5 Monthly Reports from the Independent Panels

5.1 The Board **discussed** the reports from the Smaller Business Practitioner Panel, the Consumer Panel, the Markets Practitioner Panel, the Practitioner Panel and the Listings Authority Advisory Panel.

6 Report from the PRA

6.1 Mr Woods **briefed** the Board on the business of the PRA that was of relevance to the FCA.

7 Report from the Chief Executive

7.1 Mr Bailey **briefed** the Board on a number of topical issues, including:

- a) Technology companies and high-risk/non-standard investments: Engagement with Google continued, to prevent it posting misleading or fraudulent advertisements for high-risk and non-standard investments.
- b) Overdrafts: Following the announcement of revised overdraft pricing by the large banks, the FCA had published examples of what impact pricing changes would have on overdraft users.
- c) Stonewall's Top 100: The FCA had been ranked 59th – demonstrating the FCA's continued commitment to being an inclusive place to work - a 10-place improvement on the previous year's ranking.
- d) Coronavirus: This situation was being monitored on a daily basis, including updates from the World Health Organisation. Work was underway to explore the wider impact of the virus on firms.

8 Governance of the Digital Strategy, Data Strategy, Cyber Strategy and Major Projects Portfolio

- 8.1 The Board was briefed on the proposed new approach to govern the cyber, data and digital strategies and the major project portfolio.
- 8.2 The proposed approach recognised the intrinsic relationship between cyber, data and digital strategy and therefore sought to streamline associated reporting to ensure any wider context and interdependences were clear and understood.
- 8.3 The Board considered the frequency of executive committee reporting and the benefit of increasing this as the approach was embedded. The critical role of the Executive Operations Committee, in the approach, was also noted as was the forthcoming non-executive Business & Technology Solutions teach-in scheduled for 25 February.
- 8.4 The Board **approved** the proposed approach, subject to an initial review after approximately six months, and **noted** the plan to transition.

9 Internal Audit Co-Source contract

- 9.1 The Internal Audit Co-Source contract sought to supply IT internal audit services and non-IT audit work.
- 9.2 The Audit Committee Chair had been a member of the procurement panel and was satisfied with the robustness of the procurement process.
- 9.3 The Board **approved** the Internal Audit Co-Source contract.

10 Use of the Implementation period for Brexit preparations

- 10.1 The Board **discussed** the FCA's approach to implementing the withdrawal agreement and aspects of the political declaration that fall to the FCA. This included consideration of the FCA's approach to using the transition period (TP) to reduce the cliff edge risks arising from a December 2020 exit.
- 10.2 It was noted that during the TP, EU law would continue to apply and passporting would continue, but the UK would no longer be involved in the governance of the EU.
- 10.3 However, the FCA's work in relation to onshoring and the temporary transitional power, the Financial Services Bill and temporary regimes and equivalence assessments would continue.
- 10.4 The Board recognised the opportunity for joint working between the FCA and PRA, in these areas, and to further develop supervisory relationships in relation to cross border firms and their home regulators.

11 Update on mini-bonds and non-standard investments strategy

- 11.1 The Board **discussed** the proposed strategy, particularly focussing on the identified potential drivers of harm, and supported continued assertiveness in the supervisory approach in this area.
- 11.2 Responses to the Temporary Product Interventions (TPI), published in November 2019, were noted to have been largely positive and work with HM Treasury continued to explore the definition of financial promotions and the self-certification of sophisticated investors.
- 11.3 Consultation on maintaining the TPI was expected before its expiration which would inform the scope of any permanent interventions.

- 11.4 In the meantime, supervisory work continued to focus on the regulatory avenues that could be utilised to target harmful practices.

12 BritainThinks Annual Stakeholder Research Findings

- 12.1 The Board **discussed** the findings and recommended priorities arising from the research.
- 12.2 The key conclusions of the research fell into four areas: maintenance of the FCA's positive reputational score; Brexit recognised as a key organisational priority and the high praise for the FCA's work in this area; consumer protection recognised by stakeholders as a key operational objective; and the improved communications and engagement between FCA and its stakeholders.

13 Harms and mitigation in retail lending supervision

- 13.1 The Board **discussed** the wider strategic issues associated with consumer credit including the balance between access to credit and thorough creditworthiness assessments. In addition, the Board considered the FCA's approach to price in the parts of the credit market not subject to a cap and the business models that may rely on customers who struggle to repay.
- 13.2 The key challenges in supervising the retail lending market were recognised to include: its size and diversity; the limited information provided by regulatory returns; the capabilities required to supervise firms' creditworthiness assessments; determining how interventionist the FCA should be; and assessing the impact and effects of these interventions.
- 13.3 The Board recognised the need to maintain supervisory focus on this sector, informed by a good understanding of consumer behaviours in the retail lending market and how these were driven by wider social issues.

14 Rules and Guidance to be determined

- 14.1 The Board **passed** the resolution to make the following instruments:
- a) Mortgages (Advice) Instrument 2020 (FCA 2020/4)
 - b) Pension Schemes (Disclosure of Transaction Costs and Administration Charges) (Amendment) Instrument 2020 (FCA 2020/2)
 - c) Insurance: Conduct of Business Sourcebook (Access to Travel Insurance) Instrument 2020 (FCA 2020/3)
 - d) Supervision Manual (Reporting No 13) Instrument 2020 (FCA 2020/5)
 - e) Exiting the European Union: Deferral of Commencement and Miscellaneous Fees Instrument 2020 (FCA 2020/6)
 - f) Exiting the European Union: Implementation Period (Guidance) Instrument 2020 (FCA 2020/7)
- 14.2 The Board **resolved** to issue EU-exit related guidance as described in Annex E of the paper 'Rules, Guidance and Technical Standards to be determined' in, or by addition to, the following:
- a) The Interpretive guide on completing our forms after the UK's withdrawal from the EU (published in PS19/5)
 - b) ESS, Gabriel and Connect portals and their corresponding FCA web pages

- c) Brexit: our approach to non-Handbook guidance where it relates to EU-law or EU-derived law (published in PS19/5)

15 Decisions of the Board

- 15.1 The Board **approved** the revised Code of Conduct for Decision Making Committees and Panel Members.
- 15.2 The Board **agreed** the format, structure and timing of the Annual Report and Accounts for 2019/20 and related reports, including:
 - a) a sector based structure in line with the 2019/20 business plan
 - b) proposals for reporting on outcome indicators
 - c) changes to the related reports publications to be published on 07 July 2020.
- 15.3 The Board **approved** the changes made to the finance policies, subject to these reflecting the revised provisions of the Schedule of Matters Reserved to the Board.
- 15.4 The Board **approved** the external Sector Views for publication in February 2020, subject to any outstanding comments submitted to the Communications Team by close of business on 03 February 2020.
- 15.5 The Board **approved** the Schedule of Matters Reserved to the Board, the Terms of Reference for Audit Committee and the Terms of Reference for Risk Committee.
- 15.6 The Board **approved** the extension of the term of Karen Johnston as a member of the Regulatory Decisions Committee, for 3 years, from 1 February 2020 until 31 January 2023.
- 15.7 The Board **approved** the reappointment of Darko Hajdukovic, as a member of the FCA's Listing Authority Advisory Panel, for a second three year term, from 1 February 2020 until 31 January 2023.
- 15.8 The Board **approved** the following Board Committee appointments:-
 - a) External Risk & Strategy Committee (to be renamed Risk Committee):
 - i. to appoint Richard Lloyd as Chair of Risk Committee with effect from 1 April 2020
 - ii. to appoint Liam Coleman as a member of Risk Committee with effect from 1 February 2020
 - b) Audit Committee
 - i. to appoint Liam Coleman and Richard Lloyd as members of Audit Committee with effect from 1 February 2020
 - ii. to appoint Liam Coleman as Chair of Audit Committee with effect from 1 August 2020
 - c) Oversight Committee
 - i. to re-appoint Charles Randell as Chair of Oversight Committee with effect from 1 February 2020

16 Papers for Noting

16.1 The Board **noted**

a. The Data Strategy Portfolio update

17 Any other business

17.1 There being no further business, the meeting closed.

Charles Randell
Chairman

ANNEX A: Attendees

Attending for all, or substantially all of the meeting:

Megan Butler	Director, Supervision – Inv., Wholesale and Specialist
Jonathan Davidson	Director, Supervision – Retail and Authorisations
Nausicaa Delfas	Director, International
Sheree Howard	Director, Risk and Compliance Oversight
Sean Martin	General Counsel
Georgina Philippou	Chief Operating Officer
Simon Pearce	Company Secretary
Mark Steward	Director, Enforcement and Market Oversight

Attending for the following items:

8	Martin Bellamy James Anderson	Director BTS Head of Department BTS
9	Lalitha Henry Joel Scott	Head of Department Internal Audit Technical Specialist
10	Greg Sachrajda Stephane Amoyel	Head of Department International Delivery Manager EU Withdrawal Policy
11	Lucy Castledine Martha Stokes Daniel Conway Kate Hinchy	Head of Department Supervision Taskforce Manager EMO Manager Prudential Specialists Manager Retail Distribution
12	Andrew Whyte Abigail Seal Cordelia Hay	Director of Communications Manager Strategic & Stakeholder Comms BritainThinks
13	Jonathan Phelan Kate Damania Nick Waugh	Head of Department Retail Lending Manager Consumer Credit Sector Technical Specialist Consumer Credit