

## Minutes

Meeting: FCA Board

Date of Meeting: 21 & 22 October 2020

Venue: Meeting held via Microsoft Teams

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Present: Charles Randell (Chair) Richard Lloyd  
Nikhil Rathi Jeannette Lichner  
Sam Woods Alice Maynard  
Liam Coleman Tommaso Valletti  
Bernadette Conroy

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.
- 1.2 No interests in relation to the items to be discussed were declared.

### 2 LCF and Connaught reviews update

- 2.1 The Board was briefed on the progress of the independent reviews being conducted into the relevant events relating to the FCA's regulation of London Capital & Finance (LCF) and into the FSA/FCA approach to the Connaught Income Fund Series 1 (Connaught).

### 3 Report from the Chief Executive

- 3.1 Mr Rathi briefed the Board on a number of topical issues, including:
    - i. The key milestones for the FCA's transformation agenda, recognising the significant scale of change being sought
    - ii. The FCA's work underway on consumer investments
    - iii. Brexit, including the developing Future Regulatory Framework and the governance arrangement between the FCA and HM Treasury. Other pieces of legislation relevant to the FCA were also discussed.
    - iv. Effective staff engagement. The Board discussed the importance of monitoring staff wellbeing and engaging with staff, particularly during this period.
    - v. The FCA's response to Covid-19 and its economic impact. The Board discussed the evolving nature of the crisis and the importance of the FCA's response reflecting this. Prioritisation and resourcing were also discussed in this context, as the FCA had moved
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resources to deal with its Covid-19 response, and needed to continue to respond to risks in the areas from which resources had been moved.

- vi. Applications received and the approach to authorisations in relation to Cryptoassets – money laundering regulations registration.

#### **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 Retail Distribution Review (RDR) & Financial Advice Market Review (FAMR)**

- 5.1 The Board received a briefing on the findings of the RDR and FAMR. The ensuing discussion covered the following issues:
  - i) The quality and price of the support available to consumers regarding their investments, as well as the groups of consumers that are underserved.
  - ii) How the harm to consumers in this sector has changed over time, and the implications of current market conditions.
  - iii) The extent and nature of competition in this sector, and the opportunities arising from innovative products.
- 5.2 The Board considered the potential implications of increased access to support. The importance of any resulting policy and accompanying communications avoiding the implication that increased access to support was at the expense of consumer protection for mass market consumers was also discussed. It was agreed that the issues should be incorporated into the FCA's assessment of the responses to the Consumer Investments Call for Input.

#### **6 Proximity to failure (framework, strategy and scenario analysis)**

- 6.1 The Board received a briefing on the framework for proactively identifying cohorts of firms potentially at a higher risk of failure or where failure would result in potential harm. The ensuing discussion covered the following issues:
    - i) The impact of different macroeconomic scenarios on different sectors which was being considered in addition to the proximity to failure and harm in failure analysis. These assessments were dynamic, incorporating new information over time. The Board sought to better understand the risks posed by those firms that display both a high proximity to failure and harm in failure.
    - ii) How the framework has been used and implemented across Supervision for all solo regulated firms. The Board emphasised the importance of considering the impact on consumers from a break in the continuity of service provided by at-risk firms; it was reported that work by supervisors to mitigate the risks of disorderly failure, including continuity of service, is underway. Specific work is also being undertaken to monitor a selection of firms and gain additional insights into issues such as this where more acute.
    - iii) The fact that the FCA cannot prevent all firm failure but must use its powers proportionately to mitigate consumer harm resulting from failure
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- iv) The way, operationally, the analysis had been undertaken. The Board raised the potential for risks to arise from the manual nature of the processes undertaken to date.
- v) The impact on the prioritisation of other work, and the build-up of risk, as a result of resources being diverted to the framework
- vi) How learnings from this piece of work can inform future ways of working.

## **7 Britain Thinks: Stakeholder engagement research 2020**

- 7.1 The Board **considered** the key findings from the annual external stakeholder survey noting that the fieldwork took place between July and September 2020 and considered the previous 12 months.
- 7.2 These findings included that:
  - i. The FCA's reputation remained resilient and broadly positive
  - ii. The FCA is seen to have responded to Covid-19 pandemic in an agile, pragmatic and effective manner
  - iii. The coming months are seen as a key transition moment for the FCA, with a number of challenges which will need to be addressed by continued focus on delivering the transformation of the FCA, ensuring stakeholders are clear how it is proceeding
  - iv. The FCA is seen to have communicated with stakeholders flexibly and openly during the pandemic, but focus on Covid-19 has disrupted some channels of "day to day" engagement.
- 7.3 The Board recognised the importance of engaging communications, highlighting achievements, when communicating the FCA'S priorities, including the objectives of the transformation agenda, whilst acknowledging the burden on firms. The value of the FCA's, including its senior leaders', relationships with stakeholders was also recognised.

## **8 Preparations for the end of the Brexit transition period**

- 8.1 The Board was briefed on the FCA's preparedness for the end of the transition period including an update on the negotiations, engagement with HM Treasury and the remaining regulatory risks.
- 8.2 The Board considered the preparatory work underway and the potential implications arising from firms from the Temporary Permissions Regime and noted that a detailed update would be submitted to the Board Risk Committee.

## **9 Rules and Guidance and Technical Standards to be determined**

- 9.1 The Board **resolved** to make the following instruments:
  - i. Technical Standards (Securities Financing Transactions Regulation) (EU Exit) (No 1) Instrument 2020 (FCA 2020/51)

- ii. Technical Standards (Securities Financing Transactions Regulation) (EU Exit) (No 2) Instrument 2020 (FCA 2020/52)
  - iii. Technical Standards (Markets in Financial Instruments Regulation) (EU Exit) (No 3) Instrument 2020 (FCA 2020/56)
  - iv. Handbook Administration (No 54) Instrument 2020 (FCA 2020/61)
  - v. COVID-19 Mortgages Instrument (No. 2) 2020 (FCA 2020/62)
  - vi. Mortgages (Intra-Group Switching) Instrument 2020 (FCA 2020/63)
  - vii. Individual Accountability (FCA-Authorised Firms) (COVID-19 and Extension of Deadlines) Instrument 2020 (FCA 2020/64)
  - viii. Disclosure Guidance and Transparency Rules Sourcebook (Electronic Reporting Format) Instrument 2020 (FCA 2020/65)
  - ix. Technical Standards (Electronic Reporting Format) Instrument 2020 (FCA 2020/66)
  - x. Fees (Credit Rating Agencies, Trade Repositories and Securitisation Repositories) Instrument 2020 (FCA 2020/67)
- 9.2 The Board **approved** the following instrument in principle and **agreed** that it be made at a future date by way of written resolution:
- i. Technical Standards on Strong Customer Authentication and Common and Secure Methods of Communication (Amendment of eIDAS Certificate) Instrument 2020 (FCA 2020/XX)

## 10 Decisions of the Board

- 10.1 The Board **approved** the minutes of the meeting held on 17 September 2020 and **agreed** to approve the minutes of the meeting held on 30 September by way of written procedure.
- 10.2 The Board **noted** the matters arising and **agreed** any proposed closures/amendments.
- 10.3 The Board **approved** the following Panel appointments:
- a) David Marlow as a member of the Smaller Businesses Practitioner Panel for a further period of three years from 1 November 2020 to 31 October 2023
  - b) Devesh Ambasna as a member of the Smaller Businesses Practitioner Panel for a period of three years from 1 November 2020 to 31 October 2023

## 11 Reports from the Independent Panels

- 11.1 The Board **considered** the issues raised in the monthly reports from the Independent Panels including the FCA's work on vulnerability and climate change disclosures.

**12 Papers for noting**

- 12.1 The Board **noted** the update from the Prudential Regulation Authority regarding the Future Regulatory Framework.

**13 Any other business**

- 13.1 The Board **considered** potential future agenda items, including updates on: proposals to outsource recovery of CBILS and BBLs monies; LIBOR replacement; and 2-Tier listing requirements.
- 13.2 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 (excluding item 2)
David Cross	Private Secretary to the CEO
Jonathan Davidson	Executive Director, Supervision – Retail & Authorisations (excluding item 2)
Nausicaa Delfas	Executive Director, International (excluding item 2)
Sheree Howard	Executive Director, Risk and Compliance Oversight
Sean Martin	General Counsel
Sheldon Mills	Interim Executive Director, Strategy & Competition (excluding item 2)
Georgina Philippou	Chief Operating Officer (excluding item 2)
Simon Pearce	Company Secretary
Ian Runacres	Private Secretary to the Chair
Mark Steward	Executive Director, Enforcement and Market Oversight (excluding item 2)
Andrew Whyte	Director, Communications

**Attending for the following items:**

2	Pritheeva Rasaratnam	Head of Department, Complaints, Assurance and Independent Reviews
	Jeanette Bateman	Manager, Assurance and Independent Reviews
	Martin Boffey	Head of Department, GCD International & Governance
5	Richard Fox	Head of Department, Consumer & Retail Policy
	Alex Roy	Head of Department, Consumer Distribution
	Marc Maxfield	Manager, GI & Protection
	Nisha Arora	Director, Consumer & Retail Policy
	Debbie Gupta	Director, Life Insurance & Financial Advice
6	Alison Barker	Director, Specialist Supervision
	Chris McGrath	Head of Department, Retail Investments
	Roma Pearson	Head of Department, Retail Lending
	Emma Jones	Head of Department, Central Support
	Graeme Reynolds	Head of Department, Economic and Financial Analysis
7	Cordelia Hay	Britain Thinks
	Andrew Whyte	Director, Communications
	Abigail Seal	Manager, Strategic and Stakeholder Communications
8	Zertasha Malik	Head of Department, International
	Greg Sachrajda	Head of Department, International Delivery
	Stephane Amoyel	Manager, EU Withdrawal Policy
	Joanna Legg	Manager, International Delivery

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