

Minutes

Meeting: FCA Board
Date of Meeting: 25 June 2020
Venue: Meeting held via Skype

Present: Charles Randell (Chair) Richard Lloyd
Catherine Bradley Alice Maynard
Liam Coleman Sam Woods
Bernadette Conroy Christopher Woolard
Sarah Hogg Tommaso Valletti
Jeannette Lichner

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.
- 1.2 Jeannette Lichner asked the Board to note that she had been invited to chair a start-up company, Aronite, a provider of professional services. The Board agreed that this appointment would not represent an unmanageable conflict of interest with Ms Lichner's position on the FCA Board and was content for her to accept the appointment.

2 Report from the Chief Executive

- 2.1 Mr Woolard briefed the Board on a number of topical issues, including:
 - i. Business Interruption insurance: The Board was informed that good progress was being made with the court case, although the volume of work and increasing complexity had meant that the costs estimate had increased.
 - ii. Scotland strategy: The Board noted that Covid-19 had had a number of impacts on the Scottish office. All staff had been moved out of Quayside House shortly before the lockdown prior to the planned refurbishment. It was no longer considered suitable to move to the intended temporary offices so a simpler refurbishment of Quayside House was now planned instead.
 - iii. Covid support loans: The Board discussed the issues that were expected to arise in the event that the loans could not be repaid.

3 Report from the PRA

- 3.1 Mr Woods briefed the Board on the business of the PRA that was of relevance to the FCA.
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4 Business planning and priorities

- 4.1 The Board was briefed on the impact that Covid-19 had had on the FCA's business planning.
- 4.2 The Board was then briefed by members of the Executive Committee on actions taken and reprioritisations within their divisions in response to the pandemic.
- 4.3 The Board discussed the impact on staff of the Covid-related work and agreed to consider at a future meeting how best to recognise the additional burden borne by many. In addition, the Board recognised the need to ensure that those whose personal circumstances militated against them working as effectively as normal continued to be recognised and included.
- 4.4 The Board considered the impact of the pandemic on the risk outlook, with cybercrime, economic crime and vulnerability all being areas of concern. The Board asked the Risk Committee to keep under review the matrix of work being deprioritised on account of the pandemic.

5 FCA culture review 2020

- 5.1 The Board received and discussed the report setting out the review of the culture of the FCA. The Board noted that it had been based on the FCA's Firm Assessment Model. The Board discussed the impact that the Covid situation was having on culture. It was noted that the organisation's purpose was the most positive driver of the culture, whereas its decision-making processes were viewed less positively.
- 5.2 The Board discussed appropriate metrics to evaluate culture and agreed that it should review the culture twice a year.

6 Annual report of the Complaints Commissioner

- 6.1 The Complaints Commissioner joined the meeting and outlined key themes identified in his annual report. These included:
 - i. Delays: The Commissioner noted the pressure that the team was facing and that there were a number of new investigators but explained that complainants had frequently experienced significant delays in responses.
 - ii. Information not being passed on: The Commissioner noted instances where information received by the Supervision Hub was not passed to the appropriate supervision teams.
 - iii. The Financial Services Register: The Commissioner noted instances where complaints arose from the inadequacy or inaccuracy of information contained in the register.
 - iv. Complaints Investigations not always getting to the heart of an issue.
 - v. The need for greater consideration on occasion as to the extent of information which could be provided to individuals in cases where necessary confidentiality prevents full disclosure.
- 6.2 The Commissioner recognised that the complaints he received represented only a small sample of those received and dealt with by the FCA. He suggested that, nevertheless, they provided a helpful indicator of where problems were arising.

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- 6.3 The Commissioner also commented on improvements he had observed during the year, with changes to the register being particularly welcome. He also recognised that considerable effort had been made to improve the FCA's complaints handling.
- 6.4 The Commissioner noted that he had been keen for some time to see a consultation on changes to the Complaints Scheme to provide greater clarity and set out an approach to compensatory payments. The Commissioner welcomed that the consultation was due to take place shortly.
- 6.5 The Board noted that this would be the final report of the Commissioner as his term was drawing to a close and thanked him for his service. The Commissioner left the meeting.

7 FCA response to the annual report of the Complaints Commissioner

- 7.1 The Board discussed the response of the FCA to the Commissioner's annual report and proposed minor amendments to the draft.

8 Complaints Scheme – Consultation

- 8.1 The Board noted that at its meeting in May 2020, it had agreed to consult on changes to the Complaints Scheme. The Board noted that such a consultation would require the agreement of the PRA and Bank of England.
- 8.2 The Board recognised that one of the purposes of the consultation and proposed changes to the Scheme was to make clear the regulators' approach to making compensatory payments under the Scheme.
- 8.3 The Board **agreed**:
- i. To consult on the Complaints Scheme in accordance with the principles set out in the paper presented to the Board
 - ii. That final approval of the text of the consultation and the draft Scheme should be delegated to the Chair, the Interim Chief Executive, the Executive Director Risk & Compliance Oversight, the Director of Communications and the General Counsel.

9 Rules and Guidance

- 9.1 The Board **resolved** to make the following instruments:
- i. Handbook Administration (no. 53) Instrument 2020 (FCA 2020/25)
 - ii. Periodic Fees (2020/2021) and Other Fees Instrument 2020 (FCA 2020/26)
 - iii. Fees (Primary Market Transaction Fees Amendments) Instrument 2020 (FCA 2020/27)
 - iv. Variation of Permission and Cancellation Form (Miscellaneous Amendments) Instrument 2020 (FCA 2020/28)
 - v. Collective Investment Schemes Sourcebook (Miscellaneous Amendments) Instrument 2020 (FCA 2020/29).

10 Monthly Reports from the Independent Panels

- 10.1 The Board **noted** the issues raised in the monthly reports from the Independent Panels.
- 10.2 The Board **noted** the Annual Report of the Consumer Panel.

11 Decisions of the Board

- 11.1 The Board **approved** the minutes of the meetings 21 May and 1 June 2020.
- 11.2 The Board **approved** the re-appointment of Helen Parker and Patrick Neville as non-executive directors of the Financial Services Compensation Scheme (FSCS) for a second three-year term commencing on 1 July 2020.
- 11.3 The Board **approved** the appointment of Fiona Kidy as Chief Financial Officer and an Executive Director of the FSCS for a three-year term commencing on a date to be agreed with the FSCS.
- 11.4 The Board **approved** the following Committee appointments:
- i. The appointment of Jeannette Lichner as a member of the Remuneration Committee with effect from 1 July 2020
 - ii. The appointment of Jeannette Lichner as a member of the Oversight Committee with effect from 1 July 2020
 - iii. The appointment of Bernadette Conroy as a member of the LCF Review Committee with effect from 1 July 2020.
- 11.5 The Board **approved** the following Committee appointments:
- i. The re-appointment of Kathryn McLeland as a member of the Listing Authority Advisory Panel (LAAP) and appointment as a Deputy Chair of LAAP from 1 August 2020 to 31 July 2022
 - ii. The re-appointment of Mandy Gradden as a member of the Listing Authority Advisory Panel (LAAP) and appointment as a Deputy Chair of LAAP from 1 August 2020 to 31 July 2022
 - iii. The appointment of Ed Cook as a member of the Listing Authority Advisory Panel (LAAP) from 1 August 2020 to 31 July 2023.

12 Papers for noting

- 12.1 The Board **noted**:
- i. the progress with the matters arising from previous meetings
 - ii. the following decisions that were taken by Written Procedure since the last meeting:
 - i. On 1 June 2020, the Board approved the non-handbook guidance for insurance firms on assessing the value of their products in the light of coronavirus (Covid-19)
 - ii. On 4 June 2020, the Board approved the draft Modern Slavery & Human Trafficking Statement and authorised the Interim Chief Executive to sign the Statement
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iii. A paper discussing “Digitally excluded” UK adults.

13 Any other business

13.1 There being no further business, the meeting closed

Charles Randell
Chair

ANNEX A: Attendees*

Attending for all, or substantially all of the meeting:

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| Megan Butler | Executive Director, Supervision – Inv., Wholesale and Specialist |
| Jonathan Davidson | Executive Director, Supervision – Retail & Authorisations |
| Nausicaa Delfas | Executive Director, International |
| Sheree Howard | Executive Director, Risk and Compliance Oversight |
| Sean Martin | General Counsel |
| Sheldon Mills | Interim Executive Director, Strategy & Competition |
| Georgina Philippou | Chief Operating Officer |
| Simon Pearce | Company Secretary |
| Mark Steward | Executive Director, Enforcement and Market Oversight |
| Beverley Walker | Manager, Central Secretariat |
| Andrew Whyte | Director, Communications |

Attending for the following items:

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| 4 | Richard Monks Natasha Oakley David Godfrey Keren Oser William Hague | Director, Strategy Head of Department, Strategy & Analysis Director, Finance Head of Department, Finance Director, Human Resources & Transformation |
| 5 | William Hague Marcus Adams Michelle Brand Paula Pringle | Director, Human Resources & Transformation Head of Department, Human Resources Strategy & Policy Head of Department, HR Organisational Capability Manager, HR Organisational Effectiveness |
| 6 | Pritheeva Rasaratnam Natasha Pesaro | Head of Department, Investigations, Complaints & Assurance Manager, Complaints |
| 7 | Pritheeva Rasaratnam Natasha Pesaro Dean Harwood | Head of Department, Investigations, Complaints & Assurance Manager, Investigations & Complaints Manager, Complaints |
| 8 | Pritheeva Rasaratnam Martin Boffey Bob Ferguson Dean Harwood | Head Department, Investigations, Complaints & Assurance Head of Department, GCD International Technical Specialist, Complaints Manager, Complaints |

* Relevant professional business support staff were also in attendance