

Minutes

Meeting:	FCA Board	
Date of Meeting:	22 & 23 April 2015	
Venue:	25 The North Colonnade, Canary Wharf, London E14 5HS	
Present:	Catherine Bradley	Tracey McDermott
	Amanda Davidson	Jane Platt
	Amelia Fletcher	Sir Brian Pomeroy
	John Griffith-Jones (Chair)	Martin Wheatley
	Mick McAteer	
In attendance:	Set out in Annex A	
Apologies:	Andrew Bailey	

Quorum and Conflicts

The Meeting noted there was a quorum present and proceeded to business.

1 Specific item of business

1.1 Stakeholder Survey

The Board received a presentation on the annual stakeholder research carried out by external consultants. The Board noted the following points:

- the purpose of the survey was to track stakeholder perceptions of the FCA's overarching reputation, communications and engagement and explore any changes over the past year;
- the majority of stakeholders had been positive and saw the FCA as proactive and willing to take action to protect consumers; and
- a minority of stakeholders felt overlooked or that the FCA could be inaccessible; and some stakeholders felt the FCA does not do enough to tailor engagement and communications to their needs. These are areas that the FCA will seek to rebalance in the coming months.

The Board noted that it would need to consider the results of the stakeholder survey and the practitioner panel survey when considering the "Year 3" communication strategy.

The meeting adjourned.

The meeting reconvened at 11.15 on 23 April 2015.

2 Preliminaries

Mr Griffith-Jones updated the Board on the process for appointing new Non-Executive Directors and the likely timetable. He undertook to share the analysis of skills and experience required with the rest of the Board.

3 Minutes and meetings

3.1 Minutes of the FCA Board meeting held on 24 March 2015

The Board approved the minutes of the FCA Board meeting held on 24 March 2015.

3.2 Oral update of the Remuneration Committee held on 22 April 2015

Ms Davidson provided an update on the Remuneration Committee held on 22 April 2015, highlighting that the Committee had discussed the reward strategy and the progress with the recruitment processes for various senior roles.

3.3 Minutes of the PSR Board meeting held on 18 March 2015

The Board noted the minutes of the PSR Board meeting held on 18 March 2015.

3.4 Matters arising

The Board noted the progress with matters arising.

3.5 Monthly reports from the Independent Panels

The Board noted the relationships with the Panels had progressed positively. The Board noted the interesting points raised by the Consumer Panel in relation to SMEs as consumers and the regulatory perimeter. It noted that the FCA was planning to issue a Discussion Paper which would relate to this subject.

The Board also noted with interest the other points made in each of the Panel reports.

4 Report from the Chief Executive

The Board received the report and noted and discussed the following points:

- the limited involvement of the FCA in the arrest of the individual trader in Hounslow, who was not authorised or regulated or required to be regulated. The Board noted the obligations on firms to report suspicious transactions and the extent to which there were potential vulnerabilities;
- the enforcement action and fine that would be announced on Deutsche Bank for attempted manipulation of LIBOR and EURIBOR; and the other forthcoming enforcement announcements expected;
- the FCA was monitoring the developments and trends seen in relation to pensions reforms, the use of the new Pensionwise service, and the advice sought directly from firms;
- an update on interest rate hedging products and the legal processes underway;

- the review of capital requirements for personal investment firms (PIFs) and the definition of those firms; and
- the progress with the regulation of benchmarks.

5 Specific items of Business

5.1 Board discussion on responding to TSC report on press briefings of the FCA's Business Plan 2014/15

The Board noted the analysis of the recent TSC reports and discussed its preferred approach to responding to the specific recommendations aimed at the Board in relation to the Davis report.

The Board noted the recommendation to complete the work as soon as possible.

5.2 **Specialist supervision report** – Tackling money laundering and other financial crime

Sir Brian Pomeroy declared an interest as the Chair of the government's Action Group on Cross-Border Remittances. The Board noted the declared conflict and, after due consideration authorised it pursuant to Article 10.2, and authorised Sir Brian to participate in the discussion of the matter on this occasion.

The Board noted the explanation of the legislative and regulatory framework in relation to anti-money laundering and financial crime and received an update on the work being carried out. It discussed the associated risks and the resources applied in the area.

The Board noted the way the specialist team was interacting with and providing training for the supervision teams and how the FCA needed to collect better information on the money laundering risk inherent in firms' business models so it could be more confident it was focusing its specialist resources on the riskiest firms.

The Board noted the examples of issues that had arisen in certain firms, the actions the FCA had taken and what might be done in future to encourage better governance and culture to improve controls and discourage poor behaviours. It also noted the FCA's views on how firms were approaching de-risking strategies.

5.3 **Divisional report** – Supervision

The Board received an update on the operational aspects of the strategy changes in Supervision. The Board noted the revised structure, which was aligned to the major sectors.

6 Decisions reserved to the Board

6.1 Rules & Guidance to be determined

The Board made the three instruments set out in Annex B. The Board consented to and approved the making of the two instruments by the Board of the Financial Ombudsman Service also set out in Annex B.

6.2 Decisions of the Board

The Board noted the decisions that had previously been taken by written procedure since the previous meeting:

- The Mortgage Credit Directive Instrument 2015 and Fees (Mortgage Credit Directive) Instrument 2015 (Approved on 25/03/15)

- Compulsory Jurisdiction Rules (Advising on conversion or transfer of pension benefits) Instrument 2015 (Approved on 02/04/15)

The Board approved:

- to extend the remit of the Oversight Committee to carry out the FCA's Competent Authority responsibilities under the Alternative Dispute Resolution Directive;
- the following changes to the Delegation of Financial Authority:
 - delegation of authority to the Executive Operations Committee to approve project expenditure between and including £1m and £5m thereby replacing the Project Oversight Board;
 - the increase in manager approval limit from £20k to £50k;
 - the increase in Head of Department approval limit from £100k to £150k;
 - the increase in Other Directors' approval limit from £175k to £200k.

The Board also agreed that Audit Committee should review any external projects expenditure over £10m ahead of Board approval.

- the appointment of Mark Adams as a non-executive director of the Financial Services Compensation Scheme for a period of three years from 1 June 2015 to 31 May 2018;
- the appointment Paul Feeney to the FCA Practitioner Panel for 3 years from 1 May 2015 to 30 April 2018; and
- the appointment of Tracey McDermott as the executive responsible for reviewing on a quarterly basis the co-ordination between the FCA and the PRA.

7 Papers for noting

7.1 Forward agenda

The Board noted the Forward Agenda.

8 Any other business

There was none.

9 HBOS Review Update

Mr Griffith-Jones and Ms McDermott left the meeting having previously declared potential conflicts in this matter. The Board received an oral update from Sir Brian Pomeroy on the progress of the report.

Claire Strong

Deputy Company Secretary

ANNEX A: Attendees

Sean Martin	General Counsel
Simon Pearce	Company Secretary (until item 4)
Claire Strong	Deputy Company Secretary
Christopher Woolard	Director of Strategy & Competition Division
Nausicaa Delfas	Director, Specialist Supervision (for item 5.2)
Nick Downes	BritainThinks rep (for item 1.1)
Robert Gruppetta	Head of Department, Financial Crime (for item 5.2)
Ben Shimshon	BritainThinks rep (for item 1.1)
Emma Stranack	Head of Department, Consumer Comms & Engagement (for item 1.1 on 22 April)
Richard Sutcliffe	Acting Director of Risk (for item 5.1)
Andrew Whyte	Acting Director of Communications Division (for item 1.1 & 5.1)
Linda Woodall	Director of Retail Lending Division (for item 5.3)

ANNEX B: Resolution

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

Training and Competence Sourcebook (Qualifications Amendments No 12) Instrument 2015 (FCA 2015/23)

Client Assets Sourcebook (Amendment No 8) Instrument 2015 (FCA 2015/24)

Alternative Dispute Resolution Directive Instrument 2015 (FCA 2015/25; FOS 2015/1)

The Board of the Financial Conduct Authority resolves to consent to and approve the making of the following instrument by the Board of the Financial Ombudsman Service:

Voluntary Jurisdiction Rules (Advising on Conversion or Transfer of Pension Benefits) Instrument 2015 (FOS 2015/2)

The Board of the Financial Conduct Authority also resolves to consent to and approve the making by the Board of the Financial Ombudsman Service of that part of the following instrument which falls within the responsibility of that organisation:

Alternative Dispute Resolution Directive Instrument 2015 (FCA 2015/25; FOS 2015/1)