

Minutes

Meeting: FCA Board

Date of Meeting: 27 March 2025

Start time: 9:15

Venue: Meeting held in Boardroom and via Microsoft Teams

Members Present: Ashley Alder (Chair) Nikhil Rathi
Aidene Walsh Richard Lloyd
Alice Maynard Sophie Hutcherson
Bernadette Conroy Liam Coleman
Bryan Zhang

In attendance: Set out in Annex A

Presenters: Set out in Annex A

Apologies: Sam Woods

1 Standing Items/ General Business

Declarations of Interest

- 1.1 The meeting noted there was a quorum present and proceeded to business.
- 1.2 No interests were declared in the items to be discussed.

Minutes of previous meeting

- 1.3 The Board approved the minutes of the meeting held on 27 February 2025.
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Action log

- 1.4 The Board noted the action log and approved the closure of completed actions.

2 Reports

People Committee

- 2.1 The Board noted the verbal update from the Chair of People Committee on the meeting held on 20 March 2025. The Committee had focused on discussion and agreement of the Annual Pay Review for the Senior Leadership Team.

Oversight Committee

- 2.2 The Board noted the verbal update from the Chair of Oversight Committee on the meeting held on 20 March 2025. The Committee had focused on:
- i. An update from the Financial Ombudsman Service on its operational performance covering Q3 of the 2024/25 financial year, including progress on transformation initiatives and BAU casework targets.
 - ii. Approval of the Financial Ombudsman Service budget for 2025/26, and recommendation to the FCA Board for final approval. The Board approved the budget under item 4.3 iv of this meeting.
 - iii. An update from the Financial Services Compensation Scheme (FSCS) on key performance data covering Q3 of the 2024/25 financial year.
 - iv. Approval of the FSCS Management Expenses Levy Limit (MELL) for 2025/26, and recommendation of the associated Instrument to the FCA Board for approval. The Board approved the FSCS MELL under item 4.3 vii of this meeting.

Risk Committee

- 2.3 The Board noted the update from the Chair of Risk Committee on the meeting held on 13 March 2025. The Committee had focused on:
- i. Business Planning 2025-26 risk acceptance, considering both the first line and second line assessments.
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- ii. The Risk & Compliance Oversight Annual Plan 2025-26, particularly the importance of adequate resourcing in the Complaints function.
- iii. Approval of the FCA Operational Resilience Self-Assessment 2024-25.
- iv. Initial discussions in relation to the consolidation of the Payment Systems Regulator (PSR) primarily into the FCA.

2.4 The Chair of the PSR briefed the Board on the business of the PSR that was of relevance to the FCA, including:

- i. Consolidation of the PSR primarily into the FCA: HMT would run a consultation over the summer regarding the transfer of PSR functions. The PSR Managing Director had presented an outline approach for a programme of consolidation of PSR activities at the PSR Board and would be meeting with the FCA Chief Executive to discuss. Engagement with the Staff Representative Group (SRG) had commenced regarding the integration of PSR employees into the FCA.
- ii. The Board agreed that a strategic discussion on the consolidation of the PSR into the FCA would be scheduled at a future Board or Oversight Committee meeting.
- iii. The PSR Strategy review: The PSR was at the midpoint of delivering its strategy and had published an update to ensure the PSR continues to have a positive impact on UK payment systems.
- iv. It is in the public domain that there are currently judicial reviews underway in relation to Cross Border Interchange Fees.
- v. A final report and consultation on remedies for Scheme and Processing Fees is due to be issued shortly.
- vi. The Authorised Push Payment (APP) reimbursement policy launched in October 2024 had, based on evidence to date, seen positive progress in relation to fraud reduction. An independent review of the effectiveness of the policy would commence in October 2025 and this would consider all aspects of its impact.

Chair

2.5 The Board noted the update from the FCA Chair on activity since the previous Board meeting, including:

- i. The Treasury Select Committee (TSC) hearing: There was a wide-ranging discussion of topics, including broad themes of questioning centered on growth and any trade-offs and risk acceptances associated with this.
- ii. The Complaints Commissioner's report of 11 March 2025 into Safe Hands complaints where the FCA disagreed with the Commissioner's findings and had proactively explained why to the Treasury Select Committee. The Board noted the public comments from HM Treasury that it supported the FCA's handling of the case and it was clear the FCA had acted reasonably. The Commissioner's report identified no evidence that alternative action would have made a difference for Safe Hands customers.
- ii. An update on the PISCES (Private Intermittent Securities and Capital Exchange System) work, that the Statutory Instrument was expected to be laid in May 2025, following which the team would present the policy statement to the FCA Board in June 2025. The Board agreed that a statement regarding the direction of travel of the work should be published in April, however, this needed to make clear the decision on final rules would not take place until the Board meeting in May 2025.
- iii. The Chair would be attending a meeting with the All-Party Parliamentary Group (APPG) on Investment Fraud and Fairer Financial Services.

Independent Panels Monthly Report

- 2.6 The Board noted the reports from the Independent Panels and members expressed an interest in attending their meetings, to hear directly the views of the Panels.

CEO

- 2.7 The CEO briefed the Board on several topical issues, including:
- i. Attendance at the Chancellor's Roundtable with Regulators, where the Chancellor set out the Treasury's approach to ensuring regulators and regulation support growth.
 - ii. The Treasury's announcement that the PSR would be primarily consolidated into the FCA, with legislation required.
 - iii. The CEO had met and had constructive conversations with Members of the European Parliament and the new European Commissioner for Financial Services in Brussels on 17 March 2025.
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- iv. An internal speech by the CEO to all colleagues had been held, laying the ground for the subsequent publication of the FCA's 5-year Strategy.
- v. An update on Wholesale Markets, particularly regarding Gilt market monitoring which is particularly significant at the current time. The Board noted the highly uncertain international environment, however global financial conditions remained broadly resilient. The Board heard that the FCA had significantly improved capabilities in recent years to oversee fixed income, including through new sources of intraday data. The FCA would continue to invest in its digital tools and data initiatives. The Board was assured that there would be continued close coordination with key partners, including the Bank of England/PRA, HM Treasury and Debt Management Office.

3 Strategic Discussion

- 3.1 Due to a fire alarm evacuation during the meeting, discussion of this item was deferred to a future Board meeting.

4 Decisions of the Board

Rules, Guidance and Technical Standards to be determined:

Digital Securities Sandbox rule instrument

- 4.1 The Board approved the creation of a Digital Securities Sandbox (DSS) Rule Instrument to disapply activity-specific requirements in the FCA Handbook for Category 1 Ancillary Activities in the DSS. The Board noted that the rule would be published alongside the update to the Bank and FCA's joint DSS guidance.

Enforcement Investigation Publicity – Amended Public Policy

- 4.2 The Board noted the draft text for the amended Enforcement Investigation Publicity policy and discussed next steps, including the aim to publish the relevant policy statement setting out final terms, in May or June 2025. The Board noted that the FCA would formally respond, in the next few months, to the House of Lords Financial Services Regulation Committee's report of 6 February 2025.

Rules and guidance to be determined

4.3 The Board resolved to make the following instruments:

- i. **Technical Standards (Markets in Financial Instruments Regulation) (Derivative Trading Obligation and Transparency) (Amendment) Instrument 2025 & Markets in Financial Instruments Regulation (Post-trade Risk Reduction Services Rules) (Amendment) Instrument 2025.** To bring a new class of derivatives into the FCA's derivatives trading obligation and to create a rules framework which provides relief from certain obligations to transactions that are executed as part of post-trade risk reduction services.
- ii. **Application and Periodic Fees (2025/2026) and Other Fees Instrument 2025.** To recover the FCA's costs, and the costs incurred by the Ombudsman Service and the Financial Services Compensation Scheme (FSCS).
- iii. **Digital Securities Depositories Instrument 2025.** To disapply activity-specific requirements in the FCA Handbook for Category 1 Ancillary Activities in the Digital Securities Sandbox.
- iv. **Fees Manual (Financial Ombudsman Service Case Fees 2025/2026) Instrument 2025.** To support the FCA's statutory requirements with respect to the Financial Ombudsman Service.
- v. **Supervision Manual (Auditors Requirements) Instrument 2025.** To amend rules relating to the requirement for debt management firms to appoint a CASS auditor so that they align with the FCA's policy intention at the time of implementing the rules.
- vi. **Corporate Governance Code (Amendment) Instrument 2025.** To align the Handbook with current standards as reflected in the new edition of the UK Corporate Governance Code, and to avoid any confusion for issuers and their investors that could otherwise arise if the FCA took no action.
- vii. **Financial Services Compensation Scheme (Management Expenses) Levy Limit 202/2026 Instrument 2025.** To approve a management expense levy limit and make rules so that the FSCS can levy a maximum amount for its operating costs.
- viii. **Handbook Administration (No 73) Instrument 2025.** To make minor administrative changes to various modules of the Handbook.

Other decisions

Reappointment of Employer Appointed Trustee Directors: The FCA Pension Plan

- 4.4 The Board approved the reappointments of Val Smith and Peter Liddiard as Employer Appointed Directors of the FCA Pension Plan Trustee Limited, effective from 1 April 2025 for a second three-year term.

Request to extend the Board Sub-Committee for group complaints to 30 September 2025

- 4.5 The Board approved a six-month extension for the Board Sub-Committee for group complaints, with delegated decision-making powers until 30 September 2025.

FCA Annual Work Programme 2025/26

- 4.6 Due to a fire alarm evacuation during the Board meeting, the FCA Annual Work Programme would be circulated via Written Procedure for Board approval.

There being no further business the meeting closed.

Annex A: Attendees, presenters and observers

In attendance:

Emily Shepperd – Executive Director, Chief Operating Officer
 Sarah Pritchard – Executive Director, Consumers and Competition
 Simon Walls – Interim Executive Director, Markets
 Sheree Howard – Executive Director, Authorisations
 Stephen Braviner Roman – Executive Director, Corporate Governance, Legal and Risk & Compliance Oversight
 Steve Smart – Executive Director, Enforcement and Market Oversight
 Therese Chambers – Executive Director, Enforcement & Market Oversight
 Toby Hall – Director, Company Secretary
 Graeme McLean – Head of Department, Chief Executive Office
 Katie Ellis – Manager, Private Secretary, Chairs Office
 Sophie Shaw – Observer, Next Generation NED

Presenters and observers:

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| Item 1 – Standing Items / General Business | No Attendees |
| Item 2 – Reports | No attendees |
| Item 3 – Strategic Discussion | No attendees – item was deferred to future meeting. |
| Item 4 – Decisions of the Board | <p>Digital Securities Sandbox rule instrument Helen Boyd – Head of Department Carmel Deenmamode - Manager Philip Bronk – Lead Associate</p> <p>Enforcement Investigation Publicity – Amended Public Policy No attendees</p> <p>Rules and guidance to be determined No attendees</p> |

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| | <p>Reappointment of Employer Appointed Trustee Directors: The FCA Pension Plan No attendees</p> <p>Request to extend the Board Sub-Committee for group complaints to 30 September 2025 No attendees</p> <p>FCA Annual Work Programme 2025/26 – item circulated via written procedure. No attendees</p> |
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Other relevant associates were also in attendance.