

Minutes

Meeting: FCA Board

Date of Meeting: 24 June 2021

Venue: Meeting held via Microsoft Teams

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

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 No interests were declared in the items to be discussed.

2 Report from the Chief Executive

- 2.1 Mr Rathi briefed the Board on a number of topical issues, including:
 - i. Google: Google intended to change their terms & conditions requiring those wishing to run Google ads that relate to financial products or services to be authorised by the FCA or to have their ads approved by an FCA-authorised firm. Google planned to consult on the requirement during July and August with the intention of the requirement coming in to force from September. The Board was keen to be kept updated regarding these measures including evidence of their effectiveness.
 - ii. Access to cash: the FCA & Payment Systems Regulator (PSR) were working together to submit a joint response to HM Treasury's Access to Cash consultation. The changing economics and usage of branches, exacerbated by the pandemic, were acknowledged and the Board decided that these should be further considered by RiskCo.
 - iii. E-payment firms: the risks associated with the current supervisory approach, focussed on safeguarding, were discussed and the Board noted that additional resource was being sought to bolster this approach.
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- iv. Use it or lose it: in progressing the pilot the team was considering how best to optimise the use of data when triaging and prioritising activity in this area. The Board was also keen to explore the options to address failure to submit or poor-quality regulatory returns.
- v. Document Management Transformation (DMT): senior engagement continued to ensure the momentum of the project. The Board acknowledged the tight delivery timetable and the accompanying risks.

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.

4 Annual report of the Complaints Commissioner

- 4.1 The Board welcomed Ms Somal and Ms Poyntz to the meeting and **received** the Annual Report of the Complaints Commissioner reflecting on her investigations under the Complaints Scheme (the Scheme) during the 12-month period ending 31 March 2021.
- 4.2 The challenges of the past year were discussed whilst acknowledging the significant advances in delivering improvements to the operation of the Scheme within the FCA. The importance of a workable Scheme that is transparent and easy to navigate was also considered.
- 4.3 Ms Somal outlined the key themes identified in her annual report. These included:
- i. Supervision and the regulation of firms: complaints about alleged failures in the FCA's supervision of firms that have failed.
 - ii. Rulemaking: complaints regarding the FCA's interpretation or application of rules, the lack of rules in relation to certain aspects of financial services, or what complainants perceived to be unfair rules. However, whilst it was recognised that most complaints relating to rule making are excluded from the Scheme the Commissioner welcomed the FCA's evolving, consumer centric approach to offering helpful information to such complainants.
 - iii. Data breach: the data breach discovered in February 2020 with referral rights provided to the Information Commissioner's Office.
 - iv. Vulnerable complainants: the increase in complainants with a vulnerability. However, it was recognised that these types of complaints do not fall under the Scheme unless they are connected with the FCA's exercise of its relevant functions.
- 4.4 The Board thanked Ms Somal for her report and the ongoing opportunity for collaboration, transparency and continuous learning provided by its findings.
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5 FCA's Response to the annual report of the Complaints Commissioner

- 5.1 The Board was briefed on the FCA's response to the annual report of the Complaints Commissioner (the Response).
- 5.2 In considering the Response, the Board discussed the need for consideration of:
- i. The shared objectives of the Complaints Commissioner and the FCA, in relation to ensuring that the Scheme operates well and that complaints are utilised as a learning opportunity, particularly in the context of the transformation programme.
 - ii. That excluded complaints are considered, responded to (including information sign posting to other agencies where appropriate), recorded and reviewed.
- 5.3 The Board also considered how the triaging of complaints could be improved.
- 5.4 The Board noted that the Prudential Regulation Authority would be submitting its first response to the annual report of the Complaints Commissioner at the same time as the FCA.
- 5.5 Subject to consideration of its comments, the Board **approved** submission of the FCA's formal response to the Annual Report of the Complaints Commissioner to HM Treasury. The Board **delegated** authority to finalise the response to the Executive Director, Risk & Compliance Oversight and the Chair of AuditCo.

6 Wider Locations Strategy

- 6.1 The Board was briefed on the drivers and proposals to develop the FCA's regional presence. The Board considered the proposals in the context of the wider transformation programme, the potential impact on staff and the associated risks.
- 6.2 The Board **supported** development of the FCA's regional presence, including establishing a presence in Leeds and expanding the existing presence in Edinburgh, and sought further detail to understand the associated costs.
- 6.3 The Board noted that development of the FCA's regional presence would be discussed further as the transformation programme progressed.

7 Pre-paid Funeral Plans Regulation

- 7.1 The Board considered the key proposals contained in the first policy statement which were reflected in the Funeral Plans Instrument 2021 and was briefed on the second consultation paper to bring pre-paid funeral plans within the regulation of the FCA.
- 7.2 The Board discussed the proposed plans to manage the authorisations gateway and for the accompanying resources to be put in place. The Board supported a robust approach at the gateway and to the ongoing regulation of this market. The Board also considered the
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preparatory activities to inform and protect consumers in advance of the regulation coming into force, working with partner agencies where appropriate.

- 7.3 The suggested approach to resolution and the scope of the Financial Services Compensation Scheme was also discussed.

8 Rules and Guidance and Technical Standards to be determined

- 8.1 The Board **resolved** to approve in principle the making of the following instrument and to agree that it be made at a future date:

i. Investments Firms Prudential Regime Instrument 2021

- 8.2 The Board **resolved** to make the following instruments:

i. Training and Competence Sourcebook (Amendment No 9) Instrument 2021

ii. Fees (Miscellaneous Amendments) (No 16) Instrument 2021

iii. Funeral Plans Instrument 2021 (mentioned above)

iv. Periodic Fees (2021/22) and Other Fees Instrument 2021

v. FCA Standards instrument: The Technical Standards (Bilateral Margining) Instrument 2021

vi. Financial Services Compensation Scheme (Miscellaneous Amendments) Instrument 2021

vii. Handbook Administration (No 56) Instrument 2021

9 Decisions of the Board

- 9.1 The Board **agreed** to approve the minutes of the meetings held on 27 May and 3 June by written procedure.

- 9.2 Subject to minor comments, the Board **noted** progress and **approved** the recommendations within the action log.

- 9.3 The Board **noted** the decisions taken since the last meeting by written procedure.

- 9.4 The Board **approved** the amendments to the AuditCo's terms of reference.

- 9.5 The Board **approved** the FCA Pension plan – Master Trust Supervisory Return.

- 9.6 The Chair **confirmed** that the PSR annual report and accounts for the year ending 31 March 2021 had been approved by the PSR Board on 23 June, subject to minor comments. Authority to finalise the document had also been delegated to the Chair and Managing Director.

10 Monthly Reports from the Independent Panels

- 10.1 The Board **noted** the monthly and annual reports from the independent panels, including the cross-panel interest in the transformation programme.
- 10.2 The Board **welcomed** the proposals to develop the diversity of the independent panels and that accompanying recruitment practices engaged the widest field of candidates.

11 Reports from Chairs of Board Committees

- 11.1 The Board **noted** the reports from the following Chairs of Board committees:
- i. RemCo held on 26 May 2021
 - ii. AuditCo held on 15 June (verbal update).

12 Papers for noting

- 12.1 The Board **noted** the following papers:
- i. Strategic outlook for the mortgage market: Whilst current evidence did not suggest that the market required major structural change the Board were keen for related, emerging issues to be considered by RiskCo.
 - ii. Lessons learned from PPI: The lessons learned demonstrated the importance of redress for consumers and the Board sought a future update on the FCA's work in this area.

13 AOB

- 13.1 The Board noted the resignation of the FCA's General Counsel, Sean Martin. The Board recognised his significant contribution to the work of the FCA and wished him well for the future.
- 13.2 There being no further business the meeting closed.

Annex A

Attending for all, or substantially all of the meeting:

Beverley Walker	Manager, Central Secretariat
Bernard Buckley	Advanced Boardroom Excellence
Toby Hall	Private Secretary, Chief Executive Office
Sarah Day	Deputy Company Secretary
Sarah Pritchard	Executive Director, Markets
Ian Runacres	Private Secretary to the Chair
Megan Butler	Executive Director, Transformation
Stephanie Cohen	Chief Operation Officer
Sheree Howard	Executive Director, Risk & Compliance Oversight
Sheldon Mills	Executive Director, Consumers & Competition
Sarah Pritchard	Executive Director, Markets
Jessica Rusu	Chief Data, Information & Intelligence Officer
Emily Shepperd	Executive Director, Authorisations
Beverley Walker	Manager, Central Secretariat

Attending for the following items:

4	Amerdeep Somal	Complaints Commissioner
	Ivona Poyntz	Chief Operating Officer, Office of the Complaints Commissioner
	Robin Jones	Director, Risk and Compliance Oversight
	Natasha Pesaro	Manager, Risk and Compliance Oversight
5	Robin Jones	Director, Risk and Compliance Oversight
	Natasha Pesaro	Manager, Risk and Compliance Oversight
6	Siobhan Sheridan	Director, HR
	Vito Capobianco	Manager, Finance and Business Services
	Kevin Trainor	Head of Department, HR
	Graeme McLean	Head of Department, Transformation
7	Richard Sutcliffe	Head of Department, Consumers and Competition
	Matt Brewis	Director, Supervision
	Sarah Hayes	Head of Department, Authorisations
8	Edwin Schooling Latter	Director, Markets
10	Heather Kempton	Manager, Corporate Governance
	Graham Collett	Manager, Corporate Governance

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