

Minutes

Meeting: FCA Board
Date of Meeting: 30 September 2020 at 9:30 am
Venue: Meeting held via Skype

Present: Charles Randell (Chair) Alice Maynard
Sam Woods Christopher Woolard
Liam Coleman (*from 12.42*) Tommaso Valletti
Bernadette Conroy
Richard Lloyd
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 No interests in relation to the items to be discussed were declared.

2 Report from the Chief Executive

- 2.1 Mr Woolard briefed the Board on a number of topical issues, including:
 - i. The FCA's financial position, which was close to budget despite the additional costs related to Covid-19 as savings were being achieved in other areas. There remained some risk to the budget for the full year, as underlying savings are outweighed by forecast Covid-related costs, although a number of mitigations have been agreed to reduce this risk.
 - ii. Progress continued on the programme to exit the Data Centre. Risks relating to the Document Management Transformation (DMT) and the Future of Data Collection (FDC), two projects with the potential to delay the target end date, were being proactively managed.
 - iii. The future regulatory framework was being discussed with HM Treasury. Greater clarity was emerging about how the FCA's powers would operate following the end of the transition period.
 - iv. The Flex500 flexible resourcing programme had been launched. Approximately 80 people had been allocated to resolution work and in total about 100 had been allocated to teams across the organisation. The Board discussed the basis on which the Flex500 resource would be deployed.
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- v. The implications for industry, including any technical challenges, associated with a negative interest rate environment.

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 Q1 2020/21 Performance Report

- 4.1 The Board reviewed the Quarterly Performance Report and noted that a number of key initiatives had been progressed during the period. Key risks that were highlighted and discussed included:
 - i) Staff stretch, health and wellbeing, with many staff expressing concern about workload and increased working hours
 - ii) The pausing of various business plan commitments as resources have had to be diverted to Covid-19 related work
 - iii) Backlogs of work-in-progress
 - iv) Significant increases in Supervision work-in-progress due to numerous proximity-to-failure cases
 - v) Financial promotions and Internet Service Providers.
- 4.2 The Board considered whether the operating model had been challenged sufficiently by the Executive in order to respond adequately to the current crisis. The formation of the resolution team was seen as a good example of what could be achieved in this respect, but it was recognised that this approach needed to be developed further.

5 Enforcement and Market Oversight Update

- 5.1 The Board received a briefing on the FCA's Enforcement and Market Oversight Division. The ensuing discussion covered the following issues:
 - i) The pipeline of cases and the processes used to initiate investigations and assess potential outcomes
 - ii) Significant increases in the reports of scams and frauds being received by the Unauthorised Business Department, with a consequent increase in the number of warnings issued.
 - iii) The resource constraints impacting the division, including headcount and the case costs budget
 - iv) Assessment of threshold conditions as a basis for enforcement action
 - v) Striking an appropriate balance between timely interventions and maintaining the integrity of investigations
 - vi) The funding of the costs of Enforcement.

6 The Economic Downturn and the Impact of Covid-19 on Households

- 6.1 The Board received a briefing on the economic downturn to date, the impacts on different segments of consumers and the prospects for the coming months. The ensuing discussion included the following issues:
- i) The extent to which the FCA's activities impact financially-excluded consumers in comparison to those who are more affluent
 - ii) The apparent disproportionate impact of the economic downturn on consumers from a BAME background; it was reported that the team were investigating this further
 - iii) The impact of the downturn on competition and access to cash.
- 6.2 The Board requested that the Executive provide analysis to identify the potential impact of the downturn on supervision portfolios and how this may be expected to influence the prioritisation of activities in future.

7 Introduction to the Annual Report from the Chair of the Staff Representatives

- 7.1 The Board discussed the Annual Report from the Chair of the Staff Representatives with the Director of Transformation and Human Resources.

8 Annual Report from the Chair of the Staff Representatives

- 8.1 The Chair and Deputy Chairs of the Staff Representatives presented their Annual Report to the Board and discussed the key themes emerging, including:
- i) Ensuring a consistent management approach across the organisation
 - ii) Addressing the ethnicity pay gap and associated issues
 - iii) Developing the moderation process used for reward and appraisal.
- 8.2 The Board thanked the Staff Representatives for their insight and recommendations, noting that there was a shared agenda in ensuring the welfare and capability of staff as the FCA addressed the challenges it faced.

9 BTS update

- 9.1 The Board received an update on the Digital, Data and Cyber strategies over the second quarter of the year and discussed various aspects of the strategies. The Board was briefed on planning for the exit from the Data Centre, including the appropriate contingency planning. The risks associated with the project, including progress on the DMT and the FDC programmes that could impact the exit, were discussed.
- 9.2 The Board received an update on the Digital Regulatory Reporting project, noting the recent focus on live tests and change of scope of the project to integrate into the wider FDC programme.
- 9.3 The Board **agreed** that it should receive BTS strategy briefings on twice-yearly basis, with operational updates continuing to be provided on a quarterly basis. Cyber and Data strategy updates would also be provided as required.

- 9.4 The Board **approved** the projected spend on cloud services, in order to allow the management of the cloud platform.

10 Rules and Guidance

- 10.1 The Board **resolved** to make the following instruments:
- a) Allocation of the Responsibility for Insurance Distribution Activity or Mortgage Credit Directive Credit Intermediation Activity Instrument 2020 (FCA 2020/41)
 - b) Reporting of Information about Directory Persons (Miscellaneous Amendments) Instrument 2020 (FCA 2020/42)
 - c) Decision Procedure and Penalties Manual Office for Professional Body Anti – Money Laundering Supervision) Regulations Instrument 2020 (FCA 2020/43)
 - d) Consumer Credit (High Net Worth Exemption) Instrument 2020 (FCA 2020/44)
 - e) Financial Crime Guide (Amendment No 4) Instrument 2020 (FCA 2020/45)
 - f) Conduct of Business (Cryptoasset Products) (Amendment) and Associated Exiting the European Union Amendments Instrument 2020 (FCA 2020/46)
 - g) Exiting the European Union: Handbook (Amendments) Instrument 2020 (FCA 2020/47)
 - h) Exiting the European Union: Handbook (Amendments) (No 2) Instrument 2020 (FCA 2020/48)
 - i) Technical Standards (Payment Services Directive) (EU Exit) (No 2) Instrument 2020 (FCA 2020/49)
 - j) Technical Standards (Prospectus Regulation) (EU Exit) Instrument 2020 (FCA 2020/50)
 - k) Technical Standards (Securitisation Regulation) (EU Exit) Instrument 2020 (FCA 2020/53)
 - l) Technical Standards (Securitisation Regulation) (EU Exit) Instrument (No 2) 2020 (FCA 2020/54)
 - m) Technical Standards (Transparency Directive) (EU Exit) (No 2) Instrument 2020 (FCA 2020/55)
 - n) Exiting the European Union: Securitisation Repositories (DEPP and EG) Instrument 2020 (FCA 2020/57)
 - o) Exiting the European Union: Miscellaneous (Amendments) (No 2) Instrument 2020 (FCA 2020/58)
 - p) Technical Standards (Fourth Money Laundering Directive) (EU Exit) Instrument 2020 (FCA 2020/59)
 - q) EU Exit (“IP Completion Day” and Time-Related Amendments) Instrument 2020 (FCA 2020/60)
- 10.2 The Board **resolved** to approve the making of the following instrument by the Financial Ombudsman Service Ltd:
- a) EU Exit (“IP Completion Day” and Time-Related Amendments) Instrument 2020 (FCA 2020/60)
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- 10.3 The Board **resolved** to issue EU-exit related guidance as described in Annex E of the paper 'Rules, Guidance and Technical Standards to be determined' in, or by addition to, the following:
- a) The Interpretive guide on completing our forms after the UK's withdrawal from the EU (published in PS19/5)
 - b) Brexit: our approach to non-Handbook guidance where it relates to EU-law or EU-derived law (published in PS19/5)
 - c) Brexit: our approach to EU non-legislative materials (published in PS19/5)
 - d) Banners on the Handbook website related to the TTP and to the above guidance, where relevant
 - e) The Handbook navigational guide

11 Decisions of the Board

- 11.1 The Board **approved** the minutes of the meeting that took place on 28 August 2020.
- 11.2 The Board **approved** the following Panel appointments:
- a) Will Self as a member of the Smaller Businesses Practitioner Panel for a period of three years from 1 October 2020 to 30 September 2023
 - b) David Perry as a member of the Smaller Businesses Practitioner Panel for a period of three years from 1 October 2020 to 30 September 2023
 - c) Gordon Dewar as a member of the Smaller Business Practitioner Panel for a period of three years from 1 October 2020 to 30 September 2023
- 11.3 The Board **approved** the appointment of Maggie Craig as a trustee director of the FCA Pension Plan Trustee Limited from 1 October 2020 to 30 September 2023

12 Papers for noting

- 12.1 The Board **noted**:
- a) the progress with the matters arising from previous meetings
 - b) the following decisions that were taken by Written Procedure since the last meeting:
 - i. On 31 July 2020, the Board agreed to the publication of our final updated guidance and approved the instrument (Covid-19 Premium Finance (No 2) Instrument 2020)
 - ii. On 11 September 2020, the Board approved extending the Complaints Scheme consultation period by four weeks
 - c) The report from the Chairs of Board Committees
 - d) The monthly reports from the Independent Panels
 - e) Resilience issues linked to the end of the EU withdrawal transition period
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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:**

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:

4	Vito Capobianco Peter Liddiard	Manager, Operations Manager, R&CO
5	Mark Francis Daniel Thornton Therese Chambers Harry Caldecott	Director, Wholesale & Unauthorised Business Investigations Director, Legal, Enforcement Director, Retail & Regulatory Investigations Private Secretary, Enforcement & Market Oversight
6	Kate Collyer Graeme Reynolds Karen Croxson Jesse Leary	Director, Chief Economist Head of Department, Economic & Financial Analysis Head of Department, Economics - Research Manager, Economic & Financial Analysis
7	William Hague	Director, Human Resources & Transformation
8	Mark Roberts	Chair of the Staff Consultative Committee
9	Martin Bellamy Steve Green Andy Cobbett Francesca Hopwood-Road	Director, Business Technology Solutions Head of Department, Central Data Services Head of Department, Cyber & Information Resilience Head of Department, Strategy & Analysis
	* Relevant associates and professional business support staff were also in attendance.	