

Minutes

Meeting:	FCA Board	
Date of Meeting:	23 & 24 January 2019	
Venue:	12 Endeavour Square, London, E20 1JN	
Present:	Charles Randell (Chair)	
	Andrew Bailey	Ruth Kelly
	Catherine Bradley	Christopher Woolard
	Amelia Fletcher	Jane Platt
	Nick Stace	
	Sarah Hogg	
	Sam Woods	
In attendance:	Set out in Annex A	
Apologies:	Ruth Kelly – (item 4)	

1 Quorum and declarations of interest

- 1.1 The meeting noted there was a quorum present and proceeded to business.
- 1.2 Mr Bailey and Mr Woods noted an interest in item 12 and absented themselves for that item. None of the other Board members present declared an interest in the matters to be considered at the meeting.

2 BritainThinks Annual Stakeholder Research

- 2.1 The Board **noted** the positive conclusions from the annual stakeholder research which had been conducted for six years and therefore provided a useful data set to analyse ongoing trends.
- 2.2 It discussed the key conclusions of the research which fell into three distinct areas: balance of priorities as perceived by consumers and firms; prioritisation of workstreams; and consistency of approach across the FCA. The Board noted that it was challenging to achieve a uniform approach by FCA staff at all levels of the organisation given differences in experience and the scope of the organisation, but agreed that ensuring a consistent approach by senior staff was particularly important.
- 2.3 The Board agreed that it was important to monitor the FCA's influence globally, particularly following Brexit, and asked for a mechanism to be developed to deliver this intelligence.

3 Payment Protection Insurance (PPI) Complaints – Feedback on CP/18/33 and final rules

- 3.1 The Board were presented with the results of the consultation into proposed rules which would require lenders to write to regular premium PPI *Plevin* complainants whose complaints they previously rejected on the grounds that they did not involve an unfair credit relationship or were out of jurisdiction. These letters would tell these consumers that they could make a new complaint in light of recurring non disclosure of commission (RND), and remind them of the 29 August 2019 deadline for complaining. The proposed rules would also require sellers to write to certain regular and single premium PPI mis-selling complainants whom they previously rejected as out of jurisdiction. These complainants were not caught by the previous *Plevin* mailing rule and so were not written to. The letters would tell these consumers that they could make a new complaint to the lender (either in light of RND or *Plevin* depending on the circumstances), and remind them of the deadline.
- 3.2 The Board noted that the majority of respondents agreed that the rationale for the proposed mailings was reasonable *given* the view of RND that was set out in the final guidance. The Board also noted that the Consumer Panel disagreed and that it had proposed that firms should be required to proactively reassess the relevant consumers' cases and directly redress those where there was unfairness, as this would ensure redress for *all* affected consumers, without needing them to complain again. The Panel was also concerned that the proposed mailing was likely to have a disproportionate impact on these vulnerable consumers and on groups with a protected characteristic, whom the Panel thought would be better protected by a requirement on firms to proactively reassess their cases.
- 3.3 The Board considered the Consumer Panel's proposal and discussed the various factors which led to the recommendation not to require firms to proactively provide redress in the relevant consumers' cases. These factors included: advice from the General Counsel's Division; whether it was proportionate to require consumers to bring a new complaint around undisclosed commission as opposed to mis-selling; and measures that had been implemented to mitigate the potential adverse impact identified on groups with certain protected characteristics or with lower financial confidence and capability. The Board agreed with the recommended approach.
- 3.4 The Board **decided** to:
- a) Make the PPI mailing requirement rules proposed in CP18/33
 - b) Make, as non-Handbook guidance, the four boxes that set out the FCA's view of which cases should be included in those mailings; and
 - c) Publish an appropriate accompanying policy statement.

4 The Shareholder Rights Directive (SRD II)

- 4.1 The Board **noted** the status of cross-agency work on SRD II implementation.

5 Minutes of the FCA Board meeting

- 5.1 The Board **approved** the minutes of the FCA Board meeting held on the 12 and 13 December 2018.

6 Matters arising

- 6.1 The Board **noted** the progress with the matters arising from previous meetings.

7 Report from the Chief Executive

7.1 The Board discussed Mr Bailey's report on developments since the last meeting, including:

- Enhanced Transfer Values (ETV) –The Board noted that the External Risk and Strategy committee would be briefed on the wider issues raised by pension transfer advice and whether the market was working in the interests of consumers.
- Blackburn and Griggs reviews – the Board noted these were ongoing and asked for a future discussion to be scheduled to examine the learning points from the reviews.

Kingman Report – the Board noted the conclusions of the report.

8 Report from the PRA

8.1 The Board received an update from Mr Woods.

9 Monthly reports from the Independent Panels

9.1 The Board reviewed and discussed the reports from the Financial Services Consumer Panel, FCA Smaller Business Practitioner Panel, Listings Authority Advisory Panel and Markets Practitioner Panel. Topics covered at the meetings included Brexit, portfolio strategies, pensions, SRD II and motor finance.

10 EU Withdrawal – monthly update

10.1 The Board received an update on developments in relation to EU negotiations, the political situation in the UK and a summary dashboard of the key issues that could impact each sector of the industry in the event the UK were to leave the EU in March without an implementation period. It also noted the additional 'cliff edge issues' analysis provided which highlighted the key issues and accompanying mitigations in the event of a no deal Brexit.

10.2 It discussed the risk that the UK may not remain a member of the Single Euro Payments Area system. It noted that that other channels for payments would remain available but transfers may be slower and consumers and businesses may end up paying more for transfers.

10.3 The Board considered the issues around trading venues and potential market fragmentation in the event of a hard Brexit and noted that a strategy was being developed to agree equivalence with other regulators.

10.4 The Board noted the progress on risk planning for the FCA as an organisation in the event of a hard Brexit.

11 Financial Services Compensation Scheme (FSCS) Management Expenses Levy Limit (MELL) 2019/20

11.1 The Board discussed the proposed MELL for the FSCS for 2019-20. It noted that the projected budget was flat real for 2020. This was in part due to the operational savings that had been achieved by outsourcing.

11.2 The Board

- a) **agreed** that the proposed budgeted figure of £74.6 million is reasonable;
- b) **agreed** that the proposed contingency reserve of £5 million is also reasonable;

- c) **approved** a joint consultation with the PRA on 31 January 2019 on the FSCS MELL of £74.6 million plus a £5 million contingency reserve; and
- d) **agreed** that if the figures presented by the FSCS fluctuate, the Board will not need to take a further decision to approve a revised figure for consultation unless the changes are material (more than 5% of budgeted management expenses.)

Andrew Bailey and Sam Woods left the room.

12 Independent Review of the supervision of the Co-operative Bank

- 12.1 The Board was briefed on the Independent Review of the supervision of the Co-operative Bank conducted by Mark Zelmer.

Andrew Bailey and Sam Woods entered the room.

13 Mortgage Prisoners

- 13.1 The team provided a verbal update to the paper following comments from the Executive Regulation and Policy Committee (ERPC).

14 Annual Report and Accounts 2018/19

- 14.1 The Board discussed the proposed approach to the annual report and agreed that the proposed Perimeter Statement should be published as part of the report. It agreed that the report should continue to be structured in a modular format so that stakeholders could easily access the elements of the report that were of most interest to them and so that it remained clear which parts of the report fell within the scope of the NAO's audit and review activities.
- 14.2 The Board **approved** the proposed approach in terms of the:
 - a) format and structure for the Annual Report;
 - b) approach and governance for publishing reports on Competition, Diversity, Anti-Money Laundering and Enforcement; and
 - c) date of publication.

15 Intergenerational Differences

- 15.1 The Board noted the proposed study into intergenerational differences.

16 Papers for noting

- 16.1 The Board noted the draft minutes of the External Risk & Strategy Committee meeting held on the 29 November 2018.
- 16.2 The Board noted the draft minutes of the Oversight Committee meetings held on 20 November 2018.

17 Decisions of the Board

- 17.1 The Board **approved**:

- the appointment of Sidney Myers, Charles Laughton-Scott, Julie Hepworth and Jeremy Newman to the Regulatory Decisions Committee (RDC) for a three-year term commencing 1 February 2019;
- the re-appointment of Philip Marsden as a member of Competition Decisions Committee (CDC) for an additional three-year term commencing 25 February 2019.
- Aspatia
 - the Aspatia Investment Case
- changes to Corporate Governance Document required to remove references to the Money Advice Service
- the reappointment of the following two non-executive directors of the Financial Services Compensation Scheme (FSCS)
 - Marian Glen for a further term of one year until 31 January 2020
 - Charles McKenna for a further term of two years until 31 January 2021
- Financial Lives Survey

17.2 The Board noted the following decisions taken outside the meeting:

- the appointment of Mark Chidley as interim Chair of the Consumer Panel
- the Enforcement (EU Securitisation Regulation) Instrument 2019
- the Securitisation Regulation Implementation (Fees for Third Party Verifiers) Instrument 2019

18 Rules and Guidance to be determined

18.1 The Board **passed** the resolution set out in Annex B.

19 Items for noting

19.1 The Minutes of ExCo meetings held on 31 October, 6, 20 & 30 November 2018 were noted.

19.2 The Minutes of ERPC meetings held 6, 10 & 17 September 2018, 15 & 29 October 2018, 8, 12, 19, 22, 26 & 29 November 2018, 3 & 6 December 2018 were noted.

19.3 The forward agenda was noted.

20 Any other business

20.1 There being no further business, the meeting closed.

Charles Randell
Chairman

ANNEX A: Attendees

Attending all, or substantially all, of the meeting:

Jonathan Davidson	Director, Supervision, Retail and Authorisations
Nausicaa Delfas	Director, International
Georgina Philippou	Chief Operating Officer
Simon Pearce	Company Secretary
Berenice Seel	Company Secretarial Assistant
Mark Steward	Director, Enforcement and Market Oversight
Mark Threipland	Head of Department – GCD

Attending for the following items:

2	Sarah Bailey	Manager – Strategic Communications
	Cordelia Hay	Research Director - BritainThinks
3	Christopher Preston	Manager – International Projects PPI
	Julian Watts	Technical Specialist – International Projects PPI
	Mark Threipland	Manager – GCD Inv., Insurance and Redress
	David Geale	Director – Retail Banking
4	Richard Fox	Head of Department – Markets Policy
	Edwin Schooling Latter	Director – Markets Policy
	Nike Trost	Manager – Markets Policy
	Mark Manning	Manager – Markets Policy
8	Lee Foulger	Head of Department - International
	Greg Sachrajda	Head of Department – International Delivery
	Andrew Whyte	Director - Communications
	Nick Jeffs	Manager – EU Withdrawal Communications Team

9	Marshall Bailey	Chair – Financial Services Compensation Scheme
	Mark Neale	CEO – Financial Services Compensation Scheme
	Kathryn Sherratt	COO – Financial Services Compensation Scheme
12	Jeanette Bateman	Manager – RCO
13	Nisha Arora	Director – Consumer & Retail Policy
	Leo Hodes	Technical Specialist – GCD Banking, Credit & Competition
14	Richard Monks	Director - Strategy
	Attricia Archer	Manager – Strategy Implementation
15	Genevieve Marjoribanks	Head of Department – Strategy & Analysis
	Karron Baker	Manager – Cross Cutting
	Peter Smith	Technical Specialist – Cross Cutting

ANNEX B: Resolution

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

Dispute Resolution: Complaints (Payment Protection Insurance) (Amendment No 4) Instrument 2019

Collective Investment Schemes Sourcebook (Miscellaneous Amendments) Instrument 2019

Conduct of Business Sourcebook (Retirement Outcomes Review) Instrument 2019

Payment Services and Electronic Money (Principles for Businesses and Conduct of Business) Instrument 2019

Handbook Administration (Fees Transitional Provision) Instrument 2019