

Minutes

Meeting: FCA Board

Date of Meeting: 26 September 2019

Venue: 12 Endeavour Square, London, E20 1JN

Present:	Charles Randell (Chair)	Catherine Bradley
	Andrew Bailey	Amelia Fletcher
	Sarah Hogg (items 1-9)	Richard Lloyd
	Nick Stace	Christopher Woolard
	Sam Woods	

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.

2 Minutes of the FCA Board

- 2.1 The Board **approved** the minutes of the FCA Board meeting held on 24 and 25 July 2019 subject to a minor amendment. The Board also **approved** the minutes of the FCA Board meeting held on 4 September 2019.

3 Matters arising

- 3.1 The Board **noted** the progress with the matters arising from previous meetings
- The Board received an update on the Pensions Master Trust application. The Board noted that a process had commenced to appoint a professional trustee to the Board of FCA Pension Plan Trustee Ltd.

4 EU Update

Managing Brexit outcomes

- 4.1 The Board noted the update on managing Brexit outcomes.
- 4.2 The Board discussed the main cliff edge risks.

Update on Temporary Permissions Regime

- 4.3 The Board was briefed on the Temporary Permissions Regime.

4.4 The Board considered the process proposed to assess whether firms would be authorised and how firms might be prioritised depending on potential harm. It noted that the approach appeared proportionate. The Board noted that communications were due to be published on requirements for authorisation including the need for a physical presence in the UK.

4.5 The Board requested more information on measures for the identification and prevention of potentially “harmful” firms once further assessment had taken place.

FCA(19)349 Annex E – Funds Investing in Illiquid Assets Instrument 2019

4.6 The Board **approved** the instrument subject to its name being changed to Non-UCITS Retail Schemes Investing in Illiquid Assets Instrument 2019.

5 Report from the Chief Executive

5.1 The Board **discussed** the report from Andrew Bailey.

5.2 The Board noted the update on PPI since the claims deadline. The Board discussed some of the issues raised by stakeholders and considered by the FCA in deciding upon its approach to PPI including the importance of securing redress for breach of FCA rules, the effectiveness of the FCA’s communications campaign and the need to bring the PPI redress exercise to an orderly conclusion. The Board agreed that consideration should be given to how best to capture any general lessons to be learnt from PPI.

5.3 The Board requested that its gratitude be passed on to the PPI team for the work completed.

5.4 The Board noted Thomas Cook entering insolvency and noted the options available to customers affected by the failure of the firm in terms of insurance and litigation.

5.5 The Board noted the update on App scams.

6 Report from the PRA

6.1 The Board received an update from Mr Woods on matters relating to the PRA.

7 Analytics and Information Management (AIM) update

7.1 The Board discussed the update on AIM delivery. The Board noted that the project formed a critical part of the data strategy to ensure the FCA was a data-centred organisation. Some project benefits had already been realised as the tools had been rolled out to Supervision and were already proving to be advantageous.

7.2 The Board noted that it was proposed to reprioritise the IT change project portfolio so that the overrun on cost be absorbed within the overall portfolio envelope. It noted the Audit Committee’s view that the project was a critical underpinning tool to create the right capabilities for better supervision

7.3 The Board asked for the Audit Committee to be briefed by Simon Ricketts on issues relating to the governance of IT projects more widely, with the briefing offered to other interested members of the Board.

7.4 The Board:

a. noted the AIM delivery update, achievements to date, crystallised risks and investment options;

b. approved the revised AIM funding requirement; and

c. delegated approval of further drawdowns to the Executive Operations Committee.

8 General Insurance Pricing Practices

- 8.1 The Board noted that the interim findings of the general insurance market study had identified that competition in the home and motor markets was not working well for consumers. Pricing practices meant that customers were being penalised for loyalty and were not being charged only on the basis of risk. It was noted that harms arose across the spectrum of consumers, and were not only experienced by vulnerable consumers.
- 8.2 The Board noted that if customers paid the average rate for their risk the overall saving would be £1.2 billion. The Board also requested more information on the proposed communication plan.
- 8.3 The Board discussed the proposed remedies.
- 8.4 The Board discussed the risks from the possible remedies. The Board asked the team to consider mitigation for these risks.
- 8.5 The Board **agreed** that the interim market report should be published.

9 Approach to mini-bonds and related products – update and future work plan

- 9.1 The Board received an update on the cross organisational work on mini-bonds and related products. It was also briefed on the developing strategy to ensure that investors in mini-bonds could invest with a full appreciation of the potential risks. The Board discussed the challenge of assessing so many products and noted the prioritisation methods developed by the team. The majority of products identified in the market are not issued by FCA-authorized firms; for these products, the FCA's regulatory role relates to authorised firms approving financial promotions and/or arranging investments or by virtue of the bonds being held within investment vehicles managed by authorised firms.
- 9.2 The Board noted that the cross-divisional team would be deployed for a fixed period to investigate and focus on sectors where there is the potential for significant harm.

10 Decisions of the Board

Panel Appointments

- 10.1 The Board **approved**:
- The appointment of Les Matheson to be appointed as Deputy Chair of the FCA Practitioner Panel from 1 October 2019 to 30 September 2020
 - The appointment of Sean Hagerty as a member of the FCA Practitioner Panel from 1 November 2019 to 31 October 2022
 - The appointment of Lee Streets as a member of the FCA Smaller Business Practitioner Panel from 1 October 2019 to 30 September 2022
 - The reappointment of Gemma Harle as a member of the FCA Smaller Business Practitioner Panel from 1 October 2019 to 30 September 2022
 - The appointment of Jonathan Hewitt, Julia Mundy and Erik Porter as members of the Consumer Panel, with effect from 1 November 2019 for a period of three years.

11 Rules and Guidance to be determined

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

12 Any other business

12.1 There being no further business, the meeting closed.

Charles Randell
Chairman

ANNEX A: Attendees

Megan Butler	Director, Supervision – Inv., Wholesale and Specialist
Jonathan Davidson	Director, Supervision, Retail and Authorisations
Nausicaa Delfas	Director, International
Sean Martin	General Counsel
Georgina Philippou	Chief Operating Officer
Simon Pearce	Company Secretary
Berenice Seel	Company Secretarial Assistant
Mark Steward	Director, Enforcement and Market Oversight
Beverley Walker	Acting Deputy Company Secretary

Attending for the following items:

4a	Sarah Rapson Lee Foulger Greg Sachrajda Stephen Longden Paul Baker	Director – Authorisations Head of Department – International Head of Department – International Delivery Technical Specialist – EU Withdrawal Policy Technical Specialist – GCD International
4b	Sarah Rapson Val Smith Lee Foulger Nick Miller	Director – Authorisations Head of Department – Retail Authorisations Head of Department – International Delivery Head of Department – Asset Management
o	Paul Baker	Technical Specialist – GCD International
4c	Pritheeva Rasaratnam Nick Miller Noel Clarken	Head of Department – Pensions and Funds Head of Department – Asset Management Manager – Asset Management and Funds
7	Martin Bellamy	Director – Business Technology Solutions
10	Sheldon Mills Brian Corr Peter Lukacs	Director - Competition Head of Department – Retail Competition Manager – Retail Competition
11	David Geale Alison Barker Mark Francis Lucy Castledine Alex Roy Matt Evans	Director – Retail Banking Director – Specialist Supervision Division Director – Wholesale and Unauthorised Business Investigations Head of Department – Head of Retail Lending Manager – Consumer Distribution Technical Specialist – GCD Investment, Insurance and Redress

ANNEX B: Resolution

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

- A) Waiver Application Form (Amendments) Instrument 2019 (FCA 2019/87)
- B) Mortgages (Regulatory Reporting) Instrument 2019 (FCA 2019/88)
- C) Overdrafts (Information and Tools) Instrument 2019 (FCA 2019/86)
- D) Reporting of Changes to the Management Body (FCA-Authorised Firms) Instrument 2019 (FCA 2019/89)
- E) Non-UCITS Retail Schemes Investing in Illiquid Assets Instrument 2019 (FCA 2019/90)
- F) Handbook Administration (No 51) Instrument 2019 (FCA 2019/85)