

Minutes

Meeting: FCA Board

Date of Meeting: 10 December 2020

Venue: Meeting held via Microsoft Teams

Present: Charles Randell (Chair) Nikhil Rathi
Liam Coleman Tommaso Valletti
Bernadette Conroy Sam Woods (until item 5)
Jeannette Lichner
Richard Lloyd

Apologies: Alice Maynard

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 Supervisory, enforcement and policy action plan

- 2.1 The Board was briefed on the progress made in delivering the action plan.
- 2.2 The complexities of monitoring and taking regulatory action in relation to financial scams were discussed. The importance of a robust, long term, organisational strategy to address such activity was acknowledged.
- 2.3 The Board strongly supported the work in this area, which was considered to be a key strategic priority. It was reported that metrics to track progress would continue to be developed as part of the 2021-22 business planning round.

3 Report from the Chief Executive

- 3.1 Mr Rathi briefed the Board on a number of topical issues, including:
 - i. The continued development of Chief Executive reporting.
 - ii. Progress in relation to the publication of the London Capital & Finance (LCF) and Connaught Income Fund Series 1 (Connaught) independent reviews.
 - iii. The Ministry of Housing, Communities and Local Governance statement on EWS1 forms.
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- iv. Consumer debt issues that fall outside of the regulatory perimeter including the activities of personal insolvency practitioners.
- v. Financing of the major project portfolio and the potential implications for planned activity.

4 Report from the PRA

- 4.1 Mr Woods briefed the Board on the business of the PRA that was of relevance to the FCA.

5 Cryptoasset strategy

- 5.1 The Board was briefed on the proposal to implement a Temporary Registration Regime (TRR) for applications received under the Money Laundering Regulations (MLRs). The complexity of existing applications and the potential for further outstanding applications received ahead of 10 January 2021 deadline was acknowledged.
- 5.2 In considering the TRR the Board strongly supported a robust approach to the handling and registering of this cohort of firms. The relative competence of existing versus outstanding applicants and the reasonable expectations of the FCA to process outstanding applications were discussed.
- 5.3 The importance of clear and timely communications was also recognised to ensure affected consumers are aware of the accompanying risks and actions they can take.
- 5.4 The Board **agreed** to including trading firms who had applied by the date of the announcement for inclusion in the TRR.
- 5.5 The Board **agreed** that an announcement be made, during the week commencing 14 December 2020, which made it clear that the registration requirements were well known to the industry and that consumers who used crypto exchanges were strongly encouraged to conduct their own due diligence and take any necessary action ahead of the associated deadline.
- 5.6 The Board **approved** the implementation of the Temporary Registration Regime but requested that additional consideration be given to the operation of the regime in relation to the processing of outstanding applications.

6 Business & Technology Solutions (BTS) Quarter 3 Update

- 6.1 The Board was briefed on BTS Operations, the major projects portfolio and cyber security, including:
- i. Delivery of the Data Centre Exit and the remaining risks relating to its completion.
 - ii. Preparations to deliver the systems related to the end of the EU Withdrawal transition period, including the availability of supplier resources over Christmas and into the New Year to facilitate a smooth transition.
 - iii. The financial risks relating to the major projects portfolio. The evolving approach to the allocation of contingency funding across the portfolio was discussed and the Board noted that a more detailed report regarding the aggregated position would be submitted to the next joint Audit and Board Risk Committee meeting.

- iv. The options to extend the Application Maintenance and Application Development contracts.

6.2 The Board **approved** the extension of the Application Maintenance and Application Development contracts.

7 EU withdrawal

7.1 The Board was briefed on the FCA's preparedness for the end of the transition period including an update on the negotiations, the risk of market disruption, the remaining regulatory risks and the allocation of resources during Christmas and into the New Year to facilitate a smooth transition.

8 Rules and Guidance and Technical Standards to be determined

8.1 The Board **resolved** to make the following instruments:

- i. Conduct of Business (Speculative Illiquid Securities) Instrument 2020 (FCA 2020/74)
- ii. Listing Rules (Disclosure of Climate-Related Financial Information) Instrument 2020 (FCA 2020/75)
- iii. Senior Management Arrangements, Systems and Controls (Remuneration Codes) (No 8) Instrument 2020 (FCA 2020/76)
- iv. Exiting the European Union: Senior Management Arrangements, Systems and Controls (Remuneration Codes) (Amendments) Instrument 2020 (FCA 2020/77)
- v. Exiting the European Union: Handbook (Amendments) (No 3) Instrument 2020 (FCA 2020/78)
- vi. Exiting the European Union: SMCR and APR (Amendments) (No 2) Instrument 2020 (FCA 2020/79)
- vii. Technical Standards (Specifying the Information and Details of a Securitisation to be Made Available by the Originator, Sponsor and SSPE) (EU Exit) Instrument 2020 (FCA 2020/80)
- viii. Technical Standards (Specifying the Information to be Provided to Comply with the STS Notification Requirements) (EU Exit) Instrument 2020 (FCA 2020/81)
- ix. Technical Standards (Format of Applications for Registration of Securitisation Repositories) Instrument 2020 (FCA 2020/82)
- x. Technical Standards (Information to be Provided in the Application for Registration of a Securitisation Repository) Instrument 2020 (FCA 2020/83)
- xi. Technical Standards (Securitisation Repository Operational Standards for Data Collection, Aggregation, Comparison, Access and Verification of Completeness and Consistency) Instrument 2020 (FCA 2020/84)
- xii. Technical Standards (Supplementing EMIR with regard to the Clearing Obligation) (EU Exit) Instrument 2020 (FCA 2020/85)

xiii. Technical Standards (European Long-Term Investment Fund Regulation) (EU Exit) Instrument 2020 (FCA 2020/86)

xiv. Technical Standards (Miscellaneous Amendments) (EU Exit) Instrument 2020 (FCA 2020/87)

8.2 The Board **resolved** to make the following Technical Note:

i. Disclosures in relation to ESG matters, including climate change

8.3 The Board **approved in principle** the making of the following instrument and guidance and **agreed** that it be made at a future date by way of written resolution:

i. Financial Conduct Authority Technical Standards (Capital Requirements Directive and Regulation) (EU Exit) (No 2) Instrument 2020 (FCA 2020/88)

ii. FCA approach to interpreting reporting and disclosure requirements under CRD IV and CRR BTS after the expiry of the implementation period under the UK-EU Withdrawal Agreement

8.4 The Board **approved in principle** the making of the following directions and explanatory notes and **agreed** that they be made at a future date by way of written resolution:

i. Main FCA Transitional Directions and Annexes A and B

ii. FCA Prudential Transitional Direction and Annex

iii. FCA Transitional Direction for the Share Trading Obligation

iv. FCA Explanatory Notes on the TTP Directions

9 Reports from the Chairs of Board Committees

9.1 The Board **noted** the report from the Chair of the Oversight Committee of the meeting held on 16 November 2020.

10 Papers for noting

10.1 The Board noted the following:

i. The draft PSR Annual Plan and budget 2021-22

ii. The proposals relating to the regulatory approach regarding the regulation of claims management companies (CMC) intended for consultation. Consultation responses and final proposals would be submitted to the Board in due course.

11 AOB

11.1 There being no further business the meeting closed.

ANNEX A: Attendees*

Attending for all, or substantially all of the meeting:

Megan Butler	Executive Director, Transformation
David Cross	Private Secretary to the CEO
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
Ian Runacres	Private Secretary to the Chair
Mark Steward	Executive Director, Enforcement and Market Oversight
Andrew Whyte	Director, Communications

Attending for the following items:

2	Debbie Gupta Katherine Browne	Director, Consumer Investments Supervision Head of Department, Consumer Investments Business Priority
5	Lucy Castledine Chinmay Parikh James O'Connell Stephen Humphreys	Interim Co-Director Consumer Investments Accountable Executive, Consumer Investments Senior Manager, Authorisations Head of Department, Corporate Communications
6	Martin Bellamy Adrian Sia Lu Andy Cobbett Marie Clay	Director, BTS Divisional Operations Head of Department, Strategy Architecture & Planning Head of Department, CISO Technical Specialist, BTS Investment Analysts
7	Zertasha Malik Greg Sachrajda Stephane Amoyel	Head of Department, International Head of Department, International Delivery Manager, EU Withdrawal Policy
* Relevant Associates and Professional Business Support staff were also in attendance.		