

Minutes

Meeting: FCA Board

Date of Meeting: 27 April 2023

Start time: 09:00

Venue: Meeting held in Boardroom and via Microsoft Teams

Members Present: Ashley Alder (Chair) Nikhil Rathi
Alice Maynard Richard Lloyd
Bernadette Conroy Sam Woods
Liam Coleman Sophie Hutcherson

In attendance: Set out in Annex A

Presenters: Set out in Annex A

Apologies: None

1 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 Reports from the Chairs of Board Committees

- 2.1 The Board **noted** the report from the Chair of the Policy and Rules Committee (P&RCo) meeting held on 13 April 2023. Key topics discussed at P&RCo included the FCA's Rule Review Framework, the Policy Statement and final rules on improving equity secondary markets and consultations on securitisation and primary markets effectiveness.
- 2.2 The Board **noted** the report from the Joint Audit and Risk Committee (JARCO) meeting held on 20 April 2023. Key topics discussed at JARCO included an update on developments in organisational performance and insights, themes from the Chief Operating Officer / Chief Risk Officer quarterly reviews, and a data, technology and innovation update. The Chair of

JARCO informed the Board that work was underway to draft terms of reference to constitute JARCO formally as a finance and performance committee.

3 Report from the PRA

- 3.1 Mr Woods briefed the Board on the business of the Prudential Regulation Authority (PRA) that was of relevance to the FCA, including an update on work that was underway to explore issues around depositor protection arising from the Silicon Valley Bank UK resolution and broader lessons learned.

4 Report from the PSR

- 4.1 Ms Walsh briefed the Board on the business of the PSR that was of relevance to the FCA, including an update on key projects – the new payments architecture, working with the Home Office on its fraud strategy, a policy statement on reimbursement (and the response from the e-money industry) and working with the FCA on open finance.
- 4.2 Ms Walsh also briefed the Board on staffing updates at the PSR including senior leadership team recruitment in response to the PSR's expanded supervision remit and the imminent public launch of Non-Executive Director recruitment.

5 Report from the Chief Executive

- 5.1 Mr Rathi briefed the Board on a number of topical issues, including:
- i. International agenda – the Board heard updates around: i) the ongoing impact of interest rate movements and the need for regulators around the world to gather data to support scenario modelling, for example in relation to highly leveraged hedge funds and; ii) international standards for cryptoassets.
 - ii. Secondary International Competitiveness and Growth Objective metrics – the Board noted the significant work underway to embed the secondary objective in the FCA, building on existing practice. The Board further noted the anticipated Treasury call for proposals for metrics and the importance of any metrics being coherent and workable, recognising that many competitiveness levers are not in the hands of regulators.
 - iii. Asset management industry – the Board heard that firms were concerned about the scope and volume of regulatory change in this industry and so the FCA was using the asset management discussion paper as a mechanism to gather input on near, medium- and long-term priorities. The Board noted the comments raised by the Markets Practitioner Panel (in its report at item 13 of this agenda) welcoming this discussion paper and commending the ambition of the FCA.
 - iv. Enforcement and Market Oversight division – short term work was underway to identify process efficiencies to reduce delivery timelines for Enforcement's investigation portfolio. In the medium term, the Board will be engaged on how the FCA's enforcement function best supports the FCA strategy. The Board heard that work was required to

integrate Enforcement and Market Oversight even more closely into the wider organisation.

- v. CEO Report on staffing – the Board recognised good progress on promoting a diverse population of colleagues and noted that further work was necessary on succession planning.
- vi. Financial Services Bill – the Board advised the Executive Leadership team that the FCA should remain proactive in trying to inform the concessions discussion.
- vii. United States economy – the Board noted that the FCA was monitoring the potential market consequences of the risk of US debt default.
- viii. Link Fund Solutions and cases related to Woodford Equity Income Fund – the Board was briefed on recent developments and external communications.

6 Approach to Regulatory Interventions on the Consumer Duty – Interim update

- 6.1 The Board **discussed** the proposed approach to supervising and enforcing the New Consumer Duty (NCD) from 31 July 2023 and how this would be communicated externally. During the course of discussion, the Board raised the following key points and steers:
- i. the need for clarity across two dimensions of regulation in the run up to the July implementation date: i) the supervision of firms who are required to embed the duty, and ii) tackling actual to harm or risks of harm in breach of the duty. The Board was cognisant of the need to monitor the FCA's shift to outcomes-based regulation,
 - ii. the Board reflected on the significance of this work for the FCA and noted the need to ensure that internal coordination supports the organisation in communicating the regulatory approach effectively and consistently,
 - iii. the implementation of the NCD should be measurable by firms, operable by the FCA and meaningful and understandable for consumers, and
 - iv. while Board members recognised that the Financial Ombudsman Service (FOS) is an independent body, they noted that it would be helpful to continue to engage the FOS on the FCA's direction of travel and communications strategy.
- 6.2 In light of the conversation, the Board requested that the FCA explains clearly to external stakeholders its "early days" approach to implementation of the NCD by firms as well as ensuring clarity on its approach to more serious consumer harms under the Duty,

7 Authorisations Operating Service Metrics

- 7.1 The Board considered proposed changes to the granularity and frequency of publication of authorisations operating service metrics. During the course of discussion, the Board advised that the rationale behind changes to reporting voluntary metrics should be framed to clearly
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articulate the increased transparency this should bring and to reiterate the increased scrutiny that is applied at the gateway.

- 7.2 The Board **agreed** to the proposed revisions to reporting of authorisations operating service metrics, including:
- i. publishing metrics quarterly, beginning in May 2023 with the publication of metrics for January to March 2023,
 - ii. publishing the lower, median and upper quartiles of the range of calendar days taken to reach determinations for each metric,
 - iii. discontinuing the voluntary metrics for approved persons, appointed representatives and mutual registrations, and
 - iv. aligning to the Prudential Regulation Authority (PRA) standard and setting the threshold for “green” service metrics as 97.5% of cases meeting the statutory deadline.

8 Key preliminary accounting judgements & disclosures & NAO update

- 8.1 The Board **noted** progress of the annual report and accounts preparation and status of the National Audit Office’s audit.

9 Rules, Guidance and Technical Standards to be determined

- 9.1 The Board **resolved** to make the following instruments:
- i. Financial Resilience Reporting Instrument 2023
 - ii. Claims Management Form Guidance and Numbering Instrument 2023
 - iii. Technical Standards (Markets in Financial Instruments Transparency) Instrument 2023
 - iv. Fees (Payment Systems Regulator) Instrument (No 1) 2023

10 Decisions of the Board

Minutes of the previous meeting

- 10.1 The Board requested several amendments to the minutes of the meeting held on 30 March 2023 and **agreed** that the revised minutes should be presented for approval via the written procedure process.

Action Log

- 10.2 The Board noted the action log and **approved** the closure of completed actions.

Publication of Policy Statement and adoption of final rules on CP 22/12 on "Improving Equity Secondary Markets"

- 10.3 The Board **approved** the publication of the Improving Equity Secondary Markets Policy Statement and final rules.

PSR Fees

- 10.4 The Board **approved**:
- i. The amendment of the PSR's Fees Rules to (i) exempt fee payers who pay under £100 p.a. and ii) to introduce a new special project fee for PSOs; and publication of the amended Fees Instrument.
 - ii. The new Fee Rules to come into effect on 28 April 2023.
 - iii. A full review of PSR's Fee Rules in two-three years' time.

FCA Procurement

- 10.5 The Board **noted** the need for it to be engaged on procurement decisions in a timely manner but acknowledged that work was underway to facilitate this.

11 Papers for noting

- 11.1 The Board **considered** the Independent Panels Reports:
- i. Financial Services Consumer Panel
 - ii. Markets Practitioner Panel
 - iii. Practitioner Panel
 - iv. Smaller Business Practitioner Panel
- 11.2 The Board **discussed** the key points arising in the reports, in particular: the role of the Consumer Duty Champion on Boards, Cryptoasset regulation, asset management reform, the recommendation that the FCA be ready to deprioritise work as needed and Professional Indemnity Insurance (PII). On PII, the Board noted that it would be helpful to receive an update on the availability of PII.

There being no further business the meeting closed.

Annex A: Attendees, presenters and observers

In attendance:

Aidene Walsh – PSR Chair
Emily Shepperd – Executive Director, Authorisations
Jessica Rusu – Executive Director, Chief Data, Information and Intelligence Officer
Sarah Pritchard – Executive Director, Markets (absent item 6 onwards)
Sheldon Mills – Executive Director, Consumers and Competition (absent item 13 onwards)
Sheree Howard – Executive Director, Risk and Compliance Oversight
Stephen Braviner Roman – Executive Director, General Counsel
Therese Chambers – Executive Director, Enforcement and Market Oversight
Miles Bake – Company Secretary
Graeme McLean – Head of Department, Chief Executive Office
Dave Eaton – Manager, Chairman’s Office

Mr Lloyd stepped out of the meeting between 12:00 and 12:30.

Presenters and observers:

Item 1 - Declarations of interest	No attendees
Item 2 – Reports from Chairs of Board Committees	No attendees
Item 3 - Report from the PRA	No attendees
Item 4 – Report from the PSR	No attendees
Item 5 - Report from the Chief Executive	No attendees
Item 6 - Approach to Regulatory Interventions on the Consumer Duty - Interim update	Matt Brewis - Director Anthony Monaghan - Director Helen Bower-Easton - Director Nisha Arora – Director Ramesh Chhabra – Senior Adviser
Item 7 - Authorisations Operating Service Metrics	Dominic Cashman - Director Laura Dawes – Director
Item 8 - Key preliminary accounting judgements & disclosures	Mahammad Ali – Manager Craig Chapman - Director Joe Genova - Head of Department
Item 9 - Rules and Guidance and Technical Standards to be determined	No attendees
Item 10 – Decisions of the Board	No attendees
Item 11 - Papers for noting	No attendees

Other relevant associates were also in attendance.