

Minutes

Meeting: FCA Board

Date of Meeting: 30 March 2023

Start time: 13:00

Venue: Meeting held in Boardroom and via Microsoft Teams

Members Present:

Ashley Alder (Chair)	Liam Coleman
Alice Maynard	Nikhil Rathi
Bernadette Conroy	Richard Lloyd (Chair for FCA Pension Plan item)
Jeannette Lichner	

In attendance: Set out in Annex A

Presenters: Set out in Annex A

Apologies: Sam Woods
Aidene Walsh (attendee)

1 Declarations of interest

- 1.1 The Board **noted** there was a quorum present and proceeded to business.
- 1.2 The Board welcomed Ms Chambers to her first Board meeting as she was shortly due to take over as Executive Director of Enforcement and Market Oversight.
- 1.3 No interests were declared in the items to be discussed; however, the following declarations were made, with the Board noting that these did not constitute conflicts of interest:
- i. Mr Alder recused himself as Chair and participant for the FCA Pension Plan item at section 6 of the agenda, as the Pensions regulator has not yet formally approved his position in relation to the Pension Plan; and
 - ii. Ms Maynard had been appointed as Chair of Council for York University.

2 Reports from the Chairs of Board Committees

- 2.1 The Board **noted** the report from the Chair of the Oversight Committee meeting held on 07 March 2023. Key topics discussed at Oversight Committee included the Financial Services Compensation Scheme Management Expenses Limit 2023/24 and the Financial Ombudsman Service's budget for 2023/24.
- 2.2 The Board **noted** the report from the Chair of the Audit Committee meeting held on 09 March 2023. Key topics discussed at Audit Committee included:
- i. the Internal Audit Quarterly Report and steps the FCA is taking to address any common themes identified by Internal Audit,
 - ii. preliminary accounting judgements, estimates and disclosures and mitigants against potential delays to the audit timetable,
 - iii. an update in relation to the FCA Pension Plan (Defined Benefit) scheme valuation, and
 - iv. progress with the review of the FCA's Conflicts of Interest Policy.
- 2.3 The Board **noted** the report from the Chair of the Risk Committee meetings held on 09 March and 30 March 2023. Key topics discussed at Risk Committee included:
- i. approval of the Risk and Compliance Oversight division's annual plan,
 - ii. a deep dive into Problem Firms,
 - iii. recommendations from the Swift review, and
 - iv. the Chair informed the Board that that she was working with the Chair and secretariat of the Regulatory Decisions Committee to introduce some operational efficiency elements.
- 2.4 The Board **noted** the report from the Chair of the People Committee meeting held on 16 March 2023. Key topics discussed at People Committee included performance and pay reviews for 2023, and refreshing the FCA's talent approach.

3 Report from the Chief Executive

- 3.1 Mr Rathi briefed the Board on a number of topical issues, including:
- i. Link Fund Solutions and cases related to Woodford Equity Income Fund – the Board was updated on discussions with Link Fund Solutions and the Link Group regarding settlement and redress. The Board requested to be kept informed of developments on related cases.
 - ii. Resolutions – the Board was briefed on recent resolutions (Railstr, SVB, Credit Suisse), including early lessons learned from these episodes. The Board was assured that, to date, internal resources devoted to these cases had not had a significant impact on the ability to carry out business-as-usual work. The Board expressed its gratitude to the teams involved in managing these resolutions and heard that the Executive Committee

would, in due course, consider ways in which the FCA can maintain resilience through crises.

- iii. Change in Control (CiC) – the improved turnaround times on CiC applications was welcomed by the Board, which also urged the Executive Leadership Team to reflect on whether the quality of decision-making had also improved.

4 External Business Plan 2023/24

- 4.1 The Board discussed the external Business Plan (BP) 2023/24, noting that it had been updated to incorporate feedback received post-circulation of the paper to Board members. The Board acknowledged and commended the improvement in the readability of this BP compared to previous years.
- 4.2 The Board **agreed** with the overall outline and substance of the draft Business Plan.
- 4.3 The Board **agreed** to delegate final sign off of the Business Plan for publication to the Chief Executive Officer (CEO) and changes to the outcomes and metrics web pages to the responsible Executive Directors and the CEO.

5 Rules, Guidance and Technical Standards to be determined

- 5.1 The Board **resolved** to make the following instruments:
 - i. Consumer Duty (Amendments) Instrument 2023
 - ii. Handbook Administration (No 64) Instrument 2023
 - iii. Product Governance for Overseas Non-Investment Insurance Products Instrument 2023
 - iv. Investment Firms Prudential Regime and Interim Prudential sourcebook for Investment Businesses (IPRU-INV) (Amendment) Instrument 2023
 - v. Technical Standards (Markets in Financial Instruments Regulations) (Derivatives Trading Obligation) Instrument 2023
 - vi. Application and periodic fees (2023/24) Instrument 2023
- 5.2 The Board **approved** the following instrument: Fees Manual (Financial Ombudsman Service Case Fees 2023/2024) Instrument 2023.

6 Decisions of the Board

Minutes of previous meeting

- 6.1 The Board **approved** the minutes of the meeting held on 23 February 2023, noting that the proposed redaction at 4.1(i) was no longer necessary as the referenced statement had been published.
- 6.2 The Board **approved** the minutes of the sub-committee meeting held on 14 March 2023 to agree the appointment of new Regulatory Decision Committee deputy chairs as delegated by the Board at its meeting of 23 February 2023.

Action Log

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

Written Procedures

- 6.4 The Board **noted** the outcome of the two decisions taken by written procedure in March 2023:
- i. The resolution to make the Financial Services Compensation Scheme (Management Expenses Limit 2023/2024) Instrument 2023; and
 - ii. The approval of the FCA Pension Plan - Master Trust Business Plan.

Panel appointments

- 6.5 The Board **approved** the following panel appointments:
- i. Kevin Forbes to be appointed as a member of the FCA Smaller Business Practitioner Panel from 31 March 2023 to 31 March 2026.
 - ii. Gary Admans to be re-appointed as a member to the Listing Authority Advisory Panel (LAAP) from 01 April 2023 to 31 March 2026.
- 6.6 The Board reflected on the challenges of the recruitment round for Panels and was assured by the Company Secretary that work was underway to increase the number of applications received and the gender diversity within those applications.

People Committee membership

- 6.7 The Board **agreed** to appoint Ashley Alder as a member of the People Committee with immediate effect.

Financial Ombudsman Service's budget for 2023/24

- 6.8 The Board **approved** the Financial Ombudsman Service's budget for 2023/24 and, in doing so, **approved** the Fees Manual (Financial Ombudsman Service Case Fees 2023/24) Instrument 2023 (FOS 2023/1) to:
- i. make and amend the scheme rules and guidance relating to the payment of fees under the Compulsory Jurisdiction;

- ii. make and amend the rules and guidance for the Voluntary Jurisdiction; and
- iii. fix and vary the standard terms for Voluntary Jurisdiction participants amending scheme rules.

Payment Systems Regulator (PSR) Fees

6.9 The following was **approved in principle** by the Board, **subject to** final FCA Board approval via written procedure following consultation with HM Treasury:

- i. the proposed amendments of the PSR's Fees Rules, to come into effect for FY2023/24; and
- ii. a full review of PSR's Fee Rules in two to three years' time.

FCA Pension Plan update – Defined Benefit Valuation Scheme

This agenda item was chaired by Deputy Chair, Richard Lloyd, as detailed at section 1 of these minutes.

6.10 The Board **approved** the 31 March 2022 actuarial valuation reflected in the paper and the underlying assumptions used in the updated valuation results.

FCA Operational Resilience Programme

6.11 The Board **approved** the Self Assessment (as summarised in the paper) in line with PS21/3, including: i) the impact tolerance thresholds set for each important business (IB) service; and ii) vulnerabilities and findings identified to date, **subject to** the following assurances and information being provided to the Risk Committee for its consideration:

- i. the factors that drive the duration of the impact tolerance for each IB service, noting that Risk Committee should consider the appropriateness and achievability of these tolerances; and
- ii. remediation plans for each potential IB service outage, including the extent to which these plans have been tested, drawing out in particular the risks associated with third-party vulnerabilities.

6.12 It was noted by the Board that this programme was one of several requiring a cultural shift for the FCA. Board members emphasised to the Executive Leadership Team the importance of ensuring that a holistic approach is taken to driving these shifts and advised that careful consideration is given to making the culture changes relatable for all FCA colleagues.

Digital Services Framework – Cloud Resourcing Framework Contracts

6.13 During the course of discussion, the Board observed that the paper assumed a level of historical knowledge that did not provide members with a sufficient understanding of the issues, and associated risks, set out in the paper. However, the Board took assurance from the responses given by the Executive Leadership Team.

- 6.14 While the Board **agreed** it was content with the new Digital Services Framework (DSF), Board members requested that the risks associated with the three-month gap between the DSF coming into use in September 2023 (at the earliest) and the Cloud Resourcing Framework expiring in June 2023 were considered at the Risk Committee.

Themis Search & Discovery

- 6.15 The Board **approved** the requested increase in the Themis Investment Case to complete delivery of the foundation scope of search and discovery (FY22/23 and FY23/24).
- 6.16 The Board **approved** the requested contingency funds for the highest impact risk of needing to re-ingest Intact data and **agreed** that these funds should be held by and controlled through the Executive Finance and Delivery Committee (EFDC).
- 6.17 Following challenge from Board members around whether enough contingency spend had been built into the original investment case, it was **agreed** by the Board that as a matter of course, contingency funding should be allocated to projects as part of the initial drawdown request but only released by EFDC as necessary.

Salesforce Spend contract limit

- 6.18 The Board **approved** the requested increase to the previous Board approved spend ceiling for the Salesforce contract.

Competition Act investigations – proposals to authorise panels for the appointment of certain decision makers

- 6.19 Further to receiving clarification of the independent process for selecting the Procedural Officer in an individual case, the Board **agreed** to authorise:
- i. a panel of FCA colleagues to perform the role of Procedural Officer as and when required; and
 - ii. a panel of FCA colleagues to perform the roles of Case Sponsor and Settlement Decision Maker as and when required.

7 Papers for Noting

Independent Panel Monthly Reports

- 7.1 The Board **noted** the March 2023 monthly reports from the Independent Panels:
- i. Financial Services Consumer Panel
 - ii. Listing Authority Advisory Panel
 - iii. Practitioner Panel
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- iv. Smaller Business Practitioner Panel – the Board reflected on the need to inform the market of the distinction between the Claims Management Companies the FCA regulates and those regulated by the Solicitors Regulation Authority.

Cloud Migration Programme 2.0 closure

- 7.2 The Board **noted** the formal closure, including lessons learned, of the Cloud Migration Programme 2.0 and thanked the teams involved in this work.

There being no further business the meeting closed.

Annex A: Attendees, presenters and observers

In attendance:

Sheree Howard – Executive Director, Risk and Compliance Oversight
Sheldon Mills – Executive Director, Consumers and Competition
Sarah Pritchard – Executive Director, Markets
Jessica Rusu – Executive Director, Chief Data, Information and Intelligence Officer
Emily Shepperd – Executive Director, Authorisations
Mark Steward – Executive Director, Enforcement and Market Oversight
Stephen Braviner Roman – Executive Director, General Counsel
Therese Chambers – Executive Director-designate, Enforcement and Market Oversight.
Miles Bake – Director, Company Secretary
Graeme McLean – Head of Department, Chief Executive Office
Dave Eaton – Manager, Chairman’s Office

Presenters and observers:

Item 1 - Declarations of interest	No attendees
Item 2 - Reports from the Chairs of Board Committees	No attendees
Item 3 - Report from the Chief Executive	No attendees
Item 4 - External Business Plan 2023/24	Kate Collyer - Director Helen Bower-Easton - Director Chris Hamilton - Manager Kirsteen Margetson - Manager
Item 5 - Rules, Guidance and Technical Standards to be determined	No attendees
Item 6 – Decisions of the Board 6.7. PSR fees	6.7. Maria-Jose Barbero – Manager PSR Hilary Plattern – Manager PSR Janet Duggan - Manager PSR
Item 7 - Papers for noting	No attendees

Other relevant associates were also in attendance.