

## Minutes

**Meeting:** FCA Board

**Date of Meeting:** 25 July 2024

**Start time:** 09:15

**Venue:** Meeting held virtually via Microsoft Teams

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

**In attendance:** Set out in Annex A

**Presenters:** Set out in Annex A

**Apologies:** None

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### 1 Standing Items/ General Business

#### *Declarations of Interest*

1.1 The meeting noted there was a quorum present and proceeded to business.

No interests were declared in the items to be discussed.

#### *Minutes of previous meeting*

1.2 The Board **approved** the minutes of the meeting held on 27 June 2024, subject to minor amendment.

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*Action Log*

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

*FCA Performance*

- 1.4 The Board discussed the valuable work undertaken by the Performance Committee, noting that this had created the basis to progress to a new approach to the internal reporting of performance information.
- 1.5 The Board discussed and **approved** a recommendation to receive quarterly internal performance reporting to the Board in place of a standalone Performance Committee. This recommendation was made by the Chair and Deputy Chair following consultation with other non-executive directors. Adopting quarterly performance reporting aligns with the Board's efficiency aims around maintaining the fewest number of committees necessary to operate effectively.
- 1.6 The Board therefore **approved** to stand down the Performance Committee with immediate effect and thanked committee members, and in particular the Chair, for their commitment and hard work the past few months. The Board agreed that the timing of the first quarterly performance report would be agreed with the Executive.

## **2 Reports**

*Policy & Rules Committee – 04 July 2024*

- 2.1 The Board **noted** the report from the Chair of the Policy & Rules Committee on the meeting held on 04 July 2024. The Committee had:
- i. Reviewed and discussed the prioritisation of the policy pipeline, taking into account the impact of the anticipated change in government.
  - ii. Received an update from the Cost Benefit Analysis (CBA) Panel and met with the Panel Chair. To align with the approach of the Risk Committee in relation to the Regulatory Decisions Committee, it was agreed that the CBA Chair would attend the Policy & Rules Committee on a periodic basis. It was also agreed that a lessons learned exercise would be completed following completion of the first four reviews

completed by the CBA Panel. The scope and remit of the CBA Panel and associated statement of policy was also discussed.

- iii. Discussed the organisation's competition primary objective, noting that the competition lens should be firmly in mind when looking at the planning of both the strategy from 2025 onwards and the next business plan.
- iv. Received a proposal to publish a guidance consultation on 18 July 2024 for minor changes to the existing FCA guidance on the treatment of Politically Exposed Persons (PEPs).

#### *Oversight Committee – 09 July 2024*

2.2 The Board **noted** the report from the Chair of the Oversight Committee on the meeting held on 09 July 2024. The committee had:

- i. Heard from the Financial Ombudsman Service (FOS) about its targets for aged case management and discussed how this would be handled while balancing resource with continuing demand. It was noted that more detail would be reported to the Committee on how the FOS and the FCA would use the wider implications framework to achieve greater interaction and transparency on key emerging issues facing both organisations.
- ii. Discussed the succession of the Chair of the Financial Services Compensation Scheme (FSCS). The progress of an accompanying recruitment exercise was noted and that a recommendation for appointment would be submitted to the Board via written procedure in due course. The Committee also heard from the FSCS on their hybrid approach to case management and how this affects productivity.

#### *Risk Committee – 11 July 2024*

2.3 The Board **noted** the report from the Chair of the Risk Committee on the meeting held on 11 July 2024. The committee had:

- i. Received an informative presentation on enhancements to integrate our regulatory model and optimise our case management, including application of risk appetite and establishing a data-driven approach to identifying harms using cumulative intelligence. It was agreed that a similar session for the wider Board would be of benefit.

- ii. Received assurance from regular risk reporting.
- iii. Considered an update on the ongoing strategy development work.
- iv. Commended the March 2024 Operational Resilience Self-Assessment to the Board for approval. The Board subsequently approved the Operational Resilience Self-Assessment.
- v. Discussed the succession of the Chair of the Regulatory Decisions Committee. It was noted that a recommendation for appointment would be submitted to the Board via written procedure in due course.

*Audit Committee – 12 July 2024*

2.4 The Board **noted** the verbal update from the Chair of the Audit Committee on the meeting held on 12 July 2024. The committee had:

- i. Considered an update from Internal Audit including the receipt of three Internal Audit review reports. The positive involvement of the Executive in responding to audit matters was noted.
- ii. Received an update on the internal application of Senior Managers Regime to the FCA, providing assurance that good progress was being made.
- iii. Received an update regarding the progress of the financial audit and considered options to laying the annual report & accounts separately to the secondary international competitiveness and growth objective report.

*Performance Committee – 18 July 2024*

2.5 The Board **noted** the verbal update from the Chair of the Performance Committee on the meeting held on 18 July 2024. The committee had:

- i. Received an informative presentation from the Data Transformation programme covering industry engagement and collaboration, simplifying the data collection process and common data standards.

*PRA*

- 2.6 Mr Woods updated the Board on relevant areas of the PRA's business, including authorisations activities, the PRA's approach to CBAs and Basel implementation.

*PSR*

- 2.7 Mrs Walsh and Mr Geale briefed the Board on the business of the PSR that was of relevance to the FCA, including:
- i. Progress to finalise the terms of reference for the PSR's Audit Committee and People Committee.
  - ii. Ongoing APP Scams Reimbursement work and industry readiness.
  - iii. Cross border interchange fees policy work.
  - iv. Organisational design and service partnership with the FCA.

*CEO Report*

- 2.8 Mr Rathi briefed the Board on a number of topical issues, including:
- i. Engagement with the new administration following the General Election.
  - ii. High-level results of the 2024 Employee Survey.
  - iii. Strengthening the senior leadership through the appointment a new Director of Change, Chief Information Security Officer and Director of Operational Resilience.
  - iv. The authorisation of Revolut and supervision of the firm within Retail Banking.
  - v. Ongoing enforcement activity, including policy and casework. It was anticipated that a further update would return to Board in the autumn.
  - vi. Implementation of the Consumer Duty for closed products and services by the 31 July 2024 deadline, covering the approach across large and small firms, plus those represented by trade bodies.

vii. The availability of court dates relating to Financial Influencer trials.

*Independent Panels Monthly Reports\**

2.9 The Board **noted** the reports from the independent panels.

### **3 Strategy and Brand**

*FCA Strategy 2025*

3.1 The Board was briefed on the emerging thinking about strategic themes to support the fulfilment of the FCA's primary and secondary objectives. There had been wide ranging engagement both externally and with colleagues across the organisation on areas of focus for the next Strategy. There was consensus that the FCA should place particular focus on a smaller number of key themes than the 13 commitments in the current strategy. These potential themes would represent priority areas for acceleration plus an operating system-focused strategic theme on core activity.

3.2 Further, more detailed, design of the strategic themes would be undertaken with another update to be provided in November 2024, to coincide with business planning for year one.

*FCA Brand Proposition*

3.3 The Board was briefed on work being done to articulate the value of the FCA through a simple brand proposition.

3.4 The Board considered an elevator pitch to succinctly explain the work of the FCA. The Board highlighted the importance of consistent language across the strategic themes, brand proposition and elevator pitch.

3.5 An elevator pitch would be further refined and submitted to the Board alongside the new strategy.

### **Decisions of the Board**

**Rules, Guidance and Technical Standards to be determined:**

*Digital Securities Sandbox (DSS)*

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- 3.6 Following a joint consultation with the Bank of England, the Board was briefed on proposed changes to the FCA Handbook to facilitate Digital Securities Sandbox (DSS) operation and the request to delegate approval to ExCo of the final DSS memorandum of understanding with the Bank of England. The DSS is the first Financial Market Infrastructure sandbox and is intended to facilitate use of developing technology for trading and settlement of securities in traditional wholesale markets.
- 3.7 The Board **noted** the industry feedback received and the intention to jointly operate the sandbox with the Bank.
- 3.8 The Board **approved** the changes to the Decision Procedure and Penalties Manual (DEPP) in FCA Handbook as presented. The FCA is required by sections 210 and 395 of the Financial Services and Markets Act (FSMA) 2000 to publish statements of its policy on the imposition of sanctions under Part 14 and its procedures for issuing warning and decision notices. These are published in DEPP in the FCA Handbook. The DSS Regulations apply a modified version of FSMA to the DSS ("DSS FSMA") and therefore the proposal is to make consequential amendments to DEPP to apply the existing statements of the FCA's policy and procedures to the imposition of sanctions and the issuing of warning and decision notices under DSS FSMA.
- 3.9 The Board **delegated final approval** of the new DSS memorandum of understanding with the Bank of England to ExCo.

*Rules, Guidance and Technical Standards to be published.*

- 3.10 The Board **resolved** to make the following instruments:
- i. Dormant Assets (Collective Investment Schemes and Client Money) Instrument 2024. This sets out rules on the second phase of the expansion of the Dormant Assets Scheme (DAS). These changes enable firm participation in respect of investment assets and client money and include amendments to the FEES, DISP, CASS, and COLL sourcebooks. The DAS allows banks and building societies to pay dormant monies to an authorised reclaim fund, to fund good causes. Account holders may reclaim their money from the DAS in perpetuity. The Dormant Assets Act 2022 amended the Dormant Bank and Building Society Accounts Act 2008 to expand the scope of dormant assets that can be transferred to the DAS, bringing into scope: insurance, pensions, securities, investment assets and client money. We have facilitated expansion for changes in our rules, agreeing with HM Government that expansion would be phased.

- ii. Payment Optionality (Investment Research) Instrument 2024. This introduces a new payment option for investment research under which firms will be able to make joint payments for research and trade execution, subject to a number of requirements.
- iii. Decision Procedure and Penalties Manual (Digital Securities Sandbox) Instrument 2024. This makes necessary changes to give effect to the Securities Sandbox (DSS) Regulations.

### **Finance Report**

#### *Security Programme – further investment approval*

- 3.11 The Board discussed the importance of the Security Programme and its focus on mitigating the key areas of threat to the data and technology operations of the FCA.
- 3.12 The Board **approved** ongoing investment into the Security Programme.

#### *Resourcing Services*

- 3.13 The Board sought assurance regarding changes to current ways of working arising from a proposed change of supplier and the accompanying plans to manage these.

#### *Digital Register Portfolio*

- 3.14 The Board considered a Digital Register Portfolio investment case. The Digital Register Portfolio aims to deliver new Register products that are secure, more aligned to user needs, meet our legal obligations, and address key existing risks. It will also improve the technology platform and deliver better organisation.
- 3.15 The Board **approved** the Digital Register Portfolio investment case, as proposed.

### **Other decisions**

#### *Changes to Delegation of Financial Authority (DoFA)*



- 3.16 The Board agreed to defer discussion of the Delegation of Financial Authority (DoFA) to its 3 October 2024 meeting. The DoFA sets out delegated financial approval limits for investment cases, contracts and purchase orders, procurement contract signing approval thresholds, and disposal of fixed assets.

*Operational Resilience Policy*

- 3.17 The Board was briefed on the proposed Operational Resilience Policy which sought to apply Policy Statement PS21/3 to the FCA and drive organisational-wide operational resilience. The Board noted that this policy superseded the previous Business Continuity Policy and that, in reviewing the policy, RiskCo had recommended the inclusion of an executive summary.
- 3.18 The Board **approved** the Operational Resilience Policy, subject to the inclusion of an executive summary.

#### **4 Papers for noting**

*Written Procedures*

- 4.1 The Board noted the following decisions taken since the last meeting:
- i. the appointment of Caroline Ward as a member of the FCA Listing Authority Advisory Panel from 1 July 2024 to 30 June 2027
  - ii. the appointment of Toby Hall as the new FCA Company Secretary with effect from 1 July 2024
  - iii. the resolution to make the following instrument: Access to Cash Sourcebook Instrument 2024 (FCA 2024/26). Parliament gave the FCA a new remit and powers to seek to ensure reasonable provision of cash deposit and withdrawal services for personal and business current accounts across the UK. This instrument makes provision for the final rules due to come into effect in September 2024.

There being no further business the meeting closed.

**Annex A: Attendees, presenters and observers**

**In attendance:**

Emily Shepperd – Executive Director, Chief Operating Officer  
 Jessica Rusu – Executive Director, Chief Data, Information, and Intelligence Officer  
 Sarah Pritchard – Executive Director, Markets  
 Sheldon Mills – Executive Director, Consumers and Competition  
 Sheree Howard – Executive Director, Authorisations  
 Stephen Braviner Roman – Executive Director, Corporate Governance, Legal and Risk & Compliance Oversight  
 Steve Smart – Executive Director, Enforcement and Market Oversight  
 Therese Chambers – Executive Director, Enforcement and Market Oversight  
 Toby Hall – Director, Company Secretary  
 Graeme McLean – Head of Department, Chief Executive Office  
 Katie Ellis – Manager, Private Secretary, Chairs Office  
 Sarah Day – Manager, Central Secretariat

**Presenters and observers:**

<b>Item 2.7 – PSR Update</b>	David Geale – Managing Director (PSR)
<b>Item 3.1 – FCA Strategy 2025</b>	Kate Collyer – Director Helen Bower-Easton - Director David Stallibrass – Head of Department Nicola Golding – Head of Department
<b>Item 3.2 – FCA Brand Refresh</b>	Helen Bower-Easton – Director
<b>Item 4.4 – Finance Report</b>	Craig Chapman – Director

\*Minute omitted from previously published version.