

Minutes

Meeting: FCA Board

Date of Meeting: 03 October 2024

Start time: 09:15

Venue: Meeting held in Boardroom and via Microsoft Teams

Members Present: Ashley Alder (Chair) Liam Coleman
Aidene Walsh Nikhil Rathi
Bryan Zhang Richard Lloyd
Bernadette Conroy Sam Woods (except items
Sophie Hutcherson 4.1 & 5)
Alice Maynard (except item
5)

In attendance: Set out in Annex A

Presenters: Set out in Annex A

Apologies: None

1 Standing Items/ General Business

Declarations of Interest

- 1.1 No interests were declared in the items to be discussed.

Minutes of previous meeting

- 1.2 Subject to some minor changes, the Board **approved** the minutes of the meeting held on 25 July 2024.

Actions Log

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

2 Reports

People Committee – 5 September 2024

- 2.1 The Board **noted** the report from the Chair of the People Committee meeting held on 5 September 2024. The Committee had:
- i. Reviewed the Interim performance reviews of the:
 - FCA Chair
 - Exec Directors
 - SMR Directors
 - FCA CEO
 - ii. Considered a skills matrix for use in Non-Executive Director recruitment.
 - iii. Noted the latest Employee Survey outcomes, progress and action planning.

Risk Committee – 12 September 2024

- 2.2 The Board **noted** the report from the Chair of the Risk Committee meeting held on 12 September 2024. The Committee had received updates on:
- i. Multi-firm Failure Risk.
 - ii. Early and High Growth Oversight which was established in 2021 to support new firms post authorisation and to provide stronger oversight of firms growing significantly. The Committee focused on progress to date and if it could be enhanced, and the barriers faced in automating some of the manual processes.
 - iii. On the data risk management approach being taken to reduce data risks, noting the progress made in reducing the number of risks but recognising that there was still work to do around risk appetite.
- 2.3 The Risk Committee also discussed how the FCA can continue to build on its overall compliance culture, supported with clear policies against which compliance can be measured.

Audit Committee – 12 September 2024

- 2.4 The Board **noted** the report from the Chair of the Audit Committee meeting held on 12 September 2024. The Committee had:
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- i. Received an internal audit update and recognised the reduction in overdue internal audit actions.
- ii. Discussed current financial services register risk themes.
- iii. Received and noted FCA and PSR Audit Completion Reports on the 2023-24 financial statements audit.
- iv. Discussed internal audit service procurement.
- v. Discussed ways that the working relationship with the NAO could be enhanced to support achieving a smoother year end process.
- vi. Discussed the Board having access to a verification of data file when considering the Annual Report and Accounts and other publications.

PRA

- 2.5 Mr Woods briefed the Board on the business of the PRA that was of relevance to the FCA, including activity around the publication of the rules for the UK implementation of the Basel 3.1 standard.

PSR

- 2.6 Mrs Walsh briefed the Board on the business of the PSR that was of relevance to the FCA, including:
- i. An update on the readiness for the APP scam protections coming into force on 7 October 2024.
 - ii. Recent discussions and representations on cross-border interchange fees.
 - iii. Ongoing work around the organisational design of the PSR.

CEO Report

- 2.7 Mr Rathi briefed the Board on a number of topical issues, including:
- i. Some of the recent enforcement outcomes.

- ii. Notifying the Board about recent appointments and changes in portfolio at Director level.
 - iii. External engagement across the Executive at political party conferences.
 - iv. Reflections on geopolitical activity and the impact on stability of the markets.
 - v. Some of the challenges in achieving common international standards.
- 2.8 Mr Rathi had shared a letter received from the Economic Secretary to the Treasury on the Financial Conduct Authority's implementation of the secondary growth and competitiveness objective, and the Board had a discussion on the proposed response. The Board considered what steps it had already taken/planned to support growth and competitiveness and went on to explore approaches to growth and innovation through regulation and some of the risks involved.

*Independent Panels Monthly Reports**

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

3 Strategic Discussion

Corporate Governance Document and Board forward agenda – strategic topics

- 3.1 The Board considered the updated Corporate Governance of the FCA document, which incorporated the new and previously approved delegations to the Board Committees, to free up time at the Board for strategic discussions. The Board **approved** the document but suggested several small changes. Final approval of the published document was delegated to the Chair.
- 3.2 The document also incorporated a new Board Charter. The Board welcomed the Charter and saw its value in asking new NEDs to sign up to it as part of their induction but also explored how they would hold each other to account against it on an ongoing basis. The Board **approved** the new Board Charter but suggested several small changes to the document and delegated final approval of the published document to the Chair.

- 3.3 The Board welcomed an outline approach to development of the Board and Board committees forward agendas. It was agreed that the conversation, including a discussion on special strategic topics proposed for more in-depth discussion at Board meetings, would be continued at monthly Board and Committee agenda planning meetings attended by the independent NEDs.

Changes to the Delegation of Financial Authority (DoFA) Approval Limits

- 3.4 The DoFA approval limits had been reviewed as part of the overall review of the Governance Framework, applying an uplifted approval level from £10m to £35m to the Board, a level that correlates to c5% of the 2024/25 ongoing regulatory activity budget and therefore, decisions made below this threshold are not expected to materially impact the FCA's performance. The Board agreed with the level of materiality chosen but sought and gained assurance that it would maintain oversight of procurements below the Board approval threshold via the quarterly performance reporting.
- 3.5 The Board explored whether in future, Board committees should be asked to scrutinise and recommend some commitments above the threshold and make recommendations to the Board.
- 3.6 The Board asked for clarity on the combination of individuals needed to approve the different limits for contracts and purchase orders.

4 Decisions of the Board

Policy Proposals

Enforcement Investigation Publicity - Proposed External Update

- 4.1 The Board discussed the enforcement proposals and in particular a forward engagement plan for discussion with stakeholders.
- 4.2 The Board gave its support and **agreement** to the proposed approach, and to the publication of an update document to support the engagement.

Rules, Guidance and Technical Standards to be published

Rules and guidance to be determined

- 4.3 The Board resolved to make the following instruments:
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- i. Change in Control (Aggregation of Holdings) Instrument 2024 (FCA 2024/32), which will mean that on 1 November 2024 the FCA will publish new finalised guidance in respect of the prudential assessment of acquisitions and increases in control (commonly referred to as change in control). The guidance will replace existing EU guidelines. Chapter 11 of the Supervision manual (which deals with controllers and close links) will be amended to include reference to the new guidance and Annex 6G will be deleted as the content from this annex will be included in the new guidance instead.
- ii. EU Withdrawal (Miscellaneous Amendments) Instrument 2024 (FCA 2024/33) to remove expired EU withdrawal provisions from the FCA Handbook relating to the temporary permissions regime and the temporary marketing permissions regime that were put in place by the UK Government for EEA-based firms and investment funds respectively following the UK's departure from the EU, and to reflect terminology changes as per the Retained EU Law (Revocation and Reform) Act 2023.
- iii. Technical Standards (Markets in Financial Instruments Transparency) (Transitional Provisions) Instrument 2024 (FCA 2024/34) to extend the post-Brexit transitional regime that enables the FCA to adjust to the specifics of the UK market the calibration of the information that must be made public about trading interests and completed transactions in bonds and derivatives. The transitional regime will now run until the overall regime is replaced with one designed specifically for the UK in late 2025.

And agreed to make the following instrument in principle:

- iv. Technical Standards (Bilateral Margining) (Amendment) Instrument 2024 (FCA2024/XX), which makes consequential amendments to ensure alignment of the Technical Standards relating to bilateral margin requirements with the UK European Market Infrastructure Regulation (UK EMIR), which is changing to reflect reforms to the regulatory framework for securitisations.

4.4 The Board did not consider the Handbook Administration (No 71) Instrument 2024, at this time.

Other decisions

Audit Committee membership

- 4.5 The Board **approved** the appointment of Lara Stoimenova (PSR Non-Executive Director) to the FCA & PSR Audit Committee.

Performance Committee minutes – 18 July 2024

- 4.6 As the Performance Committee had been formally stood down, the Board **approved** the minutes of its final meeting held on 18 July 2024.

Items for noting

FCA and Panel Survey 2024 results

- 4.7 In noting the FCA and Panel survey and its publication due in October 2024, the Board explored some of the key messages and the underlying factors, whilst noting actions being taken as part of the next steps.

Written Procedures

- 4.8 The Board noted the following decisions taken since the last meeting:
- i. The appointment of Cécile Nagel as a member of the FCA Markets Practitioner Panel from 26 July 2024 to 31 July 2027 and the appointment of Robyn Grew as a member of the FCA Markets Practitioner Panel from 26 July 2024 to 31 July 2027. Decision made: 24 July 2024.
 - ii. The making of the following instrument: Access to Cash Sourcebook (Amendment) Instrument 2024 (FCA 2024/27). These new rules are intended to maintain reasonable cash access coverage and reduce significant impacts from a lack of access to cash on consumers. Decision made: 23 July 2024.
 - iii. The appointment of Andrew Buckley as a Non- Executive Director of the Payment Systems Regulator. Decision made: 24 July 2024.
 - iv. The appointment of Alison Potter as the Chair of the Regulatory Decisions Committee (RDC). Decision made: 6 August 2024.
 - v. The approval to the continuation of the Group Complaints Board Sub-Committee with delegated decision-making powers until 31 March 2025. Decision made: 7 August 2024.

- vi. The delegation to Chair of the Audit Committee to consider and agree coordination of associated regulatory failure assessments/lessons learned and how these will align with consideration of group complaints with Chair of the Board Sub-Committee. Decision made: 7 August 2024.
- vii. The appointment of Elizabeth Passey as the Chair of the Financial Services Compensation Scheme (FSCS). Decision made: 9 September 2024.
- viii. The appointment of Sandra Boss as a member of the FCA Markets Practitioner Panel from 1 October 2024 to 30 September 2027 and the appointment of Kimberly Lewis as a member of the FCA Listing Authority Advisory Panel from 16 September 2024 to 30 September 2027. Decision made: 9 September 2024.
- ix. In relation to extending the temporary changes to handling rules for motor finance complaints – approval to proceed with all the proposals consulted on as detailed in the Policy Statement (PS24/11) and making of the instrument. Decision made: 18 September 2024.
- x. The appointment of Warren Buckley as a NED of the FOS for a 3-year term from 23 September 2024 to 22 September 2027. The re- appointment of Nigel Fretwell as a NED of the FOS for a 1-year term from 30 September 2024 to 29 September 2025 and the re-appointment of Shrinivas Honap as a NED of the FOS for a 3-year term from 30 September 2024 to 29 September 2027. Decision made: 19 September 2024.

Reflection on agenda items

4.9 This item was not discussed.

There being no further business the meeting closed.

Annex A: Attendees, presenters and observers

In attendance:

Emily Shepperd – Executive Director, Chief Operating Officer
 Sarah Pritchard – Executive Director, Markets (except item 5)
 Sheldon Mills – Executive Director, Consumers and Competition (except items 4.1 & 5)
 Sheree Howard – Executive Director, Authorisations
 Stephen Braviner Roman – Executive Director, Corporate Governance, Legal and Risk & Compliance Oversight
 Therese Chambers – Executive Director, Enforcement and Market Oversight
 Steve Smart – Executive Director, Enforcement and Market Oversight (except item 5)
 Toby Hall – Director, Company Secretary
 Graeme McLean – Head of Department, Chief Executive Office
 Katie Ellis – Manager, Private Secretary, Chairs Office

Presenters and observers:

Item 1 - Standing Items/ General Business	No attendees
Item 2 – Reports	No attendees
Item 3.1 - Corporate Governance Document and Board forward agenda – strategic topics	Beverley Walker – Manager
Item 3.2 - Changes to the Delegation of Financial Authority (DoFA) Approval Limits	Joe Genova – Head of Department
Item 4.1 - Enforcement Investigation Publicity - Proposed External Update	Anne Cosserat – Head of Department Rachel Bardiger - Manager Alistair Dawes – Technical Specialist Alex Robson - Manager Helen Bower- Easton - Director
Item 4.2 - Rules and guidance to be determined	No attendees
Items 4.3 & 4.4 - Other decisions	No attendees
Item 5 - Items for Noting	No attendees

Other relevant associates were also in attendance.

*Minute omitted from previously published version.