

## Minutes

|                  |  |                     |
|------------------|--|---------------------|
| Meeting:         | FCA Board  |                     |
| Date of Meeting: | 20 & 21 April 2016                                   |                     |
| Venue:           | 25 The North Colonnade, Canary Wharf, London E14 5HS |                     |
| Present:         | Andrew Bailey  | Sarah Hogg          |
|                  | Catherine Bradley                                    | Ruth Kelly          |
|                  | Amelia Fletcher                                      | Tracey McDermott    |
|                  | Bradley Fried  | Jane Platt          |
|                  | John Griffith-Jones (Chair)                          | Christopher Woolard |
| In attendance:   | Set out in Annex A                                   |                     |

### Quorum and Conflicts

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

### 1 Specific items of business

#### 1.1 Cyber Resilience

The Board received the paper and noted the current position in relation to cyber security within the organisation, the improvements that were underway in relation to the "10 steps" and the proposals for governance of the risk.

The Board agreed that the Audit Committee should have oversight of the detailed dashboard at every meeting and the Board should review it twice a year.

The Board considered the appropriate senior management ownership of security risk within the organisation and concluded that the Risk should be owned by the Chief Operating Officer in line with the Senior Managers Regime, with the Board retaining close oversight.

#### 1.2 Cloud provider contract

The Board noted the contractual arrangement with Amazon Web Services, a provider of cloud computing services, and recognised that a number of individual expenditure streams were envisaged that would utilise the facility. The Board considered whether these individual streams should be considered as closely-related transactions (which, if taken together amounted to more than £5 million, would require Board approval) and was satisfied they were not. The Board confirmed that any initiatives that individually required spend of over £5 million should return to the Board for approval as normal.

The meeting adjourned at 7.15pm.

The meeting re-convened at 9.45am on Thursday 21 April.

## **2 Minutes and meetings**

### **2.1 Minutes of the FCA Board meeting**

The Board approved the minutes of the FCA Board meetings held on 16 and 17 March 2016.

### **2.2 Draft minutes of the Audit Committee**

The Board noted the draft minutes of the Audit Committee meeting held on 14 March 2016

### **2.3 Draft minutes of the PSR Board meeting**

The Board noted the draft minutes of the PSR Board meeting held on 9 March 2016

### **2.4 Update on the Oversight Committee meeting**

Mr Griffith-Jones provided an oral update of the meeting on 15 April 2016 which had focused on the revised MAS Business Plan for 2016/17.

### **2.5 Update on the Remuneration Committee**

Baroness Hogg provided an oral update of the meeting on 20 April 2016 which had considered the objectives of the Directors for whom the Committee was responsible, an update on the strategic review of reward, and a draft of the remuneration report and table for inclusion within the Annual Report.

### **2.6 Matters arising**

The Board noted the progress with the matters arising.

### **2.7 Monthly reports from the Independent Panels**

The Board reviewed the Panel reports and in particular the following points were discussed:

- the Small Business Practitioner Panel had discussed the FCA's communications strategy and the differences between the communications with fixed and flexible portfolio firms. The Board noted that this had been discussed by ExCo, which had acknowledged the issues raised and intended to discuss this further with the Panel to determine how this could be addressed;
- the Consumer Panel's comments on the consumer protection measures it believed were necessary if a time bar were to be introduced on PPI complaints; and
- the Practitioner Panel's views on the work on the asset management market study and the investment management house view, and the FCA's approach to the sharing of information gathered from such studies.

## **3 Report from the Chief Executive**

The Board received the report from Ms McDermott and noted the following points:

- the Bank of England Bill was now expected to include three further items affecting the FCA: the formalisation of the role of the Treasury Committee in the appointment of the Chief Executive, an obligation to give guidance in respect of how banks should treat Politically Exposed Persons; and a proposal relating to the FCA adjudicating disputes

between banks and individuals where those arose from the treatment of such individuals as PEPs;

- the work the FCA was doing in relation to Mossack Fonseca and the Panama papers;
- issues in relation to FCA's work on financial crime issues;
- an update on Project Innovate and the regulatory sandbox which would take applications from 9 May 2016;
- the issues affecting the Gabriel system; and
- the consultation on secondary annuities was due to be published shortly.

#### **4 Report from the PRA**

The Board received an oral update from Mr Bailey and noted the following key points:

- the PRA was considering the implications of the forthcoming referendum; and
- work being carried out in relation to de-risking.

#### **5 Specific items of business (cont'd)**

##### 5.1 Europe

The Board discussed the EU referendum.

The Board asked the chief executive to ensure that appropriate communications plans were in place throughout the referendum period.

##### 5.2 Private session with Mr Bailey, Ms McDermott, Mr Griffith-Jones and the Non-executive Directors

Mr Bailey briefed the non-executive directors on his initial observations prior to taking over as chief executive.

##### 5.3 House views – Retail Investment

The Board noted that this was the fourth house view and the team were on track to complete work on the eight initial house views by the end of the month; these would be seen by the Board over the next few months. The Executive Committee would also discuss how the house views would influence the business planning for the following year.

The Board received the paper and noted the following points:

- the retail investment sector was relatively small and concentrated; 29% of the population held investments in retail investments;
- the changes in tax treatment of retail savings and pensions might bring the pensions sector and the retail investment sector closer together;
- a number of parties acted on behalf of others in the market which had highlighted the issue of agency; and
- the implications of platforms and robo-advice.

The Board accepted the risks to the FCA's objectives presented in the document and considered that the prioritisation of the risks and interventions was appropriate. Further work would be undertaken to explore the issues highlighted.

#### 5.4 FCA regulatory remit in operational resilience for payments

The Board received the paper and noted the following points:

- the responsibilities of the different regulators, with the FCA being primarily concerned with the impact on consumer and market integrity;
- the payment systems and providers which were and were not currently recognised or within the regulatory remit and the way the regulators supervised those that came within their respective perimeters; and
- the FCA's role in the event of an incident.

The Board supported the ongoing work the FCA was undertaking in relation to resilience-related matters and asked relevant areas (Supervision and Policy) to keep related innovations and the FCA's remit under consideration. The Board noted that the PSR kept matters related to its remit under periodic review.

#### 5.5 Payment Protection Insurance

The Board received the paper and agreed that the team should return to a future Board meeting with details of how it had taken account of the feedback to the consultation and to seek the Board's agreement to the next steps.

#### 5.6 Communications Strategy

The Board received the paper and noted the following points:

- the strategy was developed having considered the research from the stakeholder survey and work in the division on priorities and lessons learned from previous years;
- the feedback provided from the panels; and
- processes had been put in place to consider the way to communicate changes to the delivery of public commitments.

The Board agreed the strategic communications objectives for 2016/17 and agreed with the desired outcomes, subject to rewording the consumer-oriented outcome to make it clear that the role was to ensure that consumers had trust that the FCA was regulating the system well rather than the FCA having a role in rebuilding trust in the industry.

#### 5.7 Pension exit fees briefing

The Board received a briefing on the analysis that the team had undertaken in relation to the FCA's duty to cap exit fees on pensions. The work was yet to be seen by the Executive, although the Board was supportive of the initial work.

### **6 Decisions reserved to the Board**

#### 6.1 Rules & Guidance to be determined

The Board passed the resolutions set out in Annex B.

#### 6.2 Decisions of the Board

The Board agreed:

- the appointment of Noel Gordon as a non-executive director of the Payment Systems Regulator for a three-year term from 1 May 2016 until 30 April 2019;
- the appointment of Joe Garner as a member of the FCA Practitioner Panel for a three-year term from 25 April 2016 to 30 April 2019;
- the appointment of Adrian Grace as a member of the FCA Practitioner Panel for a three-year term from 25 April 2016 to 30 April 2019;
- the re-appointment of Simon Bragg, Scott Cowling, Abdallah Nauphal and Alan Trotter as members of the FCA Markets Practitioner Panel for three-year terms, from 1 May 2016 to 30 April 2019; and
- to delegate authority to the Oversight Committee to approve the revised MAS plan.

## **7 Papers for noting**

### 7.1 Minutes of the Executive Committee meetings

The Board noted the minutes of the Executive Committee meetings held on 23 February and 1 March 2016

### 7.2 Forward agenda

The Board noted the forward agenda.

## **8 Any other business**

There was none.

Claire Strong  
Deputy Company Secretary

## **ANNEX A: Attendees**

|                     |  |
|---------------------|--|
| Megan Butler        | Director, Supervision, Investment, Wholesale & Specialists (except item 5.2) |
| Sean Martin         | General Counsel (except item 5.2)  |
| Simon Pearce        | Company Secretary  |
| Claire Strong       | Deputy Company Secretary (except item 5.2)                                   |
| Maria-Jose Barbero  | Manager, Pensions Accumulation (for item 5.7)                                |
| Maggie Craig        | Head of Department, Pension Policy (for item 5.7)                            |
| Nausicaa Delfas     | Director, Specialist Supervision Division (for item 5.4 and 5.5)             |
| Simone Ferreira     | Head of Department, Event Supervision (for item 5.5)                         |
| Jules Gascoigne     | Manager, BTS information Security & Support (for item 1.1)                   |
| Clive Gordon        | Head of Department, Retail Investments (for item 5.3)                        |
| Jo Hill             | Director, markets Intel & Data Analysis (for item 5.3)                       |
| Gareth Lewis        | Director, Business & Technology Solutions (for item 1.1)                     |
| Andrew Laidlaw      | Manager, Banking & Payments (for item 5.4)                                   |
| Caroline Mabon      | Manager, GCD Investment, Insurance and Redress (for item 5.5)                |
| Graeme McLean       | Head of Department, POL Banking, Lending & Distribution (for item 5.4)       |
| Nick Miller         | Head of Department, International Affairs (for item 5.1)                     |
| Georgina Philippou  | Chief Operating Officer (for item 1.1)                                       |
| Christopher Preston | Manager, Event Supervision - Complex Events 2 (for item 5.5)                 |
| Emma Roberts        | Senior Manager, Strategic Communications, (for item 5.6)                     |
| Paul Smith          | Head of Department, PSR Regulatory Strategy & Policy (for item 5.4)          |
| Emma Stranack       | Head of Department, Business & Consumer Communications (for item 5.5)        |
| Andrew Whyte        | Director, Communications (for item 5.6)                                      |

## **ANNEX B: Resolution**

The Board of the Financial Conduct Authority resolves to make the following instruments:

Financial Conglomerates (Consequential Amendments) Instrument 2016 (FCA 2016/28)

Prudential sourcebook for Investment Firms (Pillar 2 Amendments) Instrument 2016 (FCA 2016/29)

Conduct of Business (Pensions Supplementary Rules) Instrument 2016 (FCA 2016/30)

Market Abuse Regulation Instrument 2016 (FCA 2016/31)

Consumer Redress Schemes (General Material) Instrument 2016 (FCA 2016/32)

Compensation Sourcebook (Amendment No 10) Instrument 2016 (FCA 2016/33)

European Long-Term Investment Funds Regulation (No 2) Instrument 2016 (FCA 2016/34)

Consumer Credit (High-Cost Short-Term Credit Price Comparison Website) Instrument 2016 (FCA 2016/35)

Enforcement Guide (Transparency Regulations 2015) Instrument 2016 (FCA 2016/36)

***The Board hereby approves the making by the Board of the Financial Ombudsman Service Ltd of that part of the following instrument which falls within the responsibility of that organisation:***

European Long-Term Investment Funds Regulation (No 2) Instrument 2016 (FOS 2016/7)