

Minutes

Meeting:	FCA Board	
Date of Meeting:	23 & 24 May 2018	
Venue:	25 The North Colonnade, Canary Wharf, London E14 5HS	
Present:	Charles Randell (Chair)	Ruth Kelly
	Andrew Bailey	Jane Platt
	Catherine Bradley	Nick Stace
	Amelia Fletcher	Sam Woods
	Bradley Fried	Christopher Woolard
In attendance:	Set out in Annex A	
Apologies:	Sarah Hogg	
	Sam Woods (23 May)	

1 Quorum and Declaration of Interests

- 1.1 The meeting noted there was a quorum present and proceeded to business.
- 1.2 In respect of item 18 on transfers from the British Steel Pension Scheme (BSPS), Jane Platt declared that she is Chair of the Board of Trustees of Lifesight, a defined contribution Master Trust and members of her family were members of BSPS. The Board agreed that this would not preclude Ms Platt for taking part in the discussion.

2 Minutes of the FCA Board meeting

- 2.1 The Board **approved** the minutes of the FCA Board meeting held on 25 & 26 April 2018, subject to minor amendments.

3 Matters arising

- 3.1 The Board **noted** the progress with the matters arising from previous meetings.

4 Draft Minutes

- 4.1 The Board **noted** the draft minutes of the External Risk and Strategy Committee meeting held on 11 April 2018.

5 Updates

- 5.1 The Board **received** updates from the Chairs of the following meetings:

- Payment Systems Regulator (PSR) Board meeting held on 9 May 2018
- Oversight Committee attended by the Financial Ombudsman Service (FOS) held on 2 May 2018
- Oversight Committee attended by the Money Advice Service (MAS) held on 2 May 2018

6 Report from the Chief Executive

- 6.1 The Board discussed Mr Bailey's report on developments since the last meeting, including:
- the FCA's proposed approach to the regulation of claims management companies.
- 6.2 The Board **noted** the Chief Executive's report.

7 Q4 2017/18 Board Performance Report

- 7.1 The Board **received** the performance report for quarter 4 of 2017/18. In **considering** the report the Board **noted** the following updates:
- Delivering Effective Supervision (DES) was reported amber, however, in the last quarter the project had successfully completed releases 1,2 and 3 of the project within time and budget. The amber rating reflected the delay and complexity of the Risk Management work stream, which was being piloted before full roll out.
 - The firms on the watchlist for Supervision – Investment, Wholesale & Specialists Division were being monitored on a monthly basis.
 - The percentage of enforcement investigations completed within 9 months had decreased slightly in quarter 4 due to the drive to resolve legacy investigations/cases that were over 18 months old.
 - Staff were more positive about the organisation's move to Stratford and it was noted that during the reporting period there had only been a low number of resignations citing the change of location as a reason for leaving.
 - Appropriate safeguard checks and governance arrangements were in place for approving the mass migration to the new technology platform.

8 Consumer Green Paper

- 8.1 The Board discussed with representatives of BEIS the content of the Consumer Green Paper and the principles guiding it, the key proposals it sets out and the implications for the approach to regulation and the work for the FCA.

9 Report from the PRA

- 9.1 Mr Woods presented a high-level overview of the key strategic messages of the PRA Business Plan 2018/19 and areas of cross work for the PRA and FCA over the coming year, including work on operational resilience and the joint work in relation to remuneration and incentive structures in firms.

10 Monthly reports from the Independent Panels

10.1 The Board reviewed and discussed the reports from the Financial Services Consumer Panel (FSCP), the FCA Practitioner Panel, (PP) and the FCA Smaller Business Practitioner Panel (SBPP), including:

- The PP's discussion with Jonathan Davidson on culture and reform of incentive structures in firms and how the Panel could assist to take this work forward. The Board was keen to discuss further the work the FCA was doing in relation to this and agreed to discuss this at a future meeting.
- The FSCP's concerns that there were no provisions in the Financial Guidance and Claims Bill to ensure the process for savers or pension scheme members to opt-out of guidance was managed by the independent Single Financial Guidance Body (SFGB) or one of its impartial delivery partners.
- Both the PP and the SBPP highlighted some of the specific challenges facing smaller financial services firms, such as in relation to the FCA's communications. The PP called for the FCA to have greater dialogue with smaller firms about EU withdrawal, and the SBPP questioned whether the FCA heard enough representation from smaller firms, especially given the vast majority of regulated firms were smaller businesses.

10.2 The Board **noted** the monthly reports from the panels.

11 Draft FCA Annual Report and Accounts 2017/18

11.1 In **noting** the first draft of the 2017/18 annual report and accounts the Board **considered** the following:

- the extent to which the report had captured what the organisation had achieved in the reporting period
- the tone of the report should reflect a balance of highlighting the achievements of the organisation but also the challenges it faced
- consideration should be given to providing more information on what was being done to reduce gender pay gaps in the organisation as well as publishing data on pay in the BAME community

11.2 The Board was content with the shorter version of the document and the move to present the reports primarily in digital format on the website. The Board requested that the team should provide clarification on how the new digital format would allow accessibility, usability and user experience for disabled and older people. The Board also requested further information on the comparison of metrics for outcomes from previous years and the plan to measure outcomes going forward.

11.3 The Board **agreed** to delegate further drafting and editing to the project team and noted that the report would be circulated outside the meeting for comment, with the final report and accounts to be submitted to the Board on 27 June for approval.

12 Draft PSR Annual Report and Accounts 2017/2018

12.1 The Board **noted** the draft PSR annual report and accounts and that the final report would be submitted to the PSR Board on 27 June for approval.

13 Retirement Outcomes Review Final Report and Consultation Paper

13.1 The Board **received** a report on the final report and Consultation Paper on the Retirement Outcomes Review, noting the emerging issues in this area and the proposed remedies for consultation in June, ahead of approval of final rules.

13.2 In considering the paper, the Board highlighted the need for earlier and clearer articulation of retirement risk warnings for customers when making a decision about how to access their pension savings.

14 UK Exit from the EU: Handbook rule change reprioritisation

14.1 The Board noted that it was necessary, to ensure the relative stability of the Handbook while its content was being analysed and consulted on prior to the UK leaving the EU, to agree which projects should continue to be prioritised. The Board recognised that there was still the prospect that the position may change as negotiations between the UK and the EU progress, therefore, there may be a need to adapt the FCA's approach, should an agreement between the UK and the EU be reached.

14.2 After consideration, the Board **agreed** the:

- Handbook rule changes, as outlined in Annex A of the paper, should continue to be prioritised between 1 September 2018 and 29 March 2019.
- the proposed approach to communicating the rule-making reprioritisation exercise.

15 Communications agency procurement

15.1 The Board noted that a procurement process was conducted to establish a new framework consisting of six lots, from which the FCA was to procure communications services for a range of requirements.

15.2 In considering the paper, the Board noted that the Audit Committee had considered the contract in detail and was satisfied that the procurement process had been conducted appropriately.

15.3 The Board also noted the need for a holistic view of all contracts and asked the Audit Committee request Internal Audit conduct a review of supplier continuity planning.

15.4 After consideration, the Board **agreed**:

- to approve a new 4-year contract to Manning Gottlieb OMD to, at a value of c.£22m as part of the Communications Agency Framework; and
- to ratify the FCA Communications Agency Framework

16 Sovereign-controlled companies

16.1 The Board considered the proposal to introduce a new category within premium listing for sovereign-controlled companies. The Board noted the summary of existing listing requirements, the rationale for the consultation and the proposals consulted on, including a summary of feedback received and the conclusions drawn.

16.2 The Board noted that having considered the feedback, the Executive recommended proceeding with the new premium listing category but with certain modifications in response to feedback, to ensure the requirements were appropriately calibrated to meet the needs of issuers and investors.

16.3 The Board **approved** the publication of a Policy Statement and final rules introducing a new category of premium listing for qualifying sovereign controlled companies.

17 Crowdfunding Post Implementation

17.1 The Board considered the paper which summarised the crowdfunding post implementation review and resulting package of policy remedies for publication.

17.2 The Board **noted** the paper.

18 Transfers from the British Steel Pension Scheme – the FCA response

18.1 The Board considered the paper which reflected on the work undertaken by the FCA in response to the risk of harm to members of the British Steel Pension Scheme (BSPS) following its restructure. In **considering** the paper the Board **noted** learnings from that work which could have wider application across the FCA. The Board welcomed the “lessons learned” spirit with which the paper had been prepared and considered that this approach should be adopted more widely across the FCA.

18.2 The Board noted that work was underway with the Pension Regulator and the Pensions Advisory Service to agree protocols for each organisation to work together and share information.

18.3 The Board **noted** the update.

19 High-cost credit review: proposals for publication

19.1 The Board was presented with the final package of measures to be consulted on and the issues to launch a discussion on before finalising proposals for interventions.

19.2 The Board noted that the work on the CBAs showed that the proposed measures to be consulted on were proportionate.

19.3 The Board supported the propositions in the paper and:

- **approved** the measures for consultation that address certain concerns in the Rent-to-Own (RTO), Home-collected credit, Catalogue and Store card and Overdraft markets
- **agreed** that the case was made to consider a potential price cap on RTO and set out for discussion the intention to assess whether to make a pricing intervention for RTO, whilst being open to alternative options
- **agreed** that the intention to assess potential interventions in the structure of overdraft pricing and potential measures to address concerns about persistent debt should be set out in the Discussion Paper

20 Rules & Guidance to be determined

20.1 The Board **passed** the resolutions set out in Annex B.

21 Decisions of the Board

21.1 The Board **approved** the following Financial Services Compensation Scheme (FSCS) reappointments for a further three years:

- Mark Adams (Non-Executive Director) until 31 May 2021
- 21.2 The Board also **approved** the reappointment of Carole Begent as a director of the PSR, for a further period of nine months, until 31 March 2019

22 Minutes of Executive Committee meetings

- 22.1 The Board **noted** the minutes of the Executive Committee meetings held on 23 and 26 April 2018.

23 Minutes of the Executive Regulatory Policy Committee (ERPC) meetings

- 23.1 The Board **noted** the minutes of the ERPC meetings held on 8, 15 and 26 April 2018.

24 Forward Agenda

- 24.1 The Board **noted** the forward agenda.

Charles Randell
Chairman

ANNEX A: Attendees

Attending all, or substantially all, of the meeting:

Alana Christopher	Deputy Company Secretary
Jonathan Davidson	Director, Supervision, Retail and Authorisations (24 May only)
Mark Steward	Director, Enforcement, Marketing
Megan Butler	Director, Supervision, Investment, Wholesale & Specialists (24 May only)
Georgina Philippou	Chief Operating Officer
Sean Martin	General Counsel
Simon Pearce	Company Secretary
Vickiesha Chabra	Manager, Chairman's Office

Also attending for the following items:

7	David Godfrey	Director, Finance & Business Services
	Jennifer Dalby	Manager, RPM, Strategy & Competition
8	Alex Chisholma	Permanent Secretary, BEIS
	Jaee Samant	Director, General for Market Frameworks, BEIS
	Tim Jarvis	Director, Consumer and Competition Policy, BEIS
	Donna Leong	Deputy Director, Economic Regulation and Analysis, BEIS
11	Alex Roy	Manager, Strategy & Competition
	Stephen Humphreys	Head of Department, Corporate Communications, S&C
	James Shafe	Technical Specialist, RPM, Strategy & Competition
	Alex Nicoll	Manager, Financial Accounting, Finance & Business Services
12	Alex Nicoll	Manager, Financial Accounting, Finance & Business Services
	Louise Buckley	Head of Department, PSR Communications & Operations, Payment Systems Regulator
13	Mary Starks	Director, Competition and Economics
	Brian Corr	Head of Department, Retail Competition, S&C
	Pritheeva Rasaratnam	Head of Department, Pension & Insurance Policy, S&C
	Philip Diamond	Manager, S&C
14	David Geale	Director, Policy, S&C

15	Emma Stranack	Head of Department, Business & Consumer Comms, S&C
	Caron Smith	Manager, Procurement, Finance & Business Services
16	David Geale	Director, Policy, S&C
	Julia Hoggett	Director, Market Oversight, EMO
	Nike Trost	Manager, Primary Markets Policy, S&C
17	David Geale	Director, Policy, S&C
	Richard Fox	Head of Department, Cross-Sectoral & Funds Policy, S&C
	Nike Trost	Manager, Primary Markets Policy, S&C
18	Clive Gordon	Head of Department, Retail Investments, SIWS
	Bradley Raphael	Manager, Pensions Scams Team, SIWS
19	David Geale	Director, Policy, S&C
	Graeme McLean	Head of Department, Banking, Lending & Distribution, S&C
	Neil Marshall	Manager, Policy Consumer Credit, S&C

ANNEX B: Resolution

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

Supervision Manual (Reporting No 8) Instrument 2018

Handbook Administration (Data Protection) Instrument 2018

Listing Rules (Sovereign Controlled Commercial Companies) Instrument 2018

Insurance Distribution Directive Instrument 2018