

Minutes

Meeting:	FCA Board
Date of Meeting:	26 January 2023
Start time:	09:00
Venue:	Meeting held in Boardroom and via Microsoft Teams

Members Present:	Richard Lloyd (Chair) Alice Maynard Bernadette Conroy Jeannette Lichner	Nikhil Rathi Liam Coleman Sam Woods
In attendance:	Set out in Annex A	
Presenters:	Set out in Annex A	
Apologies:	None	

1 Declarations of interest

- 1.1 The meeting noted there was a quorum present and proceeded to business.
- 1.2 No interests were declared in the items to be discussed.

2 Reports from the Chairs of Board Committees

- 2.1 The Board noted the reports from the Chairs of the following Committees:
 - i. Risk Committee meeting held on 12 January 2023. Discussions focused on resilience in payment firms. The Committee also welcomed the progress made on consumer credit work. The Board noted it would need to ensure appropriate oversight of decisions and actions in relation to the Future Regulatory Framework (FRF) through the Risk Committee and the Policy and Rules Committee.
 - ii. People Committee meeting held on 19 January 2023 which focused on the FCA's people priorities.

- iii. Audit Committee meeting held on 19 January 2023. Topics discussed included the audit planning reports and close working with the new NAO team, the finance policy updates (including the PSR) and the FCA's whistle-blowers policy.

3 Report from the PRA

- 3.1 Mr Woods briefed the Board on the business of the PRA that was of relevance to the FCA, including the consultation on the implementation of the Basel 3.1 standards and other reforms relating to the FRF.

4 Report from the PSR

- 4.1 Ms Walsh briefed the Board on the business of the PSR that was of relevance to the FCA. Key topics included people and recruitment, the PSR's three year plan and progress made on key policy initiatives including the New Payments Architecture, Open Banking and Authorised Push Payment (APP) scams.

5 Report from the Chief Executive

- 5.1 Mr Rathi briefed the Board on a number of topical issues, including:
 - i. People – The Board noted that recruitment remained a strong focus across all of the FCA's locations, with over 1100 colleagues joining the FCA in 2022.
 - ii. Market and external environment – The Board were briefed on key market developments. It was noted that within the FCA it had put in place mechanisms to allow for quick escalation on significant strategic risks and that senior FCA staff were regularly engaging with partner authorities to discuss potential risks and challenges that could impact the market, industry and consumers. The FCA communication strategy was developing to focus more on defining what a conduct regulator of the future would look like.
 - iii. Operational Update – The Board noted the progress reported against key projects and that the Executive Finance and Delivery Committee were scrutinising projects persistently trending red or amber to understand the challenges. Additionally, the joint Audit and Risk Committee would be discussing lead indicators on all projects to give assurance and to understand the impact of prioritising funding on particular priorities within the year two strategy. Progress on enforcement cases was also highlighted, noting that the response to international requests had improved.

6 Update on Embedding the Consumer Duty

- 6.1 The Board discussed the FCA's embedding strategy and activities for the New Consumer Duty and the proposed next steps.

- 6.2 The Board discussed plans for firms in both the fixed and flexible portfolios, noting that the FCA was due to launch a multi-wave firm survey into firms' needs and preparedness. In addition, more communications were being prepared for each sector along with roundtables for smaller firms on specific themes, such as digital accessibility. The next round of sector and portfolio letters would also set out the FCA's view on issues it wants firms to focus on and outline examples of good practice across various sectors, business models and products. The executive recognised the need for more clarity on 'material influence' and it was working swiftly to respond.
- 6.3 The Board were briefed on work to ensure decisions across supervision were taken in a consistent way, supported by sector leads and the programme board, and embedding the consumer duty into the firm supervision model.

7 Perimeter Report Update

- 7.1 The Board discussed the proposed changes to the perimeter report webpage including appointed representatives, ESG data and ratings providers, funeral plans, digital markets and deferred payment credit.
- 7.2 The Board also reflected on the additional accountability mechanisms, and the secondary international competitiveness and growth objective, included in the Financial Services and Markets Bill and, in that context, the importance of being transparent on potential harms at the edge of the FCA's perimeter.
- 7.3 The Board recommended using the perimeter report as an opportunity to reflect on the broader change in the landscape that would impact the perimeter, beyond the specific changes in this iteration.

8 Rules, Guidance and Technical Standards to be determined:

- 8.1 The Board **resolved** to make the following final instruments:
- i. British Steel Pension Scheme (Financial Resilience) (No 2) Instrument 2023
 - ii. Senior Managers and Certification Regime (Significant SYSC Firm) Instrument 2023

9 Decisions of the Board/Board committee

- 9.1 The Board **approved** the minutes of the sub-committee meeting held on 8 December regarding the complaints scheme consultation. The Board noted that the FCA was finalising the consultation response and revised Complaints Scheme, recognising that the Financial Services and Markets Bill currently going through Parliament contained provisions relating to the accountability of regulators. The Board supported the FCA's view that it would be most appropriate to finalise changes to the Complaints Scheme after this process had concluded, with publication expected in spring 2023. The Board also **approved** the minutes of the Board meeting held on 15 December 2023.

- 9.2 The Board noted the action log and **approved** the closure of completed actions.
- 9.3 The Board noted the following decisions taken by written procedure:
- i. To **approve** the terms of Reference, membership and initial Chair of the ESG Committee
 - ii. To **approve** the changes to the bilateral margining requirements for uncleared derivatives under UK EMIR
- 9.4 The Board **approved** the uplift to the contract ceiling for the EDT International LLC Agreement to support the Enforcement and Market Oversight E-Discovery Service (EDT). It was noted that the upgrade would allow the FCA to use artificial intelligence in a more sophisticated way to allow it to analyse vast amounts of digital data more effectively and at greater pace. The Audit Committee had been engaging more broadly with finance teams to gain assurance on funding decisions made in year that have multiyear impacts. The Board welcomed further detail on how the FCA monitors extensions generally.

10 Papers for noting

- 10.1 The Board noted the following:
- i. The revised Terms of Reference for the Executive Committee
 - ii. The Payments Portfolio Strategy - The Board welcomed innovation in this area but noted the need to ensure appropriate consumer protections. The Board recommended further discussion on the strategy be taken forward by one of the Board Committees to ensure any residual risk of harm was within tolerance and was aligned with the PSR.
 - iii. The proposed approach to the 2023/24 external business plan publication
 - iv. Independent Panels Reports
 - v. British Steel Redress Scheme Legal Challenge Update
 - vi. UK - Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP) Negotiations
 - vii. Embedding the Strategy

11 Any other business

There being no further business the meeting closed.

Annex A: Attendees, presenters and observers

In attendance:

Ashley Alder – Incoming Chairman
 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 (joined at 10:30)
 Emily Shepperd – Executive Director, Authorisations
 Mark Steward – Executive Director, Enforcement and Market Oversight
 Steven Braviner Roman – Executive Director, General Counsel
 Nausicaa Delfas - Executive Director
 Miles Bake – Director, Company Secretary
 Aidene Walsh – PSR Interim Chair
 Graeme McLean – Head of Department, Chief Executive’s Office
 Dave Eaton – Incoming Manager, Chairman’s Office
 Ian Runacres - 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 PRA	No attendees
Item 4 – Report from the PSR Chair	No attendees
Item 5 - Report from the Chief Executive	No attendees
Item 6 – Update on Embedding the Consumer Duty	David Raw – Director Matt Brewis – Director Martyn Saville – Technical Specialist Richard Wilson – Manager
Item 7 – Perimeter Report Update	David Raw - Director Alexander Smith – Head of Department Vicki Jordan – Manager
Item 8 - Rules and Guidance and Technical Standards to be determined	No attendees
Item 9 – Decisions of the Board	No attendees
Item 10 - Papers for noting	No attendees

Other relevant associates were also in attendance.