

Ms Clare Woodman
Chair, FCA Markets Practitioner Panel

Via email

10 April 2024

Dear Clare

FCA ENGAGEMENT WITH THE MARKETS PRACTITIONER PANEL (MPP) 2024/25

Firstly, we would like to thank you for the MPP's ongoing support for and challenge to the FCA, and, on a more personal note, for your time and effort steering the Panel since you were appointed as Chair last summer. We value enormously the contributions from all our Statutory Panels, which help us deliver better outcomes for consumers, firms, and markets.

In the current environment we are, now more than ever, cognisant of the FCA's need to prioritise and focus its resources and efforts where they will have the biggest impacts. And in light of the Financial Services and Markets Act passed last year, and of our own strategy, business plan and workload, both the Board and ExCo have been reflecting on how the FCA can get the most valuable input from all of its Panels.

A central purpose of this letter is therefore to set out the areas that the FCA expects to prioritise when engaging with the MPP in the year ahead. We also wish to share with you our views on other relevant matters, such as the Board's interaction with the Panel and with you as Chair.

We are also writing in similar terms to the Chairs of our other statutory Panels.

Prioritisation

At a high level, and subject of course to unforeseen events during the year, the Board and ExCo wish to prioritise engagement with you on the following FCA policy and operational areas:

- Help identify **strategic priorities** for wholesale markets, both where we can add value directly and where work can be done with the entire ecosystem to ensure a cohesive UK approach to

continuous improvement in these markets. Also, to provide views on the balance between the FCA's differing statutory objectives.

- **Risk appetite** and supporting consumers' access to capital markets in ways that are right for their circumstances, including through pensions
- Alerting FCA to **emerging risks/issues** in and across markets, including monitoring and managing the impact of external shocks
- Delivering our new secondary **international competitiveness and growth** objective in support of our existing primary objectives
- **Smarter regulatory regime** – prioritisation of REUL file transfers, divergence/equivalence
- **Market functioning** and market infrastructure – liquidity, depth of markets, transparency, cleanliness and orderliness of markets; including on- and off-venue trading and cross-market interactions
- Managing the opportunities and risks from **innovation and technology** including with respect to data and artificial intelligence
- **Approach to enforcement** and the **Integrated Regulatory Model** work which will look at how cases are identified and progressed across the FCA as well as possible changes to our supervisory model

In doing so, we ask the Panel to operate, as always, as a "critical friend" to the FCA, providing advice and constructive challenge on current and future policies and FCA processes. We will endeavour to engage with you from an early stage in our work wherever possible, to help inform our thinking before we consult more widely, and on matters of significant reform we would welcome your views on how we can best engage with external stakeholders.

We ask the MPP – and will ask our own teams also – to continue to engage at a 'strategic' level as well as with occasional deep dives on specific issues. On more sector-specific proposals we would welcome your input from a sub-group of members with more directly relevant expertise, including, where appropriate, from across different panels.

In all of this we fully recognise that you, as a Panel which has an independent voice, will also have your own priorities on which you will want to engage with the FCA, even if there is overlap between the two lists.

We will use these lists to prioritise the issues on which we engage with the panel. However, where there is capacity to do so, we would also value your input on other relevant issues, as appropriate. The Secretariat, together with Simon Walls as Panel sponsor director (and your other key FCA stakeholders), will of course continue to support your engagement with relevant FCA teams, as part of the wider support it provides.

Engagement with ExCo and the Board

We expect that the Panel will continue to have access to and engage regularly with the FCA Chair, Board, Chief Executive and senior executives of the FCA, in line with the terms of reference agreed by the Board. We ask that you continue to submit a regular "Report to the Board" (which will also be considered by ExCo), and that this should focus on the two or three most important strategic themes that you wish to bring to the Board's attention. We will continue to have periodic Board lunches with the Panel Chairs, and see your annual report ahead of publication. And a member of ExCo will continue to endeavour to attend your formal meetings, on a rotating basis.

In addition, we propose to formalise an annual meeting between the FCA Chair and each of the Panel Chairs, one-to-one, to discuss the work of the Panel. This will be an opportunity to reflect on the previous year's interaction between the MPP and the FCA, informed by the Board's engagement as outlined above and any Panel effectiveness reviews conducted either by the Panel or the FCA during the year.

Looking forward

We hope that you find this letter helpful in setting out, albeit rather formally, our expectations for our engagement with one another over the coming year, 2024-25. We look forward to continuing the constructive dialogue and close working relationships that we have built up over previous years.

Yours sincerely

Ashley Alder
FCA Chair

Nikhil Rathi
FCA Chief Executive