

Minutes

Meeting: FCA Board

Date of Meeting: 19 December 2024

Start time: 13:00

Venue: Meeting held in Boardroom and via Microsoft Teams

Members Present: Ashley Alder (Chair) Liam Coleman
Aidene Walsh (items 1-5) Richard Lloyd (items 1-5)
Alice Maynard Sam Woods (items 1-4.1)
Bernadette Conroy Sophie Hutcherson
Bryan Zhang

In attendance: Set out in Annex A

Presenters: Set out in Annex A

Apologies: Nikhil Rathi

1 Standing Items/ General Business

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.

Minutes of previous meeting

- 1.3 The Board approved the minutes of the meeting held on 28 November 2024.
 - 1.4 The Board approved amendments to the minutes of the meetings held on 3 October 2024 and 25 July 2024.
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Actions Log

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

2 Reports

PRA

- 2.1 Mr Woods briefed the Board on the business of the PRA that was of relevance to the FCA, including further details on a system-wide exploratory scenario (SWES) exercise exploring how the UK financial system would respond to a market shock.
- 2.2 The exercise was described as the first exercise of its kind globally, with the aim of enhancing understanding of the risks to and from non-bank financial institutions (NBFIs), and the behaviour of NBFIs and banks in stress, including what drives those behaviours. The testing has allowed the Bank to investigate how these behaviours and market dynamics can amplify shocks in markets and potentially pose risks to UK financial stability.
- 2.3 The Board recognised the linkages to the FCA's work with the Financial Stability Board and asked that this subject is brought back to the Board in due course.

Oversight Committee

- 2.4 The Board noted the verbal update from the Chair of the Oversight Committee on the meeting held on 3 December 2024. The Committee had focused on the Payment Systems Regulator's (PSR) draft 2025/26 budget ahead of it returning to the Committee for approval in February 2025.

Chair

- 2.5 The Board noted the update from Mr Alder on activity since the previous Board meeting, including reflections from the Treasury Select Committee session on 10 December 2024 and an update on his regular meeting with HMT and implications for the FCA's strategy and business plan.
- 2.6 The Board also recognised the interim appointment of Mr David Geale to the new Executive Director Payments and Digital Finance role, overseeing the

wider payments portfolio across the FCA, while also fulfilling the distinct role of Managing Director of the Payment Systems Regulator (PSR).

CEO Report

- 2.7 In Mr Rathi's absence, the executive team briefed the Board on a number of topical issues, including:
- i. The publication of the second consultation on enforcement transparency.
 - ii. The announcement that firms will be given until December 2025 to respond to motor finance commission complaints and ongoing related activity in the courts.
 - iii. A summary of recent engagements and media appearances.
 - iv. A summary of recent enforcement activity.
 - v. Work to analyse the content of the Report on the Call for Evidence about the FCA, published by the All-Party Parliamentary Group on investment fraud and fairer financial services.
 - vi. An update on HMT's consultation on a revised approach to the regulation of unregulated Buy-Now Pay-Later/Deferred Payment Credit (DPC).
 - vii. An update on FCA views around the provision of ongoing advice.
- 2.8 The Board discussed the need for a wider discussion on risk acceptance and appetite in the policy context and as part of the development of the new strategy.

Independent Panels Monthly Reports

- 2.9 The Board noted the reports from the independent panels. Particularly noting that the Smaller Business Practitioner Panel's (SBPP) and Consumer Panel had both commented on expectations of the FCA in respect of economic growth. The Consumer Panel highlighted that consumer protections are essential for growth, not a barrier, so consumer interests must be at the heart of decision-making. The SBPP highlighted that smaller firms are focusing on their sustainability rather than growth given the challenges they face from macroeconomic pressures and regulatory interventions.

3 Strategic Discussion

Strategic risk appetite to support growth

- 3.1 The Board engaged in a discussion on the appetite for risk in order to support growth. It considered where pursuit of initiatives that promote growth may create tension with one or more of the FCA's other objectives. It explored in what circumstances the Board was willing to pursue actions whose impact on growth is likely to be positive but not certain. And it explored what actions the Board was most comfortable taking to support growth and how to maximise the likely effectiveness.
- 3.2 The Board discussed the relationship between consumer resilience and consumer protection, the need to determine the risk tolerance for harm and the impact this may have on growth, and the importance of different consumer and market contexts.
- 3.3 It was agreed that the conversation would continue as part of a further discussion on the new FCA strategy, to take place at the January 2025 Board.

4 Decisions of the Board

Rules, Guidance and Technical Standards to be determined:

Rules and guidance to be determined

- 4.1 The Board resolved to make the following instruments:
 - i. Disclosure Guidance and Transparency Rules Sourcebook (Amendment) Instrument 2024 (FCA 2024/49), to implement a data governance framework to improve the accuracy and relevance of the metadata that is submitted to the National Storage Mechanism, to help regulated information be more easily located using metadata-based searches.
 - ii. Non-UCITS Retail Schemes (Amendment) Instrument 2024 (FCA 2024/48), to remove barriers to NURS investing into long-term asset funds (LTAFs), facilitating broader investment into LTAFs, in particular by defined contribution pension schemes. This also promotes appropriately managed retail investment in LTAFs.
 - iii. Handbook Administration (No 72) Instrument 2024 (FCA 2024/50), to make minor administrative changes to the Handbook.

Finance Report

Update on financial position and business planning approach

- 4.2 The Board was provided with an update on the business planning process for 2025/26. The Board gave feedback and noted that the process was subject to further prioritisation/reprioritisation work at executive level, ahead of being presented to the Board for approval in February 2025, alongside a five-year forecast.

Other decisions

Regulatory Failure Assessment

- 4.3 The Board reviewed and discussed a paper providing updated analysis on a regulatory failure assessment, in particular, whether the criteria at Part 2 of the regulatory failure test set out at section 73(1)(b) of the Financial Services Act 2012 are met.
- 4.4 On 8 November 2024 the Audit Committee reviewed and discussed the analysis in detail and agreed to recommend to the Board that part 2 was not met and that the events relating to the FCA's handling, both individually and holistically, do not constitute a serious failure in the operation of the regulatory system.
- 4.5 The Board approved the recommendation put forward to it by the Audit Committee.

5 Items for discussion

FCA Cost Benefit Analysis Panel (CBA) Panel – Interim Annual Report 2024

- 5.1 The Board noted the CBA Panel Interim Annual Report, covering the period May-September 2024 and its role at different stages of policy development.

6 Items for noting

Options for Section 73 Investigations

- 6.1 The Board noted the proposed options for conducting an Independent Review where the criteria at section 73(1) of the Financial Services Act

2012 are met and for aligning group complaints and regulatory failure assessments.

Reflection on agenda items

6.2 Board members did not have any reflections to share.

There being no further business the meeting closed.

Annex A: Attendees, presenters and observers

In attendance:

David Geale – Interim Executive Director, Payments and Digital Finance
 Emily Shepperd – Executive Director, Chief Operating Officer
 Jessica Rusu – Executive Director, Chief Data, Information, and Intelligence Officer
 Sarah Pritchard – Interim Executive Director, Consumers and Competition
 Simon Walls – Interim Executive Director, Markets
 Sheree Howard – Executive Director, Authorisations
 Stephen Braviner Roman – Executive Director, Corporate Governance, Legal and Risk & Compliance Oversight
 Steve Smart – Executive Director, Enforcement and Market Oversight
 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 – Strategic discussion: Strategic risk appetite to support growth	Helen Bower-Easton - Director Kate Collyer - Director Laura Dawes - Director Graeme Reynolds - Director Nicola Golding - Head of Department Cherryl Ng - Head of Department David Stallibrass - Head of Department
Item 4 – Decisions of the Board	4.1 Rules and guidance to be determined No attendees 4.2 Update on financial position and business planning approach

	Craig Chapman - Director Jane Cowland - Head of Department
	4.3 Regulatory Failure Assessment Helen Bower-Easton – Director Ashley Wood - Head of Department Jeanette Bateman - Senior Manager Elizabeth Bull – Manager
Item 5 – Items for discussion	FCA CBA Panel – Interim Annual Report 2024 Helen Bower-Easton – Director
Item 6 – Items for noting	No attendees

Other relevant associates were also in attendance.