

Minutes

Meeting: FCA Board

Date of Meeting: 30 January 2025

Start time: 9:15

Venue: Meeting held in Boardroom and via Microsoft Teams

Members Present: Ashley Alder (Chair) Liam Coleman
Aidene Walsh Richard Lloyd
Alice Maynard Sam Woods
Bernadette Conroy Sophie Hutcherson
Bryan Zhang Nikhil Rathi

In attendance: Set out in Annex A

Presenters: Set out in Annex A

Apologies: None

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.

Actions Log

- 1.3 The Board noted the action log.
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Minutes of previous meeting

- 1.4 The Board approved the minutes of the meetings held on 19 December 2024 and 14 January 2025.

2 Reports

Oversight Committee

- 2.1 The Board noted the update from the Chair of the Oversight Committee on the various meetings held in January 2025. The Committee had focused on developments at the Financial Ombudsman Service (FOS) and the appointment of the FSCS Chief Executive Officer to the Financial Services Compensation Scheme (FSCS) Board.

Risk Committee

The Board noted the update from the Chair of the Risk Committee on the meeting held on 16 January 2025. The Committee had focused on Risk & Compliance Oversight themes, seeking assurance that the themes would be integrated into Strategy 2025 and business planning. Risk Committee also discussed the reprioritisation of remaining Strategy 2022 work into Strategy 2025, including reallocation of resource, noting a further paper on this would be presented in March.

The Board agreed that the newly appointed Chair of the Regulatory Decision Committee (RDC) would be invited to lunch with Board members.

People Committee

- 2.2 The Board noted the update from the Chair of the People Committee on the meeting held on 23 January 2025. The Committee had engaged with the FCA Staff representative Group Chair and Union representatives in relation to pay award proposals. People Committee had approved the pay award for 2025, providing a 3.6% average pay increase for employees, taking into account additional statutory increases to employers' National Insurance contributions from April 2025 which would be funded from the FCA's wider operational budget.
- 2.3 The Board noted that People Committee had discussed and provided commentary on Executive Directors' and SMR Directors' objectives and end of year appraisals.

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- 2.4 People Committee recommended to the Board the appointment of Bernadette Conroy as the Deputy Chair and Senior Independent Director (SID) when Richard Lloyd, the current Deputy Chair's current term ends. The Board approved the appointment.

Policy and Rules Committee

- 2.5 The Board noted the verbal update from the Chair of the Policy and Rules Committee on the meeting held on 23 January 2025 which had discussed the future direction of the cryptoassets regulatory regime.

PSR

- 2.6 The Chair of the PSR and Managing Director of the PSR briefed the Board on the business of the PSR that was of relevance to the FCA, including:
- i. The impact of the Authorised Push Payment (APP) Fraud rules introduced in 2024.
 - ii. Acceleration of the joint steering group of the FCA and PSR in relation to Open Banking.
 - iii. That a session providing an update on Open Banking and Open Finance work would be provided for Board members.
 - i. An update on market reviews including Cross border interchange fees, and Scheme and processing fees.
 - iv. Progress on the PSR Budget for 2025/26, which will be presented to Oversight Committee for approval in due course.

PRA

- 2.7 The Deputy Governor for Prudential Regulation & CEO of the PRA briefed the Board on the business of the PRA that was of relevance to the FCA, including:
- i. The delay to the implementation of Basel 3 reforms by one year until 1 January 2027, to allow more time and greater clarity on emerging plans for its implementation in the United States of America.
 - ii. Co-ordination between the FCA and PRA/Bank on approaches to mortgage lending and affordability.

FCA Chair

- 2.8 The Board noted the update from the FCA Chair on activity since the previous Board meeting, including:
- i. Discussion points which arose at the Lords Financial Services Regulation Committee, including on motor finance, the Cost Benefit Analysis (CBA) interim report, the secondary international competitiveness and growth objective, and debate regarding acceptance of greater risk. The Board discussed the impact on markets of the Supreme Court proceedings concerning motor finance. Executive Directors confirmed that firms continued to provide credit through a functional market.
 - ii. Feedback from HM Treasury regarding the FCA's response to the Prime Minister's, Chancellor's, and Secretary of State for Business' letter to regulators, had been positive.
 - iii. The Government would be conducting an audit of regulators as part of the growth work plan.

FCA CEO

- 2.9 The CEO briefed the Board on several topical issues, including:
- i. Attendance at the UK-China Economic and Financial Dialogue with the Chancellor and the Bank of England Governor.
 - ii. The official opening of additional floor space in the Leeds office.
 - iii. Positive results from recent Enforcement work, which had been conducted at pace, demonstrating the effectiveness of the enforcement plan.
 - iv. A 3-year extension of the equivalence for UK Central Counterparties (CCPs) had been proposed by the European Commission.
 - v. The Board agreed it was sensible to consider ways the FCA could help convene partner regulators to input into the debate on growth in areas of common interest.

- vi. FCA and PSR 2025 pay awards had been announced to all staff, in line with the decision made by People Committee, outlined in paragraph 2.2 of the minutes above.
- vii. The Chair requested Board members receive an update on how the FCA's operating model would be aligned to Strategy 2025.

Independent Panels Monthly Report

- 2.10 The Board noted the reports from the independent panels. Specifically:
- i. In broad terms The Practitioner Panel and Small Business Practitioner Panel supported the themes set out in the proposed FCA strategy.
 - ii. The Consumer Panel highlighted the importance of balancing measures to support growth with the primary consumer protection objective.
 - iii. There was a desire for stability and consistency in regulation.
 - iv. The Markets Practitioner Panel proposed that the FCA consider the regulatory regime around cryptoassets, including providing legitimate and regulated routes to buy these assets.
- 2.11 The Board asked that the Independent Panels be thanked for their valuable contributions to the construction of the FCA Strategy 2025.

3 Strategic Discussion

Strategy 25

- 3.1 The Board engaged in a discussion regarding outcomes and metrics for Strategy 2025.
 - 3.2 The Board discussed the outcomes and metrics proposed, including the need to ensure metrics were sufficiently measurable, any unintended consequences were considered and there was clear distinction between published metrics versus internal monitoring measures. The Board noted that reporting against the metrics would be included and explained within the Annual Report each year.
 - 3.3 The Board noted the Strategy would be aligned over time with the Government's Industrial Strategy and Economic Crime plan.
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- 3.4 The Board requested further consideration regarding the articulation of risk acceptance within the Strategy, the balance between financial crime and growth objectives, as well as the level of expressed ambition as between outcomes.
- 3.5 The Board expressed broad support for top line outcomes, however requested further refinement of these and lower-level metrics, to articulate the specific areas for which the FCA is accountable and outcomes and related metrics over which it has greater control; and ensure outcomes and associated metrics struck the balance of being ambitious, but achievable.
- 3.6 The Board requested a further session be arranged to discuss the outcomes, metrics, and public communications in more detail, before the final version of Strategy 2025 was brought to the Board for approval in February.

4 Decisions of the Board

Reforming the Commodity Derivatives Regulatory Framework

- 4.1 The Board were provided with the proposed policy statement and final rules for reforming the regulatory framework for commodity derivatives.
- 4.2 The Board received assurance that there would be a level playing field across operators and markets, as the same rules applied, and the FCA would supervise operators to ensure they apply these rules in an appropriate way to each specific commodity derivative market. The amended rules would remove unnecessary burden on firms and support the FCA's secondary competitiveness and growth objective.
- 4.3 The Board approved the publication of the Policy Statement for reforming the regulatory framework for commodity derivatives on 4 February 2025, with final rules coming into force on 6 July 2026. The Board resolved to make the following instruments:
 - i. Markets in Financial Instruments (Non-Equity Transparency Rules) (Amendment) Instrument 2025 (FCA 2025/2)
 - ii. Technical Standards (Commodity Derivatives) (Position Limits, Management and Reporting) Instrument 2025 (FCA 2025/3)
 - iii. Commodity Derivatives (Position Limits, Position Management and Perimeter) Instrument 2025 (FCA 2025/4).

Rules, Guidance and Technical Standards to be determined:

Rules and guidance to be determined.

- 4.4 The Board resolved to make the following instrument:
- i. Collective Investment Schemes Sourcebook (Concentration Limits) Instrument 2025 (FCA 2025/1), which amends an existing rule that sets limits on the ability of an undertaking for collective investment in transferable securities (UCITS) scheme to hold units of other collective investment schemes ('second schemes'). The rule aims to reinforce appropriate risk diversification in a UCITS fund of funds. The changes clarify how the rule applies to umbrella/sub-fund structures, and disapplies the rule in certain situations where the investing UCITS scheme and second scheme are managed by the same firm.

Finance Report

Update on financial position and business planning approach

- 4.5 The Board were provided with an update on the business planning process for 2025/26 and changes since the plan was last presented to Board on 19 December 2024.
- 4.6 The Board expressed support for the revised budget presented, noting the approach to risk acceptance would be discussed at an upcoming Risk Committee.
- 4.7 The Board noted the final proposed 2025/26 business plan was due to be presented to the Board on 27 February 2025.

Other decisions

Appointments requiring HM Treasury approval: Financial Services Compensation Scheme – Appointment of a Chief Executive Officer

- 4.8 Subject to HM Treasury approval, the Board approved the appointment of Martyn Beauchamp as the Financial Services Compensation Scheme (FSCS) Chief Executive Officer and Executive Director on the FSCS Board, for an initial term of three years. The start date is to be agreed by the FSCS and is expected to be ahead of the end of Martyn Beauchamp's interim appointment term, which ends on 17 April 2025

5 Items for noting:

Written Procedures

- 5.1 The Board noted the following decision taken since the last meeting:
- i. The FCA Board resolved to consent to the rules (Fees Manual (Financial Ombudsman Service Representative Case Fees) Instrument 2025) before they are made by the Financial Ombudsman Service. Decision made: 20 January 2025.

Reflection on agenda items

- 5.2 Board members reflected on the Strategy 25 and Business planning discussions, noting these had been challenging but constructive.

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 (Item 2.7 only).
 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
 Therese Chambers – Joint 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
 Sophie Shaw – Observer, Next Generation NED

Presenters and observers:

Item 1 – Standing Items/ General Business	No attendees
Item 2 – Reports	No attendees
Item 3 – Strategic Discussion	Helen Bower-Easton – Director Kate Collyer – Chief Economist Graeme Reynolds -Director Natalie Golding - Head of Department, PSR Observer: Craig Chapman - Director Michelle Hatton – Director Marcus Adams – Head of Department Laura Dawes – Director Matt Brewis – Director Charlotte Clark – Director Mark Francis – Director

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	Andrea Bowe – Director Jon Rellen - Director
Item 4 – Decisions of the Board	<i>6.1 - Reforming the Commodity Derivatives Regulatory Framework</i> Jon Relleen – Director Jamie Whitehorn – Head of Department Fabio Braga – Manager <i>6.4 - Finance Report – Business Planning Update</i> Craig Chapman – Director Jane Cowland – Head of Department
Item 5 - Papers for Noting	No attendees

Other relevant associates were also in attendance.