

## Minutes

Meeting: FCA Board

Date of Meeting: 27 May 2021

Venue: Meeting held via Microsoft Teams

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Present: Charles Randell (Chair) Alice Maynard  
Liam Coleman Nikhil Rathi  
Bernadette Conroy Tommaso Valletti  
Jeannette Lichner Sam Woods  
Richard Lloyd

In attendance: Set out in Annex A

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### 1 Quorum and declarations of interest

- 1.1 The meeting noted there was a quorum present and proceeded to business.
- 1.2 Ms Howard declared an interest in the item relating to General Insurance Pricing Practices and informed the Board that she would recuse herself from the discussion on the item.

### 2 Report from the Chief Executive

- 2.1 Mr Rathi briefed the Board on a number of topical issues.
- i. Operational Performance/ Casework: The Board was briefed on the authorisation casework governance, controls and resourcing of work in progress being undertaken. It was noted that there were significant increases in case work due to varying drivers such as consolidation, EU withdrawal and pandemic induced financial uncertainty. Particularly, increases in new firm applications were noted as resulting from an increased demand for payment services and appointed representatives (ARs) seeking direct authorisation to bolster revenue streams.
  - ii. Crypto assets: The Board was briefed on the FCA's supervision of crypto asset businesses under the Money Laundering Regulations. It was informed of the decision to extend the Temporary Registration Regime (TRR) to March 2022 to allow for the operational plan to track progress, build a robust gateway and address non-TRR cases to be fully implemented. It was further noted that Crypto firms are also seeking to offer e-money services to facilitate the move from fiat money to crypto.
  - iii. Diversity & Inclusion: In line with the FCA's objective to build on its Public Sector Equality Duty (PSED), a joint Discussion Paper is to be issued with the PRA on setting
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the FCA's expectations of Diversity and Inclusion in regulated firms and the role of regulators.

- iv. Consumer Credit & Debt: The Board received an update on the review work on COVID-19 Credit guidance on how firms approach forbearance and debt issues and the policies proposed to mitigate harm to vulnerable consumers.

### **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.

### **4 Update on regulatory failure assessments & internal lessons learned**

- 4.1 The Board was briefed on the work of the new section of the Risk & Compliance Oversight Division established to bring together its reviews of the organisation's supervisory activities and internal lessons learned, as well as its role in identifying potential cases of regulatory failure and supporting external reviews.
- 4.2 The Board was supportive of the approach to governance of regulatory failure assessments and gave its steer on assessing potential failures. It agreed that in the future the assessment of lessons learned, and potential regulatory failure cases be presented to the Audit Committee for deeper oversight before being presented to the Board.

### **5 Consumer Investments Strategy**

- 5.1 The Board was briefed on the proposed approach to tackle harms and the internal operational changes adopted to ensure that strategic objectives under the consumer investment strategy work are managed effectively.
- 5.2 The Board discussed work and resource prioritisation and the challenges of supporting consumers to make the right choices to mitigate harm. The Board gave its steer on effective communication of potential harm and supported the biannual publishing of the Investment Harms Report.
- 5.3 The Board discussed the scope of coverage of the Financial Service Compensation Scheme as it compared with other financial jurisdictions. The Board gave its steer on the importance of considering all approaches to mitigating the cost of compensation payments to the industry.
- 5.4 The Board was supportive of the consumer investments strategy.

## 6 General Insurance Pricing Practices

- 6.1 The Board was briefed on the feedback to the consultation on proposed remedies, the consequent supervisory and communications strategy and the proposal to implement the package of remedies broadly in line with the consultation.
- 6.2 The Board discussed the supervisory and communications strategies prior and post the implementation period. It received assurances on the systems established to monitor the implementation of the policy and compliance with the rules.
- 6.3 The Board considered counterproposals to a further extension of the implementation period and discussed the risks associated with delaying the implementation period. It noted the proposed mitigating arrangement to prevent potential harm to consumers from a delay in firms implementing the new rules by the implementation date.
- 6.4 The Board **approved** the publication of the policy statement and rules.

## 7 Document Management Transformation (DMT) - Investment Case Revision

- 7.1 The Board was briefed on the progress of the DMT Investment programme.
- 7.2 The Board considered the risks associated with the migration of documents between systems. It received assurances that thorough testing had been undertaken and internal governance processes had been put in place to monitor the progress of the programme.
- 7.3 The Board **approved** a revised DMT Investment case.

## 8 Location & Flexible Working Update

- 8.1 The Board was briefed on the proposal to better reflect the organisation's regional presence and proposed flexible working practices.
- 8.2 The Board discussed the opportunities and risks associated with the proposed hybrid structure of working. It noted that internal governance processes and adequate support would need to be established to monitor the development and impact of the hybrid working structure.
- 8.3 The Board was supportive of clear communication accompanying the proposed working structure.

## 9 Rules and Guidance and Technical Standards to be determined

- 9.1 The Board resolved to **make** the following instruments:
- i. Individual Accountability (Miscellaneous Amendments) Instrument 2021.
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- ii. Non-Investment Insurance: Product Governance, Premium Finance, General Insurance Auto-Renewal and Home and Motor Insurance Pricing Instrument 2021.

9.2 The Board invited further discussion on the instrument, Investment Firms Prudential Regime Instrument 2021 and deferred its approval.

## **10 Monthly Reports from the Independent Panels**

10.1 The Board **noted** the reports from the Independent Panels.

## **11 Reports from Chairs of Board Committees**

11.1 The Board noted the reports from the Chairs of the Board committee listed below from the meetings held on the accompanying dates:

- i. Audit Committee: 12/04/21 and 04/05/21
- ii. Joint Audit/Risk Committee: 15/04/21
- iii. Risk Committee: 22/04/21
- iv. Remuneration Committee: 2/04/21 and 26/05/21 (verbal update)
- v. Nomination Committee: 11/05/21

## **12 Decisions of the Board**

12.1 The Board **approved** the minutes of the meeting held on 29 April 2021.

12.2 The Board **noted** the decisions taken by written procedure.

12.3 The Board **noted** the action log.

12.4 The Board reviewed and **approved** the Modern Slavery & Human Trafficking Statement for the financial year ending 31 March 2021 and approved its publication alongside the Annual Report and Accounts.

12.5 The Board **approved** the renewal of the overdraft facility with Lloyds Banking Group for a further year.

12.6 The Board **approved** the appointment of the appointment of Michael Findlay as member and Chair of the FCA Markets Practitioner Panel from 1 July 2021 to 31 May 2023.

- 12.7 The Board **approved** the proposals made to extend the terms of various members of the Regulatory Decisions Committee (RDC) and Competition Decisions Committee (CDC), as follows:
- i. Extend the terms of the following RDC members to 31 December 2022:
    - a. Tim Parkes.
    - b. Elizabeth France.
    - c. John Hull.
    - d. Kevin Brown.
    - e. Caroline Ramsey.
  - ii. Extend the terms of the following CDC members to 31 July 2022:
    - a. Malcolm Nicholson.
    - b. Robin Mason.
    - c. Philip Marsden.

### **13 Any other business**

- 13.1 There being no further business the meeting closed.

## Annex A

### Attending for all, or substantially all of the meeting:

Simon Pearce	Company Secretary
Megan Butler	Executive Director, Transformation
Toby Hall	Private Secretary, Chief Executive Office
Sheree Howard	Executive Director, Risk and Compliance Oversight (except Item 6)
Sean Martin	General Counsel
Sheldon Mills	Executive Director, Consumers and Competition.
Ian Runacres	Private Secretary to the Chair
Mark Steward	Executive Director, Enforcement and Market Oversight
Emily Shepperd	Executive Director, Authorisations

### Attending for the following items:

6	Robin Jones Pritheeva Rasaratnam Jeanette Bateman	Director, Review Implementation, Complaints & Assurance Head of Department, Independent Investigations & Assurance Manager, RCO Investigations
7	Debbie Gupta Alex Roy Kate Lloyd Kate Tuckley Emma Jones	Director, Supervision, Policy & Competition Head of Department, Consumer Distribution Manager, Policy & International Manager, Relationship Management & Strategy Head of Department, Supervision
8	Matt Brewis Robin Finer Venetia Jackson Peter Lukacs Edward Oxley	Director, Supervision, Policy & Competition Head of Department, S&C-Competition & Chief Economist Technical Specialist, GCD-Investment, Insurance & Redress Manager, S&C-Competition Economics Manager, S&C-Consumer & Distribution Policy
9	Gillian Oakley Paul Roe Ian Alderton Matt Brewis	Head of Department, Business & Technology Solutions Head of Department, SRA-Retail Banking & Payments Director, Operations Director, Supervision, Policy & Competition
10	Graeme McLean Marcus Adams Maggie Craig Vito Capobianco	Head of Department, Transformation Head of Department, Human Resources Head of Department, Communications Manager, Finance & Business Services