

## Minutes

Meeting: FCA Board

Date of Meeting: 12 December 2019

Venue: 12 Endeavour Square, London, E20 1JN

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Present:

Charles Randell (Chair)	Catherine Bradley
Andrew Bailey	Liam Coleman
Amelia Fletcher	Richard Lloyd
Alice Maynard	Nick Stace
Christopher Woolard	Sam Woods

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. The following interests in the business of the meeting were declared:
- The Company Secretary declared, in relation to item 16 (FCA Pension Plan Update), that he was a director of the Trustee of the plan.
  - The executive directors and Company Secretary, declared in relation to item 16 (FCA Pension Plan Update), where they were existing members of the plan.
- 1.2 The Board **agreed** that these did not represent a conflict of interest and proceeded to business.

### 2 Minutes of the FCA Board held on 20 and 21 November 2019

- 2.1 The Board **noted** that the minutes of the previous meeting, including the version to be published, would be circulated to the Board for approval by written procedure.

### 3 Matters arising

- 3.1 The Board **noted** the progress of matters arising from previous meetings.

### 4 Report from the Chief Executive

- 4.1 Mr Bailey **briefed** the Board on a number of topical issues.
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## 5 Q2 2019/20 Performance Report

- 5.1 The Board **discussed** the Performance Report, including the key organisational achievements and risks, the progress against Business Plan, the major projects portfolio and the people and budget summary. In particular, the Board discussed the increase in short and long-term sickness. In addition, heightened levels of stretch continued to be reported across parts of the organisation.
- 5.2 The impact of independent reviews on staff morale was also noted, and whilst these reviews were considered to be an integral part of being a regulator, the Board considered how staff could be supported and encouraged to understand that the reviews provide an opportunity to learn from experience and improve how the FCA performs its role.
- 5.3 The Board considered these issues in the context of organisational culture and the transformation programme.
- 5.4 The Board acknowledged the deep dive into capability and capacity currently underway, and agreed to revisit these issues once the results of this were available.
- 5.5 The Board was also keen to further understand the issues associated with the length of enforcement investigations and proceedings, including the impact of gathering large amounts of digital data.

## 6 Introductory Comments on 2020 Communications Strategy

- 6.1 Mr Whyte briefed the Board on the key 2020 milestones and planned Q1 communications.

## 7 Publication of Sector Views: communications approach

- 7.1 The Board **discussed** the communications approach and **agreed** that the published sector views should include as much detail as is recommended by the External Risk and Strategy Committee (ERSC). It was noted that the sector views set out the drivers and harms relevant to the external priorities for the forthcoming year.
- 7.2 The Board discussed the responsibility of firms to be aware of and respond to the issues set out in the sector views and how the impact of the sector views might be measured both within the market and amongst consumers.
- 7.3 It was noted that publication of the sector views would be coordinated within the range of communications planned for 2020 and the Board considered the engagement of relevant media.

## 8 2020/21 External Business Plan Structure

- 8.1 The Board **discussed** the proposed structure of the Business Plan and noted its alignment with the external priorities.
- 8.2 The Board considered the importance of a clear narrative linking the genesis of the priorities, the interventions and outcomes being sought and the intended impact for consumers. It was also recognised that the priorities did not represent the FCA's total activities for the year and that this should be brought out in the plan. Greater clarity on where perimeter issues existed or the relevance of the work of other regulators was also discussed.

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## **9 Regulatory Response to an Economic Downturn**

- 9.1 The Board **discussed** the proposed key messages to firms and consumers in the event of a downturn, and the accompanying package of communications.
- 9.2 Whilst traditionally firms were considered best placed to communicate with their consumers, the Board considered whether the consumer messages were clear enough.
- 9.3 The Board discussed the expectation that firms be aware of and prepared for the issues raised at all times, and that care be taken with the accompanying communications so they were not seen to imply a downturn.
- 9.4 The perimeter issues associated with Small and Medium-sized Entities (SMEs) were acknowledged and the Board was keen to understand the FCA's engagement in this area.

## **10 Board Reflections on 2020 Communications Strategy**

- 10.1 It was noted that the Communications Strategy would be discussed with the Board. The Board was keen for the Strategy to address how the suite of FCA publications could be publicised to best effect and made more publicly accessible.

## **11 PSR Annual Plan & Budget 2020/12**

- 11.1 The Board **received** and reviewed the preliminary annual plan & budget of the Payment Systems Regulator.

## **12 Report from the Prudential Regulation Authority (PRA)**

- 12.1 Mr Woods **briefed** the Board on the business of the PRA that was of relevance to the FCA.

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

- 13.1 The Board was **briefed**, by the respective committee chairs, on the business conducted at the meetings of the Oversight Committee that took place on 12 November 2019 and the Audit Committee that took place on 4 December 2019.

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

- 14.1 The Board **discussed** the reports from the Smaller Business Practitioner Panel and the Consumer Panel.

## **15 FCA Pension Plan Update**

- 15.1 The Board **considered** various matters relating to the FCA Pension Plan. It noted that the Plan Final Salary funding was tracking ahead of its long-term objective.
- 15.2 The Board **agreed**:
- i. in relation to the triennial actuarial valuation, that the deficit contributions should be maintained at the current rate of £30m per annum; and
  - ii. to enable members to transfer part of their final salary benefit out of the Plan.

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## 16 Consumer Helpline

- 16.1 The Board was **briefed** on the broadening range of issues being dealt with by the Consumer Hub and noted the rising emotional temperature of some of the calls it received.
- 16.2 The Board considered whether more could be done to clarify the FCA's role or signpost to the relevant regulators or agencies where appropriate. The Board also discussed whether there was the opportunity for greater transparency around the action being taken in relation to consumer issues.
- 16.3 The Consumer Helpline's understanding of consumers' concerns was recognised and the Board considered how this expertise could be made available across the organisation.
- 16.4 The increasing incidence and intensity of consumer frustration and aggression was acknowledged with concern and the Board reiterated its commitment to ensuring that Consumer Helpline personnel received the necessary protection and support.

## 17 Rules and Guidance

- 17.1 The Board **resolved** to make the following instruments:
- a) Conduct of Business Sourcebook (Platform Switching) Instrument 2019
  - c) Alternative Investment Fund Managers Directive (Miscellaneous Amendments) Instrument 2019
  - d) Listings Rules and Disclosure Guidance and Transparency Rules (Miscellaneous Amendments No 2) Instrument 2019
  - e) Fees (Office for Professional Body Anti-Money Laundering Supervision) (No 3) Instrument 2019
  - f) Conduct of Business Sourcebook (Independent Governance Committees) Instrument 2019.
- 17.2 The Board **approved in principle** the making of the following instrument and **agreed** that it be made at a future date by way of written resolution:
- a) Fees (Cryptoasset Business) Instrument 2020.

## 18 Decisions of the Board

- 18.1 The Board **approved** the proposed FSCS management expenses levy limit (MELL) for 2020/21 and to consult on the MELL jointly with the PRA.
- 18.2 The Board **approved** the draft budget of the Financial Ombudsman Service (FOS) ahead of consultation, as recommended by the Oversight Committee.
- 18.3 The Board **approved** that the FOS should continue to be approved as an Alternative Dispute Resolution (ADR) entity under the ADR Regulations, as recommended by the Oversight Committee.
- 18.4 The Board **approved** the extension of the term of Antony Townsend as Complaints Commissioner for six months, from 1 May 2020 until 31 October 2020, subject to approval by the PRA and HM Treasury.

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**19 Any other Business**

19.1 There being no further business, the meeting closed.

**Charles Randell**  
Chairman

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## ANNEX A: Attendees

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

Megan Butler	Director, Supervision – Inv., Wholesale and Specialist
Jonathan Davidson	Director, Supervision – Retail and Authorisations
Nausicaa Delfas	Director, International
Sheree Howard	Director, Risk and Compliance Oversight
Sean Martin	General Counsel
Georgina Philippou	Chief Operating Officer
Simon Pearce	Company Secretary
Mark Steward	Director, Enforcement and Market Oversight ( <i>not item 15</i> )

### Attending for the following items:

5	Vito Capobianco Peter Liddiard	Manager, Operations Manager, RCO
6	Andrew Whyte	Director, Communications
7	Andrew Whyte Jonathan Pearson	Director, Communications Manager, Retail Sector Views
8	Andrew Whyte Katie Fisher Stephen Humphreys Helen White	Director, Communications Interim Director, Strategy Head of Department, Corporate Communications Manager, Strategy and Analysis
9	Andrew Whyte Jonathan Pearson	Director, Communications Manager, Retail Sector Views
10	Andrew Whyte	Director, Communications
11	Louise Buckley	Head of Department, PSR
15	Keren Oser Kate Maloney Mike Lord	Head of Department, Finance Manager, Pension Plan Trustee Willis Towers Watson
16	Sarah Rapson Chris Jell Jo-Anne Ruggieri	Director, Authorisations Head of Department, Supervision Hub Manager, Supervision Hub