

## Minutes

Meeting: FCA Board

Date of Meeting: 25 March 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 No interests were declared in the items to be discussed.

### 2 Report from the Chief Executive

- 2.1 Mr Rathi briefed the Board on a number of topical issues, including:
  - i. Recommendations from HM Treasury: A letter had been received from the Chancellor setting out HM Treasury's most recent recommendations about the aspects of the economic policy of the government to which the FCA should have regard when considering how to act in a way which is compatible with its strategic objective and advancing its operational objectives. This included reference to the government's aim to deliver a financial system which supports and enables a net-zero economy.
  - ii. COVID-19 Pandemic: An update on the impact of COVID-19 on staff wellbeing and operational performance.
  - iii. Access to Cash: An update on the continued work with members of the regulatory family on strategy to mitigate the challenges faced by consumers in relation to access to cash, and alignment with objectives on 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.
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#### 4 Board Effectiveness

- 4.1 The Board was briefed on the steps being taken to engage an external firm to carry out the 2020/21 board evaluation and interactions that may be expected from the process.

#### 5 FCA fees 2021/22

- 5.1 The Board was presented with the proposals for the 2021/22 FCA periodic fees and the continuation of the COVID-19 concessions for small and medium size firms. The Board considered the proposals in the context of cost changes across the wider regulatory family and the economic outlook for the financial sector. The Board discussed the balance between easing this burden and ensuring that the FCA had adequate resources to deliver on its business plan.
- 5.2 The Board gave its steer on the overarching structure of the annual fee consultation paper and noted the need for clear communication on the changes to the annual funding requirement.
- 5.3 The Board discussed the extent to which the FCA's work had grown as a result of new regulatory responsibilities which necessitated the set-up of new projects and additional scope change with regards to existing regulatory activities.
- 5.4 The Board **approved** the following for consultation:
1. 2021/22 FCA periodic fees based on variable periodic fees which are aligned to the 4.5% increase in the annual funding requirement (AFR), other than as modified for fee-block allocations by exception relating to:
    - a. Rebasing of ongoing regulatory activities (ORA) covering – ORA new regulatory responsibilities, Principal firms' appointed representatives fee, consumer credit revised minimum fees and Money Laundering Regulations (MLRs) revised flat periodic fee.
    - b. Scope change, EU Withdrawal, transformation programme, consumer harm campaign costs and the business interruption (BI) insurance special fee.
  2. Proposed Covid-19 concessions:
    - a. Not to increase minimum fees by the 2% increase in the 2021/22 ORA baseline budget (other than for consumer credit minimum fees).
    - b. Extend the payment terms for 2021/22 fees and levies by two months to 90 days to help medium and smaller firms.
  3. Increase flat periodic fees by 2% reflecting the increase in the ORA baseline budget for 2021/22 (other than the MLR flat fee).
- 5.5 The Board **noted** the costs associated with the Financial Services Compensation Scheme compensation cost levy for 2021/22.

#### 6 Duty of Care and potential alternative approaches

- 6.1 The Board was briefed on the proposed consultation on a proposed Duty of Care and potential alternative approaches.
- 6.2 The Board **approved** the proposal to consult on the proposals, subject to revision of the consultation paper in response to the Board's comments prior to publication.
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## 7 Special Purpose Acquisition Companies (SPACs)

- 7.1 The Board was briefed on Lord Hill's UK Listing Review and the recommendation that FCA listing rules be amended to remove key disincentives for larger special purpose acquisition companies (SPACs) to list in the UK.
- 7.2 The Board questioned the shorter than customary consultation period. However, it was noted that the report by Lord Hill had included thorough consultation and therefore a shorter consultation period would be acceptable.
- 7.3 The Board **approved** the proposal to consult on an amendment to the FCA's listing rules and guidance intended to reduce barriers to UK listings for a new model of SPACs, subject to a SPAC providing sufficient disclosure and having key features that mitigate risks to market integrity and investors.

## 8 LCF complaints

- 8.1 The Board received an update on consideration of LCF complaints and progress in engaging with the Office of the Complaints Commissioner.

## 9 BTS Bi-Annual (FY2020-21) update

- 9.1 The Board was briefed on the progress made by Business & Technology Solutions (BTS) over the past 12 months including a new concept to categorise activities.
- 9.2 The Board discussed key programmes and how upcoming digital initiatives aligned with the transformation agenda. In particular, the processes associated with the timely exit of the Data Centre and migration from legacy systems and products to new management systems and solutions were considered.
- 9.3 The Board was **supportive** of the new approach to categorising and prioritising the BTS portfolio.

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

- 10.1 The Board **resolved** to make a direction on the Annual Financial Crime Reporting Requirements for Cryptoasset Businesses Registered Under the Money Laundering Regulations
- 10.2 The Board **resolved** to make a note on the List of proposed non-legal clarifications in the Handbook.
- 10.3 The Board **resolved** to make the following instruments:
  - i. Exiting the European Union: Gibraltar (Fees) Instrument 2021 (FCA 2021/8) (FOS 2021/2)
  - ii. Fees (Cryptoasset Business) (Periodic Fees) Instrument 2021 (FCA 2021/9)
  - iii. Fees (Multilateral Trading Facilities and Organised Trading Facilities Fees Amendments) Instrument 2021 (FCA 2021/10)

- iv. Financial Services Compensation Scheme (Management Expenses Levy Limit 2021/22) Instrument 2021 (FCA 2021/11)
- v. Financial Services Compensation Scheme (Appointed Representatives) Instrument 2021 (FCA 2021/12)
- vi. Supervision Manual (Financial Crime Report) (Amendment No 2) Instrument 2021 (FCA 2021/13)
- vii. Operational Resilience Instrument 2021 (FCA 2021/14)

## **11 Decisions of the Board**

- 11.1 The Board **agreed to approve** the minutes of the meeting held on 25 February 2021 by written procedure.
  - 11.2 The Board **noted** the action log.
  - 11.3 The Board **approved** the appointment of Amanda Blanc as a member of the FCA Practitioner Panel from 1 April 2021 to 31 March 2024.
  - 11.4 The Board **approved** the appointment of Alasdair Haynes as a member of the FCA Practitioner Panel from 29 March 2021 to 31 March 2024.
  - 11.5 The Board **approved** the re-appointment of Suvro Dutta as a member of the FCA Markets Practitioner Panel and his appointment as a member of the FCA Practitioner Panel from 1 April 2021 to 31 March 2024.
  - 11.6 The Board **approved** the appointment of Peter Harrison as a member of FCA Markets Practitioner Panel from 1 April 2021 to 31 March 2024.
  - 11.7 The Board **approved** the re-appointment of Ursula Newton as a member of the Listing Authority Advisory Panel from 1 April 2021 to 31 March 2024.
  - 11.8 The Board **approved** the preliminary accounting judgements and disclosures relevant to the FCA's consolidated financial statements for the year ending 31 March 2021, including:
    - i. the Pension Plan IAS 19 assumptions based on 31 December 2020 market conditions.
    - ii. the FCA's intention to continue to guarantee the Complaints Commissioner (OCC) funding.
    - iii. amendment to the Delegation of Financial Authority to include CEO approval for contracts >£5m and <£10m as part of the 'Procurement contract approval threshold'.
    - iv. the Annual Asset Useful Life & Impairment Review as of 30 September 2020.
  - 11.9 The Board also **noted**:
    - i. Right of Use asset, liability and dilapidation provision judgements for the Quayside House, Edinburgh office 2020/21.
    - ii. Provisions and contingent liabilities disclosures proposed relating to the mutually agreed resignation scheme (MARS), the Independent Reviews, TUPE provisions and Onerous Contracts.
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- iii. HM Treasury Draft Accounts Direction - 2020/21.
- iv. Expected Accumulated Surplus - 31 March 2021.
- v. Progress of the 2020/21 ARA preparation and status of the NAO's audit.

- 11.10 The Board **approved** the budget of the Financial Ombudsman Service (FOS) for 2021/22 and **approved** the instrument FOS 2021/X amending scheme rules (case fees for the Compulsory Jurisdiction) and varying standard terms (case fees and annual levy for the Voluntary Jurisdiction).
- 11.11 The Board **approved** the appointment of Ruth Leak and Jacob Abboud as non-executive directors of the FOS for three-year terms commencing on 1 April 2021.

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

- 12.1 The Board **noted** the reports from the Independent Panels.

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

- 13.1 The Board discussed the reports from the Chairs of the Audit, Oversight and Risk Committees.

## **14 AOB**

- 14.1 There being no further business the meeting closed.

## Annex A

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

Andrea Bowe	Chief of Staff and Joint Director of Transformation
Megan Butler	Executive Director, Transformation
David Cross	Private Secretary, Chief Executive Office
Nausicaa Delfas	Executive Director, International
Sheree Howard	Executive Director, Risk and Compliance Oversight
Sean Martin	General Counsel
Sheldon Mills	Executive Director, Consumers and Competition.
Simon Pearce	Company Secretary
Ian Runacres	Private Secretary to the Chair
Mark Steward	Executive Director, Enforcement and Market Oversight
Andrew Whyte	Director, Communications

### Attending for the following items:

5	David Godfrey Mark Hunnable Mark Threipland Keren Oser	Director, Finance Manager, Finance, Revenue Head of Department, GCD Investment, Insurance & Redress Head of Department, Finance
6	Nisha Arora Gareth Thomas John Dyson Robin Finer	Director, Consumer & Retail Policy Manager, Wholesale & Investments Competition Manager, GCD Investment, Insurance & Redress Head of Department, Retail Competition
7	Edwin Schooling-Latter Clare Cole Helen Boyd Adam Wreglesworth	Director, Markets Policy Director, Enforcement, Primary Market Oversight Manager, Markets Policy Technical Specialist, Capital Markets Policy
8	Robin Jones Pritheeva Rasaratnam Andy Clarke Martin Boffey	Director, Review Implementation, Complaints & Assurance Head of Department, Independent Investigations & Assurance Interim Head of Department, Complaints Head of Department, GCD, International & Governance
9	Ian Alderton Andy Cobbett Rob May	Director, BTS Divisional Operations Head of Department, CISO Manager, BTS Divisional Operations

\*Relevant associates and professional business support staff were also in attendance.