

Minutes

Meeting:	FCA Board
Date of Meeting:	31 October 2024
Start time:	09:15
Venue:	Meeting held in Boardroom and via Microsoft Teams

Members Present:	Ashley Alder (Chair) Aidene Walsh Alice Maynard Bernadette Conroy Bryan Zhang	Liam Coleman Nikhil Rathi Richard Lloyd Sam Woods Sophie Hutcherson
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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 No interests were declared in the items to be discussed.

Minutes of previous meeting

- 1.2 The Board approved the minutes of the meeting held on 3 October 2024.

Action Log

- 1.3 The Board noted the action log and approved the closure of completed actions.
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2 Reports

Policy and Rules Committee

- 2.1 The Board noted the report from the Chair of the Policy and Rules Committee (PaRCo) meeting held on 10 October. The committee had:
- i. received an update on final policy recommendations for pensions dashboards, which it supported, and information around the wider work on pensions including targeted support and the Advice Guidance Boundary Review.
 - ii. noted a paper on incident reporting and outsourcing and third-party reporting.
 - iii. received an update on a proposed Bond and Derivative market transparency policy statement, which supports the FCA Secondary international competitiveness and growth objective, simplifying processes and reducing costs. The committee agreed to recommend this to the Board for approval.
 - iv. received an update on the policy consultation of the Private Intermittent Securities and Capital Exchange System (PISCES). The committee noted the importance of ensuring investors were clear they were in a sandbox environment. PaRCo agreed with the Executive Regulation and Policy Committee's decision to approve the proposals.
 - v. discussed an Artificial Intelligence (AI) policy update including communications around technology, the competitiveness objective lens and how AI could support this. PaRCo agreed with an agnostic approach and supported the work being done on readiness ahead of further steers from the government.
 - vi. held a discussion with the CEO of the Digital Regulation Co-Operation Forum (DRCF) on its workplans, including Digital ID, the DRCF's membership and remaining agile. PaRCo noted the importance of the FCA considering the DRCF as an enabler in the delivery of our future strategy.

PRA

- 2.2 Mr Woods briefed the Board on the business of the PRA that was of relevance to the FCA, including an update following the Autumn Budget and reflections
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on progress and prioritisation of activity against the secondary international growth and competitiveness objective. Mr Woods also provided a brief update on the implementation of the Basel 3.1 standard.

CEO Report

2.3 Mr Rathi briefed the Board on a number of topical issues, including:

- i. A recent visit to the USA and reflections on US and global financial policy.
- ii. An update on ongoing engagement on proposals to apply a public interest test when deciding whether to name publicly the subjects of an enforcement investigation.

Regulatory Decisions Committee Annual Report

2.4 The Board noted the report from the Chair of the Regulatory Decisions Committee (RDC). It was the last report delivered by Mr Parkes who had served as Chair of the RDC for 9 years. The Board commended Mr Parkes on his service and sought his reflections on his time in office, including effective working with the Enforcement Division, external sharing of lessons learned back into the organisation and the importance of communication to give insights into the FCA's processes and how the RDC fits in.

3 Decisions of the Board

Rules, Guidance and Technical Standards to be published

Rules and guidance to be determined

3.1 The Board resolved to make the following instruments:

- i. Long-Term Investment Fund (Amendment) Instrument 2024 (FCA 2024/37) to remove all references to 'LTIFs', 'the LTIF Regulation' and 'EEA LTIF' from the Handbook, following the repeal of the LTIF Regulation.
- ii. Markets in Financial Instruments (Non-Equity Transparency Rules) Instrument 2024 (FCA 2024/38) and Markets in Financial Instruments (Non-Equity Transparency Technical Standards) Instrument 2024 (FCA 2024/39), as recommended to the Board by Policy and Rules Committee. These rule changes will simplify and improve a transparency regime

inherited from the EU, and will improve market integrity and competition. A proportionate approach will also support the FCA's secondary growth and competitiveness objective.

- iii. Critical Third Parties Statement of Policy Relating to Disciplinary Measures Instrument 2024 (FCA 2024/40) and Critical Third Parties Instrument 2024 (FCA 2024/41), which together give effect to the Critical Third Parties (CTP) Oversight Regime. The oversight regime for CTPs will apply to certain third parties designated by HM Treasury that provide services to the financial sector, where a failure in, or disruption to, those services could threaten the stability of, or confidence in, the UK financial system. This new proportionate regulatory regime will be jointly operated by the FCA, the Bank of England and the Prudential Regulatory Authority, and the FCA's instruments are substantively identical to those made by the other regulators. CTPs, once designated by HM Treasury, will need to comply with a set of fundamental rules as well as eight operational risk and resilience requirements, including, for example, supply chain risk management and incident reporting requirements. These will generally apply only in relation to the 'systemic third-party services' they provide to authorised persons, relevant service providers and financial market infrastructure ("firms and FMIs"). Firms and FMIs will continue to be accountable for managing risks to their operational resilience and will remain so under the new regime. The framework will therefore complement and not replace the individual responsibilities of firms and FMIs.
- iv. Technical Standards (Credit Rating Agencies Regulation) (Amendment) Instrument 2024 (FCA 2024/43), to make a consequential amendment to the UK on shored version of (BTS 2015/2). These are the regulatory technical standards for the presentation of the information that credit rating agencies make available to the FCA. Specifically, the amendment will update the cross-reference to the definition of 'securitisation' to reflect the definition in the Securitisation Regulations 2024 and will not result in any substantive change for firms in practice.
- v. Handbook Administration (No 71) Instrument 2024 (FCA 2024/44), to make minor amendments which correct or clarify existing provisions to the FCA Handbook that have already been reviewed and consulted on previously.

- 3.2 The FCA Board also resolved to make the following instrument, with the exception of annex G (Amendments to the Dispute Resolution: Complaints sourcebook (DISP)) which it consented to the Financial Ombudsman Service making:

- i. Pensions Dashboard Service Instrument 2024 (FCA 2024/42), for the Pensions Dashboard Service to become a platform where consumers can confidently and positively engage with their pensions and can be safely supported in retirement planning, without becoming a target for scams or cross-selling.

Finance Report

Finance Report - update on financial position and business planning approach

- 3.3 The Board reviewed the 2024/25 full year forecast which shows a £32m saving vs the budget. It heard that the underspend is expected to increase ORA reserves to 10% with a closing balance of £76m forecast for 2024/25. The Board noted that this is c.£30m above the 6% minimum target for reserves (6-10% of the ORA budget being the Board approved range).
- 3.4 A run rate analysis showed a significant increase in spend in the second half of the year is required to meet the full year forecast, particularly in divisional non staff costs and the Change Portfolio.
- 3.5 In terms of Budget planning for 2025/26 the Board heard that the Executive Committee had approved an incremental approach, meaning the starting position will be based on the 2024/25 budget with changes to be incorporated as directed by the Executive Committee.
- 3.6 The Board stressed the importance of ensuring that budget decisions and strategic planning decisions be brought to the Board in a co-ordinated and timely manner.
- 3.7 The Board noted fees policy proposals.

Other decisions

Money and Pension service - approval of the standards and FCA statutory review

- 3.8 In exercising its statutory functions under the Financial Guidance and Claims Act to review once every 3 years how the Money and Pensions Service (MaPS) monitors and enforces its standards and to consider whether they remain appropriate, the Board considered and agreed the conclusions of the 2024 review, approved the report and agreed that the standards remain appropriate, subject to proposals in the review and report. The Board agreed

that the report should be provided to MaPS and the Secretary of State for Work and Pensions.

4 Items for noting

Perimeter Report Update

- 4.1 The Board reviewed the Perimeter Report update and noted the use of the report to comment on any legislative areas where changes may support the FCA's secondary objective. The Board gave its support ahead of publication.

Reflection on agenda items

- 4.2 This item was not discussed.

5 Independent Panels Report

Independent Panels Reports and discussion ahead of lunch with Panels chairs

- 5.1 The Board noted the reports from the independent panels and on closing the Board meeting welcomed the Chairs of the independent panels for a working lunch.

There being no further business the meeting closed.

Annex A: Attendees, presenters and observers

In attendance:

Emily Shepperd – Executive Director, Chief Operating Officer
 Sheree Howard – Executive Director, Authorisations
 Stephen Braviner Roman – Executive Director, Corporate Governance, Legal and Risk & Compliance Oversight
 Therese Chambers – Executive Director, Enforcement and Market Oversight
 Toby Hall – Director, Company Secretary
 Christopher Garman – Manager, Chief Executive Office
 Katie Ellis – Manager, Private Secretary, Chairs Office

Presenters and observers:

Item 1 - Standing Items/ General Business	No attendees
Item 2 – Reports	<p>CEO Report: Helen Bower-Easton – Director</p> <p>RDC Report: Tim Parkes – RDC Chair Mark Roberts - Manager</p>
Item 3 - Decisions of the Board	<p>Money and Pension service - approval of the standards and FCA statutory review:</p> <p>George Brewer - Manager Joanna Legg – Head of Department</p>
Item 4 - Items for Noting	No attendees

Other relevant associates were also in attendance.