

# Financial Reporting Council

Summary minutes of a meeting of the Board of Directors of the Company  
held on 8 December 2009 at 71 -91 Aldwych, London, WC2B 4HN

PRESENT:	Sir Christopher Hogg	Chair
	Baroness Sarah Hogg	Deputy Chair
	Stephen Haddrill	Director & Chief Executive
	Eric Anstee	Non-executive Director
	Peter Chambers	Non-executive Director
	Sir Michael Rake	Non-executive Director (for Items 2-10)
	Sir Steve Robson	Non-executive Director
	Lindsay Tomlinson	Non-executive Director
	Richard Fleck	Chair APB
	Bill Knight	Chair FRRP
	Ian Mackintosh	Chair ASB
	Dame Barbara Mills	Chair POB
	Timothy Walker	Chair AADB
IN ATTENDANCE:	Anne McArthur	Secretary
	Roger Nicklen	Note Taker
	Cameron Scott	AADB Executive Counsel (for Item 5)
	Anthony Snow	Chief Operating Officer (for Item 7)
	Ian Wright	Director of Corporate Governance (for Item 6)

Apologies for absence were received from Rudy Markham, Sir John Sunderland and Jim Sutcliffe

The Chairman welcomed Stephen Haddrill to his first meeting as Chief Executive. The Chairman also welcomed the announcement that Baroness Sarah Hogg was to succeed him as Chairman.

## 1 MINUTES

- 1.1 The Board approved the minutes of the meeting held on 6 October 2009 and approved the summary minutes for publication.
- 1.2 The Board noted the summary of action required and progress.

## 2 CHIEF EXECUTIVE'S REPORT

The Board considered reports from the Chief Executive and from operating body Chairs, discussed a number of issues arising from the reports and agreed to add the following to future Board agendas:

- the financial reporting model and disclosures
- APB views in relation to the provision of non-audit services to audit clients
- the criteria for AADB consideration of cases
- the FRC's approach to Europe
- initial POB views on the supervision of 3<sup>rd</sup> country auditors

- the consequences of Solvency II for pensions
- the ASB and BAS approaches to measuring pension liabilities

### **3 CHAIRMAN'S REMARKS - FRC BOARD EVALUATION**

The Chairman reported briefly on the results of the Board evaluation exercise and summarised the conclusions reached.

### **4 CORPORATE GOVERNANCE**

- 4.1 The Board noted publication of the report on the review of the Combined Code and the request that the FRC should sponsor the investors' stewardship code.
- 4.2 The Board was briefed on the discussions at the recent EU Corporate Governance conference and noted continuing Commission support for the 'comply or explain' regime that was accompanied by a strong feeling that if 'comply or explain' was seen not to be working well enough the only alternative was monitoring by regulators.
- 4.3 The Board discussed the need to ensure the case for 'comply or explain' continued to be advanced as the Commission moved ahead with its proposals on remuneration.

### **5 FRC OVERSIGHT OF FINANCIAL RISKS ARISING FROM THE ACTIVITIES OF THE AADB**

- 5.1 The Board considered proposals for the oversight of the financial risks arising from the activities of the Accounting and Actuarial Discipline Board (AADB) which included processes to minimise the risk of an award of costs against the AADB and arrangements for keeping the Board informed.
- 5.2 The Board:
- a. approved the proposals,
  - b. approved the plans for starting to building up a reserve, and
  - c. noted the intention to bring back to the Board proposals for putting the funding of costs onto a securer footing.

### **6 CONSERVATIVE PARTY PROPOSALS FOR FINANCIAL REGULATION REFORM**

- 6.1 The Board considered the basis on which the FRC should continue its dialogue with the Conservative Party on its proposals for reform of financial regulation.
- 6.2 The Board agreed that the dialogue should continue on the basis of what changes in financial regulation were required in the public interest and how the FRC could contribute to achieving a more effective UK voice internationally and to a joined-up approach to the protection and regulation of UK equity markets.
- 6.3 The Board also agreed that an analysis of strengths and weakness of the present regulatory arrangements should be developed as the basis for making a case for change regardless of who won the next General Election.

**7 DRAFT PLAN 2010/11**

The Board considered and approved publication of the draft Plan for consultation.

**8 ITEMS TO NOTE**

The Board noted:

- a. Minutes of the Audit Committee 06.10.09,
- b. Minutes of the Executive Committee 20.10.2009 & 24.11.09,
- c. Minutes of the Corporate Governance Committee 27.10.09, and
- d. Outline Board Calendar 2010.

**9 RESOLUTIONS**

The Board confirmed its resolutions agreed by email, namely:

- a. On appointment of Baroness Hogg as FRC Chair on 1 May 2010, her annual remuneration would be £120,000 for an anticipated time commitment of 2 days a week (with a review after 6 months if that anticipation proves incorrect); and
- b. Stephen Haddrill, Sir Christopher Hogg, Anthony Snow, David Loweth and David Andrews would be the authorised signatories of the FRC's account(s) with The Standard Chartered Bank.

**10 NEXT MEETING**

Wednesday, 3 February 2010 at 8.30 a.m.