

Financial Reporting Council

Minutes of a meeting of the Board of Directors of the Company
held on 1 March 2012 at Aldwych House, 71-91 Aldwych, London WC2B 4HN

PRESENT:	Baroness Hogg	Chair
	Glen Moreno	Deputy Chair
	Stephen Haddrill	Director & Chief Executive
	Peter Chambers	Non-executive Director
	Elizabeth Corley	Non-executive Director
	Nick Land	Non-executive Director
	Rudy Markham	Non-executive Director
	Sir Steve Robson	Non-executive Director
	Keith Skeoch	Non-executive Director
	Timothy Walker	Chair AADB
ATTENDING BY PHONE:		
	Richard Fleck	Chair APB
	Roger Marshall	Interim Chair ASB
	Jim Sutcliffe	Chair BAS
IN ATTENDANCE:	Anne McArthur	Secretary
	Marek Grabowski	Executive Director APB
	David Andrews	Policy & Planning (Item 1)
	Chris Hodge	Head of Corporate Governance (Item 5)

Apologies were received from Bill Knight and John Kellas.

The Chairman, on her own and the Board's behalf, thanked Bill Knight for his Chairmanship of the FRRP and his contribution to the success of the FRRP and the work of the FRC.

The Chairman welcomed Keith Skeoch to the FRC.

1 FRC REFORM UPDATE

1.1 Mr Haddrill introduced the paper, explaining the anticipated timetable and confirming that he and the Chairman would meet with the Minister, Norman Lamb the following week. The Board discussed the engagement with stakeholders following the close of the consultation and noted that the more detailed proposals set out in the FRC Reform document addressed the concerns raised during the consultation.

1.2 The Board agreed that changes to the FRC structure in accordance with the existing legal framework should be made following any Ministerial statement and in preparation for full implementation in either July or October. These changes included the establishment of the Codes and Standards and Conduct

Committees as Board committees at the end of March, to be chaired respectively by Mr Sutcliffe and Mr Fleck. The responsibilities of the respective Committees would include overseeing the development of the terms of reference of the Committees, Councils and sub-Committees and the procedures relevant to the FRC activities within their remit both before and after the effective date of reforms. In particular, the Conduct Committee was being established to assume the functions of the Secretary of State currently exercised by the FRRP.

2 APPOINTMENTS

- 2.1 The Chairman introduced the paper and provided an update on the meeting of the Nominations Committee which had taken place immediately prior to the Board meeting.
- 2.2 The Board noted the various recommendations of the Nominations Committee and agreed:

- the appointment of Gay Huey Evans as a Director of the FRC;
- the appointments to the Board of Paul George as Executive Director of Conduct and Melanie McLaren as Executive Director of Codes and Standards on the effective date of reform;
- the appointment of Jim Sutcliffe as Chair of the Codes and Standards Committee with effect from 1 April 2012;
- the appointment of Richard Fleck as Chair of the Conduct Committee from 1 April to 31 December 2012;
- the appointment of Roger Marshall as Chair of the Accountancy Council (his FRC Directorship would continue) with effect from the date of reform. It was noted that pending that date Mr Marshall would continue as Chair of the ASB;
- the appointment of Olivia Dickson as Chair of the Actuarial Council and as a Director of the FRC with effect on the date of the reform;
- the reappointment of Timothy Walker as Chair of the AADB and as a Director of the FRC from 28 May to 31 December 2012 or to the effective date of reform if earlier;
- the appointment of Richard Fleck as Chair of the FRRP from 1 April to 31 December 2012 or to the effective date of reform if earlier;
- the appointment of Nick Land as Chair of the APB with effect from 1 April and as the Chair of the Audit and Assurance Council on the effective date of reform (his FRC directorship would continue).

Mr Sutcliffe, Mr Land, Mr Fleck, Mr Walker and Mr Marshall withdrew from the meeting when their respective appointments were considered by the Board.

3 CODES & STANDARDS COMMITTEE FORWARD AGENDA

- 3.1 Mr Sutcliffe presented the forward agenda confirming that he would be discussing the detail with individual Board members over the next few months in order to develop the agenda.

3.2 The Board discussed the agenda and noted that it should be strategic and focussed on wide, high impact issues.

4 APRIL BOARD MEETING - DRAFT TIMETABLE

4.1 The Board noted the draft timetable.

5 ANY OTHER BUSINESS

Corporate Governance Committee

5.1 Mr Moreno reported on the meeting of the Corporate Governance Committee on 29 February 2012.

5.2 The Board accepted the recommendation of the Corporate Governance Committee that consultation on whether changes should be made to the Corporate Governance Code in relation to remuneration should be deferred until the legislation to be introduced by BIS had been agreed by Parliament.

5.3 The Board also agreed that other changes to the Code should be kept to a minimum and limited to those matters that had already been announced or highlighted in the report on the implementation of the Corporate Governance and Stewardship Codes. It should be made clear that the consultation was seeking views on the wording and implementation of these changes, not on the underlying policy. In particular, views should be sought on the transitional arrangements needed to give effect to the 'comply or explain' requirement that FTSE 350 companies should put the external audit contract out to tender at least every ten years.

5.4 With those provisos, the Board confirmed the previously agreed timetable that consultation on changes to both codes should take place in time for revised versions to take effect from October 2012.

Amendment to the FRC's Articles of Association

5.5 The Board agreed to put to the Members of the Company proposed amendments to the Articles of Association to allow for the appointment of a Chair of an operating body to another operating body.

AADB costs risk

5.6 Mr Haddrill reported on the challenges to two notices to provide evidence served by the AADB and the risks associated with resisting those challenges. The Board approved proceeding as reported and noted the need to review the level of the FRC's reserves.

6 NEXT MEETING

Thursday, 26 April 2012 in Brussels at a time to be confirmed.

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Baroness Hogg