FINANCIAL CONDUCT AUTHORITY

Consultation Paper

CP26/41**

Regulatory fees and levies: policy proposals for 2027/28

November 2026

Contents

Chapter 1 Summary . . . . . Page 3

Chapter 2 Proposed changes to the Fees Manual . . . . . Page 5

Chapter 3 FEES 5 (Financial Ombudsman Service) . . . . . Page 9

Chapter 4 Joint FCA, PRA and Bank of England discussion chapter on Critical Third Parties . . . . . Page 12

Chapter 5 How to respond . . . . . Page 16

Annex 1 Questions in this paper . . . . . Page 17

Annex 2 Compatibility statement . . . . . Page 19

Annex 3 Acronyms in this document . . . . . Page 25

Appendix 1 Draft Handbook text

All our publications are available to download from www.fca.org.uk.

Request an alternative format

Please complete this form if you require this content in an alternative format.
Or call 0207 066 1000

Sign up for our **news and publications alerts**

See all our latest press releases, consultations and speeches.

Chapter 1

Summary

Why we are consulting

1.1 We are funded by fees from the firms we regulate. These include application fees for authorisation or registration and periodic (annual) fees to recover our yearly running costs. We also collect fees to fund other bodies, including the Prudential Regulation Authority (PRA), and levies such as the Economic Crime Levy, which was introduced by the Treasury to tackle economic crime.

1.2 Each autumn, we consult on proposals to update our fees policy where we consider whether our existing approach needs revising or if new regulatory responsibilities require a new approach. This gives affected firms a chance to understand the impact and provide feedback before we finalise our approach.

1.3 Further information on the organisations we collect for and our annual fees cycle can be found on our website.

What this consultation covers

1.4 In chapter 2, we propose introducing a number of changes to the Fees Manual:

- setting the annual fee for environmental, social and governance (ESG) rating providers to ensure they contribute to the costs of their ongoing regulation, with these costs shared equitably between smaller and larger ESG providers
- creating a single application fee for payment institutions (PI) and electronic money institutions (EMI) applying for registration alongside cryptoasset authorisation to align with our existing approach, reduce barriers to entry and ensure firms contribute proportionately to application processing costs
- quarterly pro-rating for firms cancelling their permission to provide a fairer approach
- minor amendments to the Fees Manual for accuracy and clarity

1.5 In chapter 3, we propose a new tariff base and reporting requirement under FEES 5 for deposit acceptor firms in industry block I001. These changes would support a fairer contribution of Financial Ombudsman Service levy costs relating to eligible non-consumer complaints.

1.6 Chapter 4 is a discussion chapter, published jointly with the PRA and the Bank of England, seeking views on our developing approach to recovering oversight costs from Critical Third Parties (CTPs). Our aim is to develop a sustainable and proportionate funding model. Alongside feedback on our approach, we are requesting specific income data from CTPs to help inform the model. This discussion chapter is relevant to FCA, Financial Market Infrastructures (FMI) and PRA fee-payers (in particular sections 4.8-4.11 on our charging principles), current CTPs and other third party providers who may consider themselves as likely candidates for CTP designation.

Payment Systems Regulator (PSR) update

1.7 In April 2026, the Government published its responses to its consultation on the consolidation of the PSR with the FCA. We are working closely with the Treasury to support the development of legislation and prepare for a streamlined regulatory framework once the changes come into force. We will provide an update on our approach to PSR fees as part of our Spring 2027 consultation on fee rates.

Chapter 2

Proposed changes to the Fees Manual

2.1 In this chapter we set out our proposals for:

- environmental, social and governance (ESG) rating providers' annual fee
- application fees for Payment Institutions (PIs) and Electronic Money Institution (EMIs) seeking authorisation for cryptoasset activities
- pro-rating fees
- minor amendments to the Fees manual (FEES)

ESG rating providers' annual fee

(FEES 4 Annex 1A, FEES Annex 2A, FEES Annex 11A, FEES Annex 13)

2.2 ESG ratings play a significant role in decision-making for many institutional investors. ESG rating providers assess the ESG characteristics of organisations, products and other rated items.

2.3 From 29 June 2028, ESG rating providers in scope of our new regime (PS26/22) will need FCA authorisation to carry out ESG ratings activity in the UK. Firms seeking authorisation will be able to apply from 24 June 2027, when the FCA opens its application window. A two-tier application fee structure will apply during the twelve-month application window, after this period all applicants will pay the same fee. Our final rules on application fees are set out in PS26/22.

2.4 Once authorised, ESG rating providers will pay annual fees towards the costs of their ongoing regulation. We recover these costs by grouping firms carrying out similar activities into fee-blocks. As set out in PS26/22, ESG rating providers will be placed into a new fee-block: A.27.

Minimum and variable fees

2.5 We propose that ESG rating providers should be subject to a minimum and variable fee structure. Under this approach, all firms would pay a minimum annual fee, reflecting the baseline cost of FCA regulation. The current minimum fee for firms in all the 'A' fee-blocks which will include A.27 is £2,200. Firms pay a single minimum fee even if they fall into more than one 'A' fee-block. To ensure the value of fees do not erode over time through inflation, we may increase them annually. Any proposed changes to the minimum fee outlined above will be included in our annual fees and levies rates consultation, usually published in March.

2.6 In addition to the minimum fee, firms exceeding the relevant threshold pay a variable fee. For A.27, this would be calculated based on the tariff measure set out below. We will consult on the fee-rate as part of our annual fee-rates consultation in Spring 2029.

Tariff base

2.7 To support proportionate cost recovery, we need a consistent measure to allocate ESG annual fees. This measure is the 'tariff base'.

2.8 The tariff base should, as far as possible, reflect the scale of regulated activities being carried out by firms. We propose to use annual regulated income as the tariff base for fee-block A.27. We also consider that our standard definition of annual income set out in FEES 4 Annex 11A will be appropriate for this regime.

Variable thresholds

2.9 We propose a threshold of £100,000 of annual regulated income before a variable fee becomes payable. Firms below the threshold would pay only the minimum fee. Firms above it would pay the minimum fee and a variable fee.

2.10 This threshold would limit the fees paid by smaller firms. It would also ensure that larger firms with higher regulated income contribute proportionately more towards the cost of regulation.

2.11 Once we have determined the total costs to be recovered and the tariff base to which those costs will be applied, the fee-rate will be used to calculate firms' variable annual fees. To calculate a firm's variable fee, a fee rate is calculated by diving the total costs to be recovered by the total income reported by all variable fee payers. This rate is then applied to each firm's income above £100,000, so the higher a firm's income over £100,000, the greater it's contribution.

2.12 We expect to begin recovering supervisory costs through annual fees from 2029/30.

Question 1: **Do you agree with our proposed fee structure of a minimum fee and a variable fee for ESG rating providers?**

Question 2: **Do you agree with our proposal to base the annual fee for ESG rating providers on annual regulated income?**

Question 3: **Do you agree with our proposal that ESG rating providers should only start paying a variable fee above a threshold of £100,000 of annual regulated income?**

Application fees for PIs and EMIs seeking authorisation for cryptoasset activities

(FEES 3.2.2)

2.13 A firm applying for multiple permissions under the Financial Services and Markets Act (FSMA) alongside registration under the Money Laundering Regulations (MLRs) pays a

single application fee: the highest that applies. We propose to extend this approach to firms seeking cryptoasset authorisation alongside registration under the PSRs or EMRs.

2.14 From 25 October 2027, certain cryptoasset activities will fall within our regulatory remit under FSMA. Firms have been able to apply for authorisation since 30 September 2026. Some PIs and EMIs also provide cryptoasset activities. Under the current fee rules, a new applicant seeking cryptoasset authorisation alongside registration under the PSRs or EMRs would pay a separate application fee for each application.

2.15 We propose to align these firms with the existing approach under FEES 3.2.2 so they pay only the highest applicable fee.

2.16 We expect the proposal to affect up to 40 applicants. Currently, the highest application fee for registration under the PSRs or EMRs is currently the Category 5 fee of £5,640.

2.17 As firms can already apply for cryptoasset authorisation, some applicants may pay two fees before any rule changes take effect. Subject to the outcome of this consultation, we will refund any difference in fees if the proposed rule is made.

Question 4: **Do you agree with our proposal to extend FEES 3.2.2 so that any applicant applying for cryptoasset authorisation at the same time as registration under the PSRs or EMRS pays only one fee?**

Pro-rating fees

(FEES 4.2.9, FEES 4.3.13A)

2.18 When firms apply to cancel their permissions, they continue to pay their annual fee for the financial year in which they applied. If they submit their application before 31 March, they pay no fee for the following year starting 1 April.

2.19 Several firms have argued that their fees should be pro-rated, particularly where they have cancelled in the earlier part of the financial year. In our November 2025 CP, we sought views on a quarterly pro-rating structure to provide a fairer approach.

2.20 Following broad support for our proposal, we confirmed in our March 2026 Handbook Notice that we would consult on the necessary rule changes in our November 2026 Fees Policy CP. See Appendix 1 for our legal instrument.

2.21 We intend to implement this rule change from 1 April 2027, provided the required system changes are in place. If additional time is needed to make these changes, implementation will instead take effect from 1 April 2028. We will confirm the implementation date in our March 2027 Handbook Notice.

Question 5: **Do you agree with the rule changes, set out in Appendix 1, to allow for the quarterly pro-rating of fees?**

Minor amendments

(FEES 3.2.7R, FEES 4.2.7K)

2.22 We propose several minor amendments to the Fees Manual.

Skilled person appointment payment terms

2.23 If we are concerned about aspects of a regulated firm's activities or require further analysis, we can commission a review by an independent third-party expert. These third-party experts are known as 'skilled persons'.

2.24 Under FEES 3.2.7zp and FEES 3.2.7zq, firms must pay invoices relating to skilled person appointments within 30 days. However, the equivalent provision for skilled persons appointments made under the Money Laundering Regulations (MLRs), set out in FEES App 3.1.2(3), does not currently specify a payment term.

2.25 We propose to introduce the same 30-day payment requirement for skilled person appointments under FEES App 3.1.2(3). This would align the payment terms across both regimes.

Question 6: **Do you agree with our proposed changes to FEES 3?**

Missing fee blocks

2.26 The Fees Manual sets out the fees and levies payable by all fee-payers. For the purpose of calculating our fees, we group together firms that undertake similar regulated activities into fee-blocks. The names of these fee-blocks are set out in FEES 4.2.7K.

2.27 We have identified that 3 fee-block names are missing from the list. We propose to amend FEES 4.2.7K to add:

- A.23: funeral plan intermediaries and funeral plan providers
- A.24: Access to cash designated firms
- A.25: pensions dashboard firms

2.28 This change is intended to improve accuracy and consistency in the FEES Manual.

Question 7: **Do you agree with our proposed changes to FEES 4?**

Chapter 3

FEES 5 (Financial Ombudsman Service)

3.1 We set rules that determine how levies are collected from firms to fund the Financial Ombudsman. These rules are set out in FEES 5 of the Handbook. The Financial Ombudsman sets rules for a firm's and professional representative's case fees for complaints referred to it.

3.2 In this chapter, we propose adding an additional tariff base to the deposit acceptor group of firms for the calculation of their Financial Ombudsman levy. To enable this, we also propose that these firms report an additional tariff data item.

FEES 5 – Additional tariff base and tariff data reporting item for deposit acceptors

3.3 The amount of 'relevant business' reported by firms is used as a tariff base to calculate the Financial Ombudsman's Compulsory Jurisdiction (CJ) levy for certain industry blocks in FEES 5 Annex 1R. The CJ levy contributes to the funding of the Financial Ombudsman. The total CJ levy for 2026/27 is £86m.

3.4 The Handbook Glossary definition of relevant business relates to activity with eligible complainants to the Financial Ombudsman who are consumers. However, there are other, non-consumer eligible complainants. For example, micro-enterprises, small businesses, small charities, and trustees of small trusts.

3.5 Complaints made by these non-consumer entities also require Financial Ombudsman resource. We have been exploring how to reflect this fairly in CJ levy calculations without creating a disproportionate reporting or systems burden for firms or the FCA.

3.6 CP25/33, proposed separate tariff bases for consumer and non-consumer activity. This reflects the lower resource burden associated with non-consumer complaints, which typically account for less than 5% of total Financial Ombudsman cases. However, our analysis showed that volumes of non-consumer complaints across most industry blocks were too low to justify the additional reporting and systems costs.

3.7 In the March 2026 Handbook Notice, we proposed to consider a more targeted approach for specific industry blocks or groups of firms where non-consumer complaints place a higher burden on the Financial Ombudsman's resource.

Findings from our further analysis

3.8 The latest Financial Ombudsman data on non-consumer cases forecasts that deposit acceptors in industry block I001 (which also includes home finance providers, home finance administrators and dormant asset fund operators) for 2026/27 will account for around 68% of total non-consumer cases received by the Financial Ombudsman. The next largest contributors are general insurers in block I002 (around 15%) and general insurance distributors in block I017 (around 9%).

3.9 Non-consumer cases are expected to make up around 11% of total cases (consumer + non-consumer) in I001 for 2026/27. Across all blocks, the average proportion is around 4.7% (I002 and I017 both around 5.5%). These proportions are consistent with previous years.

3.10 We believe a targeted change for deposit acceptors in I001 is the most proportionate approach. Most non-consumer cases come from this relatively small group of around 250 firms. In addition, their relevant non-consumer activity can be measured using the number of accounts held at a fixed point in time. Applying the same approach to other industry blocks would require more extensive reporting and systems changes for firms and the FCA. This would be disproportionate as these blocks account for a substantially smaller share of non-consumer cases.

Our proposal

3.11 We propose:

- An additional tariff base for deposit acceptors (ie those with the 'accepting deposits' permission) in FEES 5 Annex 1R industry block I001. This would sit alongside the existing tariff base for consumer accounts, with a separate levy rate applying to each. The additional tariff base would be based on the number of accounts relevant to the activities in DISP 2.6.1R held with non-consumer customers who are eligible to refer complaints to the Financial Ombudsman. The existing levy rate will continue to apply to accounts falling within the existing tariff base, while a separate rate, to be confirmed, will apply to accounts falling within the additional tariff base.
- An additional rule as part of FEES 5.4. The rule would require deposit acceptors to report the number of accounts held for non-consumer customers who are eligible to refer complaints to the Financial Ombudsman under the CJ. This would be collected through a new data item in the existing annual fees return, alongside the existing reporting of relevant consumer accounts. As a result, FEES 5.4.4G, which provides that a firm need not provide a statement of relevant business where it deals only with eligible complainants who are not consumers, would not apply to deposit acceptors.
- The definition of relevant business would remain, i.e. relating solely to business carried out with consumers. All firms carrying out relevant business will continue to report this as they do now. The new additional tariff base only relates to deposit acceptors.

3.12 Based on our research, we anticipate that firms should already hold relevant information on their business and charity accounts. However, we recognise that they may not always be able to determine eligibility with certainty. For example, some respondents to our previous consultation noted that eligibility for some charities and small businesses depends on financial or employee thresholds that firms may not routinely monitor. In these instances, our existing rules allow firms to provide best estimates, where necessary, and we would expect firms to make a reasonable judgement using the information available to them.

3.13 To give adequate time to prepare, we propose that firms first report the new data from January 2028, based on the number of relevant accounts they held as of 31 December 2027. This tariff data would then be used to calculate firms' CJ levies for 2028/29.

Question 8: **Do you agree with our proposal to introduce an additional tariff base for deposit acceptors in industry block I001 based on eligible non-consumer complainants and to require these firms to report the number of relevant accounts held for these customers for CJ levy allocation purposes?**

Chapter 4

Joint FCA, PRA and Bank of England discussion chapter on Critical Third Parties (CTPs)

4.1 The FCA, PRA and Bank of England (collectively the regulators) jointly oversee CTPs that provide systemic services to firms and FMIs. HM Treasury is responsible for designating CTPs and is required to consult the regulators, which generally includes consideration of the regulators' recommendations.

4.2 When a new regulatory regime is introduced, we recover the annual costs associated with it. So, we need a sustainable and transparent method of recovering CTP oversight costs.

4.3 The regulators intend to consult on using their relevant statutory powers to recover the costs in due course. However, given the joint nature of the CTP regime, we consider it important to take a coordinated approach. So, we are issuing this discussion chapter jointly.

4.4 This discussion chapter seeks views on our developing approach to recovering the CTP oversight costs, including:

- our charging principles
- our tariff base
- our fee model
- our approach to calculating fees

4.5 To inform our future approach, we are also requesting systemic third-party services (STPS) income data from CTPs and other third-party providers who may consider themselves as likely candidates for CTP designation.

4.6 This discussion chapter is relevant to current CTPs and other third party providers who may consider themselves as likely candidates for CTP designation. We also welcome views from FCA, FMI and PRA fee-payers (in particular on our charging principles below).

4.7 We intend to provide a further update on CTP fees in Spring 2027. This may include a consultation on our proposals, taking account of the feedback we receive on this chapter. Our intention is to start cost recovery as soon as practicably possible, with 2027/28 being the earliest this could begin.

Charging principles

4.8 The principle that the costs of regulation should generally be borne by the regulated population underlies the developing approach in this discussion chapter. This would mean recovering our costs directly from CTPs.

4.9 We have considered alternative approaches to how these costs should be allocated. For example, some or all of the costs could be recovered from the wider population of fee-payers. This is because many firms and FMIs may benefit from, or rely on, CTP services so benefit indirectly from their effective oversight. However, this approach would require firms to contribute towards the costs of regulating a population that are subject to a separate regulatory regime, while also paying fees relating to their own oversight.

4.10 Our starting position is therefore that CTPs should meet the ongoing costs of their oversight. This is to ensure that there is a direct link between the entities subject to the regime and the costs of regulating them.

4.11 We have also considered how costs should be allocated as the CTP population grows over time. The first CTPs designated under the regime could face significantly higher fees than CTPs designated later, even when the nature of oversight is comparable. So, we will consider how to recover costs over an appropriate period to ensure a fairer allocation of costs across the CTP population and avoid unduly disadvantaging early designees.

Question 9: **Do you have any views on our charging principles as set out above?**

Tariff base

4.12 To support proportionate and effective cost recovery, we need a consistent measure to allocate our CTP fees. This measure is the tariff base. For CTPs, we are considering using a form of income as the tariff base that will determine the allocation of costs among CTPs.

4.13 Our starting position is that the tariff base should reasonably reflect the activity that is subject to the regulators' oversight. We oversee the STPS that CTPs provide to UK firms and FMIs. So, we believe that basing our fees on annual income derived from these services would be proportionate as it reflects the scale of activities we oversee.

4.14 The regulators define STPS as:

> 'a service (wherever carried out) provided by a critical third party to one or more firms a failure in, or a disruption to, the provision of which (either individually, or where more than one service is provided, taken together) could threaten the stability of, or confidence in, the UK financial system'. – FCA Handbook, PRA Rulebook, FMI Rulebook

4.15 We are currently considering using the approach in FEES 4 Annex 11A of the FCA Handbook as a model for defining STPS annual income. Under this approach, annual income would mean turnover – that is, the gross inflow of economic benefits (cash, receivables and other assets) arising from providing STPS to UK firms and FMIs. We welcome views on this possible approach.

4.16 CTPs may organise their accounts in various ways, for example, by geography, product line or legal entity. We recognise that CTPs may not currently routinely identify income relating specifically to STPS. We also recognise that similar regimes, including the EU's Digital Operational Resilience Act, require designated providers to identify income attributable to relevant regulated services. If a CTP cannot identify its STPS income precisely, we consider that it could use a reasonable and appropriately evidenced method to apportion a broader measure of income to its STPS activities.

4.17 The FCA Handbook includes guidance on apportioning income, in particular rows 5, 6 and 7 at the end of Table 1 titled Apportioning Income of FEES 4 Annex 13. We believe that the principles underlying this guidance could be incorporated into the new fee regime to assist CTPs in apportioning STPS annual income. It could also be used to set out the evidence CTPs should retain to ensure their calculations are rational, objective, consistent and appropriately signed off. This approach would allow a CTP to use a broader measure of income, such as UK income or global income, where STPS income cannot be identified reliably or where a CTP might consider the cost of identifying STPS income to be disproportionate. CTPs should note that these alternative measures of income may result in higher fees being payable.

Question 10: **Can CTPs identify STPS income on a credible and consistent basis? Please describe any barriers CTPs would face in reporting this information.**

Question 11: **Should we consider any alternative tariff bases when developing our proposals?**

Question 12: **Are there any views on our proposed model for defining annual STPS income?**

Question 13: **What are CTPs views on the principles identified in FEES 4 Annex 13 to help CTPs identify and, if necessary, apportion their STPS income? Would further guidance on this be helpful?**

Fee model

4.18 We are considering how fees for CTPs could be structured. We consider that a banded fee model would be most appropriate. Under this approach, CTPs would be allocated to a fee band based on their STPS income (or one of the alternative measures referred to above), with all CTPs within the same band paying the same fee.

4.19 A banded approach would provide a simple and predictable fee structure while allowing fees to vary according to the scale of CTPs' relevant activity. This would help ensure proportionality by avoiding a disproportionate burden on smaller CTPs while capping fees for the largest CTPs.

4.20 At this stage, we are considering using 4 fee bands. We think this strikes an appropriate balance between simplicity and proportionality, while minimising large jumps in fees when moving between bands. We have undertaken high-level analysis using publicly available data. Based on this analysis, if we adopt a banded fee structure, the fee for the lowest band would be in the region of £50,000 and for the highest band in the region of £1 million. These figures are illustrative only, to help inform views on a banded fee structure. If we do consult on a banded fee structure, the fee bands will be informed by the data we collect following feedback on this discussion chapter.

4.21 An alternative option is a minimum and variable fee model. Under this approach, a CTP's fee would be calculated directly by reference to its STPS income. This would create a closer relationship between fees and the scale of a CTP's relevant activity.

4.22 We typically apply a minimum and variable fee model to fee-payers although the most appropriate approach depends on several factors. For CTPs, the combination of a small population and wide range of incomes could result in the largest CTPs paying a disproportionate share of the overall costs under this model as individual fees would be uncapped. They may also experience greater variation in the level of fees from year to year.

4.23 Another option is a flat fee model, under which all CTPs would pay the same amount regardless of size or activity. A flat fee would be simple for the regulators to administer. But it could result in smaller CTPs paying a disproportionately high fee, as it would need to be high enough to cover the overall costs of CTP oversight.

Question 14: **What are your views on using a banded fee model based on STPS income to calculate CTP fees? Please explain your answer, including any alternative approaches the regulators should consider.**

STPS income data

4.24 We do not currently hold the data we need to understand the level and distribution of income CTPs generate from providing STPS to firms and FMIs. Consequently, to inform the development of the CTP fee model, we are asking CTPs and other third-party providers who may consider themselves as likely future candidates for CTP designation to provide an indication of this income, or the proportion it might normally represent of total income. This will strengthen the evidence base for our fee proposals and ensure that any proposals – including our fee bands – are appropriately calibrated and proportionate.

Question 15: **Please can CTPs and other third-party providers who may consider themselves likely candidates for CTP designation provide us data and supporting evidence on the likely value or proportion of income attributable to its STPS activities? Where estimates are provided, how are they calculated?**

Chapter 5

How to respond

We are asking for comments on this Consultation Paper (CP) by 19 January 2027.

You can send them to us using the form on our website at: www.onlinesurveys.fca.org.uk/jfe/form/SV_9TXO8MrsumRg5ZY

Or in writing to:

Fees Policy
Financial Conduct Authority
12 Endeavour Square
London E20 1JN

Email: cp26-41@fca.org.uk.

To read how we will use your response and how it will be disclosed, visit: Consultation responses: your confidentiality and personal data. This consultation includes a joint discussion chapter by the FCA, PRA and Bank of England. Responses will be shared between the regulators. Further information about how the PRA and the Bank of England uses personal data and their legal basis for doing so can be found at: Privacy and the Bank of England | Bank of England – the UK's central bank

Further information about the FCA's use of personal data can be found on the FCA website at: https://www.fca.org.uk/privacy.

If you choose not to respond using our online form, please let us know whether you consent to your name and response being made available to the public.

Please be sure to let us know in what capacity you are responding. If you are responding from an organisation, we will assume that the respondent is the organisation and will publish that name, unless you indicate that you are responding in an individual capacity (in which case, we will publish your name).

Annex 1

Questions in this paper

Question 1: Do you agree with our proposed fee structure of a minimum fee and a variable fee for ESG rating providers?

Question 2: Do you agree with our proposal to base the annual fee for ESG rating providers on annual regulated income?

Question 3: Do you agree with our proposal that ESG rating providers should only start paying a variable fee above a threshold of £100,000 of annual regulated income?

Question 4: Do you agree with our proposal to extend FEES 3.2.2 so that any applicant applying for cryptoasset authorisation at the same time as registration under the PSRs or EMRS pays only one fee?

Question 5: Do you agree with the rule changes, set out in Appendix 1, to allow for the quarterly pro-rating of fees?

Question 6: Do you agree with our proposed changes to FEES 3?

Question 7: Do you agree with our proposed changes to FEES 4?

Question 8: Do you agree with our proposal to introduce an additional tariff base for deposit acceptors in industry block I001 based on eligible non-consumer complainants and to require these firms to report the number of relevant accounts held for these customers for CJ levy allocation purposes?

Question 9: Do you have any views on our charging principles as set out above?

Question 10: Can CTPs identify STPS income on a credible and consistent basis? Please describe any barriers CTPs would face in reporting this information.

Question 11: Should we consider any alternative tariff bases when developing our proposals?

Question 12: Are there any views on our proposed model for defining STPS income?

Question 13: What are CTPs views on the principles identified in FEES 4 Annex 13 to help CTPs identify and, if necessary, apportion their STPS income? Would further guidance on this be helpful?

Question 14: What are your views on using a banded fee model based on STPS income to calculate CTP fees? Please explain your answer, including any alternative approaches the regulators should consider.

Question 15: Please can CTPs and other third party providers who may consider themselves likely candidates for CTP designation provide us data and supporting evidence on the likely value or proportion of income attributable to its STPS activities? Where estimates are provided, how are they calculated?

Annex 2

Compatibility statement

Compliance with legal requirements

1. This Annex records the FCA's compliance with a number of legal requirements applicable to the proposals in this consultation, including an explanation of the FCA's reasons for concluding that our proposals are compatible with certain requirements under the Financial Services and Markets Act 2000 (FSMA).

2. Under section 138I(6) FSMA, the FCA is generally exempt from the requirement to carry out and publish a cost benefit analysis for fees policy proposals. However, changes to FEES 6 (the FSCS levy rules) are not all covered by section 138I(6) FSMA. We are not proposing any changes to FEES 6 in this CP.

3. When consulting on new rules, the FCA is required by section 138I(2)(d) FSMA to include an explanation of why it believes making the proposed rules (a) are compatible with its general duty, under section 1B(1) FSMA, so far as reasonably possible, to act in a way which is compatible with its strategic objective and advances one or more of its operational objectives, (b) so far as reasonably possible, advance the secondary international competitiveness and growth objective, under section 1B(4A) FSMA, (c) comply with its general duty under section 1B(5)(a) FSMA to have regard to the regulatory principles in section 3B FSMA. The FCA is also required by section 138K(2) FSMA to state its opinion on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.

4. This Annex also sets out the FCA's view of how the proposed rules are compatible with the duty on the FCA to discharge its general functions (which include rule-making) in a way which promotes effective competition in the interests of consumers (section 1B(4)). This duty applies insofar as promoting competition is compatible with advancing the FCA's consumer protection and/or integrity objectives.

5. In addition, this Annex explains how we have considered the recommendations made by the Treasury under section 1JA FSMA about aspects of the economic policy of His Majesty's Government to which we should have regard in connection with our general duties.

6. This Annex includes our assessment of the equality and diversity implications of these proposals.

7. Under the Legislative and Regulatory Reform Act 2006 (LRRA), the FCA is subject to requirements to have regard to a number of high-level 'Principles' in the exercise of some of our regulatory functions and to have regard to a 'Regulators' Code' when determining general policies and principles and giving general guidance (but not when

exercising other legislative functions like making rules). This Annex sets out how we have complied with requirements under the LRRA.

The FCA's objectives and regulatory principles: Compatibility statement

8. The fees we collect enable us to recover the costs of the work of the FCA. In carrying out that work, we must carefully consider how to advance our objectives. Although our proposals in this CP are not intended in themselves to directly advance our operational objectives or secondary objectives, they fund our capacity to do so.

9. We also take our objectives into account in the development of fees policy. Below we set out how we considered our objectives in relation to our fee structure:

- **Application fees:** Applicants typically pay only part of our assessment costs, with the remainder recovered from existing fee-payers. This balances the cost of policing the perimeter against the need to foster the innovation and competition which new entrants can bring, consistent with our objectives. We consider this proportionate because all regulated firms benefit from an effective perimeter and competitive market.
- **Fee-blocks:** Once authorised, we group fee-payers into fee-blocks which align firms with similar permissions. The costs of regulating those permissions can then be broadly aligned with the relevant fee-block. By structuring our fees policy around the general principle that firms should pay for the cost of being regulated, we take into account our strategic objective of ensuring that markets function well, our operational objective of promoting effective competition and our secondary objective of international competitiveness and growth.
- **Targeting cost recovery:** Targeting cost recovery on more specific firms and markets means that firms largely pay for regulatory work that benefits their market, without being unduly burdened by the costs of regulating significantly different sectors. Each year, we adjust the cost allocations to reflect any additional work we are undertaking for those types of activity. Likewise, where necessary, we review whether a given population is in the right fee-block and consult to adjust accordingly. This structure also enables us to recover costs from the full population of firms where it would be equitable to do so.
- **Fee structures:** We determine which fee structure is most appropriate for each fee-block. Our annual fees may be calculated as:
  - Flat-rate fees: fees are fixed for all firms in a specific fee-block, regardless of their size. The flat rate model is used where firms within a fee-block are broadly the same size, or where the costs to be recovered from firms are unlikely to significantly change year-on-year.
  - Minimum fees: most fee-blocks operate using the minimum and variable-rate fee model. Under this model, all firms pay a fixed minimum fee up to a certain threshold, with an additional variable fee above a set threshold. This weights

cost recovery towards larger fee-payers with greater capacity to pay, protecting smaller fee-payers from greater cost burdens.

- Applying an appropriate fee structure to each fee-block ensures sustainable cost recovery, allowing us to fund our work which supports all our objectives. Further, structuring cost recovery in a way that recognises firms have varying capacities to pay fees acknowledges our strategic objective of ensuring that markets function well, our operational objective of promoting effective competition and our secondary objective of growth and competitiveness. By balancing the cost burden appropriately across firms of varying sizes and business model, we are promoting a fair market which allows firms to compete on a proportionate and even footing.
- **Collecting on behalf of other agencies:** We are also consulting on some adjustments to the rules affecting the levy of the Financial Ombudsman. The levy funds their activities so indirectly enables them to exercise their statutory functions, while their proper functioning enables us to meet our consumer protection objective.

How our proposals align with our fees structure

10. Below we set out how our CP proposals align with our fees structure and how we have considered our objectives more broadly. See chapters 2, 3 and 4 for details on these proposals:

- Environmental, social, governance (ESG) rating providers' annual fee: Our proposal to require ESG rating providers with income £100,000 and above to pay a variable fee on top of their minimum fee is designed to provide for an equitable distribution of costs between small and larger firms.
- Application fees for payment institutions (PIs) and Electronic Money Institutions (EMIs) seeking authorisation for cryptoasset activities: The proposed simplification to application fee rules for PIs and EMIs means firms pay only one application fee, ensuring our fees remain proportionate and that application fees do not act as a barrier to entry.
- FEES 5: Our proposal to introduce an additional tariff base for deposit acceptors aims to ensure they contribute proportionately to the costs associated with non-consumer FOS complaints and supports a more equitable allocation of the levy.
- Joint FCA/PRA discussion chapter on CTP fees: Our discussion chapter seeks views on charging CTPs fees, in line with our broad principle that the regulated population pay for their oversight.

The need to use our resources in the most efficient and economic way

11. Our fees policy proposals are developed to recover our costs in carrying out our responsibilities under FSMA and associated legislation. We aim to carry out this work in the most efficient and economical way possible, concentrating on the areas of activity that pose the greatest risk to our objectives.

The principle that a burden or restriction should be proportionate to the benefits

12. Our fees are necessary for us to meet our objectives. We aim to use our resources in the most efficient and economical way, while delivering benefits to UK consumers and businesses through our regulatory activities. We consider our proposed changes to be proportionate.

The need to contribute towards achieving compliance by the Secretary of State with section 1 of the Climate Change Act 2008 (UK net zero emissions target) [and section 5 of the Environment Act 2021 (environmental targets)]]

13. Our proposals in this CP are not intended in themselves to contribute towards achieving compliance by the Secretary of State with section 1 of the Climate Change Act 2008 (UK net zero emissions target) and section 5 of the Environment Act 2021 (environmental targets), but the fees we collect fund our capacity to make this contribution.

The general principle that consumers should take responsibility for their decisions

14. The proposals in this CP do not directly impact the principle that consumers should take responsibility for their decisions, but the fees we collect fund work which interacts with this principle.

The responsibilities of senior management in relation to compliance with requirements imposed under FSMA, especially where they relate to consumers

15. The proposals in this CP do not directly impact the responsibilities of senior management, but the fees we collect fund work which affects these responsibilities.

The desirability of exercising our functions in a way that recognises the differences in the nature of – and objectives of – businesses carried on by different persons including mutual societies and other kinds of business organisation

16. The proposals in this CP do not relate to exercising our functions in a way that recognise the differences in the nature and objectives of businesses carried on by different persons. As set out above, we group fee-payers into fee-blocks which align firms with similar permissions, helping us to take account of differences in firms' business models when applying fees and setting reporting requirements.

The desirability of publishing information relating to persons subject to requirements imposed under FSMA, or requiring them to publish information to advance our operational objectives

17. The proposals in this CP do not relate to the publishing of information relating to persons subject to requirements imposed under FSMA or requiring them to publish information. However, the fees we collect fund work which interacts with this principle.

The principle that we should exercise of our functions as transparently as possible

18. Our CP processes are intended to ensure that we are transparent about the thinking behind our proposals and clearly explain what we expect to achieve.

Expected effect on mutual societies

19. The FCA does not expect the proposals in this paper to have a significantly different impact on mutual societies compared to other types of fee-payers.

Compatibility with the duty to promote effective competition in the interests of consumers

20. In preparing the proposals as set out in this consultation, we have had regard to the FCA's duty to promote effective competition in the interests of consumers.

Equality and diversity

21. We are required under the Equality Act 2010 in exercising our functions to 'have due regard' to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by or under the Act, advance equality of opportunity between persons who share a relevant protected characteristic and those who do not, to and foster good relations between people who share a protected characteristic and those who do not.

22. We have considered the equality and diversity issues that may arise from the proposals in this Consultation Paper.

23. Overall, we do not consider that the proposals materially impact any of the groups with protected characteristics under the Equality Act 2010 (in Northern Ireland, the Equality Act is not enacted but other anti-discrimination legislation applies). But we will continue to consider the equality and diversity implications of the proposals during the consultation period and will revisit them when making the final rules.

24. In the meantime, we welcome your input to this consultation on this.

Environmental, social & governance considerations

25. In developing this CP, we have considered the environmental, social and governance ESG implications of our proposals and our duty under section 1B(5)(a) and section 3B(1)(c) of FSMA to have regard to contributing towards the Secretary of State achieving compliance with the net-zero emissions target under section 1 of the Climate Change Act 2008 and environmental targets under section 5 of the Environment Act 2021.

26. Overall, we do not consider that the proposals are relevant to contributing to those targets. We will keep this issue under review during the course of the consultation period and when considering whether to make the final rules.

27. In the meantime, we welcome your input to this consultation on this.

Annex 3

Acronyms in this document

Acronym listed alphabetically	Description
CJ	Compulsory Jurisdiction
CP	Consultation Paper
CTP	Critical Third Party
EMI	Electronic Money Institution
EMR	Electronic Money Regulation
ESG	Environmental Social Governance
FCA	Financial Conduct Authority
FEES	Fees Manual
FMI	Financial Market Infrastructure
FSCS	Financial Services Compensation Scheme
FSMA	Financial Services and Markets Act (2000)
MLR	Money Laundering Regulations
PI	Payment Institution
PRA	Prudential Regulation Authority
PS	Policy Statement
PSR	Payment Systems Regulator
PSRs	Payment Services Regulations
STPS	Systemic Third Party Services

Appendix 1

Draft Handbook text

Application, Periodic and Other Fees (2027/2028) Instrument 202X

Powers exercised

A. The Financial Conduct Authority ('the FCA') makes this instrument in the exercise of the powers and related provisions in or under the following:

(1) the Financial Services and Markets Act 2000 ('the Act'):

(a) section 137T (General supplementary powers);

(b) section 139A (Power of the FCA to give guidance);

(c) section 234 (Industry funding); and

(d) paragraph 23 (Fees) in Part 3 (Penalties and fees) of Schedule 1ZA (The Financial Conduct Authority);

(2) regulation 118 (Costs of supervision) of the Payment Services Regulations 2017 (SI 2017/752);

(3) regulation 59 (Costs of supervision) of the Electronic Money Regulations 2011 (SI 2011/99);

(4) article 25 (Application of provisions of the Act to the FCA in respect of its supervision of consumer buy-to-let mortgage firms) of the Mortgage Credit Directive Order 2015 (SI 2015/910);

(5) regulation 27 (FCA: penalties, fees and exemption from liability in damages) of the Data Reporting Services Regulations 2024 (SI 2024/107); and

(6) regulation 102 (Costs of supervision) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692).

B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force as follows:

(1) Part 1 of the Annex comes into force on [*date 1*];

(2) Part 2 of the Annex comes into force on [*date 2*];

(3) Part 3 of the Annex comes into force on [*date 3*]; and

(4) Part 4 of the Annex comes into force on [*date 4*].

Amendments to the Handbook

D. The Fees manual (FEES) is amended in accordance with the Annex to this instrument.

Instructions

E. In the Annex to this instrument, the instruction (indicated by '**Instruction:**') sets out the nature of the amendments being made to the legislative text. The notes (indicated by '**Editor's note:**') are included for the convenience of readers, but do not form part of the legislative text.

Citation

F. This instrument may be cited as the Application, Periodic and Other Fees (2027/2028) Instrument 202X.

By order of the Board

[*date*]

Annex

Amendments to the Fees manual (FEES)

Instruction: In this Annex, underlining indicates new text and striking through indicates deleted text.

Part 1: Comes into force on [*date 1*]

FEES 3 Application, Notification and Vetting Fees

…

FEES 3.2 Obligation to pay fees

General

…

FEES 3.2.2 | G

If, at the same time, a *person* makes 2 or more of the following applications:

(1) an application for a *Part 4A permission*;

(2) ~~(and, where made at the same time, any~~ an application for registration by a *cryptoasset business* under the *Money Laundering Regulations*~~)~~;

(3) an application for authorisation or registration under the *Payment Services Regulations*; or

(4) an application for authorisation or registration under the *Electronic Money Regulations*,

and those applications ~~falls~~ fall within more than ~~one~~ 1 category set out in *FEES 3 Annex 1*, *FEES 3 Annex 8*, *FEES 3 Annex 10* or *FEES App 4*, ~~other than where one of the applications is an application under the *benchmarks regulation*,~~ only ~~one~~ 1 fee is payable. That fee is the one for the category to which the highest fee tariff applies, unless the contrary intention appears. Where applications are made under the

benchmarks regulation, a separate fee will be payable for this application.

…

FEES 4 Periodic fees

…

FEES 4.2 Obligation to pay periodic fees

…

Calculating all other fees in the second and subsequent years of authorisation where a full year of tariff data is not available

…

FEES 4.2.7K | R

…

Table A: calculating tariff data for second and subsequent years of authorisation when full trading figures are not available

Fee-block	Tariff base	Calculation where trading data are not available
…		
A.23. Funeral plan intermediaries and funeral plan providers	…	…
A.24. Access to cash – designated firms	…	
A.25. Pensions dashboard firms	…	…

…		

…

Fee payers ceasing to hold relevant status or reducing the scope of their permission after start of relevant period

…

FEES 4.2.9 | G

The *FCA* will not rebate or refund periodic fees if, after the start of the period to which they relate:

(1) a fee payer ceases to have the status set out in column (1) of the table in *FEES 4.2.11R*; or

(2) a *firm* reduces its *permission* or *payment services* activities so that it then falls out of the fee-block previously applied to it;

(but see *FEES 2.3* (Relieving Provisions) and *FEES 4.3.13R* and *FEES 4.3.13AR* (Firms ~~Applying to Cancel or Vary Permission Before Start of Period~~ applying to cancel or vary permission, etc)).

…

FEES 4.3 Periodic fee payable by firms (other than AIFM qualifiers, ICVCs and UCITS qualifiers)

…

Firms ~~Applying to Cancel or Vary Permission, etc, Before Start of Period~~ applying to cancel or vary permission, etc

> **Editor's note:** The amended subheading 'Firms applying to cancel or vary permission, etc' also applies to FEES 4.3.13R and FEES 4.3.14R.

…

FEES 4.3.13A | R

Where *FEES 4.3.6R(3)* applies, the periodic fee payable by a *firm* in respect of the fee year in which the cancellation application is made is:

(1) 25% of the periodic fee otherwise payable, where the application is made between 1 April and 30 June;

(2) 50% of the periodic fee otherwise payable, where the application is made between 1 July and 30 September;

(3) 75% of the periodic fee otherwise payable, where the application is made between 1 October and 31 December; and

(4) 100% of the periodic fee payable, where the application is made between 1 January and 31 March.

…

FEES App 3 Fees payable by persons registered under the Money Laundering Regulations that are not cryptoasset businesses

FEES App 3.1 Fees for persons registered under the Money Laundering Regulations that are not cryptoasset businesses

…

FEES App 3.1.2

…			
(3)	**Transaction fees:**		
	Fee payer	**Fee payable**	**Due date**
	A *person* in respect of which the *FCA* has given notice of the *FCA's* appointment of a skilled person to provide it with a report pursuant to Regulation 74B of the *Money Laundering*	Any amount invoiced to the *FCA* by a skilled person in relation to any work	Within 30 *days* of the date of the invoice.

	Regulations as applied by Regulation 14 of the Money Laundering and Terrorist Financing (Amendment) (No. 2) Regulations 2022.	carried out by that skilled person in connection with its appointment by the *FCA*.	

…

Part 2: Comes into force on [*date 2*]

FEES 5 Financial Ombudsman Service Funding

...

FEES 5.3 The general levy

…

FEES 5.3.8 | R

The *FCA* will calculate a *firm's general levy* under the *Compulsory Jurisdiction* as follows:

(1) identify each of the tariff bases set out in *FEES 5 Annex 1R* which apply to the *firm* for the relevant year;

(2) for each of those tariff bases, calculate the sum payable in relation to the *relevant business* of the *firm* for that year (except for the additional sum payable by a firm under paragraph (2) of *industry block* 1, and *industry blocks* 2 and 4, in which case calculate the sum payable for that year) in accordance with *FEES 5 Annex 1R*;

(3) add together the amounts calculated under (2).

…

FEES 5.4 Information requirement

FEES 5.4.1 | R

…

(1A) …

(1B) A *firm* in industry block 1 in *FEES 5 Annex 1R* whose *Part 4A permission* includes *accepting deposits* must also provide the *FCA*, within the period specified in (1), with a statement of the number of accounts which, as at 31 December of the previous year:

(a) were relevant to the activities in *DISP 2.6.1R*; and

(b) were held for *persons* who were *eligible complainants* described in *DISP 2.7.3R(2)* to *DISP 2.7.3R(7)* and who were not *consumers* in relation to the activities to which those accounts related.

…

(3) If a *firm* cannot provide a statement of the total amount of *relevant business* as required by ~~*FEES 5.4.1R*~~ (1), or a statement of the number of accounts as required by (1B), it must provide the best estimate of the amount ~~of *relevant business* that it conducted~~ or number, as applicable.

…

FEES 5.4.4 | G

(1) A *firm* should not provide a statement of *relevant business* if it deals only with *eligible complainants* who are not *consumers*.

(2) Except in relation to *FEES 5.4.1R(1B)*, *FEES 5.4.1R* does not apply in relation to business done with *eligible complainants* described in *DISP 2.7.3R(2)* to ~~*(7)*~~ *DISP 2.7.3R(7)* who are not *consumers*.

…

Part 3: Comes into force on [*date 3*]

FEES 5 Annex 1R Annual General Levy Payable in Relation to the Compulsory Jurisdiction for ~~2026/27~~ 2027/28

FEES 5 Annex 1 | R

> **Editor's note:** FEES 5 Annex 1 is also amended on 25 October 2027 (see FCA 2026/58).

…

Compulsory jurisdiction – general levy

Industry block	Tariff base	General levy payable by firm
1. Deposit acceptors, *home finance providers*, *home finance administrators* (excluding *firms* in block 14) and *dormant asset fund operators*	(1) Number of accounts relevant to the activities in *DISP 2.6.1R* as at 31 December. (2) In addition, for a *firm* whose *Part 4A permission* includes *accepting deposits*, the number of accounts relevant to the activities in *DISP 2.6.1R* as at 31 December that were held for persons who were *eligible complainants* described in *DISP 2.7.3R(2)* to *DISP 2.7.3R(7)*. (3) In the case of *dormant asset fund operators*, the tariff base is the number of eligible activated accounts (8).	£0.0859 per relevant account, subject to a minimum levy of £100. In addition, for a *firm* falling within paragraph (2) of the tariff base, [TBC] per account falling within that paragraph.

…		

…

Part 4: Comes into force on [*date 4*]

FEES 4 Periodic fees

…

FEES 4.2 Obligation to pay periodic fees

…

Calculating all other fees in the second and subsequent years of authorisation where a full year of tariff data is not available

…

FEES 4.2.7K | R

…

Table A: calculating tariff data for second and subsequent years of authorisation when full trading figures are not available

Fee-block	Tariff base	Calculation where trading data are not available
…		
A.26. Cryptoasset activities	…	…
A.27. ESG rating providers	Annual income for the financial year ended in the calendar	Apply the formula (A÷B) × 12 to arrive at the annualised figure.

	year ending 31 December	
…		

…

FEES 4 Annex 1A FCA activity groups, tariff bases and valuation dates

FEES 4 Annex 1A | R

> **Editor's note:** FEES 4 Annex 1A is also amended on 25 October 2027 (see FCA 2026/58) and 29 June 2028 (see FCA 2026/69).

…

Part 3 …

…

Activity group	Tariff base
…	
A.26	…
A.27	**ANNUAL INCOME** Annual income as defined in *FEES 4 Annex 11A*.
…	

…

Part 5

…

Activity group	Valuation date
…	
A.26	…
A.27	Annual income for the financial year ended in the calendar year ending 31 December.
…	

…

FEES 4 Annex 2A FCA Fee rates for the period from 1 April 2026 to 31 March 2027

> **Editor's note:** When Part 4 of this instrument comes into force, the heading to FEES 4 Annex 2A will refer to the fee period from 1 April 2029 to 31 March 2030.

FEES 4 Annex 2A | R

…

Part 1 …

…

Activity group	Fee payable
…	

A.26	…	…
A.27	TBC	
…		

…

FEES 4 Annex 11A Definition of annual income for the purposes of calculating fees in fee blocks A.13, A.14, A.18, A.19, A.23, A.26, A.27 and B. Service Companies, UK Recognised Investment Exchanges, Multilateral Trading Facilities, Organised Trading Facilities, Private Intermittent Securities and Capital Exchange Systems, Regulated Benchmark Administrators and Claims Management Companies

…

FEES 4 Annex 13 Guidance on the calculation of tariffs set out in FEES 4 Annex 1AR Part 3

FEES 4 Annex 13 | G

Table 1 The following table sets out *guidance* on how a *firm* should calculate tariffs for fee blocks A.13, A.14, A.18, A.19, A.23, A.26, A.27 and B. Service Companies, Recognised Investment Exchanges, Multilateral Trading Facilities, Organised Trading Facilities, Regulated Benchmark Administrators and Claims Management Companies.
Calculating and apportioning annual income – FEES 4 Annex 11AR
Calculating annual income
Defining relevant income streams

(1)	The *firm* should refer to the fee-block definitions in *FEES 4 Annex 1AR*, Part 1 to decide which particular income streams should be taken into account when calculating its annual income for the purposes of fee-blocks A.13, A.14, A.18, A.19, A.23, A.26, A.27 and B. Service Companies, Recognised Investment Exchanges, Multilateral Trading Facilities, Organised Trading Facilities and Benchmark Administrators.
…	

…

© Financial Conduct Authority 2026
12 Endeavour Square London E20 1JN
Telephone: +44 (0)20 7066 1000
Website: www.fca.org.uk
All rights reserved

Pub ref: 1-009100

All our publications are available to download from www.fca.org.uk.

Request an alternative format

Please complete this form if you require this content in an alternative format.

Or call 0207 066 1000



Sign up for our **news and publications alerts**