

## Quarterly KPIs: 2014/2015

As of July 2014

### Introduction

We are making more information about our performance available, by publishing key performance indicators (KPIs).

#### Why are we making more information available?

Transparency is a priority for the FCA. We are committed to

- behaving as transparently as possible
- providing appropriate information on our regulatory decisions
- being open and accessible to the regulated community and the general public

#### Scope

We've provided KPIs for:

- Authorisations
- Variation of Permission
- Payment Services and E-Money
- Waivers

We publish our service standards portfolio on our Performance Account pages, along with quarterly key performance indicators (KPIs)<sup>1</sup>, launched in April 2014, covering:

1. the average processing time (APT) for applications – from the time we receive it to the time the application is determined<sup>2,3</sup>
2. how many applications we determine<sup>2</sup>, and
3. the distribution of all decisions, i.e. percentage of applications that have been authorised, registered, granted, withdrawn or refused

We supplement each of these KPIs with analysis and commentary, including context on why applications are refused or withdrawn, and why the APT may have changed.

The APT is influenced by the varying degrees of risk, complexity, completeness and quality of the required information we encounter with each application. It also includes the time that has elapsed while we wait for the applicant to send us necessary information we ask for.<sup>3</sup>

<sup>1</sup> Where the FCA is the sole decision maker.

<sup>2</sup> In the case of Payment Services and E-Money, and Authorisations 'determined' is the earlier of when the application is made 'subject to' or authorised/registered. 'Subject to' is a point in time where the FCA makes a decision to authorise, but with conditions to be met before authorisation can be confirmed. This includes applications that may subsequently be withdrawn, having not met the necessary conditions, or where the application was subsequently retracted.

In the case of Variation of Permission, 'determined' is when we approve the application.

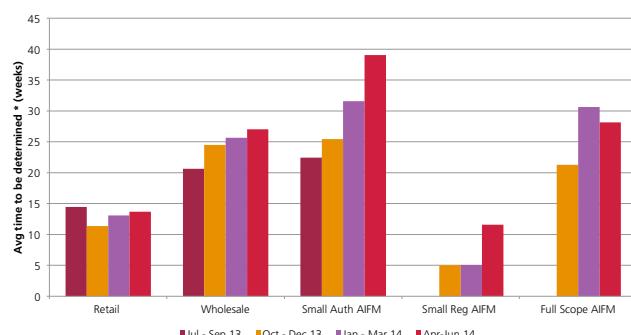
In the case of Waivers applications, we use the term 'complete' to mean when we have decided on the application.

<sup>3</sup> The Waivers APT excludes the time that has elapsed while we wait for the necessary information from the applicant.

# Authorisation Quarterly KPIs: 2014/2015

Authorisation: To process a solo-regulated firm application for a Part 4A permission

## 1) Average Processing Time (APT) \*\* of determined\* applications



### What the chart is saying:

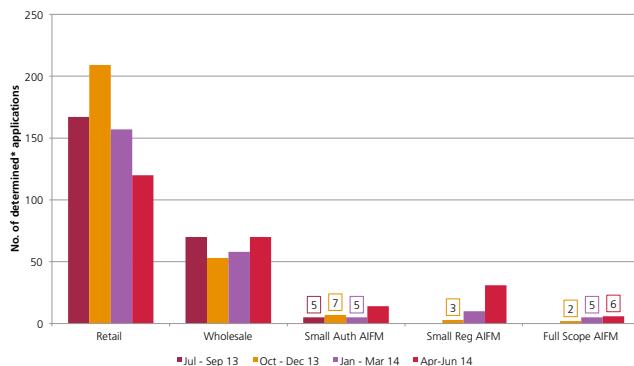
The APT for retail and wholesale firm type applications is rising. The greater risk and incompleteness of wholesale applications means they typically take longer to determine than retail applications. We are still able to quickly progress good quality applications from firms that are ready, willing and organised, as demonstrated by the minimum processing times.

The continued rise in APT for Small Auth AIFM (Alternative Investment Fund Managers Directive) firms reflects the sharp rise in applications this quarter. Some of these have been poor quality, taking us longer to process.

## Minimum and Maximum Processing Times (Weeks)

Firm Type	Jul - Sep 13		Oct - Dec 13		Jan - Mar 14		Apr - Jun 14	
	Min	Max	Min	Max	Min	Max	Min	Max
Retail	5	43	1	44	1	43	2	50
Wholesale	8	51	8	47	4	51	9	51
Small Auth AIFM	17	28	19	38	29	35	23	51
Small Reg AIFM	N/A	N/A	2	7	2	7	4	27
Full Scope AIFM	N/A	N/A	16	26	25	37	15	45

## 2) Volume of determined\* applications

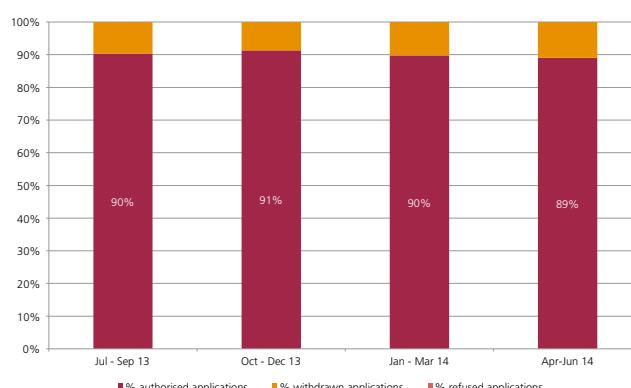


### What the chart is saying:

There has been a further rise in the number of wholesale firm applications we've determined. Retail firm determinations have fallen: this is due to a number of high risk cases taking up a lot of time and resources.

The rise in AIFM cases received and determined is due to pressure around the submission deadline for compliance with AIFMD.

## 3) Distribution of all applications decided



### What the chart is saying:

There have been no refusals in this quarter. The percentage of cases withdrawn remains broadly stable at around 10%.

Firms most commonly withdraw when:

- they face challenge from the FCA, choosing to withdraw rather than risk receiving a refusal decision on their case
- they no longer want to pursue authorisation, typically for commercial reasons

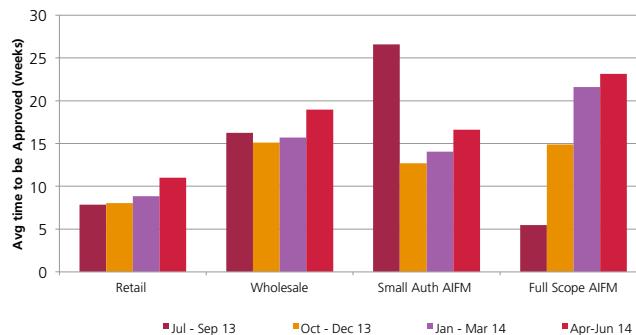
\*\*'Determined' is the earlier of when the application is made 'subject to' or authorised. 'Subject to' is a point in time where the FCA makes a decision to authorise, but with conditions to be met before authorisation can be confirmed. This includes applications that may subsequently be withdrawn, having not met the necessary conditions or where the application was subsequently retracted.

\*\* APT: The processing time of applications on average over a specified period; from the time we receive the application to the time we determine it\*. It includes the time that has elapsed while we wait for the necessary information from the applicant.

# Variation of Permission Quarterly KPIs: 2014/2015

**Variation of Permission (VoP): To process an application from a solo-regulated authorised firm for VoP**

## 1) Average Processing Time (APT) \*\* of approved applications



### What the chart is saying:

The APT for retail firm type applications has risen again, as we dealt with a large number of higher risk cases.

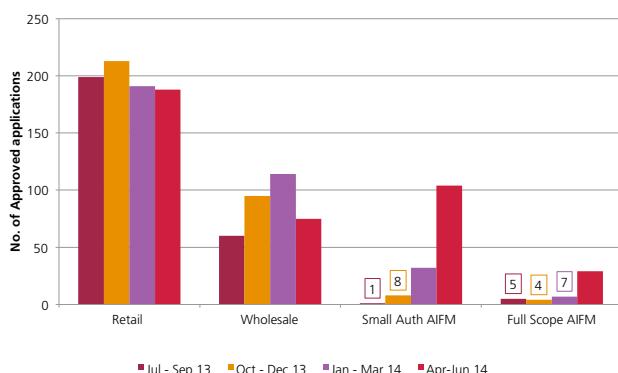
The APT for wholesale firm type applications has also increased, though this is largely due to resources being diverted to train and monitor new staff.

AIFMD APTs have risen this quarter mainly due to a sharp increase in applications, along with a significant number of poor quality applications taking us much longer to review.

## Minimum and Maximum Processing Times (Weeks)

Firm Type	Jul - Sep 13		Oct - Dec 13		Jan - Mar 14		Apr - Jun 14	
	Min	Max	Min	Max	Min	Max	Min	Max
Retail	0	52	0	47	0	44	0	48
Wholesale	0	51	0	51	1	51	0	58
Small Auth AIFM	27	27	6	35	8	24	7	52
Full Scope AIFM	3	12	14	16	13	31	9	47

## 2) Volume of approved applications

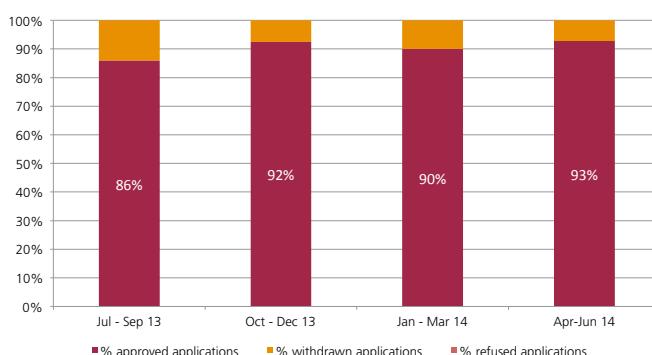


### What the chart is saying:

The volume of retail firm type determinations has remained steady. This is largely due to more efficient determination of lower risk applications. Wholesale firm type determinations have fallen, due to the resource issue mentioned above.

The rise in AIFM cases received and determined is due to pressure around the submission deadline for compliance with AIFMD.

## 3) Distribution of all applications decided



### What the chart is saying:

We have not refused any applications during the last quarter or previous year. The percentage of cases withdrawn has remained broadly stable at below 10% across all business types.

Firms most commonly withdraw when:

- they face challenge from the FCA, choosing to withdraw rather than risk receiving a refusal decision on their case
- they no longer wish to pursue authorisation, typically for commercial reasons

\*\*APT: The processing time of applications on average over a specified period; from the time we receive the application to the time we approve it. It includes the time that has elapsed while we wait for the necessary information from the applicant.

## Authorisation and Variation of Permissions Appendix:

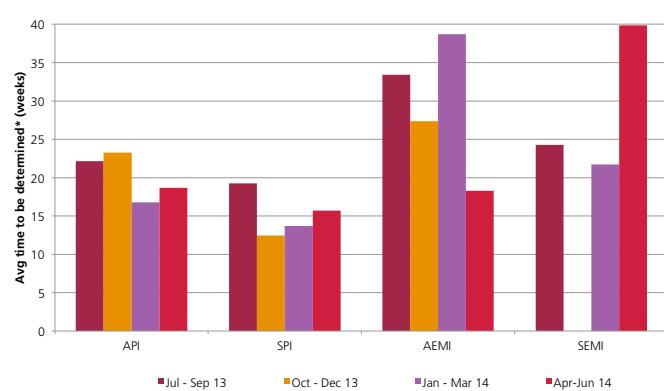
### Glossary of Terms

Firm Type Category	Application Type/Firm type
<b>Wholesale</b>	Securities and Futures (Non Complex)
<b>Wholesale</b>	Securities and Futures (Complex)
<b>Wholesale</b>	Advisers and arrangers of wholesale funds
<b>Wholesale</b>	Investment manager and C.I.S operator
<b>Wholesale</b>	Home Finance Provider
<b>Wholesale</b>	Personal pension scheme providers (incl SIPPs)
<b>Retail</b>	Investment and Non Investment Insurance Contracts
<b>Retail</b>	Investment, Home Finance and Non Investment Insurance Contracts
<b>Retail</b>	Investment
<b>Retail</b>	Non Investment Insurance Contracts
<b>Retail</b>	Home Finance and Non Investment Insurance Contracts
<b>AIFM (Alternative Investment Fund Managers) Small Auth</b>	Investment manager and C.I.S operator
<b>AIFM (Alternative Investment Fund Managers) Small Reg</b>	Investment manager and C.I.S operator
<b>AIFM (Alternative Investment Fund Managers) Full Scope</b>	Investment manager and C.I.S operator
<b>Retail/Wholesale</b>	Change of legal status

# Payment Services and E-Money Quarterly KPIs: 2014/2015

Payment Services and E-Money: To process a solo-regulated firm application for authorisation or registration

## 1) Average Processing Time (APT) \*\* of determined\* applications



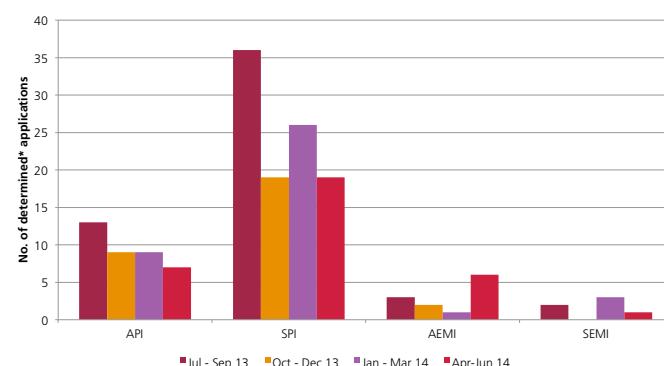
### What the chart is saying:

Given the low volume of E-Money applications received and determined in any given period, there can be significant swings in APT from period to period as is evident this quarter.

Although APT has risen, Authorised Payment Institutions (APIs) can be determined within 5 weeks of receipt, suggesting we are able to let well prepared firms in quickly.

The longer time taken to determine Authorised Electronic Money Institutions (AEMIs) and Small Electronic Money Institutions (SEMs) can be attributed to specific elements of the assessment process e.g. systems interrogation, testing and verification, and difficulties for firms in securing appropriate safeguarding arrangements. A very low volume of SEMI applications are received. This makes the SEMI APT very volatile on a month to month basis, as very limited statistical smoothing takes place.

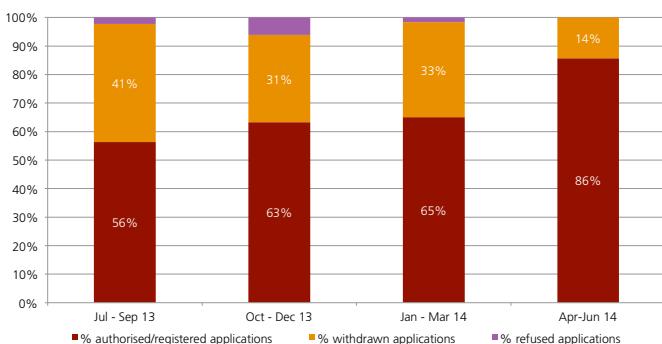
## 2) Volume of determined\* applications



### What the chart is saying:

The wide variation in volumes is due mainly to the fact that this area is handled by a small specialist team, so any changes in staffing levels (e.g. due to sickness or annual leave) will have a large impact on processing times.

## 3) Distribution of all applications decided



### What the chart is saying:

There has been a significant drop in the proportion of withdrawn applications. This reflects the more pro-active approach we're now taking in identifying and assessing poor quality applications early on, before fee cheques are banked and cases logged.

\*\*'Determined' is the earlier of when the application is made 'subject to' or authorised. 'Subject to' is a point in time where the FCA makes a decision to authorise, but with conditions to be met before authorisation can be confirmed. This includes applications that may subsequently be withdrawn, having not met the necessary conditions or where the application was subsequently retracted.

\*\*APT: The processing time of applications on average over a specified period; from the time we receive the application to the time we determine it\*. It includes the time that has elapsed while we wait for the necessary information from the applicant.

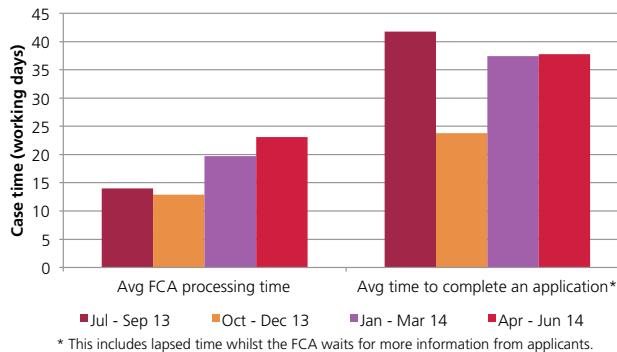
## Payment Services and E-Money Appendix:

### Glossary of Terms

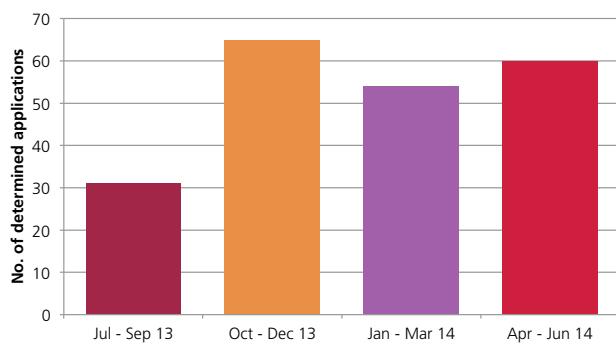
Firm Type Category	Application Type/Firm type
<b>API (Authorised Payment Institution)</b>	Authorisation/Merchant Acquirer
<b>API (Authorised Payment Institution)</b>	Authorisation/Mobile Phone Operator
<b>API (Authorised Payment Institution)</b>	Authorisation/Money Remitter
<b>SPI (Small Payment Institution)</b>	Registration/Bill Payment Service Provider
<b>SPI (Small Payment Institution)</b>	Registration/Money Remitter
<b>AEMI (Authorised Electronic Money Institution)</b>	Authorisation/E-Money Issuer
<b>AEMI (Authorised Electronic Money Institution)</b>	Authorisation/E-Money Issuer & Unrelated PSD
<b>SEMI (Small Electronic Money Institution)</b>	Registration/E-Money Issuer
<b>SEMI (Small Electronic Money Institution)</b>	Registration/E-Money Issuer & Unrelated PSD

# Waivers Quarterly KPIs: 2014/2015

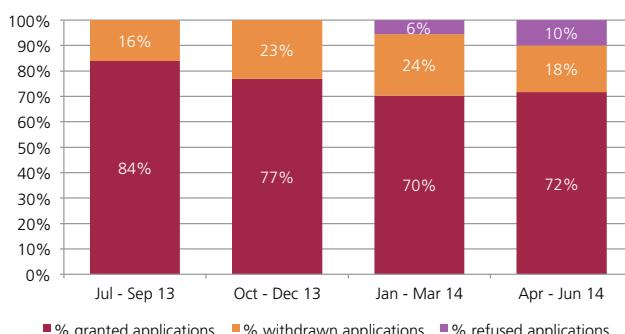
## 1) Time to complete



## 2) Volume of applications



## 3) Application decisions



### What the charts are saying:

This quarter saw an increase in the average processing times (APT) from 19.7 to 23.1 days. The average time to complete an application remained static at 37 days.

As predicted, we have seen an increase in the number of applications stemming from the Capital Requirements Directive (CRD IV). Firms captured by the new rules have applied for waivers in relation to the limits on:

- the number of non-executive positions an individual can hold
- the committees the firms have to establish,
- and the reporting requirements that apply.

These cases are 'precedent cases' - meaning we have not had historic applications to waive these rules before - and involve a lot of work within the FCA to determine our response. We've also received more of these applications than expected. The net result has been a slight increase in the overall average processing times, though times for non-CRD IV applications have remained stable.

We expect the processing time of new CRD IV applications to decrease as we process more cases and have established precedents to work from. We are currently working on completing existing CRD IV applications that were waiting for the precedent setting. We also expect non-CRD IV applications to decrease as we don't expect many non-routine applications.

We rejected 10% of applications. All of these had applied to modify the rule about the format CRD IV firms must use to provide their reports to us.

### Definitions of terms:

#### Average time to complete an application:

This is the total time taken from when the FCA receives an application to when a decision is made.

#### Average FCA processing time:

In some circumstances the FCA will not be able to progress work on an application due to reasons out of our control while we wait for information. Average processing time is the time taken to determine an application, less the time elapsed whilst we wait for the necessary information. Common reasons for the FCA to be unable to process a case immediately are:

- Incomplete application
- Waiting for additional information from applicant

Included in the above key performance indicator are waiver applications where the FCA is the sole decision maker.

In exceptional circumstances the FCA takes the decision to make a modification available to a selection of firms through our website. These are referred to as 'modifications by consent'. Firms simply inform the FCA that they wish to take advantage of the modification as opposed to completing an application form. As the time taken to complete a modification of consent is significantly shorter than our standard application process they are excluded from the above data. Liquidity modifications are also excluded from the data due to the complexity of the decision. While most waivers take 10 – 20 working days to process, in 2013 a liquidity waiver averaged 46 working days to process.