

Quarterly KPIs: 2014/2015

As of October 2015

Introduction

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

Why are we making more information available?

We are committed to:

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

Scope

We've provided KPIs for:

- authorisations¹
- variation of permission
- payment services and e-money
- waivers

We publish our service standards on our Performance Account webpages, along with quarterly key performance indicators (KPIs)² covering:

- the average processing time (APT) for applications – from the time we receive it to the time the application is determined^{3,4}
- how many applications we determine³, and
- the distribution of all decisions, i.e. the percentage of applications that have been authorised, registered, granted, withdrawn or refused

We supplement each of these KPIs with analysis and commentary, including context on why applications are refused or withdrawn, and why the APT may have changed.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 the necessary information we ask for.⁴

1 Authorisation figures are defined as Applications from firms which were primarily applying for regulated non-consumer credit activities only, but include peer to peer lending applications.

2 Where the FCA is the sole decision maker

3 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 This includes applications that may subsequently be withdrawn, having not met the necessary conditions, or where the application was subsequently retracted.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 Waivers applications, we use the term 'complete' to mean when we have decided on the application.

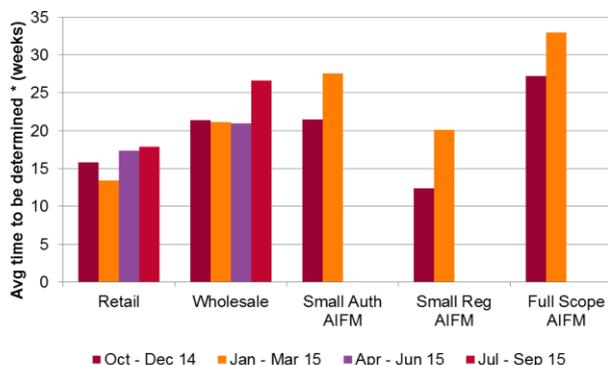
4 The Waivers APT excludes the time that has elapsed while we wait for the necessary information from the applicant.

Authorisation quarterly KPIs: 2014/2015

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

The alternative investment fund managers (AIFM) figures are now being included as part of the wholesale figures as they are now business as usual.

1) Average processing time (APT) ** of determined* applications



What the chart is saying:

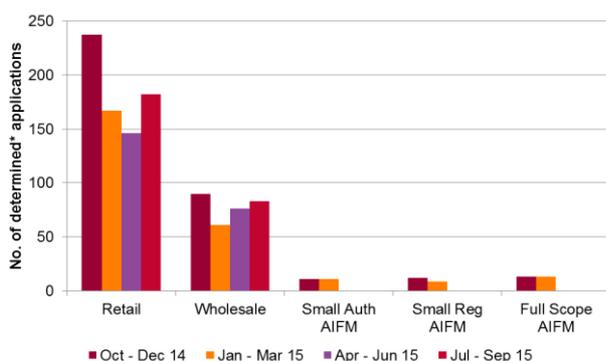
The APT for retail firm type applications has increased due to the complexity of the cases being received, specifically from mortgage providers and peer to peer lenders.

The APT for wholesale firm type applications has increased due to a) the proportion of incomplete applications being received; and b) the significantly increased volume of applications received.

The number of applications received in retail and wholesale have increased significantly year on year; however, this is now beginning to stabilise. Nevertheless, the APT is expected to rise over future quarters.

Firm type	Minimum and maximum processing times (weeks)							
	Oct-Dec14		Jan-Mar15		Apr-Jun15		Jul-Sep15	
	Min	Max	Min	Max	Min	Max	Min	Max
Retail	6	35	2	51	6	50	5	65
Wholesale	7	65	9	51	0	48	9	51
Small Auth AIFM	6	49	12	39				
Small Reg AIFM	4	26	12	38				
Full Scope AIFM	13	80	21	51				

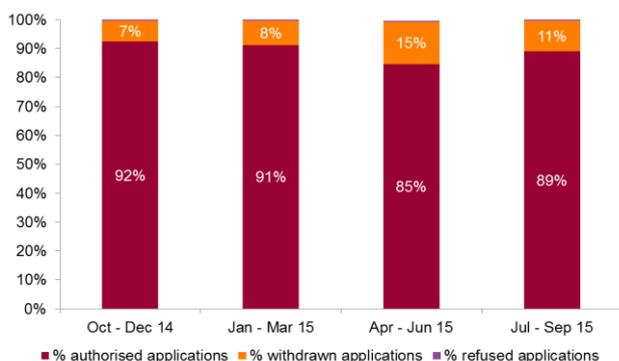
2) Volume of determined* applications



What the chart is saying:

The number of determined retail and wholesale firm type applications has increased due to process improvements.

3) Distribution of all applications decided



What the chart is saying:

There has been one refusal in this quarter. The percentage of withdrawals has decreased.

Firms most commonly withdraw when:

- they face challenge from the FCA, choosing to withdraw rather than risk receiving a refusal decision on their case, or
- they no longer want 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 determine it*. It includes the time that has elapsed while we wait for the necessary information from the applicant.

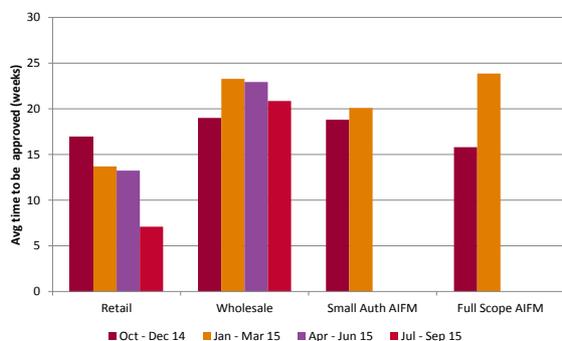
* 'Determined' is the earlier of when the application is made 'subject to' or authorised. 'Subject to' is a point in time where the FCA makes a decision to authorise, but with conditions to be met before authorisation can be confirmed. This includes applications that may subsequently be withdrawn, having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

Variation of permission quarterly KPIs: 2014/2015

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

The AIFM figures are now being included as part of the wholesale figures as they are now business as usual.

1) Average processing time (APT) ** of approved applications



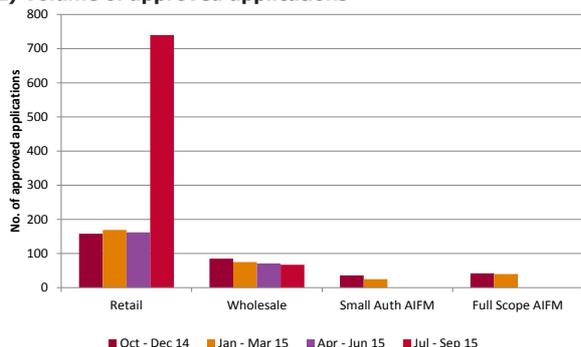
What the chart is saying:

Changes in pension legislation (PS 15/12) led to a spike in retail firm type applications in the period June–August. These were relatively straightforward cases and therefore significantly reduced the APT for this sector.

However, once these cases are complete, we expect the APT to return to the levels seen in the previous two quarters.

Firm type	Minimum and maximum processing times (weeks)							
	Oct-Dec 14		Jan-Mar 15		Apr-Jun 15		Jul-Sep 15	
	Min	Max	Min	Max	Min	Max	Min	Max
Retail	0	40	0	51	0	52	0	52
Wholesale	0	39	0	48	1	52	0	65
Small Auth AIFM	11	29	15	39				
Full Scope AIFM	11	32	18	44				

2) Volume of approved applications

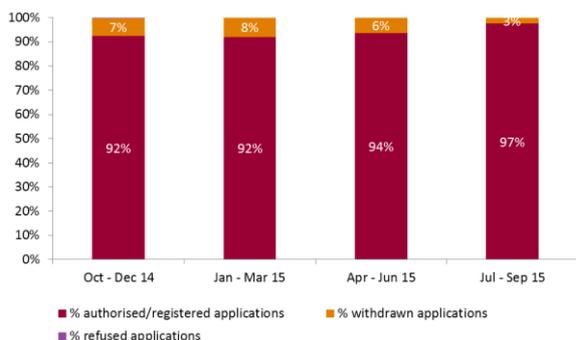


What the chart is saying:

The volume of approved applications has increased in retail firm type applications due to an increase in volumes received following pension legislation changes (see above). We determine these cases relatively quickly.

The volume of approved applications remains broadly stable in wholesale firm type applications.

3) Distribution of all applications decided



What the chart is saying:

We have not refused any applications during this quarter. The number of withdrawals has decreased slightly.

Firms most commonly withdraw when:

- they face challenge from the FCA, choosing to withdraw rather than risk receiving a refusal decision on their case, or
- they no longer want 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.

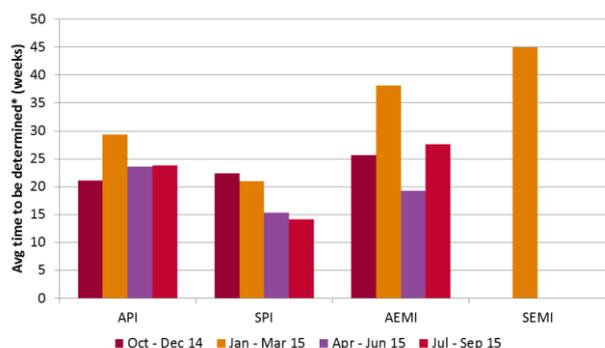
**Authorisation and variation of permissions appendix:
Glossary of terms**

Firm type category	Application type/firm type
Wholesale	Securities and futures (non-complex)
Wholesale	Securities and futures (complex)
Wholesale	Advisers and arrangers of wholesale funds
Wholesale	Investment manager and CIS operator
Wholesale	Home finance provider
Wholesale	Personal pension scheme providers (including SIPPs)
Retail	Investment and non-investment insurance contracts
Retail	Investment, home finance and non-investment insurance contracts
Retail	Investment
Retail	Non-investment insurance contracts
Retail	Home finance and non-investment insurance contracts
Retail	Peer-to-peer lending
AIFM (Alternative Investment Fund Managers) Small Authorisation	Investment manager and CIS operator
AIFM (Alternative Investment Fund Managers) Small Registration	Investment manager and CIS operator
AIFM (Alternative Investment Fund Managers) Full Scope	Investment manager and CIS operator
Retail/Wholesale	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:

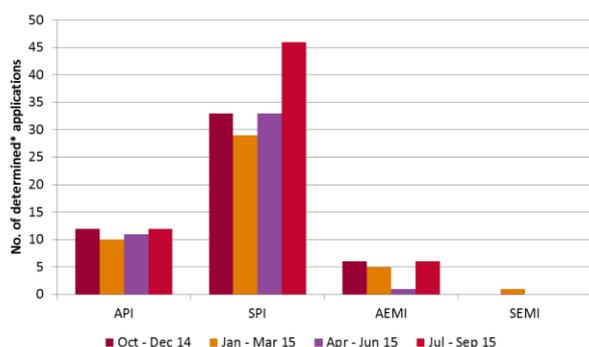
The APT for authorised payment institutions (API) and small payment institutions (SPI) remains stable.

Given the low volume of e-money applications received and determined in any given period, there can be significant swings in the APT from period to period, as is evident in during the past year.

Minimum and maximum processing times (weeks)

Firm type	Minimum and maximum processing times (weeks)							
	Oct-Dec 14		Jan-Mar 15		Apr-Jun 15		Jul-Sep 15	
	Min	Max	Min	Max	Min	Max	Min	Max
API	13	44	15	51	8	40	11	45
SPI	13	40	8	48	2	45	2	42
AEMI	17	33	18	52	19	19	16	39
SEMI	N/A	N/A	45	45	N/A	N/A	N/A	N/A

2) Volume of determined* applications



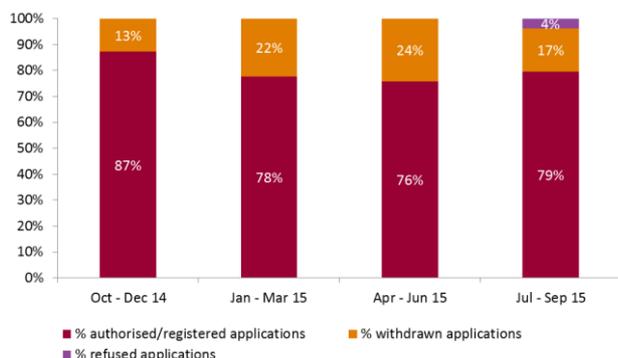
What the chart is saying:

The volume of determined cases remains stable since the last quarter for API.

The volume of determined cases has risen for SPI due to temporary additional resources available in this quarter.

The low volume of e-money applications received affects the number of determined cases for AEMI and SEMIs.

3) Distribution of all applications decided



What the chart is saying:

There have been three refused applications this quarter.

The percentage of withdrawals remains high, reflecting the number of firms unable to satisfy conditions for safeguarding of customer funds.

** 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.

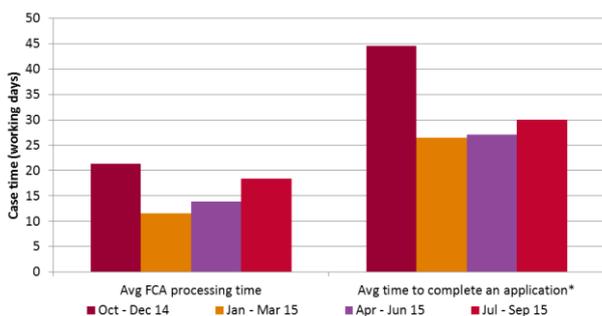
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**Payment services and e-money appendix:
Glossary of terms**

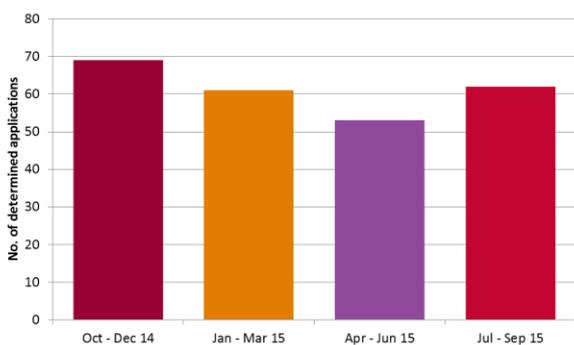
Firm type category	Application type/firm type
API (Authorised Payment Institution)	Authorisation/merchant acquirer
API (Authorised Payment Institution)	Authorisation/mobile phone operator
API (Authorised Payment Institution)	Authorisation/money remitter
SPI (Small Payment Institution)	Registration/bill payment service provider
SPI (Small Payment Institution)	Registration/money remitter
AEMI (Authorised Electronic Money Institution)	Authorisation/e-money issuer
AEMI (Authorised Electronic Money Institution)	Authorisation/e-money issuer & unrelated PSD
SEMI (Small Electronic Money Institution)	Registration/e-money issuer
SEMI (Small Electronic Money Institution)	Registration/e-money issuer & unrelated PSD

Waivers quarterly KPIs: 2014/2015

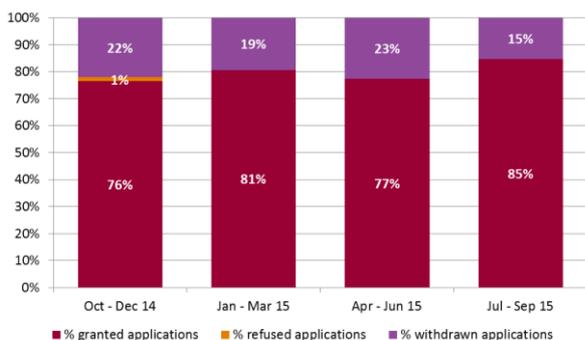
1) Time to complete



2) Volume of applications



3) Application decisions



What the charts are saying:

Average processing times and average time to complete an application have gone up by 4.6 and 2.9 days this quarter, standing at 18.5 days and 30 days respectively. This accompanied a 28% increase in new applications, resulting in an increase in our work in progress. The increase in application numbers coupled with an increase in complexity is directly attributable to the reported increase in our processing times.

While we continue to receive a variety of waiver applications from across the sourcebooks, we are currently experiencing higher volumes in regard to the transfer of client of assets rules and our liquidity rules.

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, we 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 while we wait. Common reasons for us being unable to process a case immediately are:

- incomplete application
- waiting for additional information from applicant

Included in the above KPIs are waiver applications where the FCA is the sole decision maker

In exceptional circumstances we decide to make a modification available to a selection of firms through our website. These are referred to as 'modifications by consent'. Firms simply inform us 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 to 20 working days to process, in 2013 a liquidity waiver averaged 46 working days to process.