FINANCIAL CONDUCT AUTHORITY

12 Endeavour Square
London
E20 1JN

Call: +44 (0)20 7066 1000
Fax: +44 (0)20 7066 1099
www.fca.org.uk

Rachel Reeves
Chancellor of the Exchequer
1 Horse Guards Road
London
SW1A 2HQ

15 July 2025

Dear Rachel,

Re: KPIs and metrics for authorisations processes

Maintaining a robust authorisations process for firms and individuals helps safeguard the integrity of a competitive UK financial services market while protecting consumers. We recognise the importance of expediency, predictability, proportionality and flexibility to firms in this process, and its potential contribution to growing the economy. Balanced against this, we also aim to prevent entry to firms that may cause significant harm and introduce costs to the wider system.

We have invested substantially to improve firms' early regulatory experience, including through an increase in resource and digitisation of forms. We are going further, with extended pre-application support services and an expanding Early and High-Growth Oversight function.

In 2022, we increased the frequency and granularity of public performance reporting. We show the number of elapsed calendar days it takes us to determine 25%, 50% and 75% of applications from the date of receipt. Statute permits us to 'stop the clock' when we need to seek further information for SMF/approved person applications and changes in control, but we do not exclude these days from that data.

Our performance is much improved, especially for key areas such as new firm authorisations, variations of permission and senior manager applications; 99% of all applications are now determined within deadlines. As set out in the Government's consultation document, shorter authorisations deadlines in the Financial Services and Markets Act 2000 (FSMA) could further reduce some authorisation timelines.

Deadlines as set out in legislation need to allow sufficient flexibility to assess and challenge applications that pose significant risks to our operational objectives. We spend considerable time engaging with firms throughout the process and recognise that it can also be in their interest to have more time to address feedback and remedy issues, or, for example, to finish raising capital. It is important that we retain this flexibility, not least to avoid the unintended consequence of more refusal proceedings being initiated, which could have negative consequences for growth and competitiveness.

Many applications are already processed faster than existing deadlines and the proposed new deadlines, as can be seen in our published metrics. We want to give firms greater confidence about what to expect, and will implement additional stretch targets:

- For **senior manager regime applications**, we will target completing at least 50% of cases within 35 days, which should be achievable once the Government's proposed legislative reforms become effective, while also demonstrating progress against the proposed new, shorter deadline of 2 months. This will increase confidence in the speed with which more straightforward appointments can be made.

- For **variations of permission,** we will target completing cases within 3 months for complete applications and 6 months for incomplete applications for *adjacent* business models. This will exclude cases where the application is not adjacent to the existing business model and, therefore, more closely resembles a new firm authorisation. We will indicate on our website which types of permissions and applications fall in scope of this. We consider that it will be of benefit to non-adjacent applications to have more time, for the reasons we explain above, and will continue to process these within targets aligned to the Government's proposed amended statutory deadline of 4 months for complete and 10 months for incomplete applications.
- We will also adjust our reporting for **payments and e-money firms** to align with the relevant statutory targets for FSMA firms. Authorisations and registrations would, therefore, target deadlines of 3 months for complete applications and 10 months for incomplete applications, for both new firm and variation applications.

Any perimeter change that means firms without regulatory experience come into the perimeter or into scope of FSMA 2000, would be reported separately for at least 12 months. This will include where changes to the regulated activities in FSMA 2000 result in a significant volume of new firm or variation of permission applications, even for adjacent business models.

For all types of application, we will continue to enhance how we communicate with firms and individuals during the application process and provide regular and transparent feedback about progress. We will also consider how we can further enhance our support services to help improve the quality of the application materials that firms submit, as this is an important contributor to the length of time to process an application.

From the beginning of 2026, we will adjust our quarterly reporting to show performance against the proposed statutory deadlines ahead of these coming into force, and against the stretch targets. This will demonstrate progress while we focus on meeting the new targets, noting that it will take some time to make the necessary changes to achieve them.

Yours sincerely,

Nikhil Rathi
Chief Executive