

Annual Report and Accounts **2024-2025**

For year ended 31 March 2025
HC 963



Financial Conduct Authority

Annual Report and Accounts 2024–25

For the year ended 31 March 2025

Presented to Parliament pursuant to paragraphs 11(4) and 15(3) of
Schedule 1ZA of the Financial Services and Markets Act 2000 as
amended by the Financial Services Act 2012 and the Financial Services
(Banking Reform) Act 2013

Ordered by the House of Commons to be printed on 10 July 2025

HC 963



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12 Endeavour Square
London
E20 1JN

ISBN 978-1-5286-5527-9

E03289353 07/25

Printed on paper containing 40% recycled fibre content minimum

Printed in the UK by HH Associates Ltd. on behalf of the Controller of His Majesty's Stationery Office

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01

Year in review



The year at a glance

Consumer protection

£29bn



moved by savers into higher interest accounts

£70m

saved by consumers due to lower commission on GAP insurance

73%



of consumers in vulnerable circumstances reported positive experiences when contacting their firm in the last 12 months

Rate of upheld complaints about unsuitable advice or mis-sold products fell from



39% in 2022 to 26% in 2024

Protect and enhance market integrity

Implemented updated listing rules to make it easier for businesses to raise money -

21 transactions already announced which no longer require shareholder approval

Consulted on new rules under **POATR**

and the new public offer platforms regime - aiming to make it easier and cheaper for companies to raise funds

2,240



alerts issued about unauthorised firms and individuals who undermine market integrity

PISCES -

an innovative type of platform that will enable intermittent trading of private company shares

Successful orderly transition from

LIBOR

to more robust reference rates



Market abuse assessments cut from 3 days to a few **hours** after expanding monitoring

Promote effective competition

Bond consolidated tape provider

(CTP) Tender notice published to boost transparency and drive competition in bond markets



Launched AI Lab

to support innovators as they develop new AI models and solutions



8 firms

accepted into Digital Securities Sandbox (DSS), operated jointly with the Bank of England (the Bank) since September 2024



Chair's foreword

This report is published at an exciting time for the FCA, as we build on the successes and lessons of our first multi-year strategy and embark on an even more ambitious one.

Our 2022-2025 strategy was published in a challenging context, a period of high inflation and uncertainty following the pandemic and the outbreak of war in Ukraine. It ends in a challenging context too, an era marked by sluggish growth, a volatile geopolitical environment and further global conflict.

This was also a period in which the UK continued to find its footing in the post-Brexit world. Over the last 3 years we set about the complex work of repealing and replacing previously retained EU law into our Handbook.

Against that backdrop, our strategy was our north star, focusing on 3 key priorities to steer our work: reducing and preventing serious harm, setting and testing higher standards and promoting competition and positive change.

I'm proud of the FCA's progress in those critical areas. When it comes to reducing harm, our better use of data and proactive approach to financial crime supervision



Ashley Alder, Chair FCA

helped us identify harm faster. Firms have changed their operations as a result to better prevent and mitigate financial crime. We kept more potentially harmful firms out of markets, increasing the number of cancelled authorisations by 121% over 3 years.

Our work has helped to reverse the growth in the number of victims who lose out to investment fraud. We tackled more non-compliant financial promotions by authorised firms, so the number of potentially misleading promotions removed or amended grew from 573 in 2021 to almost 20,000 in 2024.

As for setting higher standards, a landmark achievement was the introduction of our Consumer Duty. This continues to put consumer protection and consumers' needs first. Our Financial Lives 2024 survey found 36% all UK adults thought most financial firms are honest and transparent in the way they treat them, compared to 31% in 2017. A lot done, more to do.

Our commitment to promote competition and positive change has seen us become a more flexible regulator, open to fresh and innovative ideas. Our listings reforms and development of 'sandboxes' are critical examples of this. The Digital Securities Sandbox allows firms to experiment with developing technologies, strengthening the UK's position as a global and vibrant financial centre.

We have supported almost 1,000 firms since we started with our broader suite of sandboxes, with sandbox firms 50% more likely to raise funding. On average, they raised 15% more.

During the life of this strategy, Parliament gave the FCA a secondary objective to facilitate the international competitiveness of the UK economy (in particular, the financial services sector), and its medium to long-term growth. We are happy to report on our progress in the second year of that objective in a separate report today.

Our work over the past 3 years and our commitment to spurring growth in the UK economy is only possible because of how strong the UK market is on the international stage. The UK is one of the top wholesale markets of choice, with London ranked second in the Global Financial Centres index.

This provides us with the strongest possible springboard from which to implement our new multi-year strategy, with sustained economic growth as one of its central pillars. As always, our priorities will work in tandem. Giving consumers and businesses more investment confidence, reassessing our collective approaches to risk in pursuit of potentially greater reward, keeping our markets clean, secure and trustworthy, and working smarter and faster are not and cannot be mutually exclusive.

I am grateful to FCA colleagues across our offices in London, Leeds and Edinburgh for their sheer commitment and hard work, as well as to my fellow Board members for their valuable insights and guidance during what has been an unpredictable but productive year. I would also like to thank our Chief Executive, Nikhil Rathi, for captaining the ship so ably over the last few years; the Board is delighted that he has been reappointed to serve a second term from September this year.



Ashley Alder, Chair, FCA



When it comes to reducing harm, our better use of data and proactive approach to financial crime supervision helped us identify harm faster. Firms have changed their operations as a result to better prevent and mitigate financial crime. We kept more potentially harmful firms out of markets, increasing the number of cancelled authorisations by 121% over 3 years.



Introduction from the chief executive

Amid global uncertainty and unprecedented market volatility, I am proud that the FCA has navigated a steady course for consumers and businesses over the past year. As I wrote to the Prime Minister and Chancellor at the turn of the year, we are committed to playing our full part in supporting growth in the UK and are delivering at pace around 50 measures we proposed.



Nikhil Rathi, Chief Executive, FCA

We are providing a progress report on this as part of our separate update on the second year of our secondary objective.

We have remained focused on delivering our 3 strategic priorities: reducing and preventing serious harm, setting and testing higher standards, and promoting competition.

The first of those, reducing and preventing serious harm, is critical to maintaining business and consumer confidence in our world leading financial markets.

We don't underestimate the scale of the challenge, with ever-more sophisticated technology, including AI leading to an uptick in the fraud threat. That's why our work to reduce financial losses has been so essential.

Our approach of 'disrupt, pursue, sanction' saw us tackle the latest forms of financial wrongdoing. We slowed the growth in Authorised Push Payments. We charged so-called 'finfluencers' promoting financial services products illegally.

We continue to work with tech platforms to remove fraudulent and unauthorised apps and services at scale. We wanted our targeted enforcement actions – like fining Starling Bank £29 million and Metro Bank £16 million – to be visible to help promote transparency and build trust.

Putting consumers' needs first is at the heart of so much of our work. We have continued to see very positive engagement with the Consumer Duty, and with the Duty now embedded, we are moving fast to streamline our rulebook. Firms can now decide for themselves

whether to retain a Consumer Duty board champion. The Duty is also the bedrock of our work on financial inclusion. Designated firms now undertake cash access assessments and fill in gaps for the reasonable provision of cash access services. By the end of March 2025, more than 800 assessments had been completed, including over 170 requested by local communities. Over 200 communities have benefited from improved services.

We strengthened protections for vulnerable consumers and introduced new rules to better protect borrowers in financial difficulty. We stopped most platform investment firms from 'double dipping' – that is, charging customers for holding cash while pocketing the interest. An estimated £10m in fees will now be returned each year to customers.

We also reviewed the cash savings market. The early results are positive: our September 2024 update showed average easy access rates rose from 1.66% (in July 2023) to 2.11% (in June 2024), giving consumers around £4bn more in annual interest by June 2024. By August 2024, 174 accounts offered over 4% interest, with savers shifting £29bn into higher-rate accounts, reaching £274bn in total.

Of course, the environment in which businesses and consumers operate needs to be competitive and dynamic. Our focus on strengthening the UK's position in global wholesale markets has rarely been more important.

Last July, we updated listing rules liquidity risk management capabilities at wholesale trading firms. Our Public Offer reforms will make it easier and cheaper for issuers to raise capital and increase opportunities for investors.

Last September marked the end of LIBOR, a global transition led by the FCA, which

is making financial markets safer, more stable and fit for modern use.

We are also developing a replacement prospectus regime to make capital raising more agile. And changes to provide more options for paying for investment research.

I was first appointed as chief executive of the FCA in 2020, and I'm honoured to be reappointed by the Chancellor and that the Board has entrusted me to deliver our next strategy. From day one, my mission has been to steer the FCA into becoming a more efficient and innovative organisation serving the public interest.

That spirit animates our ongoing work covering AI (through our AI Lab) and the groundwork for the regulation of stablecoins and cryptocurrencies. Our Digital Securities Sandbox, with the Bank, gives firms the chance to explore the benefits of technologies such as distributed ledger technology (DLT), which could lead to savings for markets and their users.

Throughout the 2022-25 strategy, the FCA has held firm when appropriate, taken on precedent-setting legal and enforcement actions and adapted as needed. As a case in point: when the Government announced that our colleagues in the Payment Systems Regulator (PSR) would be merged with the FCA, we welcomed the news. We have already integrated our executive leadership for payments and digital finance and will support our colleagues there to transition fully to the FCA team. And what a great team it is. I thank all colleagues for their dedicated and tireless work over the past year.

Nikhil Rathi

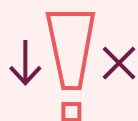
Nikhil Rathi, Chief Executive, FCA

Our 3-year strategy

Delivering impact: 2022-2025

We are a more assertive, adaptive, and data-led regulator. We've acted faster, raised standards and delivered better outcomes for consumers and markets

We have built a strong foundation for our next [strategy](#), as demonstrated by the progress in the last 3 years shown below:



01 Reducing and preventing serious harm

We strengthened our operations to act earlier and more decisively, underpinned by better data. This delivered assertive supervision, faster interventions and enforcement. We outlined and commenced our plan for the regulation of cryptoassets and improved our market oversight to help reduce serious harm across the financial system.

See [Reducing and preventing financial crime](#), [Improving the redress framework](#), [Dealing with problem firms](#), [Outcomes and metrics report](#).

2021 – 2024

53% – 5.1%

Growth in reported investment fraud losses

See [FCA outcomes and metrics, PFC1-M01](#)

▼ **90.4%**
decrease

2020/21 – 2022/23

+39% – -5%

Growth in reported APP fraud losses

See [FCA outcomes and metrics, PFC2-M01](#)

▼ **113%**
decrease

2020/21 – 2023/24

£717m – £270m

Total FSCS levies firms paid

See [FCA outcomes and metrics, IRF3-M02](#)

▼ **61%**
decrease

2021 – 2025

366 – 965

Number of cases opened relating to financial crime

See [FCA outcomes and metrics, PFC4-M01](#)

▲ **164%**
increase

2021 – 2024/25

55% – 80%

Increase in proportion of firms aware of our actions to withdraw permissions from any firms or individuals who fail to meet our standards

See [FCA outcomes and metrics, DPF2-M01](#)

▲ **25%**
increase



02 Setting and testing higher standards

We set and supervised higher standards with the Consumer Duty, clarifying expectations on fair value, product governance and customer support and understanding. Our improved supervisory approach holds firms to account and ensures action is taken where standards fall short.

See Consumer Duty, Enabling consumers to help themselves, Minimising the impact of operational disruptions, Putting consumers' needs first, A strategy for positive change: our environmental, social and governance (ESG) priorities, [Outcomes and metrics](#)

2021 – 2024

19,965 – 9,794

Number of Financial Ombudsman Service complaints about unsuitable advice or mis-sold products and services

See [FCA outcomes and metrics, CNF1-M01](#)

Financial Lives 2024 survey

Consumer trust in sustainability credentials improving

See [FCA outcomes and metrics, NZE1](#)

2021 – 2024

573 – 19,766

Number of interventions on non-compliant financial promotions by authorised firms.

See [FCA outcomes and metrics, IHT1-M01](#)

2021 – 2025

1.33 – 1.34 out of 6

Average impact of operational disruptions to firms' important business services has remained consistently low

See [FCA outcomes and metrics, IOD1-M01](#)



03 Promoting competition and positive change

We supported innovation to enhance market integrity and competitiveness – including work on sustainable finance frameworks and digital finance. We invested in smarter, faster tools – including a Digital Securities Sandbox and an AI Lab – to help firms test new ideas safely.

We strengthened wholesale markets by simplifying listing rules to support capital-raising. We also deepened international regulatory ties to keep UK markets open, trusted, and competitive.

Financial Lives 2024 survey

Consumer trust in sustainability credentials improving

2021/22 – 2025

London – 2nd

in Global Financial Centres Index

For further details see [FCA outcomes and metrics, GWM2-M02](#)

See Strengthening the UK's position in wholesale markets, Shaping digital market to achieve good outcomes, [SICGO report](#).

02

Strategic report



Progress on our strategic commitments

Our aims were to reduce harm, raise standards and promote competition and positive change, with 13 enduring commitments to achieve these.

In 2024/25, we put extra effort into 3 areas:

- Reducing and preventing financial crime.
- Putting consumers' needs first.
- Strengthening the UK's position in global wholesale markets.

Our 13 commitments



Reducing and preventing financial crime



Putting consumers' needs first



Strengthening the UK's position in global wholesale markets



Preparing financial services for the future



Dealing with problem firms



Taking assertive action on market abuse



Reducing harm from firm failure



Our environmental, social and governance (ESG) priorities



Shaping digital markets to achieve good outcomes



Improving the redress framework



Enabling consumers to help themselves



Minimising the impact of operational disruptions



Improving oversight of appointed representatives

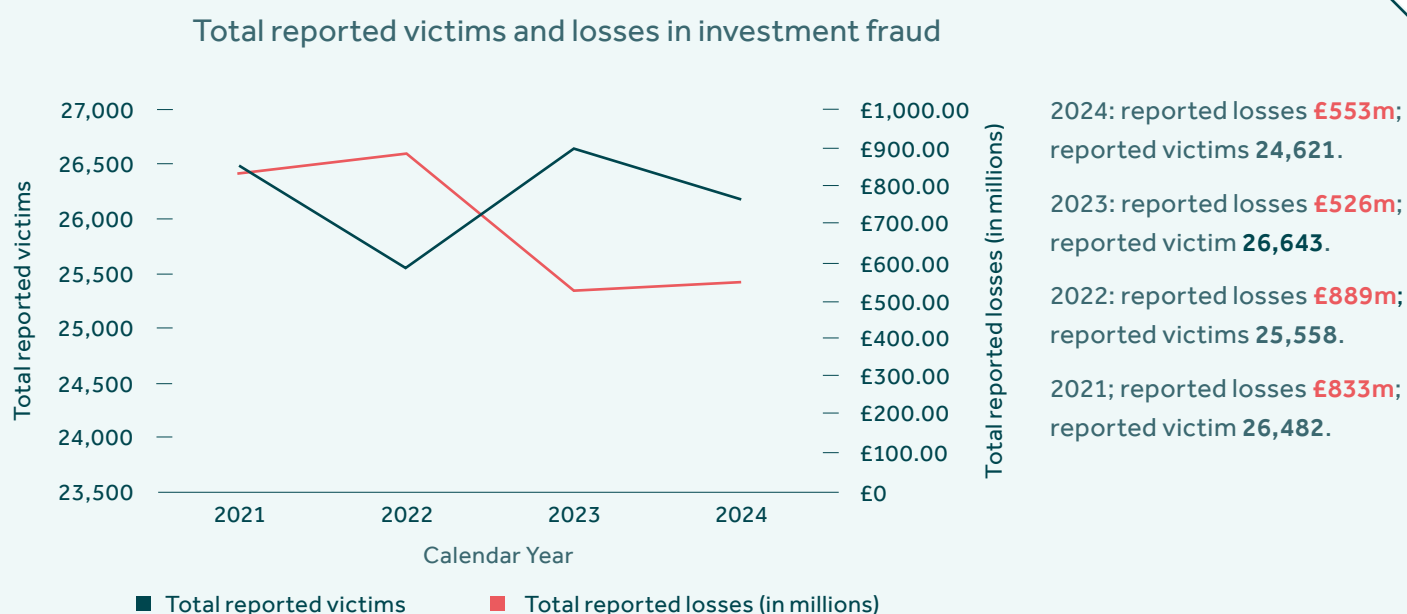
Commitments 1-3

Commitment 1: Reducing and preventing financial crime

We want to disrupt financial crime which costs UK consumers and businesses billions through fraud and money laundering. Criminal tactics are evolving, exploiting digital platforms and financial services. We aim to strengthen firms' defences, tackle fraud and be a good partner to firms and consumers. We want consumers to have the tools to protect themselves, improve market cleanliness, and slow the growth in fraud losses.

Slowing the growth in investment fraud cases and losses

Despite measurable progress up to 2023 – including a slower growth rate in investment fraud victims and reduced reported losses – the overall fraud threat to the UK is increasing. Advances in AI and technology are driving a renewed rise in fraud. Between 2023 and 2024, losses rose by 5.1% and reported victims by 7.6% (according to the National Fraud Intelligence Bureau).



Protecting consumers from fraud

In 2024, we identified and assessed around 480,000 new websites that could be providing or promoting financial services or products without our permission. This resulted in reviews of just over 3,700 websites and social media platforms and led to over 1,600 alerts to warn UK consumers about these unauthorised firms. We issued 2,240 alerts about unauthorised firms and individuals in 2024, compared to 2,286 in 2023. Collaboration with big tech platforms like Google, Bing and Meta resulted in over 50 apps being removed from Google Play and the App Store. This work is helping us block fraud at source.

Slowing the growth in Authorised Push Payment (APP) fraud cases and losses

In 2024, APP fraud losses reached £450.7m according to UK Finance.

In the months leading up to October 2024, we supported the implementation of the PSR's reimbursement requirement for APP fraud through the Faster Payments System and Clearing House Automated Payment Systems (CHAPS). In response, firms have improved their fraud controls, and have seen fewer APP fraud claims than expected, relative to 2023 data.

Lowering the incidence of money laundering and improving sanctions compliance

In 2024/25, we carried out 546 anti-money laundering assessments, up from 435 in 2023/24. We carried out 266 assessments into sanctions compliance, up from 248 in 2023/24.

We fined Starling Bank £29m for financial crime failures in its financial sanctions controls and screening. We also fined Metro Bank PLC (Metro) £16.7m for not having the right systems and controls to adequately monitor transactions for money laundering risks.

This work has helped reduce money laundering and improved the financial sector's ability to prevent financial crime.

Using powers to disrupt, pursue, and sanction

Young people are increasingly exposed to scams and financial influence on social media. Recent studies show



In 2024, we identified and assessed around

480,000

new websites that could be providing or promoting financial services or products without our permission.

Over 3,000

domains were suspended, removed or blocked.





We interviewed, under caution,

20 finfluencers

illegally promoting financial services products

and issued

38 alerts

against finfluencer social media accounts.

nearly 62% of 18- to 29-year-olds follow social media influencers, 74% trust their advice and 9 in 10 young followers have been encouraged to change their financial behaviour.

In October 2024, we interviewed, under caution, 20 finfluencers illegally promoting financial services products and issued 38 alerts against finfluencer social media accounts. In 2024/25, we secured 5 convictions and charged 19 suspected individuals/entities (of which 12 related to suspected fraud and anti-money laundering offences). We have a total of 37 defendants awaiting trial in the Crown Courts.

These efforts have potentially helped disrupt illegal financial promotions and scams, protecting consumers from potential fraud.

Ensuring effective systems and controls

In January 2025, we published reports and findings on money laundering in capital markets, payment services' use of fraud tools, and banking access for vulnerable customers. In November 2024, we updated our Financial Crime Guide.

Finfluencers: unlawful financial promotions

In May 2024, we charged another group of finfluencers – social media and reality TV figures with a combined Instagram following of 4.6 million – over videos promoting FX trading posted on their Instagram accounts. None of them were authorised by the FCA to make such promotions. A split trial is scheduled at Southwark Crown Court in early 2027.

Individual prosecuted for illegally operating crypto ATM network

Following an FCA prosecution, an individual was sentenced to 4 years in prison for unlawfully operating unregistered crypto ATMs. He ran crypto ATMs across multiple locations, which processed over £2.5m in crypto transactions. This is our first criminal conviction for unregistered cryptoasset activity since it came under our money laundering supervision in 2020 and our first conviction under the MLRs 2017.

Organised crime group: unauthorised crypto investment fraud

In November 2024, 2 individuals were convicted of defrauding at least 65 investors out of £1.5m. They cold-called consumers, directing them to a professional-looking website where they were offered high returns for fake investments in crypto.

These help firms to improve fraud detection and ensure better account access for those in need.

Commitment 2: Putting consumers' needs first

The Consumer Duty sets higher standards for firms and aims to improve fairness, transparency and achieve better outcomes across the market. Firms must design financial products that meet the needs of their target market and of retail customers.

Supporting firms to embed the Consumer Duty

The introduction of the Consumer Duty is a significant change to the way we regulate. It puts customers' needs at the heart of firm's actions.

We have run over 50 events to help embed the Duty and had more than 4,000 attendees at our Consumer Duty: One Year On webinar. Our review of firms' Board reports highlighted good practices - showing a clear focus on outcomes and customer analysis - as well as areas for improvement. It has been viewed over 9,000 times with a 99% positive rating for usefulness.

We also worked with general and life insurance firms and payments firms to understand how effectively these firms monitor their delivery of good consumer outcomes - and shared these insights on our website.

Delivering fair value to customers

We reviewed the cash savings market to ensure firms deliver good outcomes for consumers under the Consumer Duty:

- Our September 2024 update showed average easy-access rates rose from 1.66% in July 2023 to 2.11% in June 2024, giving consumers around £4bn more in annual interest.
- By June 2024, 174 instant-access/no-notice accounts offered over 4% interest.
- Savers have moved £29bn into higher paying fixed term and notice accounts, reaching £274bn in the first year of the Duty rules being in force.

We also allowed sales of GAP insurance to recommence in May 2024, and have seen lower levels of commission, which we estimate saves customers around £70m.

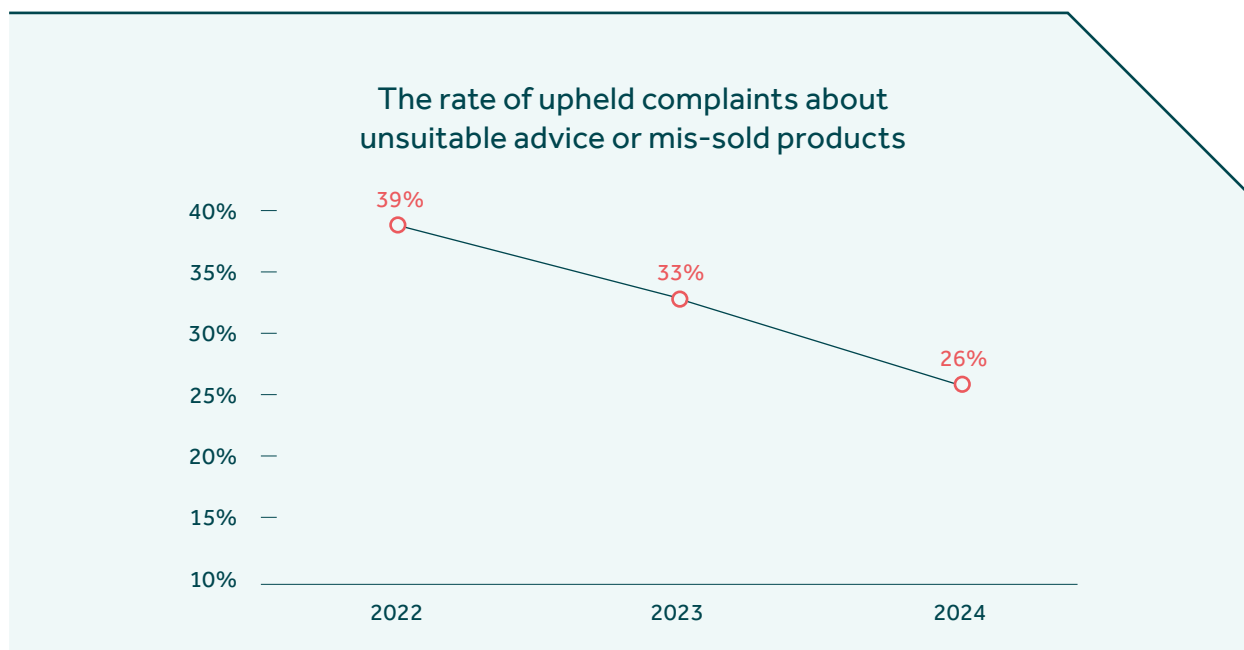
We stopped most platform investment firms from 'double dipping' – charging customers for holding cash while pocketing the interest. This will result in an estimated £10m in fees saved by customers each year.

Ensuring products meet consumer needs

Our review of firms' treatment of vulnerable customers found over 85% reported taking significant action to consider vulnerable customers' needs when designing products and services. 73% of consumers in vulnerable circumstances reported positive experiences when contacting their firm in the last 12 months. However, firms have struggled to fully embed Consumer Duty obligations in relation to vulnerable consumers. To support firms, we published examples of good practice and areas for improvement and we hosted a vulnerability review webinar in March 2025 on the issue with over 2,900 attendees.

Using the Consumer Duty in our supervisory work has led to firms pausing operations, providing redress, or exiting the market when we identified serious concerns. For example, one firm paid total redress of £1m to around 10,000 customers.

The rate of upheld complaints about unsuitable advice or mis-sold products fell from 39% in 2022 to 33% in 2023 and 26% in 2024. This suggests that firms' conduct has improved.



Strengthening protections for vulnerable customers

Our work has strengthened protections for vulnerable customers. Following sector communications in November 2023, the percentage of firms failing to identify vulnerable clients reduced from 33% of portfolio managers and 53% of stockbrokers in 2022/2023 to 17% and 34% respectively in 2024/25.

In April 2024, we introduced new rules to better protect borrowers in financial difficulty, permanently incorporating aspects of the Tailored Support Guidance for consumer credit, mortgages and overdrafts. Volkswagen Financial Services (UK) Limited was fined nearly £5.4m for failing to treat vulnerable customers fairly and agreed to pay over £21.5m in redress to around 110,000 affected customers.

Giving consumers the information they need

In May 2024, we published an undertaking by Mercedes-Benz Financial Services (UK) Limited. We were concerned about a potentially unclear term in some of its hire purchase agreements. The firm voluntarily undertook to clarify how excess mileage charges are calculated in new contracts, not rely on the term in existing ones, and provide redress to around 4,700 customers.

Promoting financial inclusion

In May 2024, our TechSprint Demo Day in Glasgow presented ways to widen access to banking and consumer credit, with innovative scale-up solutions from firms. For example, Nest Egg have been working with Lloyds Banking Group to match customers declined credit to credit unions.

We worked with Fair4All Finance on access to credit, holding a joint workshop in November 2024 to identify ways to increase awareness and reduce costs. This led to Moneyline creating the Money Toolkit, which helps people declined for credit with personalised support.

In September 2024, we implemented rules which ensure that consumers and businesses who need access to cash can still get it. By the end of March 2025, LINK had completed over 800 cash access assessments, including over 170 requested by local communities - over 200 communities have benefited from improved cash services as a result.

In December 2024, we joined consumer and industry representatives on the Treasury's Financial Inclusion Committee to support the development of the Government's financial inclusion strategy which will be published later this year.

HSBC: failures in treatment of customers in financial difficulty

We fined HSBC £6.2m for failures in their treatment of customers in arrears or facing financial difficulty. Between June 2017 and October 2018, HSBC failed to properly consider people's circumstances when they missed payments, sometimes entering into unaffordable repayment arrangements or taking disproportionate action against customers. HSBC paid redress totalling £185m to over 1.5 million customers.



Commitment 3: Strengthening the UK's position in the global wholesale markets

We want to ensure that UK wholesale markets continue to be seen as one of the top global markets of choice. Our work aims to create a regulatory framework that is clear, well-understood and trusted by market participants who think it is proportionate both in terms of speed and cost, as well as supporting innovation.

We strengthened liquidity risk management capabilities at wholesale trading firms by sharing good practices and areas for improvement to firms involved. We have also continued to adapt our rules so that the UK remains a trusted and attractive market.

Enhancing market competitiveness – listing and public offer reforms

In July 2024, we implemented updated listing rules which are more accessible, effective and competitive. They remove hurdles to growth and continue to emphasise disclosure, allowing informed investment decisions. Listed companies have already announced 21 significant transactions which no longer require shareholder approval to proceed.

We consulted on new rules under the Public Offers and Admissions to Trading Regulations (POATR) and for the new public offer platforms regime. These aim to make it easier and cheaper for issuers to raise capital and increase investment opportunities. In January 2025, we also proposed changes to encourage the issuance of lower denomination corporate bonds to help smaller scale investors participate.

Supporting private companies through Private Intermittent Securities and Capital Exchange System (PISCES)

In partnership with the Treasury, we consulted on PISCES. This innovative type of trading platform will allow private companies to scale and grow, supporting the pipeline of future public offerings. This will improve market accessibility and provide more opportunities for investor participation.



Flexible payment options for investment research

We implemented regulatory changes in July 2024, to provide UK buy-side firms – investment firms and others – greater flexibility on how they can buy investment research. For example, joint payments for third-party research and execution services. We also consulted on extending this payment flexibility to pooled funds, improving efficiency for fund managers of various business models and sizes.

Strengthening the financial system with commodity position limits

In line with the Wholesale Markets Review, we proposed reforms to the commodity derivatives regulatory framework, transferring the responsibility for setting position limits to trading venues. These rules will come into effect in 2026 and aim to strengthen the integrity of the UK financial system.

LIBOR transition

We worked with industry and other national regulators to ensure the transition away from LIBOR was orderly, did not create financial stability risk and made financial markets safer. The remaining synthetic LIBOR settings were published for the last time when LIBOR ended on 30 September 2024.

Testing innovation in flexible regulation

Our Digital Securities Sandbox (DSS) – operated jointly with the Bank of England (the Bank) – has accepted 8 applications since it opened on 30 September 2024. It enables businesses to trial new technologies in real-world conditions – such as combining the role of a trading venue and a securities

“

Our Digital Securities Sandbox (DSS) – operated jointly with the Bank of England (the Bank) – has accepted 8 applications since it opened in September 2024.

”



depository on one platform — under temporary rules and close supervision. This helps us understand how regulations might need to change, supporting safe innovation and better long-term policy.

Improving market accessibility with the Overseas Funds Regime

We have increased market accessibility and expanded investment options for UK investors by publishing final rules for the Overseas Funds Regime. As of March 2025, we have recognised 56 standalone schemes and 119 umbrella schemes, covering 1,758 sub-funds — all UCITS (Undertakings for Collective Investment in Transferable Securities) funds from the European Economic Area.

Delivering efficient and effective authorisations

We improved authorisation turnaround times, which includes applications from wholesale market firms. In Q4 of 2024/25, we assessed 99% of authorisations within our statutory deadlines, up from 98% in Q4 2023/24 and 89% in Q1 of 2022/23. We have authorised 100% of both new scheme applications and proposed fund alterations applications within service standards for the last 3 years. These improvements support growth in the UK by making it quicker for firms to enter the market and for existing firms to adapt their business.

In 2024/25 we received 86 applications to use our pre-application support service (PASS) since it was extended to all wholesale firms. This is a marginal increase from the preceding year, which saw 73 applications.

H2O AM LLP (H2O): €250m secured for investors

In August 2024, we agreed a €250m settlement with asset manager H2O AM LLP following serious failings in relation to investments it managed, including poor due diligence, weak controls to manage conflicts of interest, and providing false and misleading information to the FCA.

H2O avoided a fine by agreeing to make €250m available to investors, a large part of which came via a voluntary contribution from the H2O Group. H2O also waived its rights to fees and investments worth €320m and will apply to cancel its UK authorisation.

London Metal Exchange: first fine against a recognised investment exchange

In March 2025, we fined the London Metal Exchange (LME) £9.2m – for failing to maintain appropriate controls to deal with extreme market volatility. In March 2022, LME suspended its nickel market for 8 days and cancelled all nickel trades that took place on 8 March 2022. This was our first enforcement action against a recognised investment exchange.

Commitments 4-13

Commitment 4: Dealing with problem firms

We aim to quickly identify and remove firms that do not meet our minimum standards. Our proactive approach helps minimise harm to consumers and maintain trust in the market.

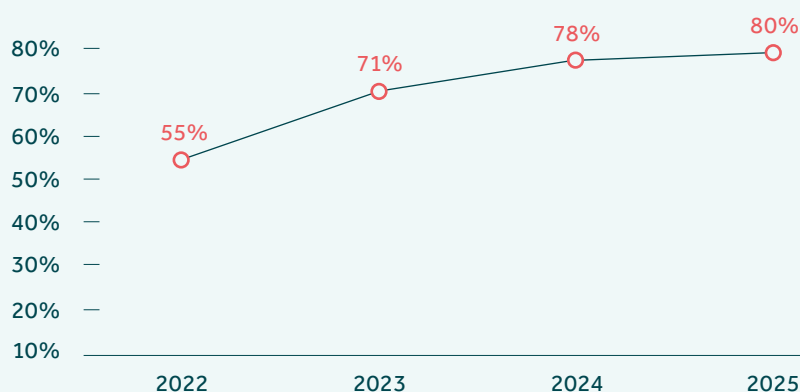
Identifying problem firms earlier and at scale

We cancelled 1,516 firms' authorisations in 2024 - 20% more than in 2023, and more than triple the number in 2021.

We improved our technology to automatically initiate conversations with firms that are failing to meet our minimum standards. Our new inbound call system suggests how they can fix the issues and avoid enforcement action. Since implementation in May 2024, this has helped 703 firms.

We also improved how we use data to detect problem firms. Since June 2024, new technology automatically identified 849 firms that hadn't notified us of their insolvency. This allowed us to swiftly update the financial services register and address any potential harm.

Proportion of firms aware of the FCA withdrawing permissions from any firms or individuals



Using our powers effectively

Our focus on pace and effective communication has increasingly resolved problems with firms voluntarily, resulting in less use of our formal, 'own initiative' powers. We used our powers to intervene with over 350 authorised firms, including stopping or restricting activities or imposing conditions they must meet to keep regulatory approval.

Our FCA and Practitioner Panel survey results show that firms' awareness that we will remove permissions if they fail to meet our standards has increased from 55% to 80% between 2022-2025.

Commitment 5: Improving the redress framework

A strong redress system helps consumers resolve problems quickly and fairly. Firms need to be accountable and promptly respond and pay for problems they cause.

Modernising the redress system for better consumer outcomes

In November 2024, with the Financial Ombudsman Service (Financial Ombudsman), we sought input on how to modernise the redress system to improve stability for firms to invest and innovate. We will publish a joint response in summer 2025.

Ensuring firms bear redress costs

We ensure that firms responsible for harm bear the associated costs. Addressing harm early helps reduce the amount of redress which the Financial Services Compensation Scheme (FSCS) needs to pay when firms fail.

The levy on firms to fund the FSCS fell from £270m in 2023/24 to £265m in 2024/25, while compensation costs decreased from £423m in 2023/24 to £327m. This indicates an ongoing need to address causes of consumer harm. FSCS also recovered £56m from failed firms in 2024/25 helping



We cancelled

1,516

firms' authorisations in 2024 –

20%

more than in 2023, and more than triple the number in 2021.



to reduce the levy. Increased recoveries from failed firms have helped significantly reduce compensation costs and the levy since 2021/22.

Increasing consumer understanding for better outcomes

Our ongoing work with regulatory partners helps us find more effective ways to help consumers navigate the redress system. For example, together with the Financial Ombudsman and FSCS, we secured over £100m in redress for at least 1,870 members of the former British Steel Pension Scheme. By highlighting outcomes and sharing information, we aim to build trust and empower consumers to take informed action.

Improving compliance in the Claims Management sector

We reviewed how well claims management companies (CMCs) comply with client money rules. Consequently, around 25% of firms gave up their permission to handle client money and over £350,000 of unallocated or unmanaged money was repaid.

In 2024, the Claims Management Ombudsman (CMO) upheld 13% of complaints from consumers about CMCs, an improvement from 26% in 2023. This shows more CMC customers are receiving a service that complies with the rules.

Commitment 6: Reducing harm from firm failure

We work to minimise disorderly failure in financial firms to reduce harm to consumers and ensure the integrity of the UK financial system. We expect firms to proactively assess what might make them fail and put plans in place to address those risks.

Strengthening prudential regulation

As Europe's largest prudential regulator our approach is risk-based, proportionate and data centric. We use an automated data-led framework to systematically triage over 35,000 solo regulated firms. In addition, each year we look at a subset of firms to assess their management of financial risk. This year we reviewed:

- The prudential management of 25 firms across a range of sectors.
- The liquidity risk management of 26 wholesale firms.
- The financial resilience of 9 consumer finance and 5 non-bank lenders.
- Business model viability, liquidity risk management and wind down planning in 13 payments and e-money firms.

We shared what we found with the industry to help firms understand our expectations and better meet them.



“

We reviewed over 3,000 audits of how firms hold and safeguard client money and assets.

”

Improving insolvency framework

We published changes to the non-Handbook guidance for insolvency practitioners. These changes will help ensure that client assets and funds are returned as quickly and as completely as possible.

Safeguarding client assets

We reviewed over 3,000 audits of how firms hold and safeguard client money and assets - engaging where needed to improve compliance. We also helped develop regulatory frameworks for cryptoasset custody and consulted on changes to safeguarding in payments and e-money. These support the prompt and secure return of consumer assets if a firm fails.

Monitoring financial resilience

In 2024/25, 1.4% of firms monitored did not meet the financial requirements to operate properly. This proportion has remained consistently low between 2022 to 2024.

Of the regulated firms that failed, we had identified 51.9% as 'being at risk of failure' or 'having low resilience' in the previous year. Our monitoring helps us spot firms at risk and take steps to protect consumers and the wider financial system.



In Q3 2024, we processed 98.9% of AR-related approved person applications within our 90-day service level, up from 94.7% in Q3 2023.



Our FCA and Practitioner Panel survey 2024/25 showed that

60%

of principal firms believe AR oversight has improved due to our actions.

Commitment 7: Improving oversight of appointed representatives (ARs)

Principal firms are responsible for ensuring ARs comply with our rules. We are improving how principals do this to reduce risk to consumers and markets – by raising standards, targeting high-risk firms using data and taking action where standards are not being met.

Stronger scrutiny at the regulatory gateway

We maintained robust standards for principal firms and we accelerated the speed with which we assess applications. In Q3 2024, we processed 98.9% of AR-related approved person applications within our 90-day service level, up from 94.7% in Q3 2023.

In 2024, our withdrawal rate for AR appointments was 3.7%, and the rate for reject, withdrawal, and refusal of applications for controlled functions was 3.5%. In comparison the rates were 5.9% and 6.5% in 2023.

We have seen improvements in the quality of applications at the gateway following our move to a holistic assessment approach. We focus on areas where onboarding and due diligence are lacking.

Improved data analysis to identify high-risk firms

Our new regulatory return has improved our understanding of the AR regime and enables us to focus our resources on the high-risk firms.

During 2024/25, our supervisory interventions led to the termination of 81 introducer ARs and 321 full ARs. In 2024, at least 32 principals voluntarily restricted their business to prevent harm. We also assessed over 73 principal firms for breaching threshold conditions resulting in improved compliance and the cancellation of some firms' permissions.

Increased engagement with firms and stakeholders

We engaged with 1,450 principal firms over the last 3 years. This has improved firms' understanding of their responsibilities and helped address poor AR oversight. Webinar, in-person events and examples in our [good practice and areas for improvement guide](#) helped firms meet our expectations.

Our FCA and Practitioner Panel survey 2024/25 showed that 60% of principal firms believe AR oversight has improved due to our actions – only 1% believed it had decreased.

Commitment 8: Delivering assertive action on market abuse

A fair and transparent market is key to a thriving financial system. We expect firms to maintain strong anti-abuse measures and make accurate disclosures. Using targeted supervision and enforcement, we act decisively to prevent misconduct and protect market integrity.

Providing guidance and keeping the industry informed

We shared insights to help firms strengthen surveillance and meet reporting duties through Market Watch and the Primary Market Bulletin. We also progressed a new transaction reporting framework to improve data quality and reduce burdens on firms.

Advancing detection capabilities

We expanded our capabilities in monitoring and overseeing the Fixed Income, Currencies, and Commodities (FICC) markets. We can now complete preliminary market abuse assessments in priority fixed income products in a few hours,



Insider dealing: conviction

A former analyst at an international investment bank, was convicted of insider dealing and fraud in February 2023 and sentenced to 22 months' imprisonment. In February 2025, we secured a confiscation order of over £500,000 - all of their available assets.



down from around 3 days. We have near real-time visibility on client flows in the gilt market, meaning we can better detect and prevent market abuse.

Maintaining standards among issuers and participants

We updated how we measure insider trading, to also track movements on the day of announcements. Based on our insights, we have not seen an increase in market abuse over the last 3 years.

Effective deterrence measures

Our enforcement actions help deter potential wrongdoers. We fined a firm £99,200 for transaction reporting failures, and an individual £123,500 for market abuse. We also issued criminal proceedings against 2 individuals for insider dealing and confiscated £500,000 from an individual previously convicted of insider dealing.

We remain committed to ensuring justice is done. For example, we resolved the delayed case of misconduct by Barclays Bank Plc, which resulted in a total fine of £40m for its failure to disclose specific arrangements with Qatari entities in 2008.



Following our interventions,

19,766

promotions were amended or withdrawn by authorised firms in 2024, up

97.5%

from 10,008 in 2023.

Commitment 9: Enabling consumers to help themselves

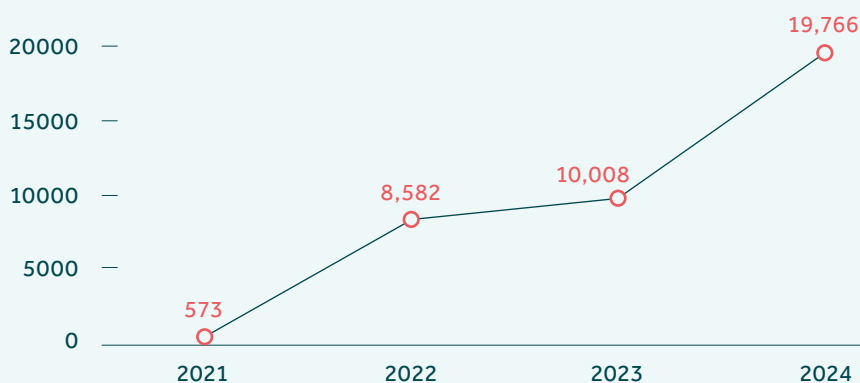
We are reducing the risk of consumer harm by tackling scams, clamping down on illegal financial promotions and preventing high-risk products being mis-sold.

Tackling non-compliant financial promotions

Following our interventions, 19,766 promotions were amended or withdrawn by authorised firms in 2024, up 97.5% from 10,008 in 2023.



Number of interventions on non-compliant financial promotions by authorised firms



Helping consumers identify high risk investments

Our InvestSmart campaign supports better-informed investment decisions. Between December 2023 and November 2024, tracking showed a 6% increase in consumers correctly identifying high-risk investments. Since the campaign launched in October 2021, there has been a sustained 7% rise in those choosing positive investment principles, from 56% to 63% by November 2024.

New marketing regime for cryptoassets

We continued to support registered cryptoasset firms in meeting rules on cryptoasset promotions. Since February 2024, firms have required our permission to approve financial promotions on behalf of unauthorised persons. This helps us maintain high standards to protect consumers.

Commitment 10: A strategy for positive change: our environmental, social and governance (ESG) priorities

Sustainability is embedded within our strategic objectives and policy making. We aim to protect consumers from misleading marketing and disclosures about ESG investments and empower them to make informed choices.

Trust and consumer protection

We have worked closely with the Government to support the endorsement of the International Sustainability Standards Board (ISSB) standards on climate-related and sustainability-related financial disclosures (IFRS S1 & S2). These will be an internationally consistent basis for corporate sustainability disclosures. This will help market participants make informed decisions, support accurate market pricing and help consumers to confidently choose sustainable investments. We also published our climate-related financial disclosures using the IFRS S2 standard alongside this report.

High-quality disclosures for investment products

We implemented the Sustainability Disclosure requirements. These measures include investment labels, and naming and marketing rules for UK asset managers, along with targeted rules for distributors to retail investors. These steps protect consumers, enhance market integrity and support growth in sustainable finance investment products.

In February 2025, we also announced that over 100 funds plan to use an investment label and many firms have changed their funds name. A recent IA/Wisdom Council survey found 94% of consumers would find the labels helpful.



Anti-greenwashing measures

We introduced the anti-greenwashing rule to protect consumers from misleading claims about sustainability-related financial products and services. Many firms have since updated their marketing and promotional materials. Our [Financial Lives survey](#) shows progress, with the percentage of responsible investors struggling to distinguish between, and trust, genuinely responsible investment funds dropping from 76% to 68%.

Driving decarbonisation through transition finance

We continued to deliver work on transition finance through external engagement and supporting the government-commissioned [Transition Finance Market Review](#). We will support the new Transition Finance Council to provide practical support and guidance for financial services firms, enabling them to fund the transition to a lower-carbon economy while avoiding greenwashing.

Strengthening global practices and good stewardship

Our global collaboration has helped shape industry best practice. We are the co-vice chair to the International Organisation of Securities Commissions (IOSCO) Sustainable Finance Taskforce, promoting consistent sustainable finance regulation. We also co-convene the [Climate Financial Risk Forum \(CFRF\)](#), providing guidance and tools for managing climate-related risks. In 2024/25, the CFRF webpage had almost 4,000 visits.

Commitment 11: Minimising the impact of operational disruptions

Disruptions can prevent consumer access to essential services, damage markets and weaken confidence in the sector. With increasing reliance on technology and third-party providers, firms need to be able to withstand cyber threats, IT failures and other operational risks.

Enhanced oversight of critical third parties (CTPs)

Jointly with the Bank and Prudential Regulation Authority (PRA), we set out [final requirements](#) for critical third parties (CTPs) to improve the resilience of the services provided to the financial sector. CTPs will be designated by the Treasury and we continue to prepare accordingly. The regime will help manage potential risks to stability and confidence in the UK financial system should these systemic services fail.



The number of operational incidents reported to us decreased slightly last year, after previous rises - from 1,114 in 2023/2024 to 1,092 in 2024/2025.



Better incident and third-party reporting

The number of operational incidents reported to us decreased slightly last year, after previous rises - from 1,114 in 2023/2024 to 1,092 in 2024/2025. We consulted on a new framework for relevant firms to report incidents and their third-party dependencies – this will provide greater clarity on what and when firms should report to us and how.

Sharing insights to strengthen resilience

We published insights and observations to help firms comply with key areas of our operational resilience rules. This acknowledges that disruptions will occur but reduces the likelihood of incidents causing intolerable harm to consumers or damaging market integrity.

Jointly with the Bank and PRA, we published the 2024 CBEST thematic findings report, in which we reported our observations of gaps in cyber defences in financial firms and market infrastructure. The report emphasises the need for firms to identify opportunities for improving threat intelligence integration, bolster detection and response identity management controls as well as network security, and to bolster detection and response, and overall cyber resilience.

We also published lessons learned from the CrowdStrike outage on how firms responded and their preparedness for future incidents.

Commitment 12: Preparing financial services for the future

Stability and growth in UK financial markets are crucial for the UK as a leading global financial centre. Operational transparency is key to improving public confidence, attracting investment and reinforcing trust. Effective accountability strengthens the UK's reputation as a well-regulated financial hub, which supports economic policy objectives.

Enabling a competitive and growth-oriented environment for UK's financial services

We have published our second report on how we have complied with our secondary international competitiveness and growth objective (SICGO).

Effective regulatory framework

We implemented the remaining FSMA 2023 legislative changes which affect us. This included the duty to consult the Cost Benefit Analysis (CBA) Panel on CBAs which came into effect on 1 August 2024. The CBA Panel became operational in May 2024 and we published our CBA framework in July 2024. The CBA Panel published its first interim annual report in January 2025. This supports the development of our CBAs and helps to improve transparency and confidence in our policy making.

In January 2025, we implemented the new regulatory principle on supporting environmental targets, underlining our commitment to enabling sustainable growth.

Replacing assimilated law

Working with the Treasury, we have continued to repeal and replace assimilated law for financial services with frameworks and rules we believe are a better fit for the UK market. We have published 1 engagement paper, 1 discussion paper, 8 consultation papers, and 3 policy statements between April 2024 and 31 March 2025. Once replacement rules are in place, stakeholders will benefit from increased certainty and harmonisation of the regulatory framework.

We also published a tender notice in March 2025 to appoint a bond consolidated tape provider (CTP). The bond CTP will help consolidate and share bond trading data, which is important for transparency and market integrity.

Commitment 13: Shaping digital markets to achieve good outcomes

The rapid evolution of digital financial services is reshaping consumer behaviour and market dynamics. Innovative technology creates opportunities to deliver fair value for consumers and promote competition while reducing harm. We aim to improve the digital consumer journey, ensuring financial products and services support informed decision-making and work in consumers' best interests.

36% of FCA and Practitioner Panel Survey respondents said we are effective at supporting the development of digital markets and new technologies in financial services.

Cross-regulator coordination

We have worked with partners via the Digital Regulation Co-operation Forum (DRCF) to coordinate our approach to regulating digital services.

We piloted a multi-regulator innovation service to enable firms to direct their questions to a single central hub – the [AI and Digital Hub](#) – and receive informal, tailored responses on complex AI and digital questions. This collaboration means innovators don't need to contact multiple regulators individually, which may help lower compliance costs and speed up the provision of information.

Big Tech initiatives

In February 2025, we published the a joint [Feedback Statement](#) with the PSR which summarised the feedback received in response to our joint Call for Information on big tech and digital wallets. This Feedback Statement, along with the letter we sent to the CMA, form our joint response to the CMA's invitation to comment on its strategic market status investigations. This collaborative approach ensures that our measures are proportionate and support the development of a competitive digital wallets sector in the UK.

As a result, we announced our collaboration with the Competition and Markets Authority (CMA), which is currently investigating the 2 largest digital wallet providers - Apple and Google – regarding their mobile ecosystems. We are also engaging with the Treasury as part of our review of the Payment Services and Electronic Money Regulations.

These initiatives aim to ensure fair value for consumers and enable more informed decisions.

Artificial intelligence (AI)

This year we launched our [AI Lab](#). We held an AI Spotlight to showcase emerging AI use cases and an AI Sprint to explore regulatory challenges, attracting over 400 participants.

We [published](#) our findings from the 2024 AI/Machine Learning survey, run jointly with the Bank, of how the sector is using AI. Results showed that 75% of the 118 firms responding are using some form of AI and a further 10% are planning to.

We published our [AI Update](#), highlighting how our current rules apply to firms using AI. We have been clear that we do not intend to introduce additional regulation around AI. Our innovation services and existing regulatory framework will enable the safe and responsible use of AI – harnessing its potential while balancing risks to benefit consumers, markets and growth.

What we do and our accountability

We are an independent financial regulator, accountable to Parliament and the Treasury. For more details see our s172 report, in [Chapter 7](#).

Our strategic objective is to make sure relevant markets function well.

Our operational objectives are to:



Protect consumers



Protect the integrity of the UK financial system



Promote effective competition in the interest of consumers



Facilitate the international competitiveness and growth of the UK economy in the medium to long term

Who we regulate:

Who we can and cannot regulate is defined by the Government and is outlined in our [Perimeter report](#).



We regulate the conduct of around 42,000 businesses.



We prudentially supervise around 41,000 firms.



Around 17,000 firms are subject to the prudential standards in our handbook.

Our functions: How do we regulate?



We make new rules and issue guidance and standards.



We work to detect market-wide harm and put in place remedies through market studies.



We take a proportionate approach to regulation. We prioritise the issues and firms that pose a higher risk to our objectives, considering the size, complexity and potential impact on different types of consumers.



We use data to identify and act on problems quickly. This ensures our intelligence is better joined up, and we can move faster to act against firms and individuals who are more likely to cause harm.

Assuring our work

Principles of good regulation

We consider principles of good regulation in all aspects of our work. For example:

- Our listing reforms made our rules more proportionate and effective. This has reduced costs for listed issuers, removed unnecessary barriers to listing on UK markets, and ensured our listed markets remain competitive compared to other jurisdictions.
- The Private Intermittent Securities and Capital Exchange System (PISCES) aims to help private companies grow by connecting them with a range of investors. This year, we published a consultation paper outlining proposed new rules to make it easier for investors to trade in a private company's shares.
- We consulted on replacing the Packaged Retail and Insurance-based Investment Products (PRIIPs) framework with a new Consumer Composite Investments (CCI) regime. This will make pre-sale investment information clearer and more accessible. Our proposed technology-neutral approach encourages innovation, while ensuring transparency through a more flexible model that better serves consumers. Our goal is to simplify disclosures and help people make informed investment decisions.

Environmental regulatory principle (net zero)

The Financial Services and Markets Act 2023 gives us a regulatory principle that, where relevant to undertaking our functions, we contribute towards achieving the UK's net zero emissions target and environmental targets set out in the Environment Act 2021. We support this principle with our sustainable finance work.



Working with our partners

We collaborate with consumer groups, industry bodies, professional organisations and international partners to share insights and deliver better outcomes.



Working with the PRA

The FCA continues to have a strong and constructive relationship with the PRA, with effective coordination across all areas including policy, supervision, authorisations and enforcement teams.

We have a [Memorandum of Understanding](#) with the PRA to coordinate our actions and activities and achieve joint outcomes. The PRA can veto any of our actions if it thinks it may threaten financial stability. The PRA has a power to require us to refrain from specific action where conditions are met, including where the PRA considers our actions to be threatening to financial stability. It did not use this power during 2024/25.

The PRA identifies several firms as important to the UK's financial stability and we must hold annual meetings with these firms' external auditors. These meetings help us get a deeper understanding of issues at these firms, which helps to inform our supervisory work. At the end of the 2024/25, there were 37 firms/groups listed by the PRA and we had completed meetings with the external auditors of 34 of these. Two further meetings have happened since the end of 2024/25 and the remaining meeting is scheduled.



Working with others

We collaborate with the Department for Work and Pensions (DWP) and The Pensions Regulator (TPR) on a regulatory framework that assesses the long-term value of pension products.

We have also been collaborating with Money and Pensions Service (MaPS) on Pension Dashboards.



Working with regulatory bodies outside of the UK

We work closely with global regulatory and public sector bodies to promote growth, innovation and competitiveness. We engage multilaterally to help shape the global approach to financial regulation and support consistent implementation. We also engage bilaterally to share best practice, helping to support efficient markets, protect consumers and tackle financial crime. For instance, we are working closely with regulators from Singapore, other jurisdictions, and industry participants to explore approaches to tokenisation and broader digital asset issues.



Working with regulatory and professional bodies

Through the [Wider Implications Framework](#), we continue to work with the Financial Ombudsman, the FSCS, TPR and the MaPS to address issues with potential impact across the financial services sector. Over 2024/25, we updated the framework's terms of reference to provide more direct channels of communication between members, industry, and consumer groups. [The Wider Implications Framework annual report](#) sets out how we do this and provides examples of collaboration.

Engaging with our panels

The independent statutory panels represent the interests of consumers, regulated firms and markets. We consult with them when developing our policies. They give us valuable insights and help to shape how we deliver our objectives. Examples this year include:

Wholesale markets

We engaged with the Markets Practitioner Panel (MPP) and the Listing Authority Advisory Panel (LAAP) on:

- Improving and enhancing UK capital markets, including listing reforms, POATR and PISCES.
- Market risks and issues – for example, geopolitical events affecting the financial markets, private markets sector, liquidity and funding challenges.
- How to maintain UK's competitiveness.

Consumer Duty

Our regular discussions with the panels, as part of embedding the Duty, have helped us:

- Develop case study examples of good practice and areas for improvement for firms.
- Consider rules that may benefit from review to reduce burdens.
- Think about how new policies fit within existing Duty processes – for example, the Advice Guidance Boundary Review (AGBR), Value for Money (VfM) framework and, Consumer Composite Investments (CCI).

Advice Guidance Boundary Review (AGBR)

The panels' feedback has informed our work to:

- Develop targeted support proposals to enable consumers to make effective, timely and properly informed decisions about their pensions.
- Develop a regulatory framework for dashboards to allow consumers to find their pensions and investments and view basic information about them in one place.





Panel membership

We have adopted diversity targets against the FCA's 6 independent panels. Against these targets, the figures as of 31 March 2025 are:

- One independent panel meets the target that at least 40% are women.
- Across the independent panels, the target for at least 1 senior position to be held by a woman is exceeded.
- Four independent panels meet the target that at least 1 member is from an ethnic minority background.

Disclosing diversity information is voluntary and the figures provided are based on the responses received. We report data across all panels where disclosure on an individual panel basis would lead to the release of personally identifiable information. Appointments to the panel during the year have been made in line with the [FCA Statement of Policy on Panel Appointments](#).

Cost Benefit Analysis Panel

The Cost Benefit Analysis (CBA) Panel is made up of experts from industry, academia and consultancy. They provided feedback in several areas:

- Providing ideas for new economic research methods based on the Statement of Policy for CBAs.
- Recommendations on the FCA's economics framework as outlined in the Interim CBA Panel Annual Report.
- Published advice on CBAs including payment safeguarding and cross-border interchange fees.

Our strategy

During 2024/25, we consulted with our independent statutory panels on our new strategy. We wanted to identify the challenges facing financial services and their consumers over the coming years, gather feedback, and ensure we respond to the needs of markets and consumers. The insights helped shape the 4 priorities of our strategy.

Getting insights from consumers and firms to shape our work

We carry out 2 significant surveys:

- Financial Lives survey (FLS)
- FCA and Practitioner Panel survey

The FLS informs our consumer protection and competition work, helping us identify harm and improve consumer outcomes. The FCA and Practitioner Panel survey generates valuable feedback from regulated firms on our performance and effectiveness.

Outcome and metrics

Our published outcomes and metrics show how we measure our progress.

Operating service metrics

We monitor our timeliness across 52 service activities including applications, phone enquiries and a range of correspondence.

Positive impact report

This explains how we provide public or societal value. It shows how we estimate our rolling annual positive impact over a 3-year period.



Section 172

The following section describes how the Board has considered section 172(1)(a) to (f) (s.172) of the Companies Act 2006

Section 172(1)
states that we need
to consider the:



Long-term
consequences
of our decisions



Interests of
our employees



Need to foster our
business relationships
with suppliers,
customers and others



Desirability of
our maintaining a
reputation for high
standards of business
conduct



Impact of our
operations on the
community and the
environment

Our stakeholders

Our key stakeholders include:

- Our employees.
- Consumers and consumer organisations.
- Regulated firms and individuals.
- Parliamentarians.
- Other regulators and regulatory partners.
- Suppliers.
- The community and environment.

By engaging them we can provide better outcomes. Different stakeholders often have different views, and so the Board prioritises the need to deliver in the public interest when deciding on the appropriate course of action.

Our approach to stakeholder engagement

Our Board engages with our stakeholders in many ways, including::

- Engaging with colleagues in different forums, for example joining team meetings, townhalls or meeting representatives of the Staff Consultative Committee.
- Hosting an annual public meeting.
- Engaging with the Complaints Commissioner to support the effective operation of our complaints scheme and responding to their draft annual report before it is laid in Parliament.
- Engaging with MPs and giving evidence at parliamentary committees.
- Meeting with regulated firms, trade associations and consumer groups in different nations and regions across the UK.

The following sections describe how Board engagement activities have helped us to deliver better outcomes.

Our people

Our People Committee considers the interests of our colleagues. Meeting 6 times over the course of the year, the People Committee has considered a range of areas including reward, employee relations, engagement, talent, strategic workforce planning and diversity, equity and inclusion (DEI). The committee regularly reviews our strategic people risks and management information.

The People Committee engages directly with our Staff Consultative Committee and our diversity networks to hear colleagues' views. It visited our Leeds and Edinburgh offices to understand local perspectives.

Consumers and consumer organisations

Through our Consumer Network, we maintain positive and effective relationships and engagement with 30 consumer organisations, including debt charities (Money Advice Trust, StepChange), consumer champions (CitizensAdvice, Which?) and other charities (AgeUK, Scope, Shelter). This year, we reviewed the network's membership and our ways of working to increase focus on the consumer voice through lived experience.

The needs of consumers are pivotal to the Board's decision-making, and we consider their perspective in a variety of ways, including:

- Meeting consumers and consumer organisations through roundtable discussions, forums and regular regional visits, undertaken by the chair, chief executive and executive team.
- Monthly reports from the chair of the Consumer Panel on policy proposals.
- Feedback before confirming new or amended rules.

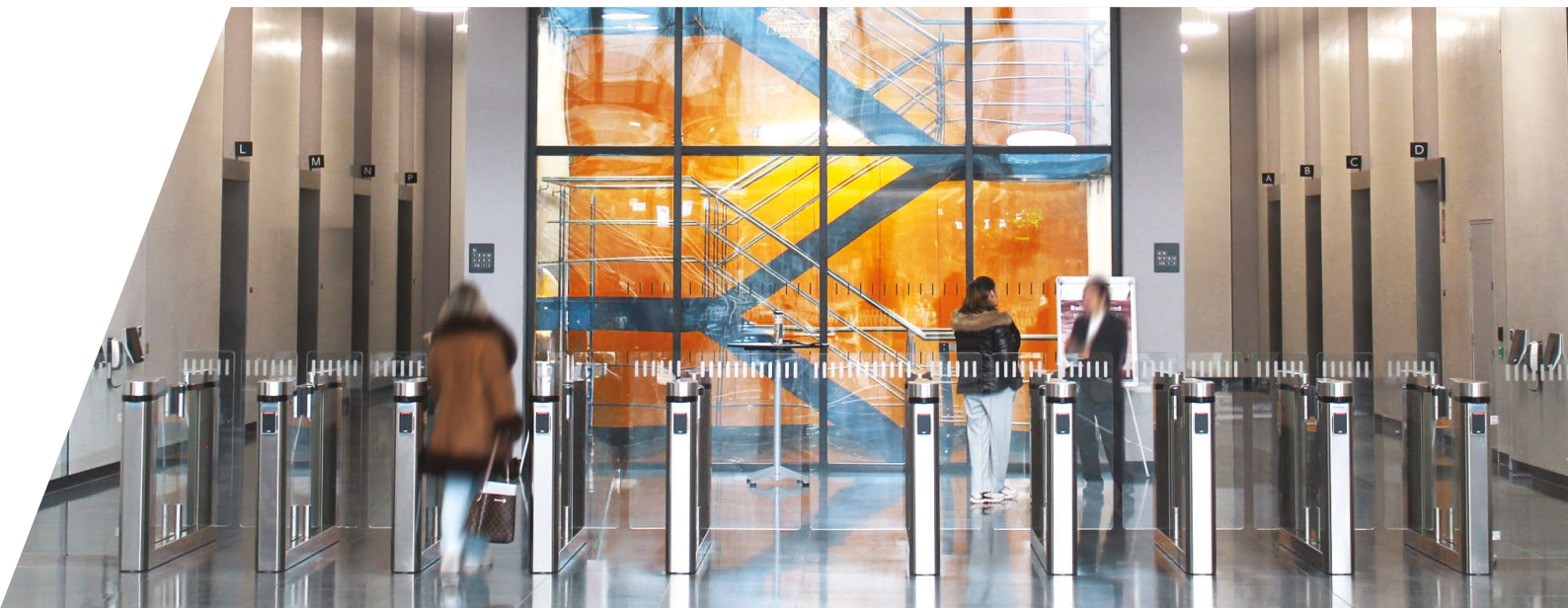
Regulated firms and individuals

The conduct and culture of the firms and individuals we regulate shape the outcomes for consumers and markets. Our engagement with firms aims to identify and prevent or reduce potential harm at an early stage.

We conduct an annual survey with the Practitioner Panel to gather views from across the financial services sector. The results help us to understand the issues affecting firms and to improve our performance.

The Board also receives regular updates about our engagement with regulated firms and individuals, including the consultation results and findings from supervisory activity.

Teams across the organisation use data and intelligence from firms, trade associations, other regulatory organisations, MPs and whistleblowers to inform the Board's decision making. We also gather information from industry events, surveys and our statutory panels to help us understand the issues firms face.



Parliamentarians

Parliament sets our objectives and the perimeter within which we operate. It also sets an accountability framework within which we should deliver against our objectives.

In July 2024, a new government was elected. Since then we have actively engaged a new cohort of MPs to explain our work alongside our formal accountability.

We regularly give evidence to parliamentary committees, including the Treasury Select Committee and the House of Lords Financial Services Regulation Committee. Despite the pause for the General Election, we appeared 7 times before a parliamentary committee in the last year, including:

- 25 March 2025, Treasury Select Committee, Work of the FCA - Ashley Alder, Nikhil Rathi.
- 05 March 2025, Work and Pensions Select Committee, Pensions Dashboards - Sarah Pritchard, Nike Trost .
- 22 January 2025, House of Lords Financial Services Regulatory Committee, FCA and PRA's secondary competitiveness and growth objective - Ashley Alder, Nikhil Rathi.
- 10 December 2024, Treasury Select Committee, Work of the FCA - Ashley Alder, Stephen Braviner Roman, Nikhil Rathi.
- 13 November 2024, House of Lords Financial Services Regulatory Committee, FCA enforcement guidance consultation - Ashley Alder, Nikhil Rathi.
- 08 May 2024, Treasury Select Committee, Work of the FCA - Ashley Alder, Nikhil Rathi.
- 17 April 2024, Treasury Select Committee Sub-Committee on Financial Services Regulations, Insurance - Matt Brewis.

We provide written evidence to committees and respond to committee reports. We attend policy meetings about legislation that are not formal Bill Committees. We regularly respond to requests for information from MPs and peers. In the last year, we have provided parliamentary briefings on topics including our work on growth, politically exposed persons and fraud.

Our Board approves this annual report we make to Parliament. We also publish a report describing specific issues we see around the perimeter of what we do and don't regulate.

The Government has actively engaged us on its growth agenda, including a request for proposals to promote growth. We have been actively working at pace, engaging with Government and parliamentarians, on these proposals. At the same time, we have reiterated our commitment to consumer protection, working with the Treasury Committee and sharing our thoughts on potential metrics for the tolerable failure with the House of Lords Financial Services Regulation Committee.

Government, devolved administrations and other stakeholders

The Treasury appoints our Board which sets the strategic direction for the organisation and holds us to account, by challenging our executive team. We regularly meet with ministers and Government departments.

We also engage with members of the devolved Parliaments and Assemblies and their staff on a regular basis. We also engage with other political bodies and stakeholders. For example, members of the Board meet with the Complaints Commissioner to discuss their annual report to support the effective operation of our Complaints Scheme.

Other regulators and regulatory partners

We collaborate with other regulators to share knowledge and best practice, improve ways of working and explore cross-cutting issues, for example through the UK Regulators Network (UKRN) and the UK Competition Network.

The Board oversees our cooperation and coordination with regulatory counterparts across the UK and internationally. For example, the Oversight Committee supports our relationship with the Financial Ombudsman Service (Financial Ombudsman), the Financial Services Compensation Scheme (FSCS) and the Payment Systems Regulator (PSR) to ensure they can carry out their statutory role and functions.

More information about our Oversight Committee can be found in Chapter 9.

We chair the Wider Implications Framework, engaging with the Financial Ombudsman, FSCS, the Pensions Regulator (TPR) and the Money and Pensions Service (MaPS) on issues impacting the financial services industry. We also reviewed MaPS' standards for delivering guidance and advice, and MaPS published our report.

We also co-chair the Financial Services Regulatory Initiative Forum (the Forum) which coordinates regulatory initiatives and publish the Regulatory Initiatives Grid, setting out the regulatory pipeline for financial services. This allows the industry and other stakeholders to plan for initiatives that have significant operational impact on them.

Our Board also engages through initiatives like the Digital Regulatory Cooperation Forum, working closely alongside the Competition and Markets Authority (CMA), the Information Commissioner's Office (ICO) and Ofcom on digital markets issues. We have also been preparing for the launch of the Artificial Intelligence (AI) Consortium (the Consortium), which we will co-chair with the Bank of England (the Bank), and which will gather input on the development and use of AI in UK financial services.

Internationally, we collaborate with other jurisdictions to support global standards, operational co-operation, and the competitiveness of the UK.

Our suppliers

We are committed to building strong and innovative relationships with our suppliers.

We rely on around 1,000 suppliers and ensure that our procurement and supplier management processes deliver value for money (VfM) for us and our stakeholders. We are a contracting authority under the Procurement Act 2023.

The Board delegates procurement and supplier management to the chief operating officer (COO), who, through the chief procurement officer (CPO) ensures we:

- Buy responsibly and adhere to our Ethical Procurement Policy.
- Publish an annual Modern Slavery & Human Trafficking Statement and deliver on its commitments.

We regularly review supplier terms and conditions and in April updated our Supplier Code of Conduct to clarify our expectations, including those on:

- Climate change and the environment.
- Diversity, equity, and inclusion.
- Human rights and employment laws.
- Ethical behaviour and respectful treatment.
- AI.

Our community and the environment

We are committed to being a responsible employer and regulator, considering the social, environmental, and financial impacts of our decisions and actions.

Our Board, and Executive Committee, oversees our community engagement and sustainability strategies.

Our corporate responsibility programme allows our people to volunteer and fundraise, take part in our legal pro bono programme, and support local schools through our flagship Inspiring Futures programme.

We also run our 'CEO Challenge', which sees early careers colleagues work on social impact projects in our local community. Since the programme was launched in 2010, we have worked with dozens of charities and community partners.



We continue to integrate environmental, social and governance (ESG) considerations across how we regulate and operate. This includes considering ESG-related risks of harm to consumers and markets in our new risk management framework. We have set out a summary of progress against the ESG commitment's target outcomes in [Chapter 5](#).

Environmental impacts, targets, performance, and strategies are reported to senior leadership. We share premises and corporate services with the PSR, collaborating on environmental performance.

And we engage with internal stakeholders to improve awareness, reduce emissions, meet net-zero targets, comply with environmental legislation, and address stakeholder needs and expectations. Our current internal environmental strategy is nearing its end, and we have gathered employee expectations to help shape the new strategy.

Externally, we have attended sustainability workshops with suppliers, engaged with other regulators, and participated in the Regulators' Commercial Forum. We are also working closely with the future tenant of our London office, the National Crime Agency, to plan environmental management for shared premises.

Further details on our environmental performance, targets, and progress are in the annual Environmental sustainability report ([Appendix 4](#)), [webpage](#), and the Net Zero Transition Plan.

Board decisions and taking stakeholder views into account

Our Board considers the views and interests of a wide range of stakeholders.

FSMA also requires us to consult publicly with the industry, consumers and other interested parties on our rules and guidance before they are approved by the Board and published in our Handbook.

To inform our decision-making process, proposed changes to our Handbook are accompanied by:

- A cost benefit analysis (as required by FSMA).
- Equality Impact Assessments (EIA).
- Consumer surveys.
- Other analysis tools.

We use these to assess the costs and the benefits of the change. This ensures any burden or restriction we impose is proportionate to the benefits we expect.

Key Board decisions during 2024/2025

Access to cash policy	<p>In June 2024, the Board made rules related to access to cash, including how these would interact with existing legislation, particularly around anti-money laundering.</p> <p>This decision involved direct engagement with consumer groups, firms, LINK, UKF, CAUK, parliamentarians and the Post Office, with access to cash being of substantial UK-wide interest.</p>
Listing rules reforms	<p>In June 2024, the Board made rules and agreed the publication of a policy statement for the new regime, with a 5-year review period.</p> <p>Consultation on the proposed rule changes took place in May 2023 (CP23/10) and December 2023 (CP23/31). Responses from the consultation included a broad cross-section from buy-side, sell-side and wider professional and academic bodies and firms, as well as the FCA Consumer Panel, Listing Authority Advisory Panel and Markets Practitioner Panel. Extensive engagement with key industry bodies and market participants was also undertaken, including hosting several roundtable events.</p>
Changes to the governance framework	<p>In June 2024, the Board approved several delegations to Board committees which came into effect in October 2024.</p> <p>Internal engagement involved relevant key stakeholders.</p>
Operationalising the Cost Benefit Analysis (CBA) Panel	<p>In June 2024, the Board approved the Terms of Reference of the CBA Panel.</p> <p>The chair of the CBA Panel and key stakeholders in the FCA and PSR were consulted.</p>
Digital Securities Sandbox (DSS)	<p>In July 2024, the Board approved changes to the Decision Procedure and Penalties Manual (DEPP) to apply the existing statements of the FCA's policy and procedures to the imposition of sanctions and the issuing of warning and decision notices under DSS FSMA.</p> <p>A joint consultation with the the Bank on the implementation of the DSS was published in April 2024, with feedback received from a wide array of interested firms.</p>
Enforcement investigation publicity	<p>In October 2024, the Board agreed the proposed approach and publication of an updated document to support engagement on the enforcement proposals.</p> <p>The proposals were discussed with industry bodies, firms, consumer groups and the FCA panels via CP 24/2 and a final policy statement was published in June 2025.</p>

Money and Pension Service – approval of the standards and FCA statutory review	<p>In October 2024, the Board agreed the conclusions of the 2024 review and that the Money and Pensions Service (MaPs) standards remain appropriate.</p> <p>The FCA is required under section 10 of FSMA to carry out a review at least once every 3 years on a) whether the standards continue to be appropriate and b) how MaPS is monitoring and enforcing the standards. The Executive Regulation and Policy Committee were involved in evaluating the standards and providing conclusions for the Board to consider.</p>
Regulatory failure assessments	<p>The Board considered and discussed whether Part 1 and Part 2 of the regulatory failure tests as set out in section 73(1)(b) of the Financial Services Act 2012 had been met.</p>
New approach to ensure regulators and regulations support growth	<p>In January 2025, the Board agreed the response to the Prime Minister, Chancellor and Business Secretary setting out initiatives for growth and investment by the FCA, aligned with our strategy.</p>
Reforming the commodity derivatives regulatory framework	<p>In January 2025, the Board made rules for reforming the regulatory framework for commodity derivatives, to come into force on 6 July 2025.</p> <p>The FCA consulted on changes to reform the commodity derivatives regulatory framework CP23/27 and feedback was sought from the CFTC, trade associations, IFEU, the LME, the Markets Practitioner Panel and Secondary Markets Advisory Committee.</p>
Authorisation gateway forms and Digital First investment	<p>In February 2025, the Board approved the investment case for the gateway forms and Digital First programme, a strategic project to transform the mechanism used to collect data at the authorisations gateway, driving efficiency and effectiveness.</p> <p>The programme aligns with the aims of our new strategy, reducing costs to industry, supporting growth and innovation, in addition to enhancing the validation of data on the Register helping to protect consumers and other users.</p>
Our strategy	<p>In February 2025, the Board approved the new FCA strategy.</p> <p>We sought views from firms, trade bodies, consumer organisations, parliamentarians and all colleagues working to help inform the final strategy.</p>



Nikhil Rath, Chief Executive, FCA

03 Financial statements and corporate governance



Chapter 8

Group operational overview

The operational and financial performance of the Group in 2024/25 covers:

1. Key highlights.
2. Investing in our people and our data and technology.
3. Group operating results for the year.
4. Overall financial position at 31 March 2025.
5. Principal risks and uncertainties .

To deliver our objectives as effectively as possible we:

- Use our resources in an economic, effective and efficient manner.
- Invest in our people, infrastructure and systems.
- Encourage diversity and inclusion.

Section 1 – key highlights

- Matured our workforce planning capability, critical to ensuring we remain front footed to meet strategic workforce challenges, and increased our national footprint in Leeds and Edinburgh, including adding additional office space in Leeds.
- Enhanced ways of working with the Staff Consultative Committee, strengthening our understanding and ability to respond to colleague opinion, and introducing additional and more inclusive types of leave with enhanced time off to support colleagues during difficult and important moments in their life.
- Continued investment and delivery towards our ambition to be a data and technology enabled regulator; enhancing capabilities that allow us to proactively detect and prevent harm, digitising consumer and firm experience, driving forwards innovation and the responsible adoption of Artificial Intelligence (AI).
- Of the £180.1m of penalties collected, £104.7m was paid or is payable to the Treasury and £71.2m will be rebated to fee payers in 2025/26.

Section 2 – investing in our people and our data and technology

2.1 Our people

Our people are one of the four key enablers in the delivery of our strategy. We continue to recruit the capability we need now and for the future, while also retaining the experienced talent we have. We are becoming a more effective regulator by being truly representative of broader society and the nations and regions of the UK.

Since 2021, we have doubled the size of our office presence in Edinburgh and opened one in Leeds. Together, they're the base for nearly 11% of our workforce. We will continue to draw on the skills across the country, aiming to at least double the number of colleagues, to over 1,000, based at our Leeds and Edinburgh offices over the next five years.

Building on the progress made in recent years to transform our career frameworks and workforce, we are focusing on equipping all colleagues with the skills needed for 2030. We have continued to prioritise the learning and development of our colleagues – building skills and knowledge in line with strategic capability requirements across the regulatory landscape, as well as supporting personal career development.

Importantly we have continued to build proficiency and confidence in digital capability and data fluency. This ensures we are taking full advantage of emerging technologies to be more effective and efficient in our ways of working whilst also reducing burdens on firms.

Attracting and retaining talent

We continue to attract the diversity of talent needed, which combined with a significant reduction in attrition, is enabling us to match our strategic ambitions.

During 2024/25 we made 1,431 appointments (1,365 FCA, 66 PSR), of which 921 were internal moves (899 FCA, 22 PSR) and 510 were external appointments (466 FCA, 44 PSR). Of these, 24 appointments (7 external and 17 internal) were made to the FCA and PSR Senior Leadership Teams (SLTs).

In addition, we recruited 81 graduates, 24 apprentices and 53 summer interns for our 2024 cohorts. We continue to receive a high number of applications across our schemes and have moved significantly up the rankings for Student Employers with Rate my Placement now standing as the 49th ranked employer (89th in 2023-24).

Employee turnover totalled 8.5% for the FCA Group, with 6.3% accounted for by colleagues choosing to leave (excluding interns, fixed term contracts reaching their end date and other involuntary turnover).

	2021/22	2022/23	2023/24	2024/25
Voluntary turnover	15.5%	15.2%	7.2%	6.3%
All turnover	17.3%	17.5%	9.9%	8.5%

In 2025/26, we will further strengthen our workforce. We will support our people to build a varied career at the FCA, attracting and developing those with the capabilities we need to meet the needs of our 5-year strategy. We will also ensure a focus on supporting agility, deploying our people where they are most needed and aligned to our strategic workforce plans.

Listening to our colleagues

Our annual staff survey built on progress from 2023, with an increase of 3% in our trust index to 68% which is the average of the scores against key themes questioned around engagement. Over 77% of our workforce complete the survey. Well-being and culture trust index scores were both up by four points to 73% and 65% respectively. Our top four ranked themes were diversity at 77%, work and environment at 75% and career development and well-being at 73%. Survey action, talent management and reward were our lowest themes, but all saw an increase of 3% or above. We were encouraged by these scores but know that there is more to do to ensure that all colleagues have a consistent positive experience.

The Board and Executive value colleague input and feedback and remain committed to the Staff Consultative Committee (SCC) for understanding and responding to colleague opinion across the organisation. The SCC has met with the chief executive on a quarterly basis, alongside meetings with the Executive Committee, the People Committee and chair of the Board.

The enhancements made to the SCC in 2023/24 to give our colleagues a greater breadth of opportunity to contribute to the operation of the FCA and PSR are continuing to take effect.

This year we ran two successful elections to ensure a full complement of representatives on the Committee. The newly elected representatives participated in a welcome day in January and are being supported through a customised learning pathway.

The SCC has played a key role in shaping our policies such as on enhanced time off to welcome a child for partners, including new neonatal care leave.

Colleague development

Our FCA Academy learning and development offer supports colleagues across the organisation. We are committed to supporting in-role development through our core curriculum, specialist learning pathways and apprenticeship (127 started in FY24/25) and sponsored study (15 approved in 24/25) opportunities to build knowledge, skills and experience. All new colleagues benefitted from our corporate induction, delivered to colleagues across all our locations and undertook a comprehensive range of mandatory learning and role-specific training and development.

We continue to review our learning and development offer in line with emerging learning needs that arise from our new FCA Strategy and our strategic workforce planning activities. This for example, has included a learning needs analysis to inform AI training for all colleagues and leaders across the FCA to ensure we reach a baseline level of AI fluency and be equipped to responsibly use AI-driven tools. Learning interventions have recently been piloted ready for wider roll-out. They will importantly integrate into a wider curated pathway

around digital and data fluency ensuring all colleagues have the confidence to embrace the technology to drive impact and support innovation. Over the past year we have actively engaged in the skills and capabilities workstream of the Digital Regulation Cooperation Forum sharing best practice in this area of learning and development.

There was significant training delivery relating to leadership and management skills. Delivered through our bespoke People Managers learning pathway and leadership transition programme for new members of the SLT, the Academy delivered three sprints, five transition cohorts and over 1600 course places on our People Manager Development Programme.

Work has also continued in the investment of our suite of industry-aligned professions, launching new cyber and project delivery professions, with regulatory, DDaT (data digital and technology) and communications professions in 25/26. Currently, over 900 colleagues are members of a recognised profession with access to specialist development and knowledge-sharing opportunities.

Colleague wellbeing

We continue to promote healthy working practices, underpinned by positive behavioural change and healthy lifestyles for all colleagues. In addition, we aim to support line managers and enable easy access to wellbeing services and training.

We offer a comprehensive programme covering mental health, emotional health, physical health, social wellbeing and financial wellbeing. Colleagues have access to a range of support services such as Private Medical Insurance, Employee Assistance Programme, a Virtual GP Service, Physiotherapy and Occupational Health.

Throughout 2024, we organised 32 different wellbeing awareness events. We introduced a dedicated menopause support offer which can be accessed by employees as well as their partners. We also launched a more inclusive time off for personal circumstances policy, to help colleagues better manage the impact of caring responsibilities or unforeseen events in their personal lives.

During 2024/25 the average number of days lost to sickness absence per employee was 8.4 (7.5 in 2023/24).

	2021/22	2022/23	2023/24	2024/25
Average working days lost to short-term sickness absence	5.6	5.6	5.5	5.8
Average working days lost to long-term sickness absence	3.0	2.4	2.0	2.6
Total	8.6	8.0	7.5	8.4

Rewarding our colleagues

Our pay and benefits offer aims to retain and attract people with the skills that help us to enable a fair and thriving financial services sector for the good of consumers and the economy.

Our employment offer is designed to:

- provide fair, competitive pay at all levels
- reward strong, consistent performance
- aid transparency and career development
- protect the benefits colleagues value for the long term
- help close our disability, ethnicity and gender pay gaps

The April 2025 pay review has again been informed by benchmarking data, labour movement within the organisation, recruitment and the wider economic context set against the income we receive from fees on firms. We have also responded to colleague feedback and closely engaged with the Staff Consultative Committee (SCC). Further details are set out in the Remuneration Report section.

We continue to offer all colleagues a wide range of benefits including a non-contributory pension scheme, life assurance, private medical insurance, income protection and a flexible benefits allowance. We also significantly extended our leave offer in 2024, introducing new policies to provide time off to help colleagues balance their personal and work responsibilities, plus a new partner leave offer.

We are confident our reward package continues to be one of the best overall of any public authority, regulator, or enforcement agency in the UK. We remain committed to shaping it in a way which supports our aspiration to be an inclusive employer for all, considered in conjunction with the economic environment in which we operate, and the affordability of any increases in relation to the overall cost of the FCA for the firms that we regulate.

Diversity, Equity and Inclusion as an employer

We pride ourselves on being a diverse, inclusive and flexible workforce that reflects the public we protect. As part of our annual employee survey, we ask colleagues a series of questions linked to diversity and inclusion. This year, it was our highest scoring category with over 75% colleagues responding favourably.

Over the past 12 months we have moved through the second year of our 3-year evidence-led internal diversity, equity and inclusion (DEI) programme. This has seen us make continued progress towards meeting our diversity targets for gender and ethnicity at all levels. Across the FCA, our female representation stood at 52% and minority ethnic representation at 34%. This is against organisational targets of 50% and 25% respectively. Our targets for 2025/26 and beyond are being reviewed.

We are proud to have achieved the Disability Confident Scheme level 2 accreditation in late 2024 and expanded our partnership with Business Disability Forum. We have also delivered disability inclusion learning for Managers.

We have active Network Groups who provide support to colleagues and have delivered a number of important discussions and events to raise awareness and understanding of Diversity, Equity and Inclusion issues.

Our DEI webpages provide a detailed overview of our work, commitments as a public body and pay gap figures for gender, ethnicity and disability for the year ending 31 March 2025.

2.2 Our data and technology

Data and technology continues to underpin our activities at the FCA; to help us protect consumers and financial markets, improve consumer and firm experiences, and encourage innovation within financial services.

Our portfolio of data and digital initiatives helps us realise our ambition to become a digitally enabled and data-led regulator; we have invested over £170m in funding during the financial year to deliver these programmes and run the services that empower our daily work as demonstrated in the sections below, ultimately leading to smarter, more efficient, and more responsive regulation.

Automated detection of harms and protecting consumers

The FCA is committed to proactively safeguarding consumers and financial markets through the intelligent application of data and technology. Central to this effort is the Digital Unified Intelligence Environment (DUIE), a sophisticated capability that integrates diverse data sources and leverages advanced analytics to deliver actionable insights for FCA decision making. This environment empowers us to analyse and connect information across our platforms automatically, enabling the FCA to become a truly data-led regulator capable of preventing harm in a rapidly evolving market.

For instance, a new business rules engine within the DUIE automatically identifies red flags and generates alerts based on our data holdings. Rules recently developed are helping us to identify potential issues in newly authorised firms, bolstering our Early & High Growth Oversight and supporting these firms in understanding their regulatory requirements and implementing improvements at an early stage.

Furthermore, a new capability within the DUIE now connects information on firms and individuals, which is being used to identify potentially risky networks within Appointed Representatives, allowing for earlier intervention and risk mitigation in this complex area. The DUIE also incorporates tools for monitoring and analysing social media networks. Through this capability, the FCA successfully detected and facilitated the removal of 13 scam websites promoting financial promotions during the year, directly preventing potential consumer harm.

Improving experience for consumers and firms

We are making significant strides in digitising our interactions to deliver a more streamlined, accessible, and secure experience for both consumers and firms, while also empowering our colleagues with more efficient tools. This involves making regulatory interactions and processes more efficient, offering greater accessibility, improving security and protection of data, and enabling automated analysis to speed up decision making.

We are in the second year of a four year journey to transform the Authorisations Gateway, moving to modern, well designed, digital forms that make it easier for firms to navigate and submit applications. This also improves FCA processes as automation can be used to validate the submissions and provide recommendations, leading to faster authorisation decisions that ultimately benefit consumers by bringing new and innovative firms to the market more efficiently. We now have the first major form “Form A” fully live on the new platform, with two other forms in Public Beta and a further two forms ready for Public Beta.

Our Transforming Data Collection (TDC) Programme, in partnership with the Bank of England, aims to reduce firm burden associated with regulatory reporting and only collect the data we need to achieve our regulatory objectives. The programme has worked to deliver new versions of two forms hosted on RegData (the platform used to collect data from firms), improving the design and usability and making guidance clearer, which is resulting in reduced burden and improved data quality. This, in conjunction with our proactive campaigns to support firms to meet their reporting requirements, has led to an increase in regulatory reporting compliance to 94%, up from 93% in 2023 and 91% in 2022. Our RegData platform has processed approximately 750,000 submissions this year.

To further support firms, the FCA launched the My FCA firm platform in March 2025. My FCA makes it easier for firms to submit their regular data returns, providing a front door and single sign-on across three of our systems (RegData, Connect and Online Invoicing) using existing login details and where for the first time firms can see all their regular reporting tasks in one place. Whilst all firms benefit from the new platform, we believe it will be particularly beneficial for smaller firms who do not need to use our systems as frequently.

In addition, we have started to decommission regulatory returns that we no longer require. We are currently consulting on the first 3 regulatory returns for switch off, that should reduce data collections requirements for over 16,000 firms and we intend to consult on removing more regulatory reporting requirements in the future.

These initiatives represent our ongoing commitment to leveraging digital solutions to create a more efficient, user friendly, and effective regulatory environment and reduce firm burden.

Innovation for financial industry

The UK’s financial services landscape is constantly evolving, driven by rapid technological advancements and innovative business models. Enabling beneficial and responsible innovation is critical and plays a key part in delivering effective competition, consumer protection and market integrity. Our regulatory sandbox enables an agile approach to regulation, whilst our digital sandbox enables access to data (including synthetic data), to support firm testing of innovative products and services.

We received just under 200 applications across our innovation pathways, digital sandbox, and regulatory sandbox services, spanning various financial services like consumer lending, investment, payments, and digital assets.

The Government has described AI as the defining opportunity of our generation and in January 2025, we launched our 'AI Lab,' representing a paradigm shift in supporting responsible AI development and a new approach to agile policy development. The AI Lab offers expertise, collaboration, and proactive engagement with the AI ecosystem, providing specialised support to the industry and deepening our understanding of AI's risks and opportunities to markets and consumers, feeding back into policy decisions.

We also held two tech sprints on financial inclusion and the use of AI to help fighting against market abuse; policy-focused sprints on Open Finance and AGBR (advice guidance boundary), testing a future regulatory change and supporting agile policy making. The Open Finance sprint gathered 116 participants to discuss and build practical use cases and action plans, both for consumers and small businesses, discuss the building blocks of the 2030 Open Finance ecosystem as well as consider the impact of evolving tech and the need for long term sustainability.

We also celebrated our 10-year anniversary of providing innovation services, publishing a report in October 2024. Looking ahead, we aim to continue adapting our innovation services to address emerging trends and support the development of cutting-edge technologies that benefit consumers and markets, stimulate sustainable growth whilst continuing to identify and mitigate potential risks.

Artificial intelligence in financial services

Artificial intelligence is rapidly transforming the landscape of financial services, presenting both significant opportunities and potential challenges. Recognising this, the FCA has intensified its focus in 2024/25, with the launch of a new AI research series to deepen our understanding of artificial intelligence and its impact on financial services. Over the year, we published four papers exploring key themes such as bias, transparency, and explainability in AI models with findings intended to inform both regulatory thinking and industry best practices.

These publications are part of our broader ambition to support the safe and responsible use of AI in UK financial markets. Through this work, we aim to engage model developers, regulated firms, and consumer groups, helping to ensure AI drives growth, competitiveness, and innovation in a way that also protects consumers.

We welcome the Government's AI Action Plan and are supportive of its vision. We are actively considering how to take forward the recommendations for regulators — including contributing to future cross-regulator reporting on AI and innovation and exploring potential updates to our regulatory framework to address the unique characteristics of AI applications. Several existing FCA initiatives already align with this agenda, including our AI Lab.

The FCA also submitted written evidence to the Treasury Select Committee's inquiry on AI in financial services, setting out our approach to supporting AI adoption that balances market innovation with consumer protection. Our multi-faceted approach, encompassing research, engagement, and active consideration of the evolving regulatory landscape, underscores the FCA's commitment to fostering a dynamic and responsible AI ecosystem within UK financial services.

Leveraging Generative AI to enhance our regulatory effectiveness

The FCA is exploring how generative AI, including Large Language Models (LLMs), can help us work more efficiently and make faster, better decisions. Certain authorisation processes use LLMs to help teams review and summarise firm applications more quickly and consistently. This allows us to reduce manual effort, speed up assessments, and focus more attention on complex or higher-risk cases. We're also testing how this technology could support other regulatory areas, such as financial crime and market oversight.

Using Synthetic Data for smarter regulation

The FCA is developing synthetic datasets to help test and improve systems in a safe, privacy-preserving way. These artificial datasets replicate real-world scenarios without revealing personal or sensitive data, enabling responsible innovation across key areas of regulation. For example, in Financial Crime, our AML Synthetic Data project will offer a platform for firms developing new and emerging technologies to detect money laundering, allowing them to demonstrate the effectiveness of their products in a safe and data-compliant way.

Enabling data and technology led regulation

Service and operational resilience is always a priority; our consumer and firm facing systems such as the FCA Website, Financial Services Register and RegData have achieved 100% availability for the second consecutive year, ensuring the robust and reliable infrastructure necessary for effective data-driven regulation. Continued upgrades to our internal systems, data platforms, technology networks, cloud environments, and robust cyber security capabilities, which are paramount for maintaining the integrity and security of our regulatory data, have been performed, allowing us to keep pace with industry developments and making it easier for colleagues to work collaboratively.

Our organisation continues to grow its data and technology skills, further enhancing our capabilities via a network of supplier partners, and we awarded contracts to three new partners under the Digital Services Framework that was established in September 2023 to accelerate our access to cutting edge digital solutions. In addition, the Digital Delivery Hub established in Leeds has continued to expand, in line with the broader increasing national presence for the FCA.

We are making great progress and the FCA remains committed to ongoing investment in our data and technology, as it underpins successful delivery of our strategy, and we are prioritising up to £207m in funding for the upcoming financial year.

Section 3 – Group operating results

The Group generated a £48.5m surplus for 2024/25 (see Table 1). This primarily resulted from a £32.8m lower expenditure of Ongoing Regulatory Activities (ORA) and a £26.4m decrease in the net pension obligation, measured in accordance with IAS 19 *Employee Benefits*.

The FCA's expenditure was £32.8m lower for ORA primarily due to (a) lower headcount over the year than planned, generating lower staff costs versus budget of £15.0m, (b) £10.0m deferral of pension deficit contributions to March 2027 due to the Plan projecting to be ahead of the agreed target date to reach its long term funding objective, (c) £6.7m lower IT costs from lower usage, better than expected contract rates and lower end user computing costs.

The decrease in the FCA's net pension obligation is primarily driven by £18.9m of contributions paid during the year and £8.8m of net actuarial gains, as reflected in Table 1. This measurement is performed as required by IAS19 as an accounting valuation and is to provide a consistent measurement of accounting costs across different companies.

For funding purposes, the Trustee uses the technical provision basis of valuation and the Plan (FCA as Principal Employer and the FOS as Participating Employer) is expected to be fully funded by 31 March 2027, with a year-on-year improvement in the funding position seen in 2024/25. On this basis, the Plan's expected cash liability has reduced year on year by £22.0m from £75.7m to £53.7m, driven by a total of £20.0m in deficit contribution payments and a net of £5.0m relating to asset returns.

Table 1

Group Surplus/(Deficit)	2024/25 £m	2023/24 £m
Net actuarial gains/(losses) on Pension Scheme	8.8	(36.4)
Pension contribution income taken to Balance Sheet	18.9	28.4
Pension interest charge & past service cost	(1.3)	(0.7)
Total Defined Benefit Pension Scheme	26.4	(8.7)
FCA over/(under) recovery of ORA	32.8	(35.1)
FCA under recovery of exceptional projects	(8.8)	(5.6)
PSR (under)/over recovery of ORA	(1.9)	4.6
Total Group Surplus/(Deficit) for the year	48.5	(44.8)

As a result, the Group accumulated reserves have increased from £23.4m to £71.9m (see Table 2).

Analysis of income and operating costs

Income

Fees: We are funded by raising fees from the firms we regulate; we do not receive funding from the UK government. FSMA gives us the powers to raise fees to meet our costs, which includes our budgeted Ongoing Regulatory Activity (ORA). This represents the net costs of our core operating activities after offsetting Other Income.

Our Annual Funding Requirement (AFR) also includes fee income from exceptional projects recoveries (including set up costs of new responsibilities), special project fees, other regulatory income (register extract services) and application fees. Under certain circumstances, such as when Parliament introduces new legislation, there may be changes to the scope of our regulated activities, which can include new responsibilities. Major work resulting from this scope change is reported separately from ORA under exceptional projects, so it is individually identifiable from a cost and fee perspective. We include these activities as part of the cost of ORA only when this work becomes part of our business as usual.

Other Income: This includes income from certain publications and training services we provide, recovering the costs of Skilled Persons to carry out s166 reviews, interest on bank deposits and income for providing, levying and collecting fees for other regulatory bodies.

Chart 1 – Year on year change in income

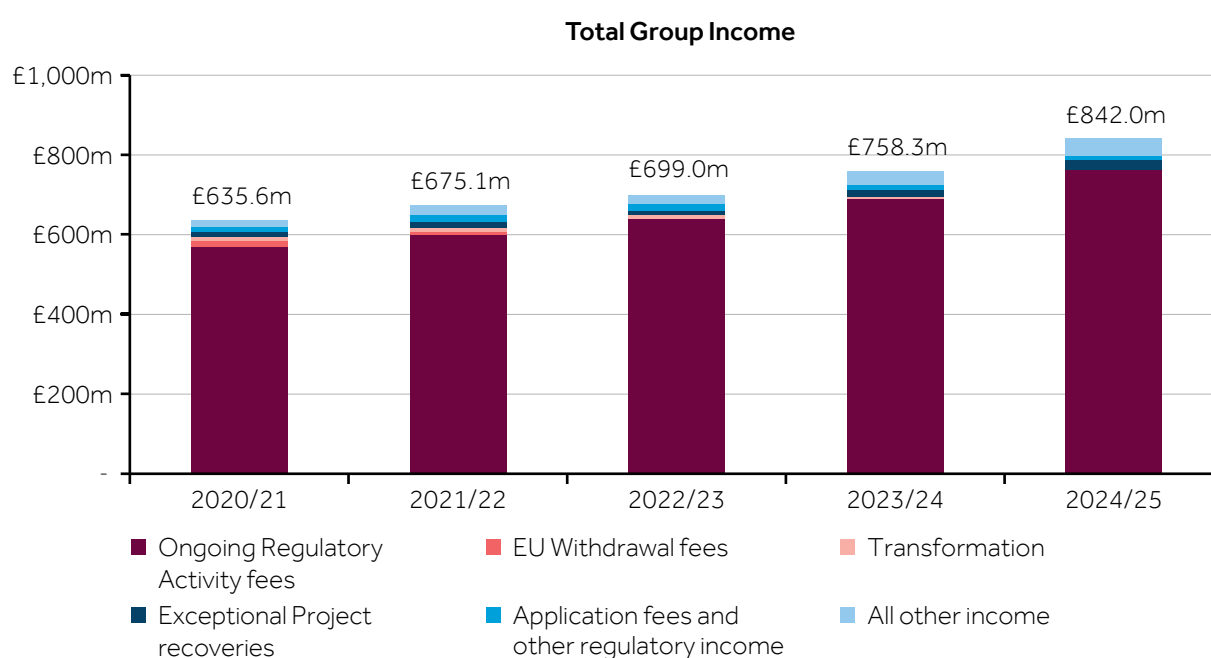
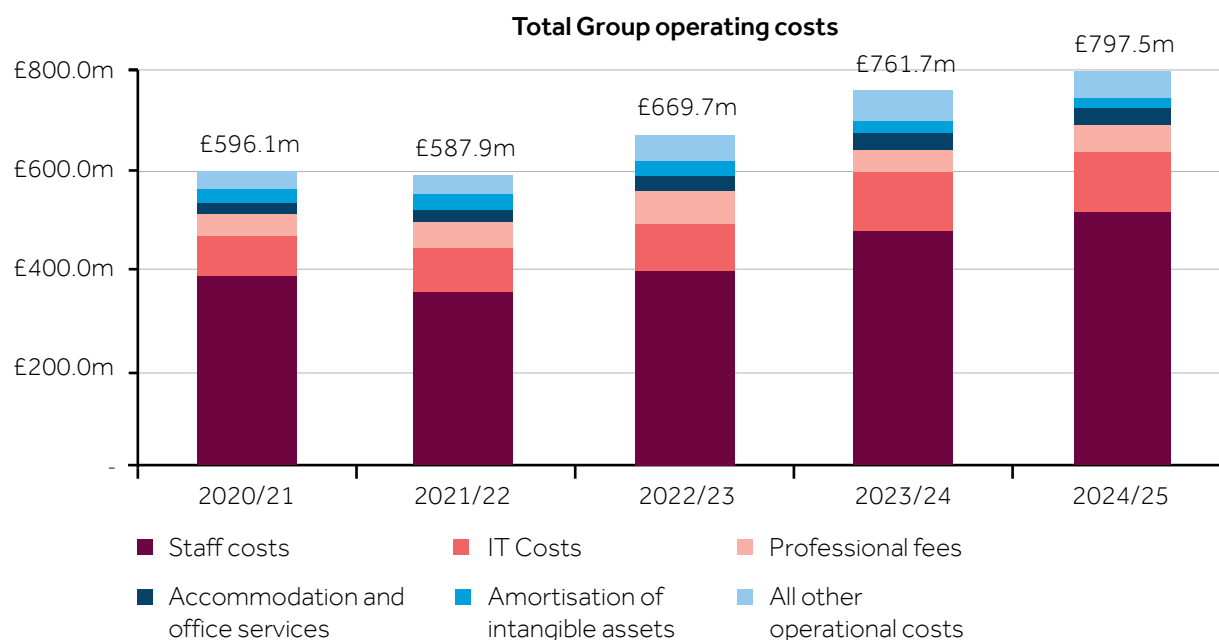


Chart 1 shows the five-year movement in the Group's income. The FCA raises fees directly in response to the budgeted cost to perform its statutory duties. Therefore, fees rise and fall in line with the Group's cost base, which is presented in Chart 2 as a five-year trend.

Operating costs

Chart 2 – How we spend our money



The main movement over the last five years (shown as a year-on-year analysis to the preceding year) were:

- £35.8m increase in 2024/25 driven primarily by a £38.5m increase in staff costs partly offset mainly by lower amortisation costs. Staff costs increased due to the increase in staff numbers in 2024/25 and investment in our people (for further details on the uplift in staff numbers refer to Note 5 staff information in the financial statements).
- £92.0m increase in 2023/24, driven primarily by a £80.0m increase in staff costs and £29.0m higher IT costs. Staff costs increased due to the increase in staff numbers in 2023/24. IT costs are higher as we invested more in becoming a digitally enabled and data-led regulator and made significant progress across a number of data and digital programmes.
- £81.8m increase in 2022/23, driven primarily by a £44.2m increase in staff costs and £17.3m higher professional fees as planned. Staff costs increased due to the increase in staff numbers in 2022/23. Professional fees were higher as a result of undertaking regulatory initiative projects. We use professional fees for activities we cannot fulfil internally, for example for s166 Skilled Person reports and Specialist IT skills. Recruitment costs have also increased to support the higher headcount.

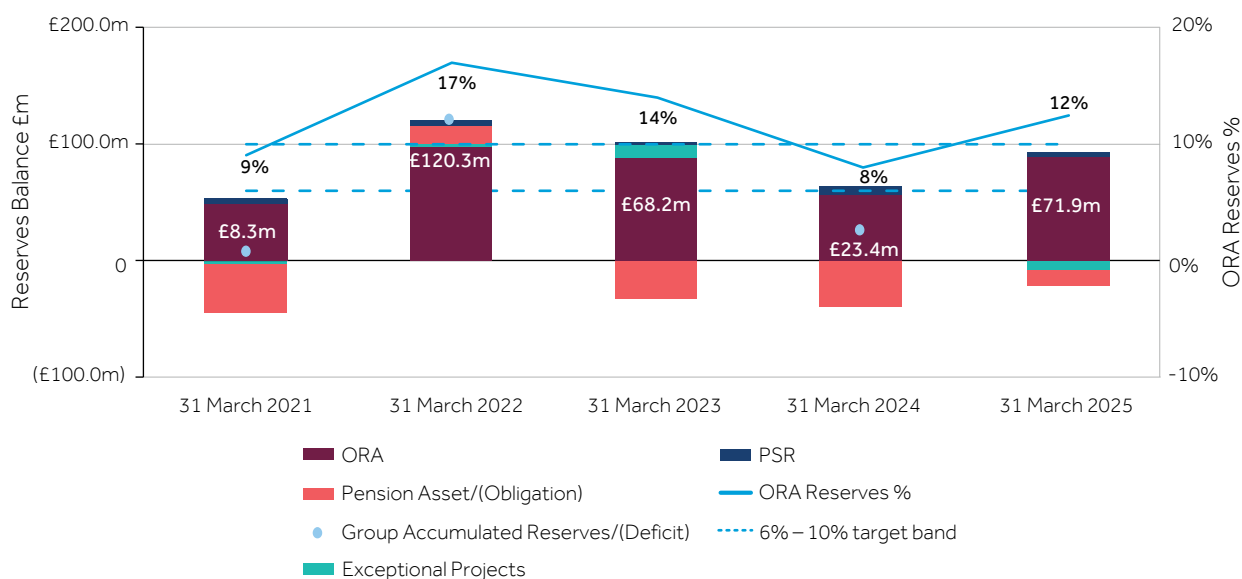
Section 4 – Overall Financial Position

Reserves

The FCA seeks to maintain ORA reserves between 6% and 10% of ORA expenditure, which may be flexed based on the FCA Board's assessment of risk and economic factors (i.e. inflation, regulatory environment and interest rates). At 31 March 2025, the FCA's ORA reserves were £88.5m or 12% of ORA expenditure (2024: 8%), which exceeded the 10% limit. This is largely due to events after the annual budget was set which enabled the FCA to reduce its costs base. This included slower than anticipated recruitment, an agreement with our pension plan trustees to partially defer deficit contributions, better than expected pricing achieved in several major tenders and savings on estate costs. The cost savings and additional reserves have been factored into the budgeting round for 2025/26, meaning a below inflation increase in ORA fees for firms this year. All fees raised through the AFR support our planned programme of work. Over our 2025 to 2030 strategy, the FCA is targeting the 6% and 10% range and plans to utilise existing ORA reserves over this period to achieve our priorities but will always look for opportunities to optimise its cost base where possible.

Table 2 – Group Reserves

Reserves	FCA					PSR	Group
	Ongoing Regulatory Activities (ORA) £m	Exceptional Projects £m	Accumulated Reserves £m	Pension Asset (Obligation) £m	Total Accumulated Reserves £m	Accumulated Reserves £m	Accumulated Reserves £m
At 31 March 2023	85.8	11.3	97.1	(31.2)	65.9	2.3	68.2
(Under)/Over recovery against budget	(35.1)	(0.6)	(35.7)	–	(35.7)	4.6	(31.1)
Transfer of reserves	5.0	(5.0)	–	–	–	–	–
ORA reserves utilised	–	–	–	–	–	–	–
Net Exceptional Projects recoveries	–	(5.0)	(5.0)	–	(5.0)	–	(5.0)
Pension movement	–	–	–	(8.7)	(8.7)	–	(8.7)
At 31 March 2024	55.7	0.7	56.4	(39.9)	16.5	6.9	23.4
(Under)/Over recovery against budget	32.8	–	32.8	–	32.8	(1.9)	30.9
Transfer of reserves	–	–	–	–	–	–	–
ORA reserves utilised	–	–	–	–	–	–	–
Net Exceptional Projects recoveries	–	(8.8)	(8.8)	–	(8.8)	–	(8.8)
Pension movement	–	–	–	26.4	26.4	–	26.4
At 31 March 2025	88.5	(8.1)	80.4	(13.5)	66.9	5.0	71.9

Chart 3 – Reserves balance 2021-2025

Penalties collected on behalf of the Treasury

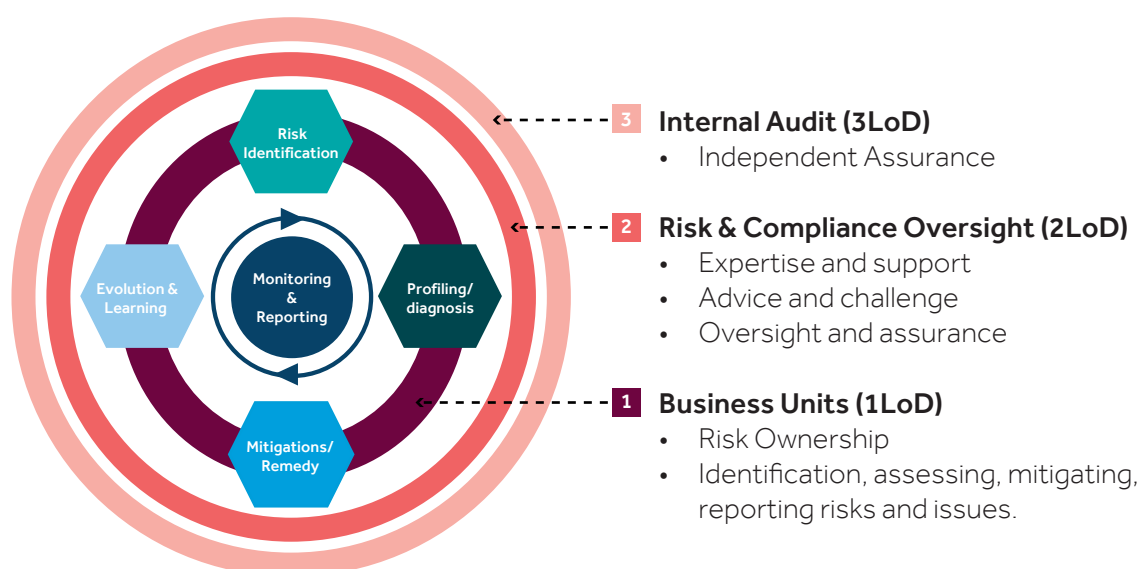
We collected penalties of £180.1m (2023/24: £35.3m) on behalf of the Treasury during the year. At 31 March 2025 penalties owing to the Treasury were £14.4m with £90.2m paid during the year, representing £180.1m of penalties received in 2024/25 net of £71.2m to be rebated to fee payers in 2025/26 and the recovery of £4.3m of enforcement costs from 2022/23. At 31 March 2024 penalties owing to the Treasury were £0.2m with £11.8m paid during the year, representing £7.5m of penalties owing from 2022/23 and £4.3m of the balance which was then due to the FCA and settled in 2024/25.

Section 5 – Principal risks and uncertainties

Effective risk management is central to our new Strategy. Having set higher standards in financial services, now is the time to look again at our collective attitude to risk, supported by our Risk Management Framework (RMF).

We face a range of risks, both internal (referred to as own risks and relating to operational and execution risks) and external (relating to risks of harm), which may compromise the achievement of our Strategy and, hence, our statutory and operational objectives. Indeed, risks to the successful realisation of our strategic intent arise in many forms and from many activities.

Grounded in the three lines of defence model, the RMF promotes clear segregation of duties, accountability and effective oversight. We maintain robust governance processes, supported by clearly articulated roles and responsibilities, explained in the Corporate Governance Statement (Chapter 9).



Key actual & emerging risks

The Strategy sets out our key external risks. It also explains that we are considering the risks our approach to regulation should accept, to spur innovation and competition and, with them, growth and benefit to consumers.

A recent announcement by the Government to consolidate the PSR's regulatory responsibilities presents additional challenges and opportunities. These are captured in the PSR's Annual Report and Accounts. We will work closely with the PSR and other key stakeholders as we go through this transition.

Our priorities for tackling risks of harm in 2024/25, and how we have progressed against these Strategic Commitments are covered in Chapter 5.

Principal Own Risks

Principal own risks are reported to Executive and Board oversight committees as set out below. This facilitates discussions on the best strategies to mitigate and manage these risks, given the dynamic changing environment, enabling informed decisions on priorities and resource allocation.



Perimeter risk: Our regulatory remit is unclear, misunderstood, or changes (including new objectives), are ineffectively implemented.

Examples of key current mitigations

Strong, effective engagement strategies with key stakeholders, such as policymakers, which ensure sufficient opportunity to input to decisions.

Proposed legislative changes are routinely monitored, with clear governance structures to ensure escalation of issues impacting our remit and responsibilities.

Dedicated resources to help reduce harm linked to our Perimeter and publication of a Perimeter Report, which aids understanding of our remit and our powers.



Strategy, Planning and Prioritisation risk: Our strategy and business plan are not forward looking or sufficiently dynamic and/or our prioritisation is ineffective.

Robust processes supporting effective, risk-based prioritisation and allocation of resources to achieve the highest impact outcomes in support of our Strategy.

Horizon scanning helps to enable efficient and effective responses at pace to emerging or unplanned risks and issues.

Progress against our Strategy and Work Programme is monitored through governance forums. Performance metrics are reviewed and published regularly.



Regulatory Tools and processes risk:

We have inappropriate tools or processes, or we fail to use them efficiently or effectively to identify and prevent harmful activities in the regulated financial services market.

Examples of key current mitigations

A robust and efficient Authorisations process that limits the ability for bad actors to enter the regulated financial system, while enabling competition.

A more streamlined intelligence and data-led approach to supervision, competition and enforcement to enable proportionate, swift and effective prevention or mitigation of harm.

Continuous review of our regulatory tools and processes to ensure that they remain appropriate and are used efficiently and effectively.



People risk: We do not attract or maintain the right capacity and/or skills to deliver our objectives in the right locations at the right costs and struggle to maintain staff engagement and wellbeing.

The People Committee oversees the people strategy, reviewing whether the workforce can sustainably deliver our Strategy, on budget and in line with our values.

Continued development of Strategic Workforce Planning approach, including investment in capabilities to keep pace with regulatory change and innovations in financial services.

Continued expansion of our geographic footprint so we continue to draw from across the country to get the right skills in the right locations.



Operational Resilience risk: We or our suppliers are insufficiently prepared to prevent and/or appropriately respond to operational disruptions.

Examples of key current mitigations

A comprehensive MI system, which offers real-time monitoring of threats and controls underpinning our cyber and technology stability risks.

Strengthened Third-Party Risk Management Framework driven by consistent T&Cs, resilience due diligence assurance on our critical Suppliers and strong Business Continuity Plans which ensure readiness.

Critical Business Services are documented, with tolerances set for outages, which are stress tested periodically so they remain appropriate and aligned to our Risk Appetite.



Technology risk: Our IT strategy and systems are not fit for purpose or do not keep pace with technological innovations which impacts our ability to operate efficiently and effectively.

Ongoing investment to update our IT infrastructure, so that it continues to meet changing demands and supports our Strategy.

Robust IT governance and controls, which enable forward looking, adaptable and scalable enterprise architecture and value for money.

Identification and introduction of emerging technologies including use of AI, with clear governance to ensure responsible and safe use.



Data and Information risk: Our data and information or its use are inadequate, inaccurate, inappropriate, fail to maintain data integrity or adapt to innovations in data/ analytics/AI.

Examples of key current mitigations

Robust governance arrangements to maintain the integrity, accessibility and usability of our data.

Continued development of data sharing arrangements and innovative tools and techniques to enabling agile and effective identification of harm.

Robust tools and processes across the data lifecycle, including storage and analytics, that drive greater organisational join up on insights and intelligence.



Public Confidence risk: We are not seen as an effective and independent regulator, limiting our ability to influence outcomes and deliver against our statutory objectives.

Ongoing engagement with stakeholders through our accountability mechanisms.

A robust governance process and controls for all external communications, including a formal communications plan for all announcements.

Our performance is transparently measured through published operating service metrics and our progress against our strategy through outcome metrics.



Financial risk: We do not manage our finances effectively, and/or cannot measure or demonstrate Value for Money.

Examples of key current mitigations

Stress-tested cashflow forecasts are regularly prepared to identify potential shortfalls that may occur and ensure the effectiveness of mitigations in place.

The annual budget is monitored monthly against baseline spend and change portfolio forecasts to understand likely financial outcomes.

The defined benefit pension plan, including its funding position, is monitored by the Pension Trustee Board, including external advisors as needed.

Chapter 9

Directors' report and corporate governance statement

Directors' report

The directors present their report for the year ended 31 March 2025.

Some information that fulfils the requirements of the Directors' report can be found elsewhere and is referred to below.

Details of the directors who held office during the year is at Figure 2 of the Corporate governance statement (Chapter 9).

The directors have a duty under section 172 of the Companies Act 2006 (s172) to promote the success of the Financial Conduct Authority (FCA) and factor our stakeholders into their decision making. They use the s172 statement (Chapter 7) and Corporate governance statement (Chapter 9) to explain how they have performed this duty.

The FCA publishes several additional reports, alongside the annual report. These include our annual Environmental sustainability report (Appendix 4) which sets out our environmental sustainability work, our [Positive impact report](#) which highlights the benefits of our activities to consumers and markets, our [Secondary International Competitiveness and Growth objective](#), and our [Modern slavery statement](#).

In addition, the [FCA's annual work programme 2025/26](#) explains what we will deliver over the next 12 months on our 4 strategic priorities.

The Group comprises the FCA and its wholly-owned subsidiary, the Payments Systems Regulator Limited (PSR). More information about the PSR's activities during the year and its programme of work for the next 12 months can be found in its [Annual report 2024/25](#) and [Annual plan 2025/26](#) respectively.

The FCA has no branches or subsidiaries outside of the UK.

Directors' responsibilities for the annual report and accounts

The directors are responsible for preparing the FCA's annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law, the directors have chosen to prepare the financial statements for the FCA (the Parent Company) and the Group in accordance with International Financial Reporting Standards, as adopted by the UK. The financial statements are required by law to give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, the directors are required to:

- Select suitable accounting policies and apply them consistently.
- Make reasonable and prudent judgements and estimates.
- State whether applicable International Financial Reporting Standards, as adopted by the UK, have been followed and any material departures disclosed and explained in the financial statements.
- Prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that show, with reasonable accuracy, the company's financial position and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

As far as the directors are aware:

- There is no relevant audit information of which the company's auditor is unaware.
- They have taken all the steps they ought to have taken as directors to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for maintaining and ensuring the integrity of the corporate and financial information on the company's website.

The directors confirm that the annual report and accounts as a whole are fair, balanced and understandable.

Going concern and key financial risks

In preparing the FCA and PSR financial statements, the directors have performed a going concern assessment which covered the period from 1 April 2025 to 31 March 2027. This included a robust assessment of the key emerging and principal risks, taking into consideration the FCA annual work programme 2025/26. The risks and uncertainties identified include:

- 1. Liquidity risk:** The risk that the FCA is unable to meet its payment obligations for its financial liabilities as they fall due.

In response to this risk:

- a. The FCA is well placed from a liquidity perspective, with cash and deposits of £393 million and an available overdraft facility of £100 million at 31 March 2025 (reduced to £50 million in June 2025), sufficient to meet its short-term payment obligations when due or otherwise fund its ongoing operations.
 - b. The PSR has cash and deposits of £14.8m, which are ring-fenced within the FCA total.
- 2. Cash flow risk:** The risk the FCA's cash inflows are insufficient to cover outgoing cash obligations over a long-term horizon.

In response to this risk:

- a. The FCA's Annual Funding Requirement (AFR) is based on the forecast Ongoing Regulatory Activity (ORA) expenditure, exceptional project costs and the funding of capital expenditure. Where the AFR is insufficient to cover these cash obligations, the FCA will consider using existing cash balances held.
 - b. The FCA's strong fee covenants are underpinned by the statutory powers granted to it to raise fees to fund its and the PSR's regulatory activities.
- 3. Credit risk:** The risk from collecting fees from the financial services industry and the failure of a counter party to perform its financial obligations for the placement of firm fees as deposits, including a failure to perform those obligations in a timely manner.

In response to this risk:

- a. The FCA has a strong record in terms of collecting fees, with bad debt experience averaging 0.5% (2024: 0.6%) of total income (excluding interest and finance income).
 - b. The FCA only invests with financial institutions which, among other things, meet its minimum credit rating of A- as assigned by credit rating agencies. The FCA also spreads its deposits across a number of counter parties to avoid the concentration of credit risk.
- 4. Significant accounting:** Judgments and key sources of estimate uncertainty that have been considered by the directors are the assumptions underpinning the measurement and valuation of intangibles and right of use assets, lease liabilities and dilapidation provisions (as set out in Notes 8, 9, 13 and 19, respectively, to the Financial statements), the assumptions underpinning the pension assets and obligations (as set out in Note 18 to the Financial statements) and the assumptions relating to provisions and contingent liabilities.

Identifying and mitigating risk is overseen by the Risk Committee. The procedures for doing this are described in more detail in 'internal controls' section of the corporate governance statement, Chapter 9.

Having regard to the above, it is the directors' opinion that the FCA is well placed to manage any possible future funding requirements for its regulatory activity and has sufficient resources to continue its business for the foreseeable future.

The directors therefore conclude that using the going concern basis is appropriate in preparing its financial statements as there are no material uncertainties related to events or conditions that may cast significant doubt about the FCA's ability to continue as a going concern.

Events after the reporting period

There were no material events after the reporting period.

Directors' indemnities

In general, under the Financial Services and Markets Act 2000 (FSMA), the FCA has an exemption from liability in damages for anything it does or omits in relation to the exercise or purported exercise of our statutory functions, provided that such acts or omissions are made in good faith and do not infringe section 6(1) of the Human Rights Act 1998. The FCA can also give indemnities to protect individual employees, including directors, as described below. In accordance with our Articles of Association and as far as the law allows, directors are granted an indemnity from the Company for liability incurred as a result of their office. The indemnities were in force during the course of the financial year ended 31 March 2025 and remain in force at the date of this report.

Political donations

The Group did not give any money for political purposes in the UK. It did not make any political donations to political organisations, or to any independent election candidates, or incur any political expenditure during the year.

Disabled persons

The FCA is committed to providing equal opportunities. The FCA gives full consideration to applications for employment from disabled persons and reasonable adjustments are made to the recruitment process to ensure that no applicant is disadvantaged because of their disability. Where existing employees become disabled, the FCA makes all reasonable adjustments to accommodate the needs of that employee. Reasonable adjustments are put in place for employees with a disability to access training, career development and promotion opportunities.

External auditor

The Comptroller and Auditor General acted as auditor throughout the year, in line with the requirements of FSMA for the company's accounts to be examined, certified and reported on by the Comptroller and Auditor General.

By Order of the Board on 26 June 2025.



Toby Hall
Company Secretary

4 July 2025

Corporate governance statement

Introduction

This section explains the FCA Board's composition and governance structure. It also outlines the Board's role, its performance, continuing professional development and succession planning.

We are an independent public body funded by fees from the firms that we regulate. We are accountable to the Treasury, which is responsible for the UK's financial system, and to Parliament. The Financial Services and Markets Act 2000 (FSMA) defines our work and purpose and requires us to meet and consult with our various stakeholders.

The FCA is a company incorporated in England and Wales under the Companies Act 2006 and is a company limited by guarantee with no share capital (company no. 1920623). Our governance structure gives the Board assurance that the potential impacts on our stakeholders have been taken into careful consideration during the development of proposals put before the Board (further information on our stakeholders and how we engage with them is in the s172 statement – Chapter 7).

We are open and accountable to the public through our annual report, annual public meeting and broader engagement programme. We report annually to the Treasury on how far we have met our regulatory objectives, and Parliament provides detailed scrutiny through its select committees.

Our Board is committed to meeting high standards of corporate governance. This report sets out how we are governed in line with the principles of the UK Corporate Governance Code (the Code) recognising that some parts are not applicable due to our statutory framework and that of the Payment Systems Regulator (PSR). For example, as we can raise fees to recover the costs of carrying out our statutory functions, the Board considers the requirement to include an explanation of how it has assessed the prospects of the FCA and the PSR and any related disclosures under provision 31 of the Code does not apply.

The role of the Board, board committees and executive committees

The Board is our governing body with collective responsibility for the long-term success of the organisation.

There is a clear division of responsibilities between the Board and executive management. The Board provides strategic leadership, sets our strategic aims, and ensures that we have the necessary resources to meet our statutory objectives.

The chief executive is responsible for implementing the strategy agreed by the Board, leading and managing the organisation within delegated authorities.

The Board's role includes:

- a.** Determining the matters that should be reserved to it.
- b.** Making strategic decisions affecting the FCA.
- c.** Overseeing the executive management.
- d.** Ensuring the FCA's performance against its strategy.
- e.** Maintaining relationships with other organisations and authorities.
- f.** Ensuring accountability of Board committees.

The Board is supported by several committees to ensure effective decision making. These committees are shown in Figure 1 and their membership in Figures 4-10.

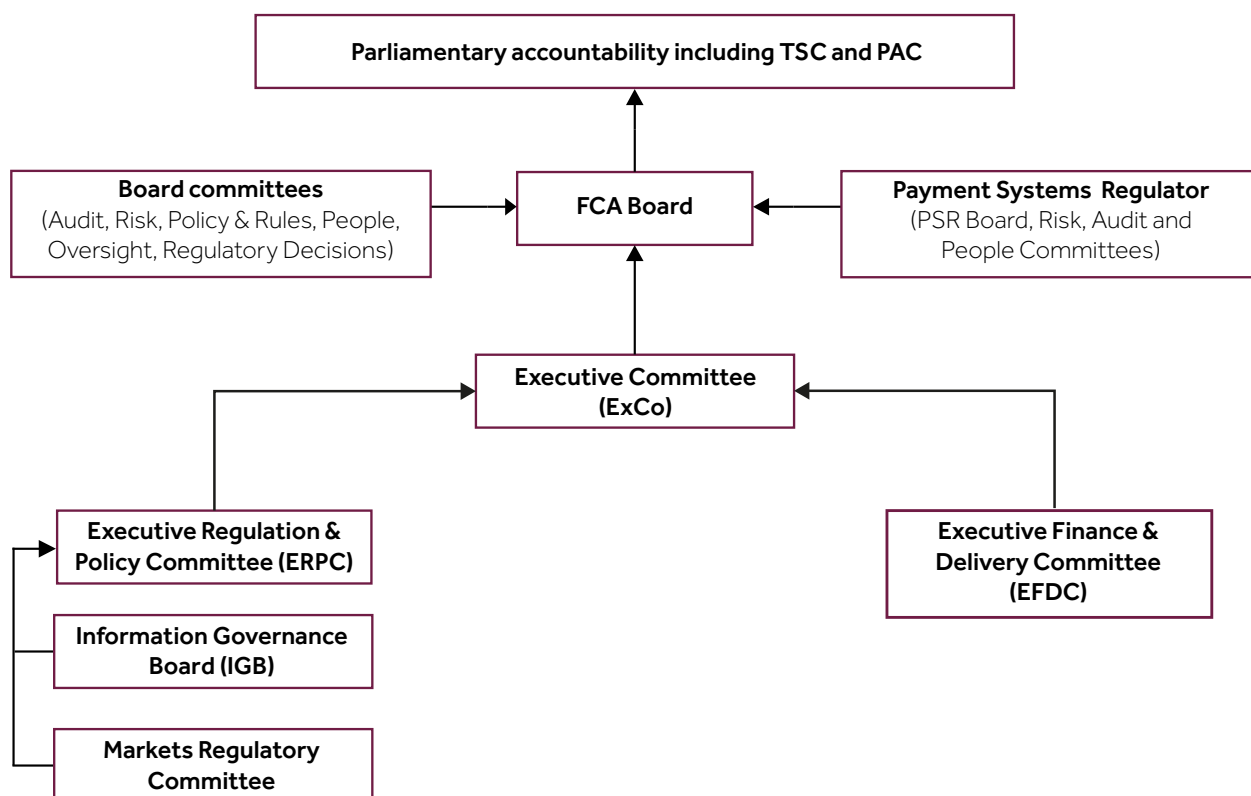
There are mechanisms to ensure Board committees are accountable to the Board. These committees' respective terms of reference can be found in our [Corporate governance of the Financial Conduct Authority](#) document, along with details on our wider governance arrangements. We give a summary of our Board committees' activities during the year later in this report.

Our executive committees also play an important role in our governance. The principal committee is the Executive Committee (ExCo), chaired by the chief executive, which takes decisions on the most significant operational issues.

There are several other committees that report directly or indirectly to ExCo, including the:

- Executive Regulation and Policy Committee (ERPC), which takes decisions on significant regulatory and policy issues and issuing general guidance. ERPC also oversees 2 regulatory sub-committees: the Information Governance Board, which oversees implementation of the FCA's data strategy and information/ records management; and the Markets Regulatory Committee, which exercises oversight and takes decisions on certain regulatory and market issues.
- Executive Finance and Delivery Committee (EFDC), which oversees and takes spending and delivery decisions on projects, programmes and cross-cutting strategic initiatives.

Figure 1 below summarises our governance framework. Our website gives further [details of our executive structure](#).

Figure 1 – the FCA's governance framework

Senior Managers and Certification Regime

The Senior Managers and Certification Regime (SM&CR) does not formally apply to the FCA. However, as best practice, we have set out descriptions of the core responsibilities of our Board, board committee and executive committee members and staff carrying out senior management functions. Our website has more [details on how we apply the SM&CR to ourselves](#).

Board composition

FSMA requires that our Board includes:

- A chair and chief executive, appointed by the Treasury.
- The Bank of England's deputy governor for prudential regulation and the chair of the Payment Systems Regulator of the PSR.
- Two non-executive directors appointed jointly by the Secretary of State and the Treasury.
- At least 1 other director appointed by the Treasury.

The Treasury ensures that a majority of Board members are non-executive. The directors who served during the year are shown in Figure 2.

Figure 2 – Board members during the reporting year

Name	Original appointment date	Expiry of current term/ date membership ceased
Ashley Alder Chair	20/02/23	19/02/28
Liam Coleman Non-Executive Director	05/11/19	04/11/25
Bernadette Conroy Non-Executive Director	06/04/20	05/04/26
Sophie Hutcherson Non-Executive Director	17/04/23	13/04/26
Richard Lloyd Non-Executive Director	01/04/19	31/03/26
Alice Maynard Non-Executive Director	05/11/19	04/11/25
Aidene Walsh Non-Executive Director & Chair of the Payments Systems Regulator	29/08/23	25/01/26
Bryan Zhang Non-Executive Director	19/02/24	18/02/27
Sam Woods Non-Executive Director & Bank of England Deputy Governor for Prudential Regulation	01/07/16	30/06/26
Nikhil Rathi Executive Director – Chief Executive	01/10/20	30/09/30

All non-executive appointments follow the Government's Governance Code for Public Appointments and are regulated by the Office of the Commissioner for Public Appointments.

A majority of Board members are non-executive and bring varied and extensive experience to the Board and its committees. All non-executive directors are considered to be independent.

With several changes to Board membership due in 2025, Richard Lloyd's term has been extended until 31 March 2026 to ensure continuity. In parallel, we have been undertaking a recruitment campaign and the Board was delighted to welcome Professor Julia Black, Anita Kimber and John Ball in May 2025. The Board also looks forward to welcoming Stéphane Malrait later in the year. These new members replace Liam Coleman and Alice Maynard who will both step down in November 2025 and bolster the Board's ongoing capacity.

Richard Lloyd served as the senior independent director (deputy chair) until the role was taken on by Bernadette Conroy on 01 April 2025.

The Board aims to maintain a diverse membership, with 4 out of the 10 board members being women, 2 board members being from a minority ethnic background and 1 board member being disabled. Particular attention is paid to the recruitment process to attract a diverse field of candidates with the relevant skills and experience.

Our progress against our diversity targets can be seen [here](#).

As an executive member of the Board, Nikhil Rathi has an employment contract with the FCA, subject to a 6-month notice period. The Board greatly welcomed Nikhil's reappointment for a further term.

The activities of the Board

The Board has a formal schedule of matters reserved to it and meets regularly to discharge its duties effectively. The Board also addressed a small number of matters by written procedure, which were noted at the next meeting and recorded in the accompanying minutes.

The number and attendance of Board meetings are set out in Figure 3 and of board committee meetings in Figures 3-10 below.

Figure 3 – meeting attendance by Board members during the reporting year

Name	Scheduled board meetings	Additional board meetings
Ashley Alder (Chair)	11/11	1/1
Richard Lloyd	10/11	0/1
Liam Coleman	10/11	1/1
Bernadette Conroy	11/11	1/1
Alice Maynard	11/11	0/1
Sam Woods	10/11	1/1
Nikhil Rathi	11/11	1/1
Aidene Walsh	11/11	0/1
Sophie Hutcherson	11/11	0/1
Bryan Zhang	11/11	1/1

The Board met on 11 scheduled occasions plus an additional meeting to discuss the [FCA's response](#) to the Prime Minister's letter on the new approach to ensure regulators and regulations support growth. The non-executive directors also met privately throughout the year without members of the executive present.

The chair works closely with the company secretary and the chairs of the board committees to ensure agendas reflect the FCA's priorities and matters are considered at the appropriate time. To this end, the Board reviewed the matters reserved to it and delegated certain decision making to its committees. This has:

- Freed up Board time for more strategic discussion on key topics.
- Enhanced the role of its Board committees.
- Facilitated more strategic forward agenda planning for both the Board and its committees.
- Helped the business to understand where decisions need to be made.
- Ensured alignment with the updated Corporate Governance Code.

At meetings, the Board considers a number of standard agenda items including reports from the chief executive, the chairs of board committees and the chairs of the independent panels. Updates are also received from the PRA and the PSR. The Board can then focus on specific items of strategy, policy, rulemaking, people and culture, expenditure and other issues as required.

Board and board committee papers are usually circulated the week before meetings. Internal processes ensure external stakeholders have been engaged and proposals have been internally reviewed as appropriate.

Non-executive directors challenge and hold the chief executive accountable to ensure that the Board's decisions are robust and aligned to the FCA's strategy.

The Board addressed many issues during the year. The principal areas of activity included:

- Development, engagement and final approval of the new FCA strategy.
- Agreeing the FCA's response to the Prime Minister, Chancellor and Business Secretary letter setting out initiatives for growth and investment, aligned to the FCA strategy.
- Approving the FCA annual work programme 2025/26.
- Approving the gateway forms and Digital First strategic programme to transform the mechanism used to collect data at authorisations gateway.
- Approving final rules for reforming the regulatory framework for commodity derivatives coming into force in July 2025.
- Approving rules related to access to cash.
- Approving rules enabling the listing rules reforms to become operational, and agreement of a 5-year review period.
- Overseeing the FCA's engagement with the development of enforcement investigation proposals.
- Updating the FCA's Corporate governance framework.
- Approving the Terms of Reference of the Cost Benefit Analysis (CBA) Panel.
- Approving changes to the Decision Procedure and Penalties Manual (DEPP) to apply existing FCA policy and procedures to the imposition of sanctions and issuing of warning and decision notices under DSS FSMA.
- Considering regulatory failure assessment tests as set out in Section 73(1)(b) of the Financial Services Act 2012.
- Reviewing the Money and Pension Services (MaPS) standards.

More detail of the Board's activities can be found in the minutes published on our website.

Company secretary and independent advice

Each director can seek the advice and services of the company secretary on matters relating to ethics and conflicts of interest, company law, corporate governance and ensuring the Board follows appropriate procedures. The company secretary also provides access to external professional advice for Board members, as necessary.

Toby Hall took on the role of company secretary, taking over from William Hague on 01 July 2024.

Succession

All non-executive members bring independence and oversight. The Board recognises the recommended term within the Code when advising the Treasury on succession planning.

Succession planning remains a regular agenda item for the Board, via its People Committee which monitors the balance and composition of the Board and its committees and identifying gaps.

With upcoming changes to the Board's membership, succession planning has been a key focus for the People Committee. The recruitment of new non-executive directors and the extension of Richard Lloyd's term aim to manage this period constructively balancing continuity while building the Board's capacity and capability.

Board induction and training

On joining, Board members receive a comprehensive induction, including information on the FCA's governance arrangements, the Board's role and responsibilities, its committees, officers and other relevant information. Structured meetings and briefings with a range of key people across the FCA are also organised to ensure Board members have a thorough introduction to the Board and the business of the FCA. There is also a systematic continuing professional development programme for Board members, including regular individual meetings with the chair to discuss and give feedback on individual performance.

Board effectiveness review

The Board conducts annual reviews of its effectiveness, which are usually externally facilitated every 3 years. The last external evaluation took place in 2021, facilitated by Advanced Board Excellence, with a summary published on the [FCA's website](#).

In 2023, the Board conducted an internal self-evaluation which showed good progress to improve its efficiency and focus. Several actions were agreed to continue making improvements, including the review of the matters reserved to it and subsequent changes to board committee terms of reference. These changes came into effect in October 2024.

Within the flexibility offered by the Code, preparations for the next externally facilitated review, originally due by the end of 2024, were paused to allow these changes to embed. The review is now planned for 2025.

Conflict of interests

All Board members are required to declare relevant interests in accordance with the Conflict of Interests Policy for Non-Executive Directors which was refreshed in March 2024. The Board took appropriate steps to manage any potential conflicts of interest that arose during the year.

A register of interests is maintained by the company secretary.

Internal controls

As set out in Chapter 8, Section 5, the Risk Management Framework (the RMF) provides us with a structure for considering risks to our strategy, people, processes, technology and finances so we can best deliver our objectives. It helps us evaluate the FCA's control environment and how effective this is in managing these risks.

No framework is static – it is constantly evolving in response to new risks and opportunities, and to accommodate changing requirements which are routinely tracked, for example the 2024 Corporate Governance Code changes, which are due to take effect from 2026.

Key features of the framework include:

Risk identification	<ul style="list-style-type: none"> • Horizon scanning enabling quick and efficient responses to emerging risks and issues. • Clear division of roles and responsibilities using the Senior Managers Regime.
Profiling / diagnosis	<ul style="list-style-type: none"> • Systems that help track and manage risks and controls and allow for assessments at any time. • A continuous improvement approach using lessons learned and risk events.
Mitigations / remedy	<ul style="list-style-type: none"> • The Control Room, which helps keep track of insider lists and how we handle inside information. • Appropriate policies and procedures, for example records management and management of conflicts.
Evaluate / monitor	<ul style="list-style-type: none"> • Enabling risk-informed decisions at all levels by providing 2LoD opinions through regular engagement and committee reporting, and 3LoD independent assurance on the adequacy and effectiveness of risk management, governance and controls.

Oversight by the board Committees

The Risk Committee is responsible for the oversight of risk management, making sure the FCA can achieve its objectives. This includes:

- Approving the risk strategy and enterprise-wide risk management reporting.
- Reviewing the adequacy and effectiveness of the RMF, assurance frameworks and associated outputs.
- Ensuring effective risk management and assurance is undertaken, enabling appropriate risk identification and mitigation.

The Audit Committee oversees an effective system of internal controls. This includes:

- Receiving reports on the FCA's internal control processes and undertaking an annual assessment of them.
- Approval of key policies, such as procurement, and reviewing relevant controls relating to these.
- Monitoring the integrity of the FCA's financial statements.

Both the Risk Committee and Audit Committee reported to the Board at least quarterly on their respective areas of oversight.

Opinion on the operation of the organisation's controls

Based on the assessments completed by the 3 lines of defence, the Board is satisfied that the design and operation of the organisation's controls is broadly adequate.

Internal controls and risk management have continued to improve during the year. For example, management has enhanced controls in relation to key risks such as operational resilience, data utilisation and capability. There are a number of areas where management continue to strengthen the control environment, building on progress achieved this year:

- Further developing our approach to strategic workforce planning, to address the changing needs of the FCA and support delivery of the Strategy.
- Continuing the existing focus on the completeness, accuracy and effective use of data and information (including intelligence) so only necessary data is collected, facilitating co-ordinated activities across the regulatory lifecycle.
- Continuing to invest in technology, including cyber & information security, operational resilience and artificial intelligence within the FCA and our suppliers.
- Driving the FCA's commitment to reform how we regulate, including how we supervise to be more flexible, proportionate and predictable. Moving from the design of these changes into their operation will be an important step.
- Continuing our drive to ensure accuracy and adequacy of FCA records management as set out in the strategy, following recent improvements to the design of these controls.
- Further enhancing our MI and metrics to demonstrate efficient and effective regulation and the impact on firms and consumers.
- Further developing the management of the risks posed by third parties to the FCA's operations, following recent updates to controls, which have included development of a Third Party Risk Management policy and framework.
- Updating divisional quality control and assurance processes, following recent updates to the organisational QA Principles.

Board committees

The board committee structure continues to evolve support the Board in an efficient and effective way. We regularly review the terms of reference and have updated them to reflect the decision-making delegated by the Board. More detail about our Board committee structure can be found in the [Corporate governance of the Financial Conduct Authority](#) document.

Board committees met frequently during the year and have the opportunity to reflect on their effectiveness at the end of each meeting. Where necessary, the committees addressed matters by written procedure.

Membership of board committees consists solely of non-executive directors. The exceptions to this are: the Oversight and the Policy & Rules Committees, of which the Chief Executive, Nikhil Rath (or their nominee), is a member; the Audit Committee of which the PSR Non-Executive Director, Lara Stoimenova, is a member.

Information on each committee's membership is published on our website and is detailed in Figures 4-10 below. These figures also include details of members' attendance at committee meetings during the reporting year. For those members identified, the figures reflect the number of meetings available for them to attend, given that their term began or ended part way through the reporting year.

Audit Committee

The Audit Committee ensures that an effective system of internal controls and financial reporting is in place. Following the delegations agreed by the Board its remit also includes oversight and decision-making powers involving the internal controls framework and responsibility for approving the health and safety, finance and procurement policies.

The Board's statement on internal controls (Chapter 8, Section 5), gives more information. The committee has assured itself that the financial statements give a true and fair view and have been prepared with integrity.

During the year, the committee's principal areas of activity included:

- Reviewing the annual internal audit plan and review reports.
- Reviewing the group's internal financial controls systems and monitoring financial risks.
- Monitoring the integrity of the financial statements and reviewing significant financial reporting judgements.
- Reviewing the long-term strategy for the Defined Benefit section of the FCA's pension plan.
- Reviewing the National Audit Office's (NAO) audit plan, reporting on the effectiveness of the NAO's audit process and overseeing the relationship with the NAO and Comptroller and Auditor General.
- Monitoring complaints handling processes and internal whistleblowing arrangements.

- Considering the outcomes from the annual risk and control self- assessments and the organisational internal control assessments.
- Reviewing a bi-annual retrospective report of agreed FCA supplier contract extensions above £30k.
- Reviewing the annual compliance plan.
- Overseeing performance reviews under sections 73 and 77 of the Financial Services Act 2012.

Figure 4 – meeting attendance by Audit Committee members during the reporting year

Name	Scheduled meetings
Liam Coleman (Chair)	6/6
Bernadette Conroy	6/6
Simon Ricketts (to May 2024)	2/2
Lara Stoimenova (from October 2024)	2/2
Bryan Zhang	6/6
Sophie Hutcherson (from February 2025)	1/1

The committee also oversees the relationship with the external auditor, the Comptroller & Auditor General (C&AG) and the NAO. Information on fees paid to the auditor is disclosed in Note 6 of the financial statements (Chapter 11).

The committee met 6 times during the year, with meetings scheduled to coincide with the risk reporting and external audit cycles.

The Audit and Risk Committees also held a joint meeting to discuss:

- The outcomes from the annual risk and control self-assessments and organisational internal controls assessment.
- The integrity of the financial statements.

Figure 5 – meeting attendance by Audit and Risk Committees members at joint meetings during the reporting year

Name	Scheduled meetings
Liam Coleman	1/1
Bernadette Conroy	1/1
Alice Maynard	1/1
Simon Ricketts (to May 2024)	0/1
Aidene Walsh	1/1
Brian Zhang	1/1

The committee held private sessions with the chief internal auditor and representatives from the NAO throughout the year, without management present. They also held private sessions on their own without management present.

Committee meetings were attended by: the chair of the board, the chief operating officer, the chief risk officer, the chief internal auditor, the finance director and the representatives from the NAO. Other staff members were invited to attend for specific items as required.

Risk Committee

The Risk Committee ensures an effective system of risk management is in place and that the FCA's system of regulation is effective. It also oversees the Regulatory Decisions Committee (RDC) and receives regular reports from its chair.

Following the delegations agreed by the Board its remit also includes oversight and decision-making powers for the risk management framework and responsibility for approving the business continuity policy.

During the year, the committee's principal areas of activity included:

- Reviewing existing and emerging risks in certain sectors and the organisational approach to these.
- Reviewing the risk management framework.
- Approving the Risk & Compliance Oversight annual operational and assurance plan.
- Receiving Risk & Compliance Oversight quarterly update reports.
- Receiving internal Audit quarterly update reports.
- Receiving bi-annual reports on the operation of the Regulatory Decision Committee.
- Regular deep dives into 'own risk' and external risks.
- Reviewing the risks highlighted by independent review reports.
- Reviewing risks associated with:
 - The FCA's business planning and prioritisation process.
 - Financial and operational risks.
 - Multi firm failure.
 - The annual risk and control self-assessment report.
 - Developing the next phase of the FCA strategy approach to identifying and considering risks.

Figure 6 – meeting attendance by Risk Committee members during the reporting year

Name	Scheduled meetings	Additional meetings
Bernadette Conroy (Chair)	6/6	1/1
Liam Coleman (recused from committee responsibilities from September)	1/6	1/1
Alice Maynard	5/6	1/1
Aidene Walsh	6/6	1/1
Bryan Zhang	6/6	1/1

The committee met 6 times during the year with an additional meeting to discuss emerging risks as part of the 2025/26 business planning.

The committee held private sessions with the chief risk officer at each meeting during the year, without management present. They also held private sessions on its own, without management present.

The chief operating officer, the chief risk officer and the chief internal auditor all attended the meetings of the committee. A representative of the PSR was a regular attendee by invitation.

The chair of the board also attended meetings by invitation as did other staff members for specific items as required.

The Performance Committee

The Performance Committee was stood down by the FCA Board in July 2024. The committee's valuable work created the basis for a new approach to the internal reporting of performance information within the organisation and to the Board. The need for a standalone Performance Committee is therefore no longer required and is aligned to the Board's efficiency aims around maintaining the fewest number of committees necessary to operate effectively.

Before being stood down, the committee operated as an advisory committee of the Board ensuring an effective system of managing the FCA's performance against its strategy and associated plans was in place. It considered both financial and operational performance under this responsibility.

During the year, the committee's principal areas of activity included:

- Receiving quarterly reports on FCA financial performance operating service standards and operational hotspots.
- Receiving quarterly update reports on progress towards the FCA strategy and strategic commitments plus deeper dive discussions on specific areas.
- Scrutinising outline investment cases and full investment cases.
- Reviewing progress on the projects change portfolio.

Figure 7 – meeting attendance by Performance Committee members during the reporting year

Name	Scheduled meetings
Sophie Hutcherson (Chair)	3/3
Bernadette Conroy	3/3
Liam Coleman	2/3
Ashley Alder	1/1
Alice Maynard	3/3

The committee met 3 times during the year.

The FCA chair attended meetings of the committee as a full voting member.

The chief operating officer and the director of Risk & Compliance Oversight also attended committee meetings.

The chief executive attended meetings by invitation as did other staff members for specific items as required.

People Committee

The People Committee approves and oversees the people strategy. Following the delegations agreed by the Board, its remit includes:

- Increased oversight and decision-making powers relating to the conflicts of interest, corporate responsibility and redundancy policies.
- Remuneration policy agreeing the design of remuneration policies and practices.
- Appointment decisions for statutory panels, the Financial Ombudsman Service (Financial Ombudsman), FSCS and PSR (except for those requiring Treasury approval).
- Remuneration arrangements for other bodies, including the statutory panels, the Financial Ombudsman, FSCS and the PSR (save in respect of any FCA employee serving as a member of the PSR Board).

During the year, the committee's principal areas of activity included:

- Considering the performance objectives and remuneration of the chief executive and executives within its remit.
- Approving the conflicts of interest policy and reviewing the Redundancy Policy.
- Reviewing the outcomes of the 2024 employee talent review.
- Meeting with members of the Staff Consultative Committee.
- Considering and responding to the employee survey.
- Succession planning for non-executive directors.
- Agreeing changes to the senior executive structure.
- Approving the publication of the 2023/24 pay gap report.
- Approving the annual budget for pay and performance awards.
- Approving the appointments of members to the statutory panels and associated bodies within its remit.

Figure 8 – meeting attendance by People Committee members during the reporting year

Name	Scheduled meetings
Alice Maynard (Chair)	6/6
Ashley Alder (to April 2024)	1/1
Bernadette Conroy	5/6
Richard Lloyd	6/6
Aidene Walsh	6/6

The committee met 6 times during the year. The chief people officer attended meetings of the committee. The chief executive attended meetings by invitation as did other staff members for specific items as required.

An overview of the remuneration framework that applied during 2024/25 is set out in the remuneration report in Chapter 10.

Policy & Rules Committee

The Policy & Rules Committee advises the Board when exercising its legislative functions to make policy and rules under FSMA.

The committee scrutinises proposals for new, and changes to existing policy and rules, shaping and inputting into the strategic direction of policy making before making recommendations to the Board.

During the year, the committee's principal areas of activity included reviewing:

- The approach to the Cryptoasset Regulatory Regime.
- Cost Benefit Analysis Panel review.
- Guidance on the treatment of Politically Exposed Persons.
- The strategic focus of the Competition Directorate.
- Reforms to the listing Rules.
- The approach to the Private Intermittent Securities and Capital Exchange System.

Figure 9 – meeting attendance by Policy and Rules members during the reporting year

Name	Scheduled meetings
Richard Lloyd (Chair)	5/5
Sam Woods	4/5
Nikhil Rathi	4/5
Ashley Alder	5/5
Sophie Hutcherson	5/5
Aidene Walsh	3/5

The committee met 5 times during the reporting period.

Oversight Committee

The Oversight Committee advises the Board on its relationship with the Financial Ombudsman, FSCS and PSR in regard to the FCA's obligations to each. Following the delegations agreed by the Board its remit includes increased oversight and decision-making powers in relation to the Articles of Association for the Financial Ombudsman, FSCS and PSR, approving the annual plan and budget for the Financial Ombudsman and PSR and the management expenses levy limit for the FSCS.

During the year the committee's principal areas of activity included:

- Assuring itself of these organisations' capabilities and performance, maintaining a good and effective working relationship with them and active consideration of matters of mutual interest.
- Recommending to the People Committee or Board appointments to the Board of these organisations.
- Approving the PSR's annual budget and business plan.
- Approving the Financial Ombudsman's annual budget.
- Approving the FSCS management expenses levy limit.

Figure 10 – meeting attendance by Oversight Committee members during the reporting year

Name	Scheduled meetings	Additional meetings
Ashley Alder	5/5	4/4
Liam Coleman	4/5	3/4
Richard Lloyd	5/5	4/4
Sheldon Mills – Executive Director (to 9 July 2024) (Attendance limited by prolonged leave of absence in reporting period)	1/1	0/0
Sarah Pritchard – Executive Director (from 19 November 2024)	4/4	2/4

The committee met 5 times during the year with senior representatives of the Financial Ombudsman, FSCS and PSR. Four additional meetings were held to discuss developments at the Financial Ombudsman.

Our statutory panels

We consult on the impact of our work with our 6 statutory panels. These panels provide helpful advice and challenge from the perspective of consumers, regulated firms, and market participants; and our new Cost Benefit Analysis (CBA) Panel provides us with more technical input on our cost-benefit analyses.

More detail about how we engage with these panels can be found in Chapter 6 and the s172 statement in Chapter 7.

Regulatory Decisions Committee

The Regulatory Decisions Committee (RDC) takes specific regulatory decisions about enforcement action on behalf of the FCA.

RDC members represent the public interest and are appointed to decide how we should use particular enforcement powers. These include the power to stop individuals performing roles in relation to regulated financial services and levying fines on firms or individuals for breaches of our rules and legal requirements.

The RDC is a decision-making body separate from the FCA staff who recommend action against a firm or individual. RDC members are selected for their experience of making independent evidence-based decisions. They generally work in senior and expert positions in financial services, or otherwise bring knowledge and understanding of consumers and other users of financial services. This range of skills and experience aims to achieve fairness and consistency across sectors and cases and strengthen the objectivity and balance of the FCA's decision-making.

The RDC becomes involved in decision making after the enforcement team has decided it is appropriate for the FCA to use particular powers against a firm or individual. The RDC receives a proposal and supporting evidence from the enforcement team. The RDC reviews this material and, in most cases, seeks the views of the relevant firm or individual, before coming to a final decision.

The RDC chair submits half-yearly reports to the Risk Committee and attends relevant committee meetings to discuss significant matters highlighted in those reports.

The RDC's separate annual review of its activities for the year ending 31 March 2025 can be found in Appendix 3.

Tim Parkes stood down as RDC chair in November following a 10-year tenure. Alison Potter was appointed as RDC chair and started in role on 1 November 2024.

Competition Decisions Committee

The Competition Decisions Committee (CDC) exercises certain decision-making powers in competition law investigations on the FCA's behalf. The CDC comprises 3 people appointed from the CDC Panel, a pool of individuals authorised by the Board to act as decision-makers in any particular investigations under the Competition Act 1998 after the FCA sponsors issue a Statement of Objections.

The decisions taken by the CDC include whether there has been a competition law infringement and whether to impose a financial penalty for any such an infringement, other than in settlement cases.

By Order of the Board on 26 June 2025.



Toby Hall
Company Secretary

4 July 2025

Chapter 10

Remuneration report

Remuneration principles

The FCA's remuneration principles are to retain and attract people with the skills that help us to enable a fair and thriving financial services sector for the good of consumers and the economy.

Remuneration of FCA employees is benchmarked annually so that we position ourselves at the median position within relevant markets, taking account of private and public sector comparators and differences between London and markets in the UK outside London. We remain towards the top (if not at the top) of all public authorities, regulators or enforcement agencies in the UK in terms of our overall employment package. This is considered in conjunction with the economic environment, and the affordability of any increases in relation to the overall cost of the FCA for the firms that we regulate.

The total remuneration package includes:

- basic pensionable salary
- core benefits and flexible benefits
- a non-contributory defined contribution pension scheme.¹

Remuneration focus for 2024/25

Our employment offer is designed to:

- provide fair, competitive pay at all levels
- reward strong, consistent performance
- aid transparency and career development
- protect the benefits colleagues value for the long term, and
- support narrowing our disability, ethnicity and gender pay gaps.

In April 2024, the average base salary increase was 4.8% (6.8% in April 2023). Performance-related pay increases were given to all eligible employees from 1 April 2024 based on their:

- end-of-year performance rating
- current salary position within the 2024 pay ranges

¹ A small number of employees have deferred final salary savings and defined pension contributions. The final salary section of the pension scheme closed to future accruals in April 2010.

The overall average salary increase was 4.7% for men and 5.0% for women. Salaries across our Black colleagues increased on average by 5.0%, across Asian colleagues by 4.8% and across Mixed/multiple ethnic groups colleagues by 5.1%.

These salary increases included any base pay uplifts to the new pay ranges and performance-related pay uplifts. They do not take account of the additional pension contribution and flexible benefits accruing from salary uplifts.

More detail can be found in the associated Equality Impact Assessment – <https://www.fca.org.uk/publications/corporate-documents/pay-review-2024-equality-impact-assessment>

We do not operate any discretionary performance bonus scheme. Funding for the At our Best recognition programme was increased from £1.1m to £1.25m for 2024/25 and was fully utilised.

Remuneration focus for 2025/26 onwards

From April 2025 we have applied variable increases to the midpoints of our pay ranges. The exact increase has been informed by benchmarking and the need to maintain alignment of pay ranges between the grade levels.

Performance-related pay continues to determine individual pay awards, based on performance over the previous 12 months and taking into account position in the pay range. Colleagues with the strongest performance, positioned lowest in the pay range, receive the biggest percentage base pay increase. This helps to rebalance overall salaries over time and narrow pay gaps.

We have also responded to colleague feedback and engaged more closely with the Staff Consultative Committee (SCC), through regular sessions with the SCC reward working group and the full committee. We have simplified the pay review process and made it easier for colleagues to understand what this means for them. Colleague feedback has been helpful, and we look forward to continuing to build on this mutually beneficial engagement process.

The majority of the pay review budget has been allocated to salary changes from 1 April 2025, where the average base salary increase was 3.8%. The remainder will be used to fund uplifts to the pay range minimums after interim performance reviews and changes to simplify the flexible benefits allowance calculation.

We continue to recognise excellent performance in the moment by maintaining the budget for the At our Best recognition programme at £1.25m in 2025/26.

There are no significant changes planned in 2025/26 to the wider FCA employment benefits. We are planning to review our pension plan more broadly during 2026, specifically considering whether to maintain age-based contribution rates and how we could offer greater flexibility.

Remuneration of Executive Directors with designated responsibility under the Senior Manager regime (SMR)

Basic pensionable salary

From April 2024, the remuneration for SMR Executive Directors was reviewed by the People Committee of the Board. Salary increases, ranging from 1.3% to 5.8% were awarded on an individual basis considering among other things, performance, the scope of their role and pay relative to their peers.

Other benefits

A flexible benefits account could be spent against a range of benefits, including purchasing extra holiday, enhanced private medical cover, dental and travel insurance, or taken as cash.

This sum is included in 'other benefits' in the remuneration tables.

Pensions

The FCA Pension Plan (the Plan) defined contribution section offers employees an employer contribution of 8% to 12% of salary, depending on age. In addition, employee contributions are matched up to 3% depending on age.

Further information about the Plan is set out in Note 18 to the Financial Statements.

Non-executive directors

Non-executive directors receive a fee (see Table 1) and are not eligible to be considered for salary reviews, core or flexible benefits or pension contributions.

Board Directors' remuneration (audited)

In accordance with the Financial Services & Markets Act (FSMA), HM Treasury is responsible for determining the remuneration of non-executive directors. In 2024/25:

- The fee for the chair of the FCA remained at £170,000 per annum.
- The fee for non-executive directors remained at £35,000 per annum.
- An additional fee of £10,000 per annum was payable to any non-executive director who was also appointed to chair a committee of the Board.
- The fee for the chair of the PSR was £75,000 per annum. This fee covers all duties, including service as a non-executive of the FCA and membership of any Board committee.
- The fee for a non-executive director of the PSR as a standalone role remained at £15,000 per annum.

The table below sets out the remuneration paid to anyone that served as a Board Director during the financial years ending 31 March 2024 and 2025. The remuneration figures shown are for the period served as Board Directors.

Table 1

	Basic Salary		Other benefits		Total FCA Remuneration (excluding pension)		Pension		Total FCA Remuneration	
	2024/25 £'000	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000	2023/24 £'000	2024/25 £'000	2023/24 £'000
Chair										
Ashley Alder ¹	170	170	–	–	170	170	–	–	170	170
Executive Director										
Nikhil Rathi ²	492	470	–	–	492	470	67	61	559	531
Total	662	640	–	–	662	640	67	61	729	701

Non-executive directors

	Group Fee Paid		FCA Fee Paid	
	2024/25 £'000	2023/24 £'000	2024/25 £'000	2023/24 £'000
Liam Coleman ³	45	45	45	45
Bernadette Conroy ⁴	45	45	45	45
Sophie Hutcherson ⁵	38	43	38	43
Richard Lloyd ⁶	45	45	45	45
Alice Maynard ⁷	45	45	45	45
Aidene Walsh ⁸	75	75	–	–
Sam Woods ⁹	–	–	–	–
Bryan Zhang ¹⁰	35	4	35	4
Total	328	302	253	227

Notes

Chair

1. Ashley Alder joined as chair of the FCA Board on 20 February 2023.

Executive Director of the FCA

2. Nikhil Rathi was appointed as chief executive on 1 October 2020. In April 2024, Nikhil was awarded a 4.8% salary increase at the discretion of the People Committee of the FCA Board.

Nikhil is a member of the FCA Pension Plan and is entitled to receive an annual pension contribution equivalent to 12% of his salary. From April 2024, Nikhil also voluntarily contributed an additional 1% of his salary into the Pension Plan. This was matched by the FCA, under the standard terms of the FCA Pension Plan. From September 2024, Nikhil voluntarily contributed an additional 2% of his salary into the Pension Plan. This was also matched by the FCA, under the standard terms of the FCA Pension Plan.

Non-executive directors of the FCA

3. Liam Coleman joined the FCA Board on 5 November 2019 and was appointed chair of the Audit Committee on 1 August 2020.
4. Bernadette Conroy joined the FCA Board on 6 April 2020. Bernadette was appointed as chair of the Risk Committee from 1 December 2021.
5. Sophie Hutcherson joined the FCA Board on the 17 April 2023 and was appointed chair of the Performance Committee on 27 July 2023. The Performance Committee was stood down by the FCA Board with effect from the 25 July 2024. The full-time equivalent fee in 2023/24 and 2024/25 was £45,000 per annum.
6. Richard Lloyd joined the FCA Board on 1 April 2019. Richard was appointed as chair of the Policy and Rules Committee from 23 June 2022.
7. Alice Maynard joined the FCA Board on 5 November 2019 and was appointed chair of the People Committee on 23 June 2022.
8. Aidene Walsh was appointed as interim chair of the PSR Board from 1 April 2022 and was confirmed as the permanent chair from 26 January 2023. Aidene was appointed to the FCA Board on 29 August 2023 in accordance with FSMA.
9. Sam Woods was appointed the deputy governor of the Bank of England for The Prudential Regulation Authority from 1 July 2016. Sam is a non-executive of the FCA in accordance with FSMA. Sam does not receive a fee from the FCA for this role.
10. Bryan Zhang joined the FCA Board on the 19 February 2024 and received a full-time equivalent fee of £35,000 per annum.

Fair pay disclosure (audited)

Remuneration ratios

The Accounts Directions from the Treasury, in accordance with Schedule 1ZA, paragraph 14(1) of FSMA, requires the FCA to disclose remuneration ratios which represent the relationship between the remuneration of the highest-paid director and the remuneration of the organisation's Total Workforce for 2024/25 and 2023/24.

Remuneration ratios represent the difference between the highest-paid director and the full-time equivalent remuneration of the employee at the 25th percentile, 50th percentile (median), and the 75th percentile of the Total Workforce at the reporting period end date (excluding the highest-paid director) expressed as a multiple.

Remuneration ratios are presented against both the total remuneration figure, as well as the salary component of the total remuneration. Remuneration ratios have been calculated using the annualised salary and benefits paid (on a full-time equivalent basis) to employees in March 2025.

The remuneration ratio calculations reflect the consolidated position including the PSR ('Group') and FCA as a stand-alone entity ('FCA Parent Company').

Definitions are below:

- Remuneration is total remuneration and includes salary, performance-related pay and benefits, whether monetary or in-kind. It does not include severance payments or employer pension contributions.
- Total Workforce includes employees, temporary staff, contractors and other short-term resource.

Table 2

	Group				FCA (Parent Company)			
	Total remuneration		Salary component		Total remuneration		Salary component	
	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24	2024/25	2023/24
Highest paid director's total remuneration	£492,338	£469,788	£492,338	£469,788	£492,338	£469,788	£492,338	£469,788
25th percentile remuneration of total workforce	£56,170	£52,948	£50,000	£47,630	£55,893	£52,852	£50,000	£47,630
25th percentile remuneration ratio	8.8:1	8.9:1	9.8:1	9.9:1	8.8:1	8.9:1	9.8:1	9.9:1
50th percentile/median remuneration of total workforce	£70,312	£67,236	£63,550	£60,872	£69,901	£66,886	£63,000	£60,349
50th percentile remuneration ratio	7.0:1	7.0:1	7.7:1	7.7:1	7.0:1	7.0:1	7.8:1	7.8:1
75th percentile remuneration of total workforce	£90,956	£87,855	£82,205	£79,301	£90,311	£87,153	£81,822	£78,774
75th percentile remuneration ratio	5.4:1	5.3:1	6.0:1	5.9:1	5.5:1	5.4:1	6.0:1	6.0:1

The total remuneration of the highest-paid director disclosure differs between (i) the Board Directors' remuneration in Table 1, which is based on actual amounts paid, including pension, and (ii) the Remuneration Ratios in Table 2, which is based on a full year equivalent and excludes pensions contributions. The chief executive of the FCA was the highest-paid director for 2024/25.

Excluding the highest-paid director, remuneration ranged from £23,639 to £350,214. (2023/24: £24,356 to £396,000). In 2024/25 no employees (2023/24: nil) received remuneration in excess of the highest paid director. All figures are based on full time equivalent basis.

The figures highlight total remuneration and salary growth at all percentiles in 2024/25. The growth of the workforce in response to our broadening remit, alongside the salary increases applied during 2024/25, account for these changes to the total remuneration and salary components.

Change in remuneration

A comparison of the percentage change in salary and benefits between 2024/25 and 2023/24 of the highest-paid director and of the FCA Group Total Workforce average per full time equivalent (FTE) is presented in Table 3 below. This excludes pension contributions.

The increase in the change in remuneration for the total workforce average per FTE between 2023/24 and 2024/25 (3.1%) is driven by salary increases applied during the annual pay review and increased in the workforce during this period.

Table 3

% Change in remuneration	Salary and benefits 2024/25 vs 2023/24	Salary and benefits 2023/24 vs 2022/23
Highest-paid director	4.8%	3.3%
Total Workforce Average per FTE	3.1%	1.6%

Senior pay disclosure (audited)

In addition to the Executive Directors reported under Directors' Remuneration, Table 4 below sets out the remuneration paid to any person that served as a voting member of the Executive Committee during the years ending 31 March 2025 and 2024. The Executive Directors are members of the FCA Pension Plan and are entitled to receive an annual pension contribution equivalent to 12% of their salary.

Table 4

	Basic salary 2024/25 £'000	Other benefits 2024/25 £'000	Total FCA Re- muneration (excluding pension) 2024/25 £'000	Pension 2024/25 £'000	Total FCA Re- muneration 2024/25 £'000	Basic salary 2023/24 £'000	Other benefits 2023/24 £'000	Total FCA Re- muneration (excluding pension) 2023/24 £'000	Pension 2023/24 £'000	Total FCA Re- muneration 2023/24 £'000
Stephen Braviner Roman ¹	325	18	343	39	382	310	18	328	37	365
Therese Chambers ²	318	26	344	38	382	305	24	329	37	366
David Geale ³	118	6	124	13	137	—	—	—	—	—
Sheree Howard	320	18	338	38	376	308	18	326	37	363
Sheldon Mills ⁴	277	18	295	37	332	308	18	326	37	363
Sarah Pritchard ⁵	330	18	348	41	389	312	18	330	40	370
Jessica Rusu ⁶	320	18	338	42	380	308	17	325	40	365
Emily Shepperd ⁷	322	18	340	39	379	310	18	328	37	365
Steve Smart ⁸	318	18	336	39	375	238	13	251	33	284
Simon Walls ⁹	110	5	115	12	127	—	—	—	—	—
Total	2,758	163	2,921	338	3,259	2,399	144	2,543	298	2,841

1. During 2023/24 and 2024/25, Stephen Braviner Roman received a non-pensionable cash payment in lieu of employer pension contributions which he would otherwise have been eligible to receive.
2. During 2023/24 and 2024/25, Therese Chambers received part of her pension benefits as a non-pensionable cash payment in lieu of employer pension contributions which she would otherwise have been eligible to receive. Therese remains entitled to receive legacy spouse death in service benefits, this is included in the other benefits section in Table 4.
3. David Geale was appointed as interim Managing Director of the PSR with effect from the 10 June 2024. With effect from the 11 November 2024, David became a voting member of the Executive Committee on an annual salary of £300,000. During 2024/25, David received part of his pension benefits as a non-pensionable cash payment in lieu of employer pension contributions which he would otherwise have been eligible to receive.
4. During 2023/24 and 2024/25, Sheldon Mills received part of his pension benefits as a non-pensionable cash payment in lieu of employer pension contributions which he would otherwise have been eligible to receive. The basic salary Sheldon received during 2024/25 was reduced due to a period of leave. Sheldon's full-time equivalent salary was £311,000 per annum.
5. During 2023/24 and 2024/25, for a portion of each year Sarah Pritchard voluntarily contributed an additional 2% of her annual salary into the Pension Plan. This was matched by the FCA, under the standard terms of the FCA Pension Plan. For the remainder of the year, Sarah ceased making voluntary contributions, instead receiving a non-pensionable cash payment in lieu of employer pension contributions which she would otherwise have been eligible to receive. This was equivalent to 12% of Sarah's salary.
6. During 2023/24 and 2024/25, Jessica Rusu voluntarily contributed an additional 1% of her salary into the Pension Plan. This was matched by the FCA, under the standard terms of the FCA Pension Plan.
7. In June 2025, Emily Shepperd announced her intention to step down as a voting member of the Executive Committee during 2025/26.
8. Steve Smart joined the FCA Executive Committee as a voting member on 21 June 2023. During 2024/25, for a portion of the year Steve Smart voluntarily contributed an additional 3% of his annual salary into the Pension Plan. This was matched by the FCA, under the standard terms of the FCA Pension Plan. For the remainder of the year, Steve ceased making voluntary contributions, instead receiving either an annual pension contribution equivalent to 12% of his salary or a non-pensionable cash payment in lieu of employer pension contributions which he would otherwise have been eligible to receive.
9. Simon Walls was appointed interim Executive Director with effect from the 11 November 2024, also becoming a voting member of the Executive Committee on an annual salary of £280,000. During 2024/25, Simon made voluntary contributions into the Pension Plan. Under the standard terms of the FCA Pension Plan, the FCA made an additional 1% contribution.

Other Directors' salaries and benefits

Table 5 below shows the total remuneration ranges for Directors who are not voting members of the Executive Committee. These figures include base pay and benefits and are based on the actual amount an individual has earned during the accounting periods.

Table 5

Total Remuneration Range	2024/25 Number of individuals	2023/24 Number of individuals
£200,000 – £219,999	0	1
£220,000 – £239,999	7	15
£240,000 – £259,999	18	11
£260,000 – £279,999	8	7
£280,000 – £299,999	1	1

Chapter 11

Financial statements of the Financial Conduct Authority for the period ended 31 March 2025

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Company Number 01920623

The Certificate and Report of the Comptroller and Auditor General to the members of the Financial Conduct Authority and the Houses of Parliament

Opinion on financial statements

I have audited the financial statements of the Financial Conduct Authority (FCA) and its Group for the year ended 31 March 2025 under the Financial Services and Markets Act 2000. The financial statements comprise the FCA and its Group's:

- Statement of Financial Position as at 31 March 2025;
- Statement of Comprehensive Income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and the UK adopted International Accounting Standards.

In my opinion the financial statements:

- give a true and fair view of the state of the FCA and its Group's affairs as at 31 March 2025 and of the profit for the year then ended;
- have been properly prepared in accordance with the UK adopted International Accounting Standards; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on regularity

In my opinion, in all material respects the income and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs (UK)), applicable law and Practice Note 10 '*Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*'. My responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's *Revised Ethical Standard 2024*. I am independent of the FCA and its Group in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

The framework of authorities, described in Table 1, has been considered in the context of my opinion on regularity.

Table 1: FCA Framework of Authorities

Authorising legislation	Financial Services and Markets Act 2000, Financial Services Act 2012, the Financial Services (Banking Reform) Act 2013 and the Financial Services and Markets Act 2023, and the Companies Act 2006
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Conclusions relating to going concern

In auditing the financial statements, I have concluded that the FCA and its Group's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

My evaluation of the directors' assessment of the entity's ability to continue to adopt the going concern basis of accounting included consideration of the FCA and its Group's funding arrangements and assessment of whether any conditions exist which may cast significant doubt on the FCA and its Group's ability to continue to operate. My key observations were that funding is secured by statutory levies raised by the FCA and its Group and that no events or conditions exist which may cast significant doubts on the FCA's ability to continue operations. I reviewed management's cash flow forecasts and noted that the FCA has access to an overdraft facility should it be required. I also reviewed media coverage of the FCA and Hansard records, including considering the UK Government's announcements and their potential impact on FCA and Group.

In particular, I considered the impact of the Government's announcement in March 2025 to abolish the Payment Systems Regulator (PSR), noting that its operations will mainly be consolidated into the FCA. The Group comprises the FCA and the PSR, its sole subsidiary. The directors expect a Bill formalising the abolition of the PSR and consolidating most of its operations into the FCA, to be presented before Parliament in late 2025. There is then expected to be a transition period once this Bill has received Royal Assent and passed into law as an Act of Parliament. To evaluate the going concern assessment for the FCA group, I considered the directors' assessment of the PSR's ability to continue to adopt the going concern basis of accounting. This included considering the PSR's funding arrangements and performing an assessment of whether any conditions exist which may cast significant doubt on the PSR's ability to continue to operate. I confirmed that the PSR continues to hold a statutory power to raise levies to meet its funding requirements, until such time that an Act of Parliament is enacted.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the FCA and its group's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Overview of my audit approach

Key audit matters

Key audit matters are those matters that, in my professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditor, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of the audit of the financial statements as a whole, and in forming my opinion thereon. I do not provide a separate opinion on these matters.

This is not a complete list of all risks identified through the course of my audit but only those areas that had the greatest effect on my overall audit strategy, allocation of resources and direction of effort. I have not, for example, included information relating to the work I have performed around the significant risk in relation to fraud through management override of controls recognised under ISAs (UK) as I have no findings to report. This area is, as previously, considered separately in our section on fraud later in this report.

The key audit matters, as set out in Table 2, were discussed with the Audit Committee. Their report on matters that they considered to be significant to the financial statements is set out on pages 85 to 87.

In this year's report, I made the following change to the risks identified compared to my prior year report. The FCA had entered a sub-leasing arrangement for the first time last year, which had a greater inherent risk and warranted FCA's leasing arrangements to be a key matter. As we concluded that the FCA's lease liabilities and related disclosures in the financial statements were materially correct last year, specifically with respect to FCA's sub-leasing arrangements, we do not consider this to be a key matter going forward.

Table 2: Key Audit Matters**1 – Defined Benefit Pension Assets****Description of risk**

The FCA recognised a net liability of £13.5m in respect of its legacy defined benefit pension scheme as at 31 March 2025 (31 March 2024: £39.9m). This is a net figure of the defined benefit pension assets less the gross liabilities.

The FCA's share of the assets of the defined benefit pension scheme had a fair value of £556.9m as at 31 March 2025 (reduced slightly compared to £601.3m in the previous year) and remains highly significant to the financial statements for 2024-25. There is an inherent risk that these assets are inappropriately valued, are not presented or classified accurately in the financial statements, or that the underlying rights are not held by the FCA (in this case, indirectly via the defined benefit scheme).

As the values concerned are significantly in excess of my materiality threshold for the audit, I consider this to be one of the most significant assessed risks of material misstatement. In addition, this risk is of higher significance to the audit strategy and direction of my resources as the audit of the FCA Pension Plan is not carried out to the same timetable as that of the Group. I have, therefore, risk assessed and tested the underlying balances directly, rather than seek to use the work of the scheme auditors as a source of evidence.

How the scope of my audit responded to the risk

- I assessed the reasonableness of the design and implementation of the controls management has in place around the preparation of the IAS 19 report, and the scheme assets reported therein, including its review by senior FCA officials and the FCA's Audit Committee.
- I obtained external confirmation from investment managers of the plan's asset holdings and their valuations as at the reporting date. I sought, and received, confirmation of all investments, as each is individually material to the FCA.
- I performed a detailed risk assessment of each of the funds in which the Plan has a holding, to understand the nature of the investments held and their management and in turn guiding a detailed review of each of the fund valuations to assess their reasonableness and appropriateness under the reporting framework.
- I reviewed the disclosures of scheme assets to confirm these were accurately prepared, compliant with IAS 19 and fairly reflected the underlying investments.

Key observations

I have obtained sufficient assurance over this risk through my testing. I did not identify significant misstatements in the defined benefit pension assets as a result of the work I have performed.

2 – Defined Benefit Pension Liabilities

Description of risk

The FCA recognised a net liability of £13.5m in respect of its legacy defined benefit pension scheme as reported in the Statement of Financial Position. This is the net figure of the defined benefit assets less the gross liabilities. The defined benefit obligation (including unfunded elements) of £570.4m (£641.2m in 2023-24) reported in relation to FCA members is, in common with the scheme assets, highly material to the FCA. An analysis of movements in the obligation is provided in Note 18.

The valuation of the defined benefit obligation is an area of high inherent risk, requiring complex actuarial methods and the exercise of judgement in choosing appropriate assumptions. Plan liabilities, or associated actuarial gains or losses, may be misstated due to errors in choosing and applying actuarial methods, or via the use of unreasonable assumptions or inaccurate data. There is an associated risk that the methods, assumptions and uncertainty are not adequately disclosed in the financial statements.

For these reasons, I continue to consider this area to include some of the most significant assessed risks of material misstatement.

How the scope of my audit responded to the risk

- I assessed the reasonableness the design and implementation of the controls management has in place around the preparation of the IAS 19 (Employee Benefits) report and the defined benefit obligations reported in it. This included our review and challenge of the assumptions applied by FCA senior officials and the FCA's Audit Committee.
- I reviewed, with the assistance of actuarial experts, the valuation methods and accounting treatments adopted by the FCA to confirm that these are in accordance with the requirements of IFRS and reflected recent legal developments.
- I benchmarked the demographic and financial assumptions used by other comparable entities to those applied by the FCA, again with the assistance of actuarial experts.
- I reviewed the disclosures of pension obligations and the accompanying sensitivity analysis, to confirm they have been accurately prepared by management and fairly reflect the choice of assumptions and the associated uncertainty.
- I reviewed the disclosures in relation to the funding position and changes to the FCA's Deficit Recovery Plan, to ensure they accurately and fairly reflected the current agreements with the Plan Trustee.
- I assessed the impact of IFRIC 14, including a review of the Trust Deed and revised schedule of contributions, to confirm that the FCA had carried out their own assessment in accordance with IFRS.

Key observations

I have obtained sufficient assurance over this risk through my testing. I did not identify significant misstatements in the defined benefit pension liabilities as a result of the work I have performed.

3 – Accounting for Intangible Assets

Description of risk

The FCA holds significant investments in intangible assets accounted for under IAS 38 Intangible Assets. These assets, with a total net book value of £65.4m (£75.9m in 2023-24), relate chiefly to specialised internally developed software required to perform the FCA's regulatory functions, as described in note 8. These systems are highly integrated and make use of a wide range of cloud computing arrangements, including 'software as a service' (SaaS), 'platform as a service' (PaaS) and 'infrastructure as a service' (IaaS).

In previous years, I had identified a particular risk in determining whether customised systems linked to SaaS arrangements are identifiable assets controlled by the FCA. This continues to be relevant, but our assessment also highlighted a high degree of complexity and judgement in determining whether costs associated with improvements to the FCA's cloud infrastructure, and its existing intangible assets can be capitalised under IAS 38.

I consider appropriate application of IAS 38 in this scenario to be amongst the most significant assessed risks of material misstatement to the FCA due to this high degree of complexity and the need for management's judgement.

How the scope of my audit responded to the risk

- I assessed the reasonableness of the design and implementation of the controls FCA has in place over financial reporting for intangible assets. This included assessing whether management had remedied significant deficiencies in internal control identified in the previous year.
- I tested a sample of projects in detail, specifically those falling within the category of assets under development, to confirm that the items met the definition of an intangible asset under IAS 38.
- I reviewed management's disclosures to confirm they accurately and fairly reflected our understanding of the related systems and assets under development.

Key observations

I have obtained sufficient assurance over this risk through my testing. I did not identify misstatements in the accounting for intangible assets as a result of the work I have performed.

Application of materiality

Materiality

I applied the concept of materiality in both planning and performing my audit, and in evaluating the effect of misstatements on my audit and on the financial statements. This approach recognises that financial statements are rarely absolutely correct, and that an audit is designed to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement or irregularity. A matter is material if its omission or misstatement would, in the judgement of the auditor, reasonably influence the decisions of users of the financial statements.

Based on my professional judgement, I determined the overall materiality for the FCA and its Group's financial statements as a whole, as set out in Table 3.

Table 3: Consideration of Materiality for the FCA and its group

	Group	FCA
Materiality	£7.6m	£7.3m
Basis for determining materiality	1% of forecasted gross operating costs for the year ending 31 March 2025 of £759.9m (2023-24, 1% of gross operating costs of £761.7m)	1% of forecasted gross operating costs for the year ending 31 March 2025 of £731.6m (2023-24, 1% of gross operating costs of £741.9m)
Rationale for the benchmark applied	I chose this benchmark because the budgeted expenditure for the financial year determines the Annual Funding Requirement for both parent and subsidiary, which form the basis for the fees invoiced to regulated firms. I considered whether other parts of the financial statements might form an appropriate benchmark such as the portfolio of entity-constructed intangible assets, the defined benefit pension liability and the matching right of use asset and lease liability. However, on balance, the key area of interest for Parliament and other stakeholders, such as the firms regulated by the FCA, is the FCA's annual expenditure, which determines the size of the regulatory cost that the FCA imposes upon the financial services sector. I have selected a materiality percentage of 1% of gross operating costs. 1% is at the lower end of the materiality range and I chose it because the FCA is a sensitive entity. For example, FCA fines are regularly reported by the press and there is an active parliamentary interest in the ongoing operations of the FCA, especially at the Treasury Select Committee. Regulated firms also take an interest in where their fees are spent. The financial services sector is of key significance to the UK economy, and so the affairs of one of the key regulators will attract significant attention.	

Performance Materiality

I set performance materiality at a level lower than materiality to reduce the probability that, in aggregate, uncorrected and undetected misstatements exceed the materiality for the financial statements as a whole. Group performance materiality was set at 70% of Group materiality for the 2024-25 audit (2023-24: 71%). In determining performance materiality, I have also considered the uncorrected misstatements identified in the previous period.

Other Materiality Considerations

Apart from matters that are material by value (quantitative materiality), there are certain matters that are material by their very nature and would influence the decisions of users if not corrected. Such an example is any errors reported in the Related Parties note in the financial statements. Assessment of such matters needs to have regard to the nature of the misstatement and the applicable legal and reporting framework, as well as the size of the misstatement.

I applied the same concept of materiality to my audit of regularity. In planning and performing audit work to support my opinion on regularity and in evaluating the impact of any irregular transactions, I considered both quantitative and qualitative aspects that would reasonably influence the decisions of users of the financial statements.

Error Reporting Threshold

I agreed with the Audit Committee that I would report to it all uncorrected misstatements identified through my audit in excess of £146,000, as well as differences below this threshold that in my view warranted reporting on qualitative grounds. I also report to the Audit Committee on disclosure matters that I identified when assessing the overall presentation of the financial statements

Total unadjusted audit differences reported to the Audit Committee have result in a £0.2m reclassification within liabilities in the Statement of Financial Position.

Audit scope

The scope of my group audit was determined by obtaining an understanding of the FCA, its Group, and its environment, including the entity and group wide controls, and assessing the risks of material misstatement at the group level.

The Group comprises the FCA and the Payment Systems Regulator (PSR), its sole subsidiary. During 2024-25, the PSR's expenditure was £28.1m (3.5% of Group expenditure of £797.8m) and PSR's income was £27.3m in 2024-25 (3.2% of Group total income of £842.1m). Moreover, PSR's total assets at 31 March 2025 were £13.9m (2.0% of Group total assets of £689.0m).

The FCA, as parent of the group, is itself is a component and was audited by the Group engagement team. My work on the key audit matters, which all related to the FCA, is described above in this certificate.

The PSR, as subsidiary of the group, was audited by the component engagement team.

The group engagement team obtained a group audit return from the component auditors and reviewed working papers and findings which were drawn on to inform me on my group opinion.

This work covered substantially all of the Group's assets and net expenditure and, together with the procedures performed at Group level, gave me the evidence I needed for my opinion on the Group financial statements as a whole.

Other Information

The other information comprises the information included in the Annual Report but does not include the financial statements and my auditor's report thereon. The directors are responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion the part of the Remuneration Report to be audited has been properly prepared in accordance with the HM Treasury direction issued under the Financial Services and Markets Act 2000.

In my opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report, the Directors' Report and the Corporate Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report, the Directors' Report and the Corporate Governance Statement have been prepared in accordance with applicable legal requirements.

Matters on which I report by exception

In the light of the knowledge and understanding of the FCA and its Group and their environment obtained in the course of the audit, I have not identified material misstatements in the Strategic Report, the Directors' Report or the Corporate Governance Statement.

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept or returns adequate for my audit have not been received from branches not visited by my staff; or
- I have not received all of the information and explanations I require for my audit; or
- the financial statements and the parts of the Remuneration Report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of director's remuneration specified by law are not made; or
- a corporate governance statement has not been prepared by the parent company; or
- the Governance Statement does not reflect compliance with HM Treasury's guidance.

Corporate governance statement

The Listing Rules require me to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the FCA and its Group's compliance with the provisions of the UK Corporate Governance Code specified for my review.

Based on the work undertaken as part of my audit, I have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or my knowledge obtained during the audit:

- Directors' statement with regards the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 73 to 74;
- Directors' explanation as to its assessment of the entity's prospects, the period this assessment covers and why the period is appropriate set out on pages 73 to 74;
- Directors' statement on fair, balanced and understandable set out on page 73;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 68 to 71;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 68 to 71; and
- The section describing the work of the audit committee set out on pages 85 to 87.

The directors have not provided an assessment of the entity's prospects, the period this assessment covers and why the period is appropriate as required by provision 31 of the UK Corporate Governance Code. The directors have set out the reasons for omitting these disclosures on page 76.

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;

- providing the C&AG with unrestricted access to persons within the audited entity from whom the auditor determines it necessary to obtain audit evidence.
- preparing Group financial statements, which give a true and fair view, in accordance with the Companies Act and where applicable, in accordance with HM Treasury directions issued under the Financial Services and Markets Act 2000;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statement to be free from material misstatement, whether due to fraud or error;
- preparing the Annual Report, which includes the Remuneration Report, in accordance with the Companies Act 2006 and with HM Treasury directions issued under the Financial Services and Markets Act 2000; and
- assessing the FCA and its Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intends to liquidate the entity or the group or to cease operations, or has no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit and report on the financial statements in accordance with the Financial Services and Markets Act 2000.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud. The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the FCA and its Group's accounting policies;
- inquired of management, the FCA's Chief Internal Auditor and those charged with governance, including obtaining and reviewing supporting documentation relating to the FCA and its Group's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;

- detecting and responding to the risks of fraud; and
- the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the FCA and its Group's controls relating to the FCA's compliance with the Companies Act 2006 and the Financial Services and Markets Act 2000;
- inquired of management, the FCA's Chief Internal Auditor and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud;
- discussed with the engagement team and the relevant external actuarial specialists regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the FCA and its Group for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals, complex transactions, bias in management estimates, and capitalisation decisions in respect of intangible assets. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the FCA and its Group's framework of authority and other legal and regulatory frameworks in which the FCA and Group operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the FCA and its Group. The key laws and regulations I considered in this context included the Financial Services and Markets Act 2000, Financial Services Act 2012, The Financial Services (Banking Reform) Act 2013, Companies Act 2006, the UK Corporate Governance Code, and relevant employment law and taxation legislation.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;
- I enquired of management, the Audit Committee and in-house legal counsel concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements made on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business;

- I reviewed legislation for any changes which could impact the FCA and its Group to determine whether these had been appropriately reflected in the Annual Report and financial statements where required; and
- I carried out substantive tests of detail of material areas of income and expenditure, including penalty and fee income, to ensure transactions agreed to supporting documentation and were regular.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including internal specialists and relevant component audit teams and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my report.

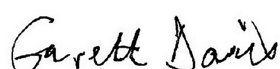
Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.



Gareth Davies
Comptroller and Auditor General
8 July 2025

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Statement of comprehensive income for the year ended 31 March 2025

	Notes	Group		Parent Company	
		Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
Income					
Fee income	4	798.0	725.1	772.8	698.5
Other income	4	44.0	33.2	47.1	35.4
Total income		842.0	758.3	819.9	733.9
Operating costs					
Staff costs	5	(511.8)	(473.5)	(491.6)	(458.0)
Administrative and general costs	6	(285.7)	(288.2)	(281.9)	(283.9)
Total operating costs		(797.5)	(761.7)	(773.5)	(741.9)
Operating surplus/(deficit) for the year		44.5	(3.4)	46.4	(8.0)
Interest payable and similar expenses	7	(4.8)	(5.0)	(4.8)	(5.0)
Net actuarial gain/(losses) for the year in respect of the pension scheme	18	8.8	(36.4)	8.8	(36.4)
Total comprehensive surplus/(deficit) for the year		48.5	(44.8)	50.4	(49.4)

The notes on pages 120 to 163 form part of the financial statements.

Statement of changes in equity for the year ended 31 March 2025

	Accumulated Surplus	
	Group £m	Parent Company £m
At 1 April 2023	68.2	65.9
Total comprehensive deficit for the year	(44.8)	(49.4)
At 31 March 2024	23.4	16.5
Total comprehensive surplus for the year	48.5	50.4
At 31 March 2025	71.9	66.9

The notes on pages 120 to 163 form part of the financial statements.

Statement of financial position as at 31 March 2025

Company Number: 01920623

	Notes	Group		Parent Company	
		Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
Non-current assets					
Intangible assets	8	65.4	75.9	65.4	75.9
Property, plant and equipment and ROU assets	9	169.2	185.3	169.2	185.3
Net Investment in sublease	10	34.6	33.7	34.6	33.7
		269.2	294.9	269.2	294.9
Current assets					
Trade and other receivables	11	27.0	27.2	28.0	28.8
Cash and cash equivalents	11	393.0	311.7	378.2	297.0
		420.0	338.9	406.2	325.8
Total assets		689.2	633.8	675.4	620.7
Current liabilities					
Trade and other payables	12	(396.3)	(344.4)	(387.5)	(338.2)
Lease liabilities	12	(17.6)	(23.2)	(17.6)	(23.2)
		(413.9)	(367.6)	(405.1)	(361.4)
Total assets less current liabilities		275.3	266.2	270.3	259.3
Non-current liabilities					
Long-term provisions	13	(17.6)	(17.6)	(17.6)	(17.6)
Lease liabilities	13	(172.3)	(185.3)	(172.3)	(185.3)
		(189.9)	(202.9)	(189.9)	(202.9)
Net assets excluding net retirement benefit obligations		85.4	63.3	80.4	56.4
Net retirement benefit obligations	18	(13.5)	(39.9)	(13.5)	(39.9)
Net assets		71.9	23.4	66.9	16.5
Accumulated reserves		71.9	23.4	66.9	16.5

The notes on pages 120 to 163 form part of the financial statements.

The Company is exempt from the requirement of Part 16 of the Companies Act 2006 as stipulated in Schedule 1ZA, s.15(4) of the Financial Services and Markets Act 2000. The financial statements were approved by the Board on 26 June 2025 and signed on 4 July 2025 on its behalf by



Ashley Alder
Chair



Nikhil Rath
Chief Executive

Statement of cash flows for the year ended 31 March 2025

	Notes	Group		Parent Company	
		Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
Net cash generated/(used) by operations	3	108.6	(19.0)	109.3	(24.2)
Investing activities					
Interest received on bank deposits		16.3	14.9	15.5	14.5
Payment of software development costs		(17.7)	(17.0)	(17.7)	(17.0)
Payments for property, plant, and equipment		(2.2)	(2.5)	(2.2)	(2.5)
Net cash generated/(used) in investing activities		(3.6)	(4.6)	(4.4)	(5.0)
Financing activities					
Lease payments	13	(23.7)	(12.3)	(23.7)	(12.3)
Net increase/(decrease) in cash and cash equivalents		81.3	(35.9)	81.2	(41.5)
Cash and cash equivalents at the start of the year	11	311.7	347.6	297.0	338.5
Cash and cash equivalents at the end of the year	11	393.0	311.7	378.2	297.0

The notes on pages 120 to 163 form part of the financial statements.

Notes to the financial statements

1. General information

The Financial Conduct Authority Limited (FCA) is a company incorporated in England and Wales under the Companies Act 2006 and is a company limited by guarantee with no share capital. The directors of the company are the members and have agreed to contribute £1 each to the assets of the company in the event of it being wound up. The FCA only requires nominal capital due to its legal status and funding model i.e. it operates within a statutory framework that enables it to raise fees to recover the costs of carrying out its statutory functions. The nature of the FCA's operations is set out in the Operational Overview.

These financial statements have been prepared on a consolidated basis to include the FCA and the Payment Systems Regulator Limited (PSR) (together 'the Group'). The registered office for both the FCA and PSR is 12 Endeavour Square, London, E20 1JN. The PSR has a single share with £1 nominal value, which is owned by the FCA.

The financial statements are presented in pounds sterling (rounded to £0.1m) because that is the currency of the primary economic environment in which both the FCA and PSR operate.

2. Core accounting policies

a) Basis of preparation

The consolidated financial statements have been prepared on a going concern basis, under the historical cost convention in accordance with: UK-adopted International Financial Reporting Standards (IFRS); the HM Treasury's Accounts Directions issued under the Financial Services and Markets Act 2000; and those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The appropriateness of the going concern basis is discussed in the Directors' Report.

The principal significant accounting policies applied in the preparation of the financial statements are set out below. These policies have been consistently applied to both accounting years presented, unless otherwise stated.

b) Significant judgements and estimates

The preparation of financial statements requires management to make estimates and judgements. Actual results could differ from estimates. Information about these judgements and estimates is contained in the relevant accounting policies and notes to the accounts.

The significant accounting estimates with a significant risk of a material change to the carrying value of assets and liabilities are:

- Intangible assets useful lives (Note 8) – asset lives are reviewed on an annual basis and, where necessary, adjusted to reflect the remaining expected asset life. Changes to asset lives arise as a result of changes in technology or business need.

- Lease liabilities (Note 13) and related Right of Use (ROU) assets (Note 9) – These calculated using a proxy discount rate to calculate the present value of the lease payments. The proxy rate used is the rate of an equivalent loan from the Public Works Loan Board with a duration equivalent to each lease and is disclosed in note 13.
- Net retirement pension obligations (note 18) – the quantification of the pension obligation is based on assumptions made by the Directors relating to the discount rate, retail price inflation (RPI), future pension increases and life expectancy.
- End of lease obligations (note 19) – The provision for end of lease obligations represents the expected costs to return the office buildings to the relevant landlord at the end of the lease terms with any building alterations and additions removed. This provision is based on a survey completed by professional advisors adjusted for any material changes to date in the Building Cost Information Service (BCIS) construction cost indices.

The significant judgements made in the process of applying the Group's accounting policies are:

- Intangible assets impairment (note 8) – the carrying amounts of intangible assets are reviewed at each balance sheet date for indicators of impairment. If indicators of impairment exist, the intangible asset's recoverable amount is estimated, and where this falls below the carrying value, an impairment is recognised.
- Net investment in sublease (note 10) – the calculation of the net investment in sublease is based on assumptions regarding the expected term of the sublease, which includes an option to extend the lease, and takes into account all relevant facts and circumstances that exist regarding the lessee's economic incentive to exercise the option to terminate the lease.

c) Group financial statements

The PSR is a private company, limited by shares (a single share with a £1 nominal value), and is a wholly owned subsidiary of the FCA.

d) Changes in accounting policy and errors

The Group has adopted the following new amendments to IFRSs and International Accounting Standards ('IASs') that became mandatorily effective for the Group for the first time in the financial year. The amendments have been issued and endorsed by the UK Endorsement Board ('UKEB') and do not have a significant impact on the Group's consolidated financial statements.

- Amendments to IAS 1 relating to the classification of liabilities as current or non-current and non-current liabilities with covenants issued.
- Amendments to IFRS 16 relating to lease liabilities in a sale and leaseback transaction.
- Amendments to IAS 7 and IFRS 7 relating to supplier finance arrangements.

The following new standards and amendments to existing standards have been issued, are not effective for the current reporting period and are not expected to have a significant impact on the Group's consolidated financial statements in future reporting periods:

- New standard IFRS 18: *Presentation and Disclosure in Financial Statements* which will replace IAS 1: *Presentation of Financial statements* issued in April 2024 and effective from accounting periods starting on or after 1 January 2027.
- New standard IFRS 19: *Subsidiaries without Public Accountability: Disclosures* issued in May 2024 and effective from accounting periods starting on or after 1 January 2027.
- Amendments to IAS 21 – Lack of Exchangeability issued in August 2023 and effective from accounting periods starting on or after 1 January 2025.
- Amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments issued in May 2024 and effective from accounting periods starting on or after 1 January 2026.

e) Income

The core principle of IFRS 15: *Revenue from Contracts with Customers* is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The standard requires an entity to identify the contract(s) with a customer and the performance obligation(s) related to the contract. It further requires the transaction price to be determined and allocated to the performance obligation(s) in the contract. Revenue can only be recognised under the standard when the entity satisfies a performance obligation.

The implication of adopting IFRS 15 directly has been assessed, however given the nature of the FCA's and the PSR's activities and that IFRS 15 relates to commercial organisations it was not considered appropriate. Accordingly, IAS 8.10 has been applied to develop an accounting policy that provides information that is relevant and reliable.

In doing so, the definition of a contract has been broadened to include legislation and regulation. In this circumstance, a 'contract' is the underlying statutory framework set out in The Financial Services and Markets Act 2000 (FSMA) for the FCA and The Financial Services (Banking Reform) Act 2013 (FSBRA) for the PSR. This framework enables the FCA and PSR to raise fees to recover the costs of carrying out their statutory functions. The performance obligation under the 'contract' is the granting of the ability to operate and remain authorised or registered during the course of the year.

The Group's revenue streams are categorised as either fee income or other income.

Fee income includes annual periodic fees, exceptional project recoveries, special project fees and application fees. FSMA enables the FCA to raise fees and FSBRA enables the FCA to raise fees on behalf of the PSR to recover the costs of carrying out their statutory functions.

- Annual periodic fees (including Ongoing Regulatory Activity fees and Exceptional project recoveries) are levied and measured at fair value and are recognised at the later of the fee year to which they (invoices on account) or invoice date.

- Special project fees (SPFs) are charged to recover exceptional supervisory costs where a firm undertakes certain restructuring transactions such as raising additional capital or a significant change to a firm's business model. SPFs are recognised at the point when a corresponding fee is invoiced to the respective firm.
- Application fees are recognised on receipt of a firm's application for authorisation or registration.

Resulting contract assets and liabilities are accounted for as Fees receivable within Current assets and Fees received in advance in Current liabilities.

Other income satisfies the core principles and conditions as set out in IFRS 15 to be recognised as revenue.

Other income includes:

- Skilled Person reports income (s.166): The FCA can itself appoint a Skilled Person and settle the professional fees directly with the supplier. These fees can then be recovered by charging a corresponding fee to the respective firm in a separate transaction. The fees are recognised as the costs are incurred.
- Services provided to other regulatory bodies: The FCA acts as a collection agent for certain other regulatory bodies. The FCA does not recognise any income collected on behalf of these regulated bodies except the fees it charges for the collection services as stated in the Service Level Agreements (SLAs). The performance obligation is the provision of an integrated business support as stipulated in the SLA and revenue is recognised when the services are delivered.
- Interest received on cash deposits and cash at bank: The FCA receives interest income on the amounts invested as cash deposits and cash at bank (as disclosed in Note 11). This interest is recognised on an accruals basis.
- Finance lease income: When the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the FCA's net investment outstanding in respect of the leases. When a contract includes lease and non-lease components, the FCA applies IFRS 15 to allocate the consideration under the contract to each component.
- Grant income: The FCA receives grant income on an ad hoc basis from government departments or other regulatory bodies to support a specific policy or regulatory area. This income is recognised in accordance with the terms of the underlying grant agreement when the funded service has been delivered or in line with the expenditure incurred that is to be recharged under the terms of the agreement.

f) Intangible assets – capitalisation and amortisation

In accordance with IAS 38: *Intangible Assets*, costs associated with the development of software for internal use are capitalised only where:

- i. the FCA can demonstrate the technical feasibility of completing the software;
- ii. the FCA has adequate technical, financial and other resources available to it as well as the intent to complete its development;
- iii. the FCA has the ability to use it and control the asset upon completion;

- iv. the asset can be separately identified;
- v. it is probable that the asset will generate future economic benefits; and
- vi. the development cost of the asset can be measured reliably.

Only costs that are directly attributable to bringing the asset to working condition for its intended use are included in its measurement. These costs include all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in a manner intended by management. All additions are initially capitalised as work in progress during the development stage. When the asset is available for use (immediately once completed) it is then transferred from work in progress to the appropriate asset category.

Intangible assets are amortised over their expected useful lives (which ranges from 3 to 12 years). Asset lives are reviewed on an annual basis and, where necessary, adjusted to reflect the remaining expected asset life. Changes to asset lives arise as a result of changes in technology or business need. Where the full asset life cannot be determined with reasonable certainty the net book value is amortised over the minimum time that would be required to implement a replacement asset. The minimum time to replace is also reassessed on an annual basis. Amortisation is reported as an administration expense in the Statement of comprehensive income.

g) Property plant and equipment and Right of Use Assets:

Property, plant and equipment, and Right of Use Assets (ROU) are stated at cost less accumulated depreciation and any impairment losses. Depreciation is calculated to write off the cost less estimated residual value on a straight-line basis over the expected useful economic life. The principal useful economic lives used for this purpose are:

Right of Use Assets (leased office in Stratford)	Lease term – 20 years
Right of Use Assets (leased office in Edinburgh)	Lease term – 15 years
Right of Use Assets (leased office in Leeds 3rd floor)	Lease term – 4 years and 9 months
Right of Use Assets (leased office in Leeds 1st floor)	Lease term – 3 years
Leasehold improvements	Up to lease term – 20 years
Furniture and equipment	10 years
Computer equipment (excluding software)	Up to 5 years

h) Impairment of intangibles, property plant and equipment:

Each year the FCA reviews the carrying amount of its intangible assets, property, plant and equipment to determine whether there is any indication that its assets have suffered any impairment in value in line with IAS 36: *Impairment of Assets*.

If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment. The assets' residual values and useful lives are reviewed and adjusted if appropriate.

The recoverable amount is the higher of the fair value less costs to sell and the value in use. If the recoverable amount of an asset is estimated to be less than its carrying amount,

the carrying amount of the asset is reduced to its recoverable amount. An impairment is immediately recognised as an expense.

i) Leases:

IFRS 16 requires a lessee to recognise assets and liabilities for all leases with a term of more than twelve months unless the underlying asset is of low value. A lessee recognises a Right of Use (ROU) asset in the same way as other non-financial assets (for example property, plant and equipment) and lease liabilities in the way of other financial liabilities.

As a consequence, a lessee recognises depreciation on the ROU asset and interest on the lease liability. Principal and interest components of lease payments are both classified as a financing activity in the Statement of cash flows in accordance with IAS 7.

The Group has taken advantage of the lease recognition exemptions permitted by the standard in respect of:

- Expenses relating to short term leases
- Expenses relating to low value asset leases

j) Net investment in sublease:

Leases for which the FCA is a lessor are classified as finance or operating leases. Whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee, the contract is classified as a finance lease. All other leases are classified as operating leases. When the FCA is an intermediate lessor, it accounts for the head lease and the sub-lease as two separate contracts.

Amounts due from lessees under finance leases are recognised as receivables at the amount of the FCA's net investment in subleases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the FCA's net investment outstanding in respect of the subleases. Subsequent to initial recognition, the FCA regularly reviews the estimated unguaranteed residual value and applies the impairment requirements of IFRS 9, recognising an allowance for expected credit losses on the lease receivables.

Finance lease income is calculated with reference to the gross carrying amount of the lease receivables, except for credit-impaired financial assets for which interest income is calculated with reference to their amortised cost (i.e. after a deduction of the loss allowance).

k) Taxation:

As a UK incorporated company, the FCA is subject to the provisions of the UK Taxes Acts, the same corporation tax rules as any other UK incorporated company.

On the basis of the relevant tax legislation and established case law, the result of the FCA's regulatory activities (on which it does not seek to make a profit) is not subject to corporation tax because regulatory activity does not constitute a 'trade' for corporation tax purposes.

The FCA invests heavily in its own fixed assets, mainly IT software, and accounts for these as intangible fixed assets. It therefore has significant levels of amortisation charges. The

FCA has applied the intangible fixed asset tax rules to these assets and as a result tax relief is available for the amortisation.

This amortisation is currently being utilised to offset any corporation tax due on investment income, resulting in nil corporation tax being payable by the FCA at this time.

The application of the corporation tax regime for intangible assets has also led to an unrecognised deferred tax asset in relation to unused tax losses carried forward as it is not sufficiently certain that the FCA will have taxable income to set against these losses in future. As at 31 March 2025 this deferred tax asset equated to £95.2m (2024 restated: £93.7m). The prior year figure has been restated to reflect the increase in corporation tax rates.

The FCA is partially exempt for VAT purposes because a significant part of the revenue relates to regulatory activities which are outside the scope of VAT.

The corporation tax treatment of the PSR's activities is the same as for the FCA, for the same reasons and agreed with His Majesty's Revenue and Customs. As the FCA wholly owns the PSR, the FCA and the PSR are part of the same group for corporation tax and VAT purposes.

l) Provisions and contingent liabilities:

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Provisions are discounted to their present values, where the time value of money is material. No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities unless the outflow of resources is remote.

m) Financial instruments

IFRS 7: Financial Instruments: Disclosures requirements regarding the nature and extent of risks arising from financial instruments to which the FCA is exposed and how the FCA manages those risks are included in the Directors Report.

n) Financial instruments - Trade and other receivables

Trade receivables are recognised initially at amortised cost. The Group has applied the simplified approach to impairment of financial assets by providing for expected credit losses on trade receivables as described by IFRS 9. This requires the use of lifetime expected credit loss provisions for all trade receivables. These provisions are based on an assessment of risk of default and expected timing of collection, estimated by reference to past default experience, adjusted as appropriate for current observable data. Trade receivables are reviewed periodically, and specific allowances are made where evidence indicates that an outstanding debt has become uncollectable. Allowance losses are recorded as bad debts in Administrative and general costs in the Statement of comprehensive income.

o) Financial instruments – Trade and other payables

Trade payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

p) Financial instruments - Cash and cash equivalents

Cash and cash equivalents comprise cash and short-term fixed-rate bank deposits with a maturity date of 12 months or less and are subject to an insignificant risk of changes in value. The carrying amount of these assets approximates their fair value.

3. Notes to the Statement of cash flows

	Notes	Group		Parent Company	
		Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
Surplus/(Deficit) for the year from operations		44.5	(3.4)	46.4	(8.0)
Adjustments for:					
Interest received on bank deposits		(16.3)	(14.9)	(15.5)	(14.5)
Net interest on pension scheme	18	1.4	0.7	1.4	0.7
Finance income on net investment in sublease	4	(0.8)	(0.2)	(0.8)	(0.2)
Amortisation of intangible assets	8	21.1	26.6	21.1	26.6
Impairment loss of intangible assets	8	2.4	3.9	2.4	3.9
Depreciation of property, plant and equipment including ROU assets	9	18.5	20.3	18.5	20.3
Increase in net investment in sublease	10	–	(33.5)	–	(33.5)
Remeasurement of ROU asset	9	–	2.6	–	2.6
Loss on disposals of property, plant and equipment	9	0.1	36.0	0.1	36.0
Loss on disposals of intangible assets	8	–	0.1	–	0.1
Impairment loss of property, plant and equipment including ROU assets	9	–	4.6	–	4.6
Increase/(decrease) in provisions	19	–	(2.6)	–	(2.6)
Payments made against unfunded pension liability	18	(0.1)	(0.1)	(0.1)	(0.1)
Additional cash contributions to reduce pension scheme deficit	18	(18.9)	(28.4)	(18.9)	(28.4)
Non-cash movements within intangible assets work in progress		4.7	–	4.7	–
Operating cash flows before movements in working capital		56.6	11.7	59.3	7.5
Decrease/(Increase) in receivables		0.2	(0.4)	0.8	(0.8)
Increase/(Decrease) in payables		51.8	(30.3)	49.2	(30.9)
Net cash generated/(used) by operations		108.6	(19.0)	109.3	(24.2)

4. Income

FSMA enables the FCA to raise fees and the FSBRA enables the FCA to raise fees on behalf of the PSR, to recover the costs of carrying out their statutory functions.

Fee income includes the annual periodic fees receivable under FSMA for the financial year and is recognised in the year and measured at fair value in accordance with note 2e.

	Group		Parent Company	
	Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
Ongoing Regulatory Activity fees¹	760.3	689.5	735.1	662.9
<i>Exceptional projects recoveries (costs)</i>				
– Transformation	–	5.0	–	5.0
– Investment Harm Campaign	2.3	2.3	2.3	2.3
– Financial Promotions	(0.2)	1.8	(0.2)	1.8
– Smarter Regulatory Framework	11.3	12.7	11.3	12.7
– Pensions Dashboard	(0.2)	1.5	(0.2)	1.5
– Funeral Plans	0.7	0.7	0.7	0.7
– CryptoAsset Business	6.4	(0.3)	6.4	(0.3)
– Senior Managers and Certification Regime	–	(0.9)	–	(0.9)
– Claims Management Companies	–	(1.6)	–	(1.6)
– Advice Guidance Boundary Review	1.9	–	1.9	–
– Access to Cash	2.0	–	2.0	–
– Open Banking/Open Finance	1.2	–	1.2	–
– Credit Information Marked Study Interim Working Group	0.4	–	0.4	–
Total exceptional projects recoveries	25.8	21.2	25.8	21.2
Application fees and other regulatory income	11.6	14.0	11.6	14.0
Special project fees	0.3	0.4	0.3	0.4
Total fee income	798.0	725.1	772.8	698.5

1 Of the £760.3m (2024: £689.5m) Ongoing Regulatory Activity fees, £35.1m (2024: £54.8m) related to penalties collected in the previous year for the sum of enforcement costs and returned to fee payers through reduced fees. See note 14.

Other income is recognised when services are provided and is analysed below:

	Group		Parent Company	
	Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
Skilled person reports (s.166) income ¹	12.0	6.4	12.0	6.4
Services provided to other regulatory bodies	7.1	7.5	7.1	7.5
Interest received on cash deposits and cash at bank	17.4	14.9	16.6	14.5
Finance income on net investment in sublease	0.8	0.2	0.8	0.2
Other sundry income ^{2 3}	6.7	4.2	10.6	6.8
Total other income	44.0	33.2	47.1	35.4

- 1 This income is a recharge of the costs of directly appointed s.166 reports to the firm in question. Overall, this has a net zero impact on the statement of comprehensive income for the FCA as these charges are included in administrative costs.
- 2 Included within Other sundry income is £0.5m (2024: £nil) from the Home Office in relation to Asset Recovery Incentive Scheme (ARIS) grant funding to support the FCA Specialist Crypto Unit for 2024-2025.
- 3 Other sundry income includes FCA recharges to the PSR for certain services provided, as set out in a provision of service agreement. This amount eliminates on consolidation.

5. Staff information

Staff costs (including executive directors) comprise:

	Notes	Group		Parent Company	
		Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
Gross salaries and taxable benefits		394.2	354.2	378.7	341.9
Employer's national insurance costs		44.3	39.8	42.5	38.3
Apprenticeship levy		1.8	1.6	1.7	1.6
Exit packages (including ex-gratia)		0.9	0.6	0.9	0.6
Employer's defined contribution pension costs		45.6	40.1	43.7	38.7
Other net pension finance cost	18	1.4	0.7	1.4	0.7
Payment made against unfunded liability	18	0.1	0.1	0.1	0.1
Permanent staff costs		488.3	437.1	469.0	421.9
Temporary		1.4	2.0	1.4	2.0
Seconded		0.5	0.7	0.5	0.8
Contractors		25.9	37.5	25.0	37.1
Short-term resource costs		27.8	40.2	26.9	39.9
Total permanent staff and short term resource costs		516.1	477.3	495.9	461.8
Staff costs capitalised during the year		(4.3)	(3.8)	(4.3)	(3.8)
Total staff costs		511.8	473.5	491.6	458.0

Staff numbers comprise:

The average number of employees by headcount (including executive directors and fixed-term contractors) during the year to 31 March is presented by division below:

	Group		Parent Company	
	Total 2025	Total 2024	Total 2025	Total 2024
	Headcount	Headcount	Headcount	Headcount
Supervision, Policy and Competition	1,717	1,564	1,717	1,564
Authorisations	737	745	737	745
Enforcement and Market Oversight	735	684	735	684
Sub-total	3,189	2,993	3,189	2,993
Operations	723	636	723	636
Other Support Divisions	514	490	514	490
Data Technology and Innovation	552	534	552	534
Secondment, Parental Leave and Long-term Sick	225	202	220	197
PSR	176	140	–	–
Total	5,379	4,995	5,198	4,850

The average number of short-term resources utilised during the year to 31 March by type was:

	Group		Parent Company	
	Total 2025	Total 2024 (*Restated)	Total 2025	Total 2024 (*Restated)
	Headcount	Headcount	Headcount	Headcount
Temporary	24	41	23	40
Seconded	16	25	15	25
Contractors	121	164	117	163
Total	161	230	155	228

* 2024 figures have been restated due to a misclassification of headcount between two categories. There is no impact on the total numbers. Temporary headcount has been restated (Group from 93 to 41, Parent Company from 92 to 40) and contractors headcount has been restated (Group from 112 to 164, Parent from 111 to 163).

As at 31 March, the number of full-time employees by headcount (including executive directors and fixed-term contractors) was:

	Total 2025	Total 2024
	Headcount	Headcount
Permanent staff		
FCA	5,283	5,097
PSR	182	160
	5,465	5,257
Short-term resources		
FCA	151	176
PSR	7	5
	158	181
Group Total	5,623	5,438

Exit packages

Redundancy and other departure costs incurred in accordance with the redundancy policy are set out below. A compulsory redundancy is any departure resulting from a restructure or other change leading to a role ceasing to exist. Other departures are those mutually agreed with the individual concerned.

Long-term ill health settlements are credited back to the FCA by our insurers.

Exit package cost band £'000	Number of compulsory redundancies 2025	Number of other departures agreed 2025	Number of long term ill health or tribunal settlements 2025	Total 2025	Number of compulsory redundancies 2024	Number of other departures agreed 2024	Number of long term ill health or tribunal settlements 2024	Total 2024
0 -10	–	2	–	2	–	2	2	4
>10 – 25	3	–	1	4	–	8	1	9
>25 – 50	5	1	–	6	–	–	–	–
>50 – 100	1	2	1	4	–	3	–	3
>100 -150	–	–	–	–	–	1	–	1
>150 – 200	–	–	–	–	–	–	–	–
Total number	9	5	2	16	–	14	3	17
Gross Costs (£'000)	304	203	106	613	–	437	20	457

In addition to the above exit packages of £0.6m (2024: £0.5m), Ex-Gratia payments of £0.3m (2024: £0.2m) were incurred and disclosed as Special payments within Note 15 and are excluded from the above table.

6. Administrative and general costs

	Notes	Group		Parent Company	
		Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
IT costs		120.5	122.9	120.4	122.8
Professional fees		44.1	45.9	41.4	42.8
Professional fees: s166 ¹		12.0	2.7	12.0	2.7
Accommodation and office services		33.5	32.1	33.5	32.1
Amortisation of intangible assets	8	21.1	26.6	21.1	26.6
Depreciation of property, plant and equipment	9	8.6	8.6	8.6	8.6
Depreciation of the ROU assets	9	9.9	11.7	9.9	11.7
Recruitment, training and wellbeing		16.7	14.9	16.0	14.0
Travel		3.0	2.3	3.0	2.3
Loss on disposal of assets	8,9	0.1	2.6	0.1	2.6
Impairment loss	8,9	2.4	8.5	2.4	8.5
Communications and campaigns		5.8	4.5	5.7	4.4
Office of Complaints Commissioner funding	20	1.8	0.6	1.8	0.6
Bad debts		1.9	0.8	1.9	0.8
Other costs		4.3	3.5	4.1	3.4
Total		285.7	288.2	281.9	283.9

- 1 These Professional fees are the costs of directly appointed s166 ('skilled person') reports recharges to the firm in question. Overall, this has a net zero impact on the Statement of comprehensive income for the FCA as the recharges for these costs are recognised in other income.

Auditors

The Comptroller and Auditor General was appointed as auditor on 1 April 2013 under FSMA. The auditor's total remuneration for audit services is set out below:

	Group		Parent Company	
	Total 2025 £'000	Total 2024 £'000	Total 2025 £'000	Total 2024 £'000
Fees payable to the National Audit Office for the audit of the financial statements	241	215	201	180
Additional fees relating to the prior year audit of the Parent Company	40	20	40	20
Notional fee for audit of Trust Statement (paid by HM Treasury)	20	–	20	–
Total fees payable	301	235	261	200

The National Audit Office has not provided any non-audit related services to the Group in 2025 (2024: £nil).

7. Interest payable and other similar expenses

	Group		Parent Company	
	Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
Interest on lease liability	4.8	5.0	4.8	5.0

8. Intangible assets

The PSR does not hold intangible assets.

	Internally generated software £m	Other software costs £m	Work in progress £m	Total £m
Cost				
At 31 March 2023	185.6	0.6	19.8	206.0
Additions	–	–	14.0	14.0
Transfers	5.0	–	(5.0)	–
Reclassification ¹	–	(0.1)	–	(0.1)
Disposal	(24.3)	(0.3)	–	(24.6)
Impairment	(16.0)	(0.2)	–	(16.2)
At 31 March 2024	150.3	–	28.8	179.1
Additions	–	–	13.0	13.0
Transfers	29.1	–	(29.1)	–
Reclassification	–	–	–	–
Disposal	(5.9)	–	–	(5.9)
Impairment	(5.3)	–	–	(5.3)
At 31 March 2025	168.2	–	12.7	180.9
Amortisation				
At 31 March 2023	113.0	0.4	–	113.4
Charge for year	26.6	–	–	26.6
Disposal	(24.3)	(0.2)	–	(24.5)
Impairment	(12.1)	(0.2)	–	(12.3)
At 31 March 2024	103.2	–	–	103.2
Charge for period	21.1	–	–	21.1
Disposal	(5.9)	–	–	(5.9)
Impairment	(2.9)	–	–	(2.9)
At 31 March 2025	115.5	–	–	115.5
Net carrying value				
At 31 March 2024	47.1	–	28.8	75.9
At 31 March 2025	52.7	–	12.7	65.4

1 Reclassification to computer equipment within property plant and equipment (refer to Note 9)

Internal software development costs of £29.1m (2024: £5.0m) have been capitalised as additions during the year. Internally developed software is designed to help the FCA carry out its various statutory functions, such as holding details relating to regulated firms. Management judgement has been applied in quantifying the benefit expected to accrue to the FCA over the useful life of the relevant assets. Those expected benefits relate to the fact that such software allows the FCA to carry out its functions more efficiently than by using alternative approaches (for example, manual processing). If the benefits expected do not accrue to the FCA (for example, if some aspect of its approach to discharging its statutory functions changes) then the carrying amount of the asset could require adjustment.

Of the net carrying amount of internally generated software of £52.7m:

- i.** £16.4m relates to Gateway, a system which captures the key core data that is used by other platforms for authorising firms and individuals who wish to enter the financial services regulatory perimeter in the UK via a series of forms;
- ii.** £7.7 m relates to INTACT related assets, a case management tool for monitoring firms and individuals;
- iii.** £4.9m relates to Fees Data Collection (FDC), a system which is used for submitting regulatory data and the master registry for authorised firms' permissions, individuals and collective investment schemes;
- iv.** £3.0m relates to the integrations of Workday, the system for FCA HR and Finance; and
- v.** £20.7m relates to 44 immaterial assets.

Of the net carrying amount of work in progress of £12.7m:

- i.** £3.8m relates to Digital Register Portfolio, a web-based database which is replacing the existing register holding a public record of those firms that are, or have been regulated or registered by FCA;
- ii.** £3.2m relates to Gateway, as noted above;
- iii.** £2.8m relates to Overseas Fund Regime, a new application form, a case management tool and a process to register and communicate decisions to allow the FCA to deliver a new regime for overseas funds; and
- iv.** £2.9m relates to 12 individually immaterial projects.

9. Property, plant and equipment, and Right of Use Assets

The PSR does not hold any property, plant and equipment or Right of Use Assets.

	Right of Use Assets £m	Leasehold improvements £m	Computer equipment £m	Furniture and equipment £m	Work in progress £m	Total £m
Cost						
At 31 March 2023	235.9	68.2	18.2	12.3	1.5	336.1
Additions	4.2	1.0	0.9	–	0.6	6.7
Transfers	–	–	0.6	–	(0.6)	–
Reclassification ¹	–	–	0.1	–	–	0.1
Remeasurement	(2.6)	–	–	–	–	(2.6)
Impairment	–	(6.7)	–	–	–	(6.7)
Disposal	(49.6)	–	(3.3)	(1.2)	–	(54.1)
At 31 March 2024	187.9	62.5	16.5	11.1	1.5	279.5
Additions	0.3	1.2	0.7	0.2	0.1	2.5
Transfers	–	–	1.4	–	(1.4)	–
Reclassification	–	–	–	–	–	–
Remeasurement	–	–	–	–	–	–
Disposal	–	–	(0.8)	(0.1)	–	(0.9)
Impairment	–	–	–	–	–	–
At 31 March 2025	188.2	63.7	17.8	11.2	0.2	281.1
Depreciation						
At 31 March 2023	57.9	17.8	12.1	6.3	–	94.1
Charge for year	11.7	4.1	3.4	1.1	–	20.3
Disposal	(13.9)	–	(3.3)	(0.9)	–	(18.1)
Impairment	–	(2.1)	–	–	–	(2.1)
At 31 March 2024	55.7	19.8	12.2	6.5	–	94.2
Charge for period	9.9	3.8	3.7	1.1	–	18.5
Disposal	–	–	(0.7)	(0.1)	–	(0.8)
Impairment	–	–	–	–	–	–
At 31 March 2025	65.6	23.6	15.2	7.5	–	111.9
Net book value						
At 31 March 2024	132.2	42.7	4.3	4.6	1.5	185.3
At 31 March 2025	122.6	40.1	2.6	3.7	0.2	169.2

1 Reclassification from other software costs within intangible assets (refer to Note 8)

Of the ROU assets cost of £188.2m, £180.7m (2024: £180.7m) relates to the property based in Stratford, £5.6m to the property based in Edinburgh (2024: £5.6m) and £1.9m (2024: £1.6m) to the properties based in Leeds. Leasehold improvements relate primarily to the cost of fitting out the Stratford, Edinburgh and Leeds properties.

10. Net investment in sublease

In December 2023, the FCA sublet three floors in 12 Endeavour Square, Stratford which was initially leased in 2018. The sublease commenced in December 2023 for the remaining period of the head lease. The sublease has been classified as a finance lease because the sublease is for the whole of the remaining term of the head lease.

	Total 2025 £m	Total 2024 £m
Net investment in sublease, 1 April	33.7	–
Recognised during the year	–	33.5
Finance income earned	0.9	0.2
Lease payments received	–	–
Net investment in sublease, 31 March	34.6	33.7

The following table sets out the lease receivables maturity, showing the undiscounted lease payment to be received after the reporting date.

	Total 2025 £m	Total 2024 £m
Within one year	–	–
Within two to five years	13.6	9.9
Within six to ten years	18.1	18.1
Greater than ten years	9.4	13.3
Total undiscounted lease payments receivable	41.1	41.3
Unearned finance income	(6.5)	(7.6)
Net investment in sublease	34.6	33.7

11. Current assets

Of the £393.0m cash and cash equivalents balance (2024: £311.7m), £17.8m (2024: £51.7m) related to fees collected on behalf of other financial regulatory organisations as disclosed in related party transactions, note 20 and in trade creditors, note 12. This amount also includes £86.0m (2024: £31.6m) in relation to net penalties payable as disclosed in note 15 and £236.6m (2024: £212.3m) in relation to fees received in advance as disclosed in note 12.

At 31 March 2025, the FCA had a £100m (2024: £100m) unsecured overdraft facility. As part of an annual review, the FCA entered into a new unsecured overdraft facility for £50m in June 2025. The PSR does not have, or require, its own credit facilities.

	Notes	Group		Parent Company	
		Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
Net fees receivable		3.2	5.6	2.5	5.6
Net penalties receivable	14	–	0.3	–	0.3
Other debtors		1.1	1.1	1.1	1.1
Intragroup receivable		–	–	2.0	1.6
Prepayments and accrued income		22.7	20.2	22.4	20.2
Trade and other receivables		27.0	27.2	28.0	28.8
Cash deposits		388.2	286.9	374.7	274.4
Cash at bank		4.8	24.8	3.5	22.6
Cash and cash equivalents		393.0	311.7	378.2	297.0
Total current assets		420.0	338.9	406.2	325.8

Intragroup receivable at 31 March includes services charged by the FCA to the PSR on a provision of services agreement between the two entities (which sets out the services supplied and the respective costs of those services). The costs are based on charges the FCA has incurred and have been eliminated in the consolidated Group figures.

The average credit period is 49 days (2024: 49 days). The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

Net fees receivable

	Group		Parent Company	
	Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
Fees receivable	7.6	10.0	6.9	10.0
Allowance for bad debts	(4.4)	(4.4)	(4.4)	(4.4)
Net fees receivable	3.2	5.6	2.5	5.6

All the fees and other receivables have been reviewed for indications of impairment. The provision has been determined by reference to past default experience:

	Group		Parent Company	
	Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
At 1 April	4.4	5.0	4.4	5.0
Utilisation of provision	(0.7)	(0.9)	(0.7)	(0.9)
Reversal of provision	(0.9)	(1.5)	(0.9)	(1.5)
Allowance made for bad debts	1.6	1.8	1.6	1.8
Total at 31 March	4.4	4.4	4.4	4.4

In addition, some of the net fees receivable are past due as at 31 March. The age of net fee receivables is as follows:

	Group		Parent Company	
	Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
Not yet due	1.3	3.8	0.9	3.8
Not more than three months	0.2	0.3	0.2	0.3
Between three and nine months	1.3	0.9	1.0	0.9
Greater than nine months	0.4	0.6	0.4	0.6
Total unimpaired fees receivable	3.2	5.6	2.5	5.6

The FCA policy is to review receivables systematically for recoverability when they are more than three months past due.

12. Current liabilities

	Notes	Group		Parent Company	
		Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
Trade creditors and accruals		38.3	32.0	37.6	31.0
Payable to other Financial Regulatory Organisations	20	17.8	51.7	17.8	51.7
Other taxation and social security		13.5	12.8	13.5	12.8
Net penalties payable	14	86.0	31.6	86.0	31.6
Fees received in advance		236.6	212.3	227.3	202.2
Intragroup payable – PSR		–	–	1.2	4.8
Other payables		4.1	4.0	4.1	4.1
Trade and other payables		396.3	344.4	387.5	338.2
Lease liabilities	13	17.6	23.2	17.6	23.2
Total current liabilities		413.9	367.6	405.1	361.4

Trade creditors and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade payables is 9 days (2024: 10 days).

Intragroup payable includes fees collected by the FCA but not paid over to the PSR at 31 March. These fees have been eliminated in the consolidated figures. In addition, intragroup payable includes penalties collected by the FCA but not paid over to the PSR or HM Treasury.

As at 31 March, the Group and FCA (parent company) current liabilities have contractual maturities which are summarised below:

	Within 6 months		6 to 12 months	
	Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
Trade creditors and accruals	38.3	87.7	–	–
Net penalties payable	86.0	31.6	–	–
Fees received in advance	236.6	212.3	–	–
Other liabilities	35.4	12.8	–	–
Lease liabilities	8.9	14.4	8.7	8.8
Total current liabilities	405.2	358.8	8.7	8.8

Of the amounts due within 6 months, Trade creditors and accruals include £0.6m (2024: £0.9m) and Fees received in advance include £9.3m (2024: £10.1m) for the PSR.

13. Non-current liabilities

As at 31 March, the Group and FCA (parent company) had non-current liabilities consisting of:

	Notes	Total 2025 £m	Total 2024 £m
Long-term provisions for dilapidations	19	17.6	17.6
Lease liabilities		172.3	185.3
Total non-current liabilities		189.9	202.9

Lease liabilities movements:

	Notes	Total 2025 £m	Total 2024 £m
Value of discounted future cash flows on ROU assets brought forward		208.5	211.7
Lease commenced in year		0.3	–
Market rent adjustment		–	4.1
Payments in year		(23.7)	(12.3)
Interest expense on lease liabilities	7	4.8	5.0
Lease liabilities at 31 March		189.9	208.5
Split between:			
Current lease liabilities	12	17.6	23.2
Non-current lease liabilities		172.3	185.3

Lease liabilities fall due as follows:

	Total 2025 £m	Total 2024 £m
Within one year	17.8	23.4
Within two to five years	70.9	83.3
Within six to ten years	87.6	87.1
Greater than ten years	46.7	51.5
Total undiscounted lease payments	223.0	245.3
Effect of discounting	(33.1)	(36.8)
Lease liabilities at 31 March	189.9	208.5

The lease liabilities relate to the lease of offices at 12 Endeavour Square, London, Quayside House, Edinburgh and 6 Queen Street, Leeds. The principal terms are detailed below:

	12 Endeavour Square	Quayside House	6 Queen Street (3rd floor)	6 Queen Street (1st floor)
Carrying value of discounted cash flows at 31 March 2025 £m	184.0	4.7	1.0	0.2
Interest rate for IFRS 16 discounting purposes (quoted by Public Works Loan Board at lease commencement date)	2.46%	2.18%	2.73%	5.24%
Lease commencement	31 March 2018	8 May 2020	29 July 2022	29 July 2024
Lease term	20 years	15 years	4 Years and 9 months	3 Years
Rent review frequency	5 years	5 years	N/A	N/A
Basis of rent review	Market rate	Market rate	N/A	N/A

The statutory basis for the FCA fees is described in note 4. The annual charges in respect of the depreciation of the underlying ROU assets and the finance charges related to the leases are part of the Ongoing Regulatory Activities of the FCA and form part of the underlying costs on which fees are based.

The liquidity risk of not being able to meet the lease payments as they fall due is assessed as minimal.

14. Penalties

Penalties issued and not yet collected as at 31 March are included in both current assets and current liabilities and are subject to an assessment of recoverability.

A liability to the fee payers arises when a penalty issued from enforcement action pursuant to FSMA or FSBRA is received. This liability is limited to the sum of the enforcement costs for that year agreed with HM Treasury and these retained penalties are returned to the fee payers through reduced fees in the following year. Once total penalties collected during the year exceed this amount, a liability to HM Treasury arises.

Penalties issued and collected under the Competition Act 1998 are paid in full to HM Treasury.

Recognition of enforcement expenses: all costs incurred to the end of the year are included in the financial statements, but no provision is made for the costs of completing current work unless there is a present obligation.

In the course of enforcement activities, indemnities may be given to certain provisional liquidators and trustees. Provisions are made in the accounts for costs incurred by such liquidators and trustees based on the amounts estimated to be recoverable under such indemnities.

Net penalties receivable

	Notes	Group		Parent	
		Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
Penalties receivable at 1 April		8.3	8.6	8.3	8.6
Penalties issued during the year		182.5	39.1	182.5	39.1
Write-offs during the year		(7.0)	(4.1)	(7.0)	(4.1)
Penalties collected during the year		(180.1)	(35.3)	(180.1)	(35.3)
Penalties receivable at 31 March		3.7	8.3	3.7	8.3
Allowance for bad debts		(3.7)	(8.0)	(3.7)	(8.0)
Net penalties receivable at 31 March	11	–	0.3	–	0.3

Allowance for bad debts

Penalties receivables were also reviewed for impairment and an allowance made as set out below. These allowances reduce the amounts receivable.

	Group and Parent	
	Total 2025 £m	Total 2024 £m
At 1 April	8.0	8.2
Utilisation of provision	(4.5)	(4.0)
Allowance made for bad debts	0.2	3.8
Total at 31 March	3.7	8.0

Penalties collected during the period

	Group		Parent	
	Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
Retained penalties to be returned to fee payers	71.2	35.1	71.2	35.1
Penalties collected and paid to HM Treasury during the year	90.2	11.8	90.2	11.8
Penalties payable to HM Treasury	14.4	0.2	14.4	0.2
Penalties recovered from/(over released) to HM Treasury from previous years	4.3	(4.3)	4.3	(4.3)
Payable to HM Treasury from previous years	–	(7.5)	–	(7.5)
Penalties collected during the period	180.1	35.3	180.1	35.3

Net penalties payable

	Notes	Group		Parent	
		Total 2025 £m	Total 2024 £m	Total 2025 £m	Total 2024 £m
Retained penalties to be returned to fee payers		71.2	35.1	71.2	35.1
Penalties under released to fee payers		0.3	0.3	0.3	0.3
Penalties over released to HM Treasury		–	(4.3)	–	(4.3)
Penalties payable to HM Treasury		14.5	0.2	14.5	0.2
Net penalties receivable	11	–	0.3	–	0.3
Net penalties payable	12	86.0	31.6	86.0	31.6

15. Losses and Special Payments

The Accounts Direction from HM Treasury requires a statement showing losses and special payments where they exceed £300,000 for the year to 31 March 2025 only (no comparative figures required).

The total number of FCA losses, and their total value, was as follows:

	Total 2025
Total number of cases	278
Total value of cases (£000)	448

There was no individual loss of more than £300,000 that requires disclosure separately.

The total number of FCA special payment cases, and their total value, was as follows:

	Total 2025
Total number of cases	978
Total value of cases (£000)	888

Special payments include ex-gratia payments of £335k (10 cases) which were paid during the year. There was no individual special payment of more than £300,000 that requires disclosure separately.

16. Operating lease arrangements

At the reporting date, the FCA had outstanding commitments for future minimum lease payments under non-cancellable operating leases for low value items which fall due as follows:

	2025 £m	2024 £m
Within one year	1.0	1.0
In the second to fifth years inclusive	0.5	1.3
Total	1.5	2.3

Low value lease expenses of £1.1m (2024: £0.9m) were recognised in the Statement of comprehensive income in the year.

17. Capital commitments

The FCA entered contracts prior to 31 March 2025 for future capital expenditure totalling £1.5m relating to intangible assets (2024: £1.4m). These commitments are not provided for in the financial statements.

There were no capital commitments for the PSR.

18. Retirement benefit obligation

Background

The FCA operates a UK registered occupational pension scheme, the FCA Pension Plan ('the Plan') established on 1 April 1998. The FCA is the Plan's Principal Employer and The Financial Ombudsman Service (FOS) also participates in the Plan.

The Plan has two sections:

Money Purchase *(defined contribution)*

The Money Purchase section is open to all employees of the FCA and FOS and forms part of a wider flexible benefits programme where members can, within limits, select the amount of their overall benefits allowance that is directed towards their pension plan.

Final Salary *(defined benefit)*

The Final Salary section is closed to new members and to future accruals. The benefits of the deferred members are calculated based on their final pensionable salary, calculated at the date they ceased accruing benefits.

The FCA also has a small number of unfunded pension liabilities that sit outside the Plan, but which were designed to provide top up benefits to the Final Salary Section. These unfunded pension liabilities are valued using an approach and assumptions consistent with those used for the Final Salary Section of the Plan.

Governance

The governance of the Plan is primarily the responsibility of the Trustee of the Plan. The Trustee has an established governance framework (covering both sections) in place to support the operation of the Plan and to ensure all legislative and regulatory requirements are complied with, including (where relevant) those required under the Master Trust regime.

In relation to the Final Salary section, the FCA is consulted by the Trustee on key areas such as investment strategy and funding requirements, together with any operational decisions that might impact the FCA.

The Trustee's investment strategy for the Final Salary section includes investing in liability-driven investments and bonds whose values increase with decreases in interest rates (and vice-versa). This is done within a broad liability driven investing framework that uses cash, gilts and other hedging instruments like swaps in a capital efficient way. These funds help to manage the interest rate and inflation risks in the Final Salary section of the Plan relative to the agreed funding targets. In combination, this efficiently captures the trustee risk tolerances and return objectives relative to the Plan's (Final Salary) liabilities.

Significant accounting policies

Money Purchase

- Payments are based on rates specified in the rules of the Plan and are recognised as they fall due in the Statement of comprehensive income
- Pre-paid contributions are recognised as an asset in the Statement of financial position to the extent that a cost refund or a reduction in future payments is available.

Final Salary

IAS 19: *Employee Benefits* is used to calculate the amounts recognised in the FCA's year end accounts, with principles set out in IFRS. This standard requires a best-estimate approach overall, with the exception of the discount rate, which must be based on yields on high quality corporate bonds regardless of the assets held by the Plan.

In accordance with IAS 19 the following are recognised in the:

Statement of financial position

- The FCA's share of the Plan's Defined Benefit Obligation (DBO) representing the present value of future benefits owed to employees (or former employees) in respect of their service in prior periods.
- The FCA's Guaranteed Minimum Pension (GMP) equalisation adjustment has been included within the DBO.
- The FCA's share of the Plan's assets based on their fair value at the balance sheet date.
- The *Retirement benefit (obligation)/asset* is calculated by deducting the value of the DBO from the fair value of the Plan's assets.
- A defined benefit asset where the scheme is in surplus as the FCA retains the right to receive a refund in the event of final wind-up of the Plan after all members' benefits have been met in full.

Statement of comprehensive income

- The impact of changes in the financial assumptions due to market conditions at the balance sheet date are fully recognised in the period in which they are incurred as *Actuarial gains and losses*.
- Experience gains or losses and the impact of changes in the demographic assumptions (for example changes in life expectancy compared to those at the start of the year) are fully recognised in the period in which they are incurred as *Actuarial gains and losses*.
- Past service costs or credits (including unvested past service costs) are recognised immediately as incurred.

Scheme Funding requirements

A *funding valuation* or Scheme Specific Valuation (SSV) is carried out for the Trustee by a qualified independent actuary at least every three years. The purpose of the funding valuation is for the FCA, FOS and the Trustee to agree cash contributions to ensure the Final Salary section has sufficient funds available to meet future benefit payments to its members. The funding valuation is carried out using the principles set out in UK Pension legislation and uses a prudent approach, including the discount rate which is derived from prudent return expectations above a risk-free yield curve based on UK gilts.

The different purpose and principles lead to different assumptions being used and, therefore, a different estimate for the liabilities and deficit relative to what the FCA is required to disclose in its financial statements. Changes in market conditions can have a different impact on the funding liabilities and the IAS 19 liabilities.

The key differences between the SSV and the IAS 19 valuation are set out below.

	IAS 19	SSV
Purpose	FCA's Statement of financial position (and comprehensive income)	Trustee's assessment of on-going financial health and setting contributions to the Plan
Regulation	UK-adopted IFRS	UK pension legislation
Frequency	Annual	Triennial
Key valuation assumptions		
– Discount rate	Yield curve based on UK corporate bonds	Derived from prudent return expectations above a risk-free yield curve based on UK gilts.
– Other assumptions	Best estimate	Overall, the assumptions adopted are prudent in aggregate, the level of prudence is agreed between the Trustee and the FCA (acting as Principal Employer)

In 2024, the FCA and the Trustee have agreed a monitoring framework to review the SSV funding position on an annual basis. As a result, the latest triennial funding valuation performed as at 31 March 2022 by Hymans has been updated at 31 March 2025 allowing for the impact of market movements and some updated membership data and longevity analysis (based on information available up to 31 March 2024). This update is approximate, and the funding position will be more formally assessed as part of the next SSV funding valuation, which also has an effective date of 31 March 2025, and is currently in progress.

The results of the recent valuations and subsequent updates which include both FOS and FCA liabilities are shown below.

	Annual 31 March 2025 £m	Triennial SSV 31 March 2022 £m	Triennial SSV 31 March 2019 £m
Funding liabilities	(638.4)	(1,047.7)	(1,041.6)
Plan assets	584.7	965.2	862.3
Funding deficit	(53.7)	(82.5)	(179.3)
Key assumptions used in the valuation			
– Discount rate	5.65%	2.35%	2.15%
– Inflation rate – RPI	3.40%	4.10%	3.70%
– Inflation rate – CPI	3.00%	3.50%	2.70%
– Life expectancy – male aged 60 in 20 years time	29.4 years	29.7 years	29.4 years
– Life expectancy – female aged 60 in 20 years time	32.0 years	32.2 years	31.3 years

Deficit Recovery Plan

A Recovery Plan was put in place following the SSV of the Plan as at 31 March 2016 (which was most recently ratified following SSV of the Plan as at 31 March 2022) and required an annual deficit reduction contribution of £30.0m to be paid jointly by the FCA and the FOS over ten years with the aim of eliminating the Plan deficit by 31 March 2027 and in order to meet the statutory funding objective. The allocation of the £30.0m is decided by the FCA and the FOS and is set out in a funding side letter agreement.

As the FCA is funded by the financial services industry, it must continually review how it can best deploy its resources and consider impact of those decisions on its employees, most of whom are pension scheme members. In addition to protecting member benefits, the FCA has a statutory duty to protect consumers, enhance market integrity, and promote competition in the interest of consumers. As a result, in September 2023, due to the fact that the Plan was projected to be running ahead of the agreed target date to reach its long-term funding objective, the FCA opened discussions with the Trustee regarding the deficit reduction contributions. Through these discussions, including relevant external advisers, it was agreed between the FCA and Trustee to defer £10m of the deficit reduction contributions due in 2024/25 to 2027/28. Contributions are set to return to £30m p.a. for the period 1 April 2025 to 31 March 2027 and the FCA will continue discussions with the Trustee as further information on the Plan performance becomes available. This agreement is recorded in the Schedule of Contributions and Recovery Plan dated March 2025.

As a result, the FCA's share of the deficit reduction contributions (based on its share of the assets and liabilities) in the year was £18.9m (2024: £28.4m) and the FOS's share was £1.1m (2024: £1.6m).

The future deficit reduction contributions are expected to be as follows:

	FCA £m	FOS £m	Total £m
2025/26	28.4	1.6	30.0
2026/27	28.4	1.6	30.0
2027/28 (to be paid by 31 August 2027)	9.5	0.5	10.0
Total	66.3	3.7	70.0

Application of IFRS Interpretations Committee (IFRIC) 14

The FCA retains ultimate responsibility for payment of any debt due in event of a wind-up. The FOS would be liable for payment of a debt should they cease to participate, calculated in line with the Pensions Act 1995 section 75 debt provisions.

Where the Plan is in surplus, the FCA retains the right to receive a refund in the event of final wind-up of the Plan after all members' benefits have been met in full. Under the Second Definitive Deed dated 21 October 2010, the Trustee will consult with the FCA and any residual surplus on wind-up will be paid to the FCA and the FOS, as principal and associated employers. The Trustee will consult with the Scheme Actuary in determining the proportion to be paid to the FCA and the FOS.

Given the above, the FCA has a right to a refund and recognition of any surplus in the Statement of financial position. Therefore, the excess of contributions over the IAS 19 deficit does not give rise to an onerous minimum funding requirement and accordingly, no adjustment is made under IFRIC 14.

Unfunded Pension Liabilities

- Valued using an approach and assumptions consistent with those used for the Final Salary section.

Money Purchase disclosures

Amounts recognised in the Statement of comprehensive income in respect of the defined contribution section at rates specified in the rules of the Plan is as follows:

	Notes	2025 £m	2024 £m
Employer's defined contribution pension costs	5	45.6	40.1

Final Salary disclosures

The following disclosures are only in respect of the FCA's portion of the DBO and the Plan's DB assets. The Plan assets do not include any of the FCA's own financial instruments, nor any property occupied by, or other assets used by the FCA. All defined contribution assets and liabilities (including legacy AVC funds) are excluded from these disclosures.

Assumptions

The SSV of the Plan was carried out as at 31 March 2022 by the Scheme Actuary. The results of this valuation have been taken into account for the purpose of the IAS 19 retirement benefit obligation as at 31 March 2025 by the FCA's actuary where appropriate (noting the different purpose and approach for setting assumptions), allowing for any changes in assumptions and movements in liabilities over the period and taking account of cashflows paid and changes in market conditions.

The major assumptions and census dates used for the purpose of actuarial assumptions under IAS 19 were as follows:

At 31 March	2025	2024
Financial assumptions		
Discount rate	5.70%	4.85%
Retail price index (RPI) inflation	3.30%	3.35%
Consumer price index (CPI) inflation	2.95%	3.00%
Future pension increases (RPI capped at 5%)		
– in payment	3.10%	3.10%
– in deferment	3.30%	3.35%
GMP equalisation allowance	0.15%	0.15%
Demographic assumptions		
Base tables	2022 Club Vita	2022 Club Vita
Plan membership census dates	31/03/2022	31/03/2022
Future improvements at retirement age:	CMI 2021 and CMI 2023 projections	CMI 2021 and CMI 2022 projections
Member life expectancies in year at retirement age:		
Retiring today aged 60		
– Males	27.4	27.5
– Females	29.6	29.6
Retiring in 15 years aged 60		
– Males	28.6	28.6
– Females	30.7	30.6

The above table of single-rate discount rate and inflation assumptions represents a simplification of the underlying assumptions, which in reality take account of the term to each projected cashflow in the Plan.

Discount rate

The purpose of the discount rate is to discount future expected cashflows due from the Plan, which determines the DBO disclosed at the balance sheet date.

IAS 19 requires that the discount rate is determined based on market yields at the balance sheet date on high quality corporate bonds and consistent with the duration of the Plan's liabilities (around 13 years at the current year end). To satisfy this requirement the discount rate assumption is derived using a cash-flow matching approach based on the Plan's projected cash flows applied to a full corporate bond yield curve.

The choice of discount rate does not directly affect the funding of the Plan or the ability of the Plan to meet its obligations to pay benefits to participants but does have a follow-on impact in terms of the Net Benefit Cost for the following fiscal year.

The increase in the discount rate over the year reflects changes in the market yield of corporate bonds.

RPI and CPI inflation

The RPI inflation assumption is derived using a cash-flow matching approach based on the Plan's cash flows and breakeven future inflation, adjusted for an inflation risk premium of 0.10% (i.e. a reduction to breakeven market-implied inflation). Break-even inflation is the difference between the nominal yield on a fixed-rate gilt and the real yield on an inflation-linked gilt of similar maturity.

RPI will be aligned with CPIH from February 2030 onwards and therefore, CPI and RPI are expected to be closely aligned from that date. The CPI inflation assumption is set by reference to the RPI inflation assumption by deduction a margin of 1% prior to 2030 and 0% from 2030 onwards, reflecting the best estimate of the future difference between CPI and RPI.

Future pension increases

Benefits are assumed to increase in line with increases in the relevant inflation index (RPI or CPI) that applies. The assumptions take into account any caps and floors and (for increases to pensions in payment) the impact of year-on-year volatility in future inflation (RPI 2.0% p.a., CPI 1.5% p.a.)

GMP equalisation allowance (as % of liability)

Guaranteed Minimum Pension (GMP) is the minimum pension which a United Kingdom occupational pension scheme has to provide for those who were contracted out of the State Earnings Related Pensions Scheme (SERPS).

Following previous court rulings, there is a requirement for all UK pension plans to equalise for the effects of unequal GMPs.

The FCA's GMP equalisation adjustment has been estimated at 0.15% for current members of the Plan, plus £0.2m for past transfer top-ups and included within the DBO. There have been no significant developments in the implementation of this benefit over the year, and therefore the existing loading to the DBO remains appropriate.

Mortality

The mortality assumption takes into account the actual Plan experience, and is based on a study performed by the Scheme Actuary as part of the 31 March 2022 triennial funding valuation. Current mortality expectations (base tables) are set using 'VITA' tables prepared by ClubVita and future improvements in mortality are based on the Continuous Mortality Investigation (CMI) projection model.

As part of the 31 March 2022 funding valuation, a full mortality study was carried out and the base tables were updated to Club VITA 2022 tables. These tables are used for the in the calculation of the DBO.

The mortality assumptions for 2025 have been updated to reflect the most recent CMI model, CMI 2023, which was published in April 2024. The CMI 2023 model includes a core 15% weight on mortality for 2022 and 2023 and 0% weight on mortality experience for 2020 and 2021. The choice of the 15% core weightings for 2022 and 2023 is driven by the fact the CMI observe that recent mortality has been less volatile and may be indicative of future mortality to some extent. For 2025, the CMI 2023 model core parameters have been adopted.

For comparison, in 2024 the CMI 2022 projection model was used (the latest available at the time) with a core 25% weight on mortality experience over 2022 and 0% weighting placed in 2020 and 2021 mortality experience.

Risks

The key assumptions in the quantification of Retirement benefit obligation which have a significant risk of causing a material adjustment to the assets and liabilities within the next financial year include:

Risk	Description
Regulatory	Changes in the Plan provisions or applicable law that could impact the Plan's funding.
Demographic	
<ul style="list-style-type: none"> Life expectancy 	An increase in life expectancy will lead to an increased value being placed on the Plan's DBO. Future mortality rates cannot be predicted with certainty.
Financial	
<ul style="list-style-type: none"> Asset volatility 	There is a risk that a fall in asset values is not matched by a corresponding reduction in the value placed on the Plan's DBO. The Plan holds a proportion of growth assets, which are expected to outperform corporate and government bond yields in the long term, but gives exposure to volatility and risk in the short term.
<ul style="list-style-type: none"> Change in bond yields 	A decrease in corporate bond yields will increase the value placed on the Plan's DBO, although this will be partially offset by an increase in the value of the Plan's corporate bond holdings.
<ul style="list-style-type: none"> Inflation risk 	The majority of the Plan's DBO is linked to inflation, where higher inflation will lead to a higher value being placed on the DBO. Some of the Plan's assets are either unaffected by inflation or loosely correlated with inflation (e.g. growth assets), hence the change in the value of the Plan's assets as a result of increasing inflation may be smaller than the equivalent increase in DBO.
<ul style="list-style-type: none"> Future annual pension increases 	Generally, the rate for annual pension increases awarded by the Plan for pensions in payment is the annual increase in RPI, or 5.0% a year if lower, although some of the pension rights transferred in from the FCA's predecessor organisations receive different levels of pension increases. Increases in payment are also subject to a minimum of zero when inflation is negative, which means the value of the liabilities may change by less than the value of the corresponding assets held to 'hedge' these liabilities.

Where the impact of these risks results in increasing the Plan's deficit, the FCA is exposed to making additional deficit contributions until the Plan achieves full funding.

To help manage these risks the Trustee's investment strategy for the Final Salary Section includes:

- investing in liability-driven investments (LDI) and bonds whose value increases with decreases in interest rates (and vice-versa).
- Investing in gilts and gilt based derivatives within the LDI portfolio to hedge some of the interest rate and inflation risk associated with the DBO
- an insurance contract that makes up approximately 15% of the Plan's assets to help further manage the Plan's risk exposure.

The Trustee has set the hedge target for the LDI portfolio to a percentage of fully funded liabilities (i.e. the value of the assets) on a gilts + 0.3% basis and maintained the hedge target at 100%.

The Trustee also manages the risk by receiving regular updates on the performance of the Plan's investments.

Other risks

The Virgin Media Ltd v NTL Pension Trustees II decision, handed down by the High Court on 16 June 2023 considered the implications of section 37 of the Pension Schemes Act 1993, which only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met.

During the course of the year, the Trustee considered the 2024 Court decision which upheld the original decision regarding the Virgin Media Ltd v NTL Pension Trustees II case. The original case had considered the implications of section 37 of the Pension Schemes Act 1993, which only allowed the rules of contracted-out schemes in respect to benefits, to be altered where certain requirements were met.

The Trustee has no reason to believe that the relevant requirements in relation to the Plan were not complied with. At its meeting in September 2024, the Trustee along with its legal advisors considered the position and was content to take no action at that time. Following the government's announcement to introduce legislation that would allow schemes to retrospectively obtain written actuarial confirmation where it was necessary to do so, the Trustee would wait for the detail behind the legislation before considering next steps.

Consequently, as there are no currently known impacts to the Final Salary Section, no adjustment has been made to the DBO to allow for this ruling. The FCA and the Trustee will continue to monitor the situation.

Sensitivities

The results of the pension valuation are sensitive to changes in all of the assumptions referred to above.

The table below provides an estimate of the sensitivity of the present value of pension obligations, and the cost of servicing those obligations, to small movements in those key assumptions.

Assumption	Sensitivity	Decrease/(increase) in pension obligation at 31 March 2025		
		£m	£m	%
Baseline	Assumptions as above – no change	(568.7)		
Discount rate	10 bps increase to 5.80%	(562.0)	6.7	1.2%
Discount rate	10 bps decrease to 5.60%	(568.9)	(6.9)	(1.2%)
Retail Price inflation (allowing for impact on pension increase)	10 bps increase to 3.40%	(574.5)	(5.6)	(1.0%)

Note: The DBO includes liabilities covered by the buy-in asset, the value of which would also change in response to increases/decreases in discount rate and inflation assumptions. This change to the corresponding asset value has not been considered here but would serve to offset some of the impacts shown above when looking at the net balance sheet position.

Assumption	Sensitivity	Decrease/(increase) in pension obligation at 31 March 2025		
		£m	£m	%
Baseline	Assumptions as above – no change	(568.7)		
Longevity	Life expectancy for a 60 year old increases by 1 year	(585.5)	(16.8)	(3.0%)

The table below illustrates the volatility in the assumptions used to value the fund assets on the surplus in the Plan at 31 March 2025. A 10 percent sensitivity in property valuations in the U.K. market has been applied to reflect the valuation uncertainties in the property fund in the Plan.

Assumption	Sensitivity	Increase/(decrease) in fair value of Plan Assets at 31 March 2025		
		£m	£m	%
Baseline	Assumptions as above – no change	556.9		
Return seeking portfolio	Decrease of 10% in value	544.6	(12.3)	(2.2%)

The amounts recognised in the Statement of financial position are:

	2025 £m	2024 £m
Fair value of Plan assets	556.9	601.3
Less: Present value of DBO	(568.7)	(638.5)
Deficit in the Plan	(11.8)	(37.2)
Unfunded pension liabilities	(1.7)	(2.7)
Obligation recognised in Statement of financial position	(13.5)	(39.9)

Changes in the fair value of the Plan assets are as follows:

	2025 £m	2024 £m
Opening fair value of Plan assets	601.3	623.3
Expected return on Plan assets	28.9	29.6
Actuarial losses	(64.9)	(53.6)
Contributions by the employer	18.9	28.4
Benefits paid	(27.3)	(26.4)
Closing fair value of Plan assets	556.9	601.3

The fair value of the Plan assets and asset allocation at 31 March were as follows:

	Asset allocation 2025 %	Fair value 2025 £m	Asset allocation 2024 %	Fair value 2024 £m
Equity securities	8.1	44.8	10.0	60.0
UK Equity	0.3	1.8	0.3	2.0
European Equity	0.9	4.9	1.2	7.2
Japanese Equity	0.6	2.7	0.6	3.8
Asia Pacific Equity	0.2	1.4	0.3	1.6
North American Equity	5.2	29.1	6.5	38.9
Emerging Markets	0.9	4.9	1.1	6.5
Debt securities	63.0	350.7	60.7	364.7
LGIM Liability-Driven Investment Fund (LDI) ²	63.0	350.7	60.7	364.7
Infrastructure fund	13.3	73.8	11.5	69.5
Real estate/property	0.7	4.1	2.2	13.6
Buy-in asset¹	14.5	81.0	15.0	90.1
Other	0.4	2.5	0.6	3.4
Cash	0.4	2.5	0.6	3.4
Closing fair value of Plan assets³	100.0	556.9	100.0	601.3

- 1 In September 2016 and February 2019, the Trustee of the Plan completed the purchase of an insurance contract to cover the pension payments for a tranche of the Plan's pensioner members. Under these policies the insurer makes pension payments to the Plan that match the payments due to the members covered and are an asset of the Plan. These policies have been valued based on the membership at 31 March 2022 and have been updated for expected benefits paid since that date, and for changes in market conditions, however, no update has been made for actual experience since that date.
- 2 The Plan uses gilts and gilt based derivatives within the LDI portfolio to hedge some of the interest rate and inflation risk associated with the liabilities. The derivatives used to achieve this can be unquoted, and the Plan's exposure to these instruments will change over time depending on the level of leverage in the LDI portfolio of about 1.5x as at 31 March 2025 (2024:1.5x). The value of the derivatives (and other unquoted assets) is not expected to be material in the overall context of the Plan assets.
- 3 The remaining underlying assets held within these funds are all quoted except for the buy-in asset and real estate/property.

Changes in the present value of the DBO are as follows:

	2025 £m	2024 £m
Opening DBO	(638.5)	(651.9)
Benefits paid	27.3	26.4
Interest cost on DBO	(30.3)	(30.3)
Actuarial gains	72.8	17.3
Closing DBO	(568.7)	(638.5)

The DBO actuarial gains are comprised of:

	2025 £m	2024 £m
Experience losses arising on the Plan liabilities	(1.6)	(8.3)
Gains arising from change in discount rate	68.3	7.0
Gains arising from change in assumptions linked to price inflation	2.9	6.6
Gains arising from change in demographic assumptions	0.9	4.0
Gains from changes to cash commutation factors	2.3	8.0
Total DBO actuarial gains	72.8	17.3

Changes in the unfunded pension liabilities are as follows:

	2025 £m	2024 £m
Opening unfunded pension liabilities	(2.7)	(2.6)
Benefits paid	0.1	0.1
Interest cost	(0.1)	(0.1)
Actuarial (losses)/gains	1.0	(0.1)
Closing unfunded pension liabilities	(1.7)	(2.7)

Amounts recognised in the Statement of Comprehensive Income in respect of the defined benefit plan and unfunded pension liabilities are as follows:

	2025 £m	2024 £m
Defined benefit plan		
Interest cost on the DBO	(30.3)	(30.3)
Interest income on the Plan assets	28.9	29.6
Net interest cost	(1.4)	(0.7)
Unfunded pension liabilities		
Interest cost	(0.1)	(0.1)
Other net pension finance cost	(1.5)	(0.8)

Note: Plan administration costs are accounted for outside IAS 19 and are therefore excluded from the Statement of Comprehensive Income.

Actuarial gains/(losses) recognised in the period in which it occurs as part of Other Comprehensive Income are as follows:

	2025 £m	2024 £m
Total DBO actuarial gains	72.8	17.3
Plan assets actuarial losses	(65.0)	(53.6)
DBO Net actuarial gains/(losses) recognised in the year	7.8	(36.3)
Unfunded pension liabilities gains /(losses)	1.0	(0.1)
Net actuarial gains/(losses)	8.8	(36.4)

19. Provisions and contingent liabilities

	End of lease obligations	
	<1 year £m	>1 year £m
At 1 April 2023	–	20.2
Provision derecognised in the financial year	–	(2.6)
At 1 April 2024	–	17.6
Provision derecognised in the financial year	–	–
Closing provision at 31 March 2025	–	17.6

There has been no utilisation of the provision or additions to the provision in the financial year (2024: £2.6m derecognition) aside from the trivial impact of an additional provision for the additional office space at Queen Street, Leeds which is less than £0.1m and is not shown in the table above due to rounding.

End of lease obligations

End of lease obligations are in respect of ROU properties.

The lease for 12 Endeavour Square London requires that the building is returned to the landlord at the end of the lease term with any building alterations and additions removed. This obligation is therefore expected to crystallise in 2038. As with any provision of this nature with an extended timeline there are a number of uncertainties and necessary assumptions to determine a likely provision value. The provision is included as an End of lease obligation > 1 year and is currently assessed as £16.9m (2024: £16.9m), which is based on a survey completed by professional advisors in 2019 (subsequently uplifted for building rate indices in 2023) and assumes that the final obligation will be the result of a negotiated settlement taking account of the actual final build and fit out, the obsolescence of building fabric (and related components), and the future intention for the building at that time. In December 2023, three floors in Stratford were subleased for the remaining term of the head lease. As a result, the provision was adjusted to reflect the expected cost to restore

the building to the condition required by the head lease for the remaining floors leased by the FCA. The provision and underlying assumptions will be reassessed on a regular basis through the lease term and adjustments made if required.

Based on a survey conducted by professional advisors in March 2023, the provision in respect of the lease for Quayside House Edinburgh is £0.6m (2024: £0.6m). The lease is due to expire in May 2035 and requires the building to be returned to the landlord at the end of the lease term with any changes removed.

Based on a survey conducted by professional advisors in March 2023, the provision in respect of the lease for 6 Queen Street Leeds is £0.1m (2024: £0.1m). The lease is due to expire in May 2027 and the FCA will return the property to the landlord with alteration work remaining. The additional floor leased in in July 2024 has been included at the same rate per square foot of the existing floor with an impact of less than £0.1m.

Contingent liabilities

The FCA is subject to a variety of claims that arise from time to time in the ordinary course of business. Provisions are made when claims are justified, reliably measurable and payment is expected to be made.

As at 31 March 2025, there are a number of open complaints and claims made against the FCA. However, the FCA does not expect the ultimate resolution of any of the claims to have a significant adverse effect on its financial position, performance or cash flows.

20. Related party transactions

Remuneration of key management personnel

The remuneration of key management personnel is set out in Chapter 10 Remuneration Report.

Significant transactions with other financial services regulatory organisations

The FCA enters into transactions with a number of other financial services regulatory organisations. The nature of the FCA's relationship with these organisations is set out in FSMA. The FCA considers all of the below organisations to be related parties.

The FCA is required under various statutes to ensure that each of the Financial Services Compensation Scheme, the Financial Ombudsman Service, and the Money and Pensions Service can carry out their functions. The FCA has the right to appoint and remove the directors of these organisations, with the approval of HM Treasury. However, the appointed directors have to exercise independent judgement in accordance with the Companies Act 2006. IFRS 10: Consolidated Financial Statements defines control as 'the ability to use power to vary returns'. On the basis of this, the FCA does not control these entities and hence is not required to prepare consolidated financial statements including these organisations.

During the year, the FCA provided agency services to collect tariff data, issue levy invoices and collect levy monies. In addition to these services, the FCA also provides services relating to information systems, enforcement and intelligence services, contact centre and data migration to the Prudential Regulation Authority.

The charge for the services (including VAT where applicable), and the fees collected that remained to be paid over at 31 March were as follows:

	Service charge		Fees collected not remitted	
	2025 £m	2024 £m	2025 £m	2024 £m
The Financial Services Compensation Scheme	0.4	0.4	5.6	16.0
The Financial Ombudsman Service Limited (FOS)	0.2	0.2	3.1	7.9
The Prudential Regulation Authority	5.4	5.6	7.8	24.0
Financial Reporting Council (*Restated)	0.1	0.1*	–	–
HM Treasury – the Exchequer	0.3	0.8	0.6	3.8
HM Treasury – Consolidated Fund	0.2	–	0.7	–

* Balances in relation to the Financial Reporting Council were not disclosed in the prior year.

The service charges to HM Treasury – the Exchequer include charges in respect of the collection of the Money and Pensions Service Levy, the Devolved Authorities Debt Advice Levy, the Financial Guidance Levy and the Illegal Money Lending Levy. The transactions with the HM Treasury – Consolidated Fund is in respect of the Economic Crime Levy which is further explained in the Trust Statement. During the financial year ended 31 March 2024 and until July 2025, the Economic Crime Levy was paid to the Exchequer.

The FCA is a guarantor of a lease agreement for FOS's premises in Exchange Tower, Harbour Exchange, London, E14. The lease is for a 15 year term commencing 1 September 2014.

FOS is also a participating employer in the FCA Pension Plan described in note 18 and makes contributions at the same overall rate as the FCA.

The Office of the Complaints Commissioner (OCC)

Following legislative changes which took effect on 1 April 2013, the OCC deals with complaints against the FCA, PRA, and the Bank of England in respect of its oversight of the recognised clearing houses, central securities depositaries, inter-bank payment systems or wholesale cash distribution (Part 5A of the Banking Act 2009) and payment schemes. Complaints against the PSR are currently managed under voluntary arrangements. It has been agreed that the FCA will fund the OCC until 31 March 2026.

The FCA funds the activities of the OCC through the periodic fees it raises. During 2025, the FCA transferred £2.1m (2024: £0.6m) to the OCC to cover running costs, of which £1.8m has been expensed in the FCA financial statements. At 31 March 2025, the underspend from 2025 of £0.3m (2024: £nil) and the funding for the first quarter 2026 of £0.6m (2024: £0.3m) that was advanced to the OCC is included in Other debtors (Note 11).

Under the Financial Services Act 2012 as amended by FSMA 2023, HM Treasury appoints the Complaints Commissioner since 29 August 2023. The OCC activities are immaterial compared to those of the FCA and have been accounted for at fair value through the Statement of comprehensive income of the FCA.

21. Events after the reporting period

There are no material events after the reporting date to be disclosed in the financial statements.

The financial statements were authorised for issue on the date of the Comptroller and Auditor General's signature.

Chapter 12

Economic Crime Levy Trust Statement for the year ending 31 March 2025

Foreword by the chief executive officer

The Economic Crime (Anti Money Laundering) Levy ('ECL') was established through legislation in the Finance Act 2022. The levy is paid by entities subject to the Money Laundering Regulations 2017 ('the MLRs') to help fund initiatives to tackle money laundering, providing a sustainable, long-term source of finance. The Finance Act 2022 established the Financial Conduct Authority (FCA), the Gambling Commission and His Majesty's Revenue and Customs (HMRC) as the bodies responsible for collecting the levy. Each collector is responsible for collecting the levy from the entities they supervise under the MLRs. Entities undertaking regulated financial activities, whether or not their primary business is in financial services, pay the levy to the FCA, regulated casinos pay the levy to the Gambling Commission and all other MLR regulated entities, including professional services entities in the accounting and legal sectors that are not regulated by the FCA, pay the levy to HMRC. Firms pay a fixed fee based on entity size, as determined by UK revenue, in bands set by HM Treasury under the applicable legislation.

The first levy allocations for activity to tackle money laundering were provided to government departments for the financial year 2023-24. The government departments receiving funding in 2023-24 were the Home Office, the Department for Business and Trade, and HM Treasury. HM Treasury publishes an Economic Crime Levy Report that further details how the levy is utilised to the achieve the defined anti money laundering aims and deliverables.²

The ECL collected during the 2023-24 financial year had been paid to the Consolidated Fund via HM Treasury as opposed to the Consolidated Fund directly and therefore is not in scope of this Trust Statement. The balance payable this year was paid directly to the Consolidated Fund in 2024-25.

As a result of payments now being made directly to the Consolidated Fund, the FCA is required to produce this Trust Statement and does so in line with the Accounts Direction given by HM Treasury in accordance with Section 2 of the Exchequer and Audit Departments Act 1921.

2 https://assets.publishing.service.gov.uk/media/681dea86ced319d02c906075/ECL_Report_2023-24.pdf

In total, the FCA has invoiced £77.5m to 2,409 firms in the financial year ending 31 March 2025. The amount collected was £76.6m representing a 98.9% collection rate. £79.3m has been paid to the Consolidated fund which includes £3.5m of payments in relation to ECL revenue collected in 2023-24.

In agreement with HM Treasury and permitted by the applicable legislation, the FCA withholds an agreed amount of levy receipts to cover collection costs. In 2024-25, some additional amounts were also retained by agreement to fund one-off set-up costs, including IT system provision. The total collection costs retained were £25k and one-off set-up costs were £194k totalling £219k which represents 0.3% of the receipts. The FCA seeks to ensure that costs retained are proportionate to the work performed and utilises a number of processes that exist for the FCA's Annual Funding Requirement (AFR) fee collection to ensure that ECL operating costs, and therefore amounts retained, are kept as low as possible.

The FCA will continue to collect the ECL for the financial year ending 31 March 2026 and future periods until instructed otherwise by government or the applicable legislation. The FCA remains committed to the effective and efficient collection of the levy in order for the relevant government departments that receive funding to achieve their aims. The FCA does not expect any significant changes to the ECL in the next financial year other than the increase in the amount charged to 'Very Large' entities as announced by HM Treasury from £250,000 to £500,000.

Nikhil Rath
Chief Executive

4 July 2025

Statement of the chief executive officer's responsibilities

Under Section 2(3) of the Exchequer and Audit Departments Act 1921, HM Treasury has directed the FCA to prepare, for the financial year ending 31 March 2025, a Trust Statement in the form and on the basis set out in the Accounts Direction. The accounts are prepared on an accruals basis and must give a true and fair view of the state of affairs of the Trust Statement and of its: Statement of Revenue and Expenditure; Statement of Financial Position; Cash Flow Statement; and related costs for the financial year.

HM Treasury has appointed the chief executive of the FCA as the individual with overall responsibility for preparing the Trust Statement and for transmitting it to the Comptroller and Auditor General.

In preparing the Trust Statement, the chief executive is required to comply with the requirements of the Government Financial Reporting Manual ('FReM') and, in particular, to:

- observe the Accounts Direction issued by HM Treasury, including the relevant accounting and disclosure requirements, and apply suitable accounting policies on a consistent basis;
- make judgements and estimates on a reasonable basis;
- state whether applicable accounting standards as set out in the FReM have been followed, and disclose and explain any material departures in the accounts; and
- prepare the Trust Statement on a going concern basis.

Chief executive's confirmation

I have taken all necessary steps to make myself aware of information relevant to the audit of this Trust Statement account, and to ensure that my auditors are informed. So far as I am aware there is no relevant information of which my auditors are unaware.

I confirm that this Trust Statement as a whole is fair, balanced, and understandable and I take personal responsibility for the Trust Statement and the judgements required for determining that it is fair, balanced, and understandable.

Nikhil Rath
Chief Executive

4 July 2025

Governance Statement

The FCA's Corporate Governance Statement is detailed in Chapter 9 of the Annual Report and Accounts. This section of the report explains the composition and governance structure of the FCA Board and outlines the Board's role, its performance, continuing professional development and succession planning.

There are no specific governance matters relevant for the ECL that require further consideration or disclosure. Collection and management of the ECL is performed within the FCA's existing governance structure and internal control processes.

Parliamentary accountability and audit report (Audited)

There were no remote contingent liabilities, losses and special payments, gifts or fees and charges relating to the Trust Statement during the financial year as defined by the FReM.

The Certificate and Report of the Comptroller and Auditor General to the members of the Financial Conduct Authority and the Houses of Parliament

Opinion on financial statements

I have audited the Financial Conduct Authority (FCA) Trust Statement for the year ended 31 March 2025 under the Exchequer and Audit Departments Act 1921.

The Trust Statement comprises the:

- Statement of Financial Position as at 31 March 2025;
- Statement of Revenue and Expenditure, and Cash Flow Statement, for the year then ended; and
- the related notes including the significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is applicable law and UK adopted international accounting standards.

In my opinion, the financial statements:

- give a true and fair view of the state of the Trust Statement's affairs as at 31 March 2025 and its net revenue for the Consolidated Fund for the year then ended; and
- have been properly prepared in accordance with the Exchequer and Audit Departments Act 1921 and HM Treasury directions issued thereunder.

Opinion on regularity

In my opinion, in all material respects, the revenue and expenditure recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

Basis for opinions

I conducted my audit in accordance with International Standards on Auditing (UK) (ISAs UK), applicable law and Practice Note 10 *Audit of Financial Statements and Regularity of Public Sector Bodies in the United Kingdom (2024)*. My responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of my report.

Those standards require me and my staff to comply with the Financial Reporting Council's Revised Ethical Standard 2024. I am independent of the FCA Trust Statement in accordance with the ethical requirements that are relevant to my audit of the financial statements in the UK. My staff and I have fulfilled our other ethical responsibilities in accordance with these requirements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Conclusions relating to going concern

In auditing the financial statements, I have concluded that the FCA Trust Statement's use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Based on the work I have performed, I have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the FCA Trust Statement's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

My responsibilities and the responsibilities of the chief executive officer with respect to going concern are described in the relevant sections of this certificate.

The going concern basis of accounting for the FCA Trust Statement is adopted in consideration of the requirements set out in HM Treasury's Government Financial Reporting Manual, which requires entities to adopt the going concern basis of accounting in the preparation of the financial statements where it is anticipated that the services which they provide will continue into the future.

Other information

The other information comprises information included in the Annual Report but does not include the financial statements and my auditor's report thereon. The chief executive officer is responsible for the other information.

My opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in my report, I do not express any form of assurance conclusion thereon.

My responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If I identify such material inconsistencies or apparent material misstatements, I am required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work I have performed, I conclude that there is a material misstatement of this other information, I am required to report that fact.

I have nothing to report in this regard.

Opinion on other matters

In my opinion, based on the work undertaken in the course of the audit, the information given in the Annual Report is consistent with the Trust Statement.

Matters on which I report by exception

I have nothing to report in respect of the following matters which I report to you if, in my opinion:

- adequate accounting records have not been kept by the FCA Trust Statement or returns adequate for my audit have not been received from branches not visited by my staff; or

- I have not received all of the information and explanations I require for my audit; or
- a corporate governance statement does not reflect compliance with HM Treasury's guidance.

Responsibilities of the chief executive officer for the financial statements

As explained more fully in the Statement of chief executive officer's responsibilities, the chief executive officer is responsible for:

- maintaining proper accounting records;
- providing the C&AG with access to all information of which management is aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
- providing the C&AG with additional information and explanations needed for his audit;
- providing the C&AG with unrestricted access to persons within the FCA Trust Statement from whom the auditor determines it necessary to obtain audit evidence;
- ensuring such internal controls are in place as deemed necessary to enable the preparation of financial statements to be free from material misstatement, whether due to fraud or error;
- preparing financial statements which give a true and fair view and are in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921;
- preparing the annual report, which includes the Remuneration and Staff Report, in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921; and
- assessing the FCA Trust Statement's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the chief executive officer anticipates that the services provided by the FCA Trust Statement will not continue to be provided in the future.

Auditor's responsibilities for the audit of the financial statements

My responsibility is to audit, certify and report on the financial statements in accordance with the Exchequer and Audit Departments Act 1921.

My objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a report that includes my opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Extent to which the audit was considered capable of detecting non-compliance with laws and regulations, including fraud

I design procedures in line with my responsibilities, outlined above, to detect material misstatements in respect of non-compliance with laws and regulations, including fraud.

The extent to which my procedures are capable of detecting non-compliance with laws and regulations, including fraud is detailed below.

Identifying and assessing potential risks related to non-compliance with laws and regulations, including fraud

In identifying and assessing risks of material misstatement in respect of non-compliance with laws and regulations, including fraud, I:

- considered the nature of the sector, control environment and operational performance including the design of the FCA Trust Statement's accounting policies.
- inquired of management, the FCA's head of internal audit and those charged with governance, including obtaining and reviewing supporting documentation relating to the FCA Trust Statement's policies and procedures on:
 - identifying, evaluating and complying with laws and regulations;
 - detecting and responding to the risks of fraud; and
 - the internal controls established to mitigate risks related to fraud or non-compliance with laws and regulations including the FCA Trust Statement's controls relating to its compliance with the Exchequer and Audit Departments Act 1921, Finance Act 2022, The Economic Crime (Anti-Money Laundering) Levy Regulations 2022, and HM Treasury's Managing Public Money;
- inquired of management, the FCA's head of internal audit and those charged with governance whether:
 - they were aware of any instances of non-compliance with laws and regulations;
 - they had knowledge of any actual, suspected, or alleged fraud,
- discussed with the engagement team regarding how and where fraud might occur in the financial statements and any potential indicators of fraud.

As a result of these procedures, I considered the opportunities and incentives that may exist within the FCA Trust Statement for fraud and identified the greatest potential for fraud in the following areas: revenue recognition, posting of unusual journals and complex transaction and bias in management estimates. In common with all audits under ISAs (UK), I am required to perform specific procedures to respond to the risk of management override.

I obtained an understanding of the FCA Trust Statement's framework of authority and other legal and regulatory frameworks in which the FCA Trust Statement operates. I focused on those laws and regulations that had a direct effect on material amounts and disclosures in the financial statements or that had a fundamental effect on the operations of the FCA Trust Statement. The key laws and regulations I considered in this context included Exchequer and Audit Departments Act 1921, Finance Act 2022, The Economic Crime (Anti-Money Laundering) Levy Regulations 2022, and HM Treasury's Managing Public Money.

Audit response to identified risk

To respond to the identified risks resulting from the above procedures:

- I reviewed the financial statement disclosures and testing to supporting documentation to assess compliance with provisions of relevant laws and regulations described above as having direct effect on the financial statements;

- I enquired of management, the Audit Committee concerning actual and potential litigation and claims;
- I reviewed minutes of meetings of those charged with governance and the Board; and internal audit reports;
- I addressed the risk of fraud through management override of controls by testing the appropriateness of journal entries and other adjustments; assessing whether the judgements on estimates are indicative of a potential bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business; and

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members and remained alert to any indications of fraud or non-compliance with laws and regulations throughout the audit.

A further description of my responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of my certificate.

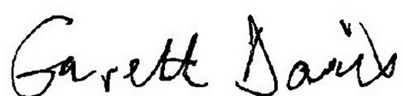
Other auditor's responsibilities

I am required to obtain sufficient appropriate audit evidence to give reasonable assurance that the expenditure and income recorded in the financial statements have been applied to the purposes intended by Parliament and the financial transactions recorded in the financial statements conform to the authorities which govern them.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control I identify during my audit.

Report

I have no observations to make on these financial statements.



Gareth Davies
Comptroller and Auditor General
8 July 2025

National Audit Office
157-197 Buckingham Palace Road
Victoria
London
SW1W 9SP

Statement of Revenue and Expenditure for the year ended 31 March 2025

	Note	2025 £'000
Revenue		
ECL revenue	3	77,503
Total revenue		77,503
Expenditure		
Costs of collection		25
IT set-up costs		194
Debts written off or otherwise impaired	4	638
Total expenditure		857
Net revenue for the Consolidated Fund		76,646

The notes on pages 175 to 179 form part of this Trust Statement.

Statement of Financial Position as at 31 March 2025

	Note	2025 £'000
Current assets		
Cash at bank		688
Receivables	4	226
Total current assets		914
Current liabilities		
Payables		36
Total current liabilities		36
Total assets less liabilities		878
Represented by:		
Balance on Consolidated Fund Account as at 31 March	5	878

The notes on pages 175 to 179 form part of this Trust Statement.

The Trust Statement was approved by the Board on 26 June 2025 and signed on 4 July 2025 on its behalf by



Nikhil Rathi
Chief Executive

Cash Flow Statement for the year ended 31 March 2025

	Note	2025 £'000
2023-24 brought forward ECL payable to the Consolidated Fund*	5	3,512
Net cash flow from operating activities	2	76,456
Cash paid to the Consolidated Fund		(79,280)
Increase in cash in the year		688

* The ECL collected during the 2023-24 financial year had been paid to the Consolidated Fund via HM Treasury as opposed to the Consolidated Fund directly. The balance payable at this point was paid directly to the Consolidated Fund in 2024-25. This balance is not a cash flow in year and therefore is not in scope of the Trust Statement.

The notes on pages 175 to 179 form part of this Trust Statement.

Notes to the Trust Statement

1. Accounting policies

a) Basis of preparation

The FCA acts as an agent responsible for collecting the ECL on behalf of the Consolidated Fund. The Trust Statement and associated notes provide an account of the collection of revenues, which by law or convention are payable into the Consolidated Fund, where the FCA undertakes the collection and acts as agent rather than principal. The legislative requirement is set out in the Exchequer and Audit Departments Act 1921.

The Trust Statement and associated notes have been prepared in accordance with the 2024/25 Government Financial Reporting Manual (FReM) and the Accounts Direction issued by HM Treasury. The accounting policies contained in the FReM apply International Financial Reporting Standards (IFRS) as adapted or interpreted for the public-sector context. Where the FReM permits a choice of accounting policy, the FCA selects the accounting policy which is judged to be most appropriate to the particular circumstance for the purpose of giving a true and fair view.

The policies adopted by the FCA are described below. They have been applied consistently in dealing with items that are considered material to the Trust Statement and associated notes.

The Trust Statement and associated notes have been prepared on a going concern basis and on an accruals basis in accordance with the historical cost convention. There were no recognised gains and losses accounted for outside of the above Statement of Revenue and Expenditure. All revenue is from continuing activities.

There is no material expenditure or revenue that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

b) Comparative information

No comparative information has been provided within the Trust Statement as the FCA only commenced payments to the Consolidated Fund in July 2024.

c) Significant judgements and estimates

There are no significant accounting judgements or key sources of estimation uncertainty relevant to the preparation of the Trust Statement and associated notes.

d) Revenue

The ECL is an annual charge on regulated firms that are supervised under the Money Laundering Regulations (MLRs) and whose UK revenue exceeds £10.2 million per year. The FCA identifies regulated firms that are subject to MLRs and issues invoicing to these firms.

The core principle of IFRS 15: Revenue from Contracts with Customers is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In accordance with FReM Section 8.2, the definition of a contract has been broadened to include legislation and regulation.

ECL revenue is recognised when an equivalent to a taxable event has occurred in the context of the applicable legislation, it can be measured reliably and it is probable that the assisted economic benefits from the taxable event will flow.

ECL revenue is recognised in the financial year in which it is invoiced to firms. Firms are invoiced in arrears for the prior financial year based on the firm's total UK revenue. Invoices are payable by 30 September and are not subject to VAT.

Amounts payable are determined based on an entity's total UK revenue according to the below bands set by HM Treasury under the applicable legislation:

Levy Band	UK Revenue	Amount charged
Small	Under £10.2m	Nil
Medium	£10.2m to £36m	£10,000
Large	£36m to £1bn	£36,000
Very Large	Greater than £1bn	£250,000

e) Expenditure

In line with the Finance Act 2022 section 59.2, the FCA is entitled to recover a deduction for reasonable administrative and IT costs incurred in exercising its obligations in collecting the ECL. These costs are deducted from amounts paid to the Consolidated Fund and are agreed with HM Treasury in the Service Level Agreement signed between the two parties. The amounts stated include VAT at 20%.

f) Receivables

Amounts due from firms are provided for where it is probable that the amount will not be received based on the historical information available which may indicate a low likelihood of future payment. The balances provided for in 2025 are specific provisions relating to actual invoices and are not an accounting estimate. Amounts are written off when it is not possible to recover the amount (e.g. the firm is in liquidation).

2. Notes to the cashflow statement

a) Reconciliation of net cash flow to movement in net funds

	2025 £'000
Net revenue for the Consolidated Fund	76,646
Increase in receivables	(226)
Increase in payables	36
Net cash flow from operating activities	76,456

b) Analysis of changes in net funds

	2025 £'000
Increase in cash in this period	688
Net funds at 1 April	–
Net funds at 31 March	688

3. Revenue

	2025 £'000
ECL revenue	77,503
Total revenue	77,503

4. Receivables

	2025 £'000
ECL receivables	854
Less allowance for doubtful debts	(628)
Total receivables	226

ECL receivable balances have been reviewed for indications of impairment and provided for where there is a low likelihood that the balance will be collected:

	2025 £'000
At 1 April	–
Allowance made for bad debts	(628)
Utilisation of provision	–
Reversal of provision	–
As at 31 March	(628)

The total amount recognised as debts written off or otherwise impaired in the Statement of Revenue and Expenditure of £638k includes the £628k allowance for bad debts as above together with a write off of £10k performed during the year.

5. Balance on the Consolidated Fund Account

	2025 £'000
Balance on the Consolidated Fund Account at 1 April	–
2023-24 brought forward ECL payable to the Consolidated Fund*	3,512
2024-25 Net revenue for the Consolidated Fund	76,646
Less amount paid to the Consolidated Fund	(79,280)
Balance on Consolidated Fund Account at 31 March	878

* The ECL collected during the 2023-24 financial year had been paid to the Consolidated Fund via HM Treasury as opposed to the Consolidated Fund directly and therefore is not in scope of the Trust Statement. The balance payable at this point was paid directly to the Consolidated Fund in 2024-25. A trivial balance of less than £0.1m was paid to the Consolidated Fund via HM Treasury during the year.

The £79.3m paid to the Consolidated Fund includes £3.5m net revenue in relation to the 2023-24 financial year and £75.8m of net revenue in relation to the 2024-25 financial year.

6. Financial Instruments

On behalf of the Consolidated Fund, the FCA is party to financial instrument arrangements as part of the normal course of business in the collection of the ECL. These financial instruments include cash at bank, receivables and payables. IFRS 7: *Financial Instruments: Disclosures* requires disclosure of the role that financial instruments have had during the year in creating or changing risks an entity faces in the course of its operations. As the FCA is acting as agent on behalf of the Consolidated Fund and surrendering these funds when received, it cannot incur losses through the Trust Statement. Debts written off or otherwise impaired disclosed in the Statement of Revenue and Expenditure reflect the non-recoverability of gross debt since the FCA's obligation to surrender the levy receivables is limited to the amount it is able to collect in revenue. The FCA, on behalf of the Consolidated Fund, has no requirement to borrow or invest surplus funds. As such, the FCA, in its capacity as agent, is not exposed to degrees of financial or market risk facing a business entity acting as principal and further IFRS 7 disclosures are not required.

7. Events after the reporting period

There were no events after the reporting period.

The Trust Statement and associated notes were approved by the chief executive and authorised for issue on the date they were certified by the Comptroller and Auditor General.



HM Treasury

Accounts direction given by HM Treasury in accordance with Section 2 of The Exchequer and Audit Departments Act 1921

1. This direction applies to the Financial Conduct Authority ("FCA").
2. The FCA shall prepare a Trust Statement ("the Statement") for the financial year ended 31 March 2025 for the revenue collected by the FCA from the economic crime (anti-money laundering) levy ("Levy revenue"), in compliance with the accounting principles and disclosure requirements of the edition of Government Financial Reporting Manual ("FReM") 2024-25.
3. The Statement shall be prepared to include-
 - a Foreword by the Chief Executive Officer of the FCA;
 - a Statement of the Chief Executive Officer's Responsibilities;
 - a Governance Statement;
 - a Statement of Revenue and Expenditure;
 - a Statement of Financial Position;
 - a Cash Flow Statement; and
 - such notes as may be necessary to present a true and fair view.
4. The Notes shall include among other items-
 - the accounting policies, including the policy for revenue recognition and estimation techniques and forecasting techniques together with statements explaining any significant uncertainty surrounding estimates and forecasts;
 - a breakdown of material items within the accounts;
 - any assets, including intangible assets and contingent liabilities;
 - summaries of losses, write-offs and remissions;
 - post balance sheet events; and
 - any other notes agreed with HM Treasury and the National Audit Office.
5. The Statement shall also be prepared, so as to give a true and fair view of (a) the state of affairs relating to the collection of Levy revenue by the FCA and of the expenses incurred in the collection of that revenue insofar as they can properly be met from that revenue; (b) the revenue and expenditure; and (c) the cash flows for the year then ended.
6. The Statement shall also be prepared so as to provide disclosure of any material expenditure or revenue that has not been applied to the purposes intended by Parliament or material transactions that have not conformed to the authorities which govern them.

7. When preparing the Statement, the FCA shall comply with the guidance given in the FReM (Chapter 11). The FCA shall also agree with HM Treasury the format of the Chief Executive Officer's Foreword to the Statement, and the supporting notes, and the accounting policies to be adopted, particularly in relation to revenue recognition. Regard shall also be given to all relevant accounting and disclosure requirements in Managing Public Money and other guidance issued by HM Treasury, and to the principles underlying International Financial Reporting Standards.
8. Compliance with the requirements of the FReM will, in all but exceptional circumstances, be necessary for the accounts to give a true and fair view. If, in these exceptional circumstances, compliance with the requirements of the FReM is inconsistent with the requirement to give a true and fair view, the requirements of the FReM should be departed from only to the extent necessary to give a true and fair view. In such cases, informed and unbiased judgement should be used to devise an appropriate alternative treatment which should be consistent with both the economic characteristics of the circumstances concerned and the spirit of the FReM. Any material departure from the FReM should be discussed in the first instance with HM Treasury.
9. The Statement shall be transmitted to the Comptroller and Auditor General for the purpose of his examination and report by a date agreed with the Comptroller and Auditor General and HM Treasury to enable compliance with the administrative deadline for laying the audited accounts before Parliament.
10. The Statement, together with this direction and the Report produced by the Comptroller and Auditor General under section 2 of the Exchequer and Audit Departments Act 1921 shall be laid before Parliament.



Kevin Pertaub
Deputy Director,
Government Financial Reporting, HM Treasury,

12th June 2025

Appendix 1

Secondary Exercise of sub-delegated powers by the Financial Conduct Authority under the European Union (Withdrawal) Act 2018

Presented to Parliament pursuant to paragraph 32(2)(a) of Schedule 7 of the European Union (Withdrawal) Act 2018

EXERCISE OF SUB-DELEGATED POWERS BY THE FINANCIAL CONDUCT AUTHORITY UNDER THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 – REPORT FOR THE YEAR ENDING 31 MARCH 2025

Introduction

The European Union (Withdrawal) Act 2018 (EUWA) requires the Financial Conduct Authority (FCA) to lay a report before each House of Parliament annually if it exercises relevant sub-delegated powers. Once it is laid, the FCA must provide a copy of it to a Minister of the Crown and publish it as we consider appropriate. The relevant sub-delegated powers in relation to the FCA ('the powers') and those which it has exercised in the period to which this report relates are:

- a.** Regulation 63 of the EEA Passport Rights (Amendment, etc. and Transitional Provisions) (EU Exit) Regulations 2018 (SI 2018/1149) – the power to charge fees.
- b.** Paragraph 12K of Part 1A of Schedule 3 and paragraph 35 of Part 3 of Schedule 3 to the Electronic Money, Payment Services and Payment Systems (Amendment and Transitional Provisions) (EU Exit) Regulations 2018 (SI 2018/1201) – the power to charge fees.
- c.** Regulations 206 and 208 of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019 (SI 2019/632) – the power to raise fees.
- d.** Powers to make technical standards substituted for the power of an EU entity to make EU tertiary legislation by regulations made under section 8 of EUWA (see below for more detail).

This report covers our use of the powers in our annual reporting year ending 31 March 2025. Our [2024 report](#), for the year ending 31 March 2024, is available on our website.

We have published detailed information on the use of the powers on our website [here](#).

How we used the powers in the reporting year ending 31 March 2025

During the 2024/25 reporting year, we consulted on and made 2 instruments under the powers relating to raising and charging fees:

- The first instrument was consulted on in [Consultation Paper \(CP\) 24/6](#) in May 2024 and made by the FCA Board in June 2024. Consultation feedback was published in [Handbook Notice 121](#). This instrument raised fees to recover the FCA's 2024/25 funding requirement, including fees relating to each of the categories mentioned in paragraphs (a) to (c) above.
- The second instrument was consulted on in [CP24/25](#) in November 2024. It was made final by the FCA Board in March 2025. Consultation feedback was published in [Handbook Notice 128](#). This instrument made changes to the way we raise FCA fees from 2025/26, and the way we collect levies payable to the Financial Ombudsman Service and the Financial Services Compensation Scheme.

Technical standards powers

Throughout the reporting year, the FCA also made and amended various technical standards. The powers under which these technical standards were made include:

- The following articles and schedules of Regulation (EU) No 600/2014 of the European Parliament and of the Council of 15 May 2014 on markets in financial instruments and amending Regulation (EU) No 648/2012:
 - Article 4 (Waivers for equity instruments);
 - Article 7 (Authorisation of deferred publication);
 - Article 12 (Obligation to make pre-trade and post-trade data available separately);
 - Article 20 (Post-trade disclosure by investment firms, including systematic internalisers, in respect of shares, depositary receipts, ETFs, certificates and other similar financial instruments);
 - Article 22 (Providing information for the purposes of transparency and other calculations);
 - Article 26(9) (Obligation to report transactions); and
 - Paragraphs 31 to 33 of Part 2 of Schedule 3 (Powers to make technical standards transferred to the FCA);
- Article 21(4)(c), (e) and (4A)(a) (The FCA) of Regulation (EC) No 1060/2009 of the European Parliament and of the Council of 16 September 2009 on Credit Rating Agencies; and
- Article 11(15) (Risk-mitigation techniques for OTC derivative contracts not cleared by a CCP) of Regulation (EU) No 648/2012 of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories.

We used these powers following the procedural requirements set out in the Financial Services and Markets Act 2000, as amended by the Financial Regulators' Powers (Technical Standards etc) (Amendment etc) (EU Exit) Regulations 2018 (SI 2018/1115), including:

- Section 137T (General supplementary powers).
- Section 138P (Technical Standards).
- Section 138Q (Standards instruments).
- 138S (Application of Chapters 1 and 2).

Additional details on the instruments we made using the above powers are set out below.

In December 2023, we published 2 consultations as part of the Treasury's Wholesale Market Review. In [CP23/32](#), we consulted on proposals to improve the transparency regime of the bond and derivative market. Feedback was published in [Policy Statement \(PS\) 24/14](#). The initial amendments came into force on 1 December 2024 and 31 March 2025, with further amendments coming into force on 1 December 2025. In [CP23/27](#), we consulted on proposals concerning the key pillars of the commodity derivatives regulatory framework – namely, position limits, the exemptions from those limits, position management controls, the reporting regime and the ancillary activities test. Feedback was published in [PS25/1](#). The final rules come into force on 6 July 2026.

In April 2024, we consulted jointly with the Prudential Regulation Authority (PRA) in [CP6/24](#) on amendments to the UK version of Commission Delegated Regulation (EU) 2016/2251 of 4 October 2016 – the regulatory technical standards for risk-mitigation techniques for over-the-counter (OTC) derivative contracts not cleared by a central counterparty (also known as Binding Technical Standards (BTS) 2016/2251) – to reflect the expected changes to Articles 4 and 11 of the UK European Market Infrastructure Regulation (UK EMIR) made in the Securitisation (Amendment) Regulations 2024 (SI 2024/705). The final rules came into force on 1 November 2024 and consultation feedback was published in [PRA PS17/24](#).

In July 2024, in Chapter 7 of [CP24/11](#), we consulted on a consequential amendment to the UK on-shored version of Commission Delegated Regulation (EU) 2015/2 of 30 September 2014 – the regulatory technical standards for the presentation of the information that credit rating agencies make available to the FCA (BTS 2015/2). The change was necessary to implement the Securitisation Regulations 2024 (SI 2024/102). The final rules came into force on 1 November 2024 and consultation feedback was published in [Handbook Notice 123](#).

Also in July 2024, in Chapter 9 of [CP24/11](#), we consulted on changes to extend the transitional regime which allowed the FCA to not have to follow the methodology prescribed in EU legislation for calibrating the regime of pre- and post-trade transparency for bonds and derivatives (pending the revision of the transparency regime which is expected to take effect towards the end of 2025). The final rules came into force on 4 October 2024. Consultation feedback was published in [Handbook Notice 122](#).

Appendix 2

Use of our skilled person reports

Section 166 of FSMA (s166) gives the FCA the power to get an independent view of aspects of a firm's activities that cause us concern or if we need further analysis. Either the firm or, under the Financial Services Act 2012, the FCA can appoint the skilled person firm(s) to do this. In each case, we set the scope of the review and the firm pays the costs.

Key activities

In 2024/25, we used this power in 47 cases. In 6 of those cases, we appointed the skilled person firm. In the remaining 41 cases the regulated firm appointed the skilled person.

Across all 47 reviews, the work was undertaken by 18 different skilled persons firms.

The aggregate cost incurred by regulated firms for s166 work undertaken in the 2024/25 financial year – including reviews that commenced in previous years and remain in progress – was £44.7m.

The reviews examined several regulatory issues, including:

- Consumer Duty
- governance and culture
- systems and controls
- risk management
- financial crime
- client assets
- principal oversight of appointed representatives
- quality of advice
- market abuse and transaction specific

Market	Number of skilled person reports commissioned in 2024/25
Consumer finance	1
Consumer investments	23
Infrastructure & exchanges	0
Insurance	9
Payments & digital assets	3
Retail banking	0
Wholesale buy-side	3
Wholesale sell-side	8
Total	47

Skilled person panel lot	FCA supervision categories		Total
	Dedicated supervision firm	Portfolio supervision firm	
Client assets and safeguarding	0	1	1
Governance, accountability, strategy and culture	3	4	7
Controls and risk management frameworks	2	10	12
Conduct of business	1	11	12
Financial crime	0	12	12
Prudential – adequate financial resources for FCA solo-regulated firms	0	1	1
Technology and information management	0	1	1
CBEST penetration testing	1	0	1
Total	7	40	47

The tables above cover reviews where we used our powers under s166 for 2024/25.

For PRA information please refer to its publications.

Notes

1. The number of 2024/25 cases include reviews where a Requirement Notice has been issued but work has not yet started and so no costs have been incurred.
2. Costs quoted are net of VAT except where reviews are directly appointed; the costs of directly appointed s166 reviews are reported gross. The financial statements (Note 6) give information about costs related to directly appointed s166 reviews.
3. Skilled person panel lot is a term that describes the different subject areas in which a skilled person review can be carried out.

- 4.** FCA supervision category refers to the way we supervise firms. Most are supervised as members of a portfolio of firms that share a common business model. We assign a dedicated supervision team to those firms with the greatest potential impact on consumers and markets.

For 2023/24, 5 skilled person reviews commissioned within that financial year were subsequently cancelled:

- 1 with costs, and 4 without costs being incurred.

This reduced the total number of s166 reviews we commissioned for the 2023/24 financial year to 78.

Appendix 3

RDC annual review of the year to 31 March 2025

Introduction from Alison Potter, chair of the Regulatory Decisions Committee



This is the 10th annual review published by the Regulatory Decisions Committee (RDC) of the Financial Conduct Authority (FCA), and my first since I started my role as the RDC chair on 1 November 2024. Over the course of this year, 23 cases were referred to the RDC and 28 cases completed, with these case numbers being identical to those in the previous year. All of the cases we have dealt with have come from the FCA's Enforcement and Market Oversight Division (EMO).

The RDC always aims to make fair and appropriate decisions on the FCA's behalf and to do its work efficiently. Panels – ordinarily comprising 3 members, or the chair or a deputy alone in straightforward cases – are responsible for assessing the material provided by both:

- The EMO case team in support of its proposed action.
- The subject of the proposed regulatory action, including representations.

We continue to deal with cases as quickly as is possible.

As in previous years, we have decided in some cases to impose different sanctions to those recommended by EMO, either when deciding to give a warning notice or in light of representations received from the subject of the proposed action.

Since taking up my role, I have held meetings with each member of the committee and will continue to meet each member annually to provide feedback on individual and collective performance and to receive feedback on how we can continue to improve our procedures, training and recruitment processes.

I am taking opportunities – both inside and outside the FCA – to communicate what the RDC does and to answer questions about, and to listen directly to any concerns about the RDC.

Looking forward to next year, it is difficult to predict the number of cases which will be coming to the RDC but we expect levels to remain roughly the same. I will report back in the next review.

Finally, I would like to take the opportunity on behalf of the RDC and secretariat to thank my predecessor, Tim Parkes, who stood down in November 2024, for his excellent chairing of the RDC for the last 10 years. I would also like to thank the RDC's members for their hard work over the last year, and to recognise the excellent support provided by our secretariat which includes our own legal advisers, case handlers and administrator.

As my predecessor has said in the past, without the collective dedication and commitment of the RDC's members and the secretariat, the RDC would not be able to meet its objectives.

A handwritten signature in black ink, appearing to read 'Alison Potter', with a long, sweeping flourish extending from the end.

Alison Potter

Overview

The RDC is a committee of the FCA Board and makes specific decisions on its behalf. The committee primarily makes decisions on enforcement actions alleging serious misconduct and breaches. The Board appoints the RDC's chair and members. Apart from the RDC chair, RDC members are not FCA staff. However, the RDC is operationally independent and separate from the FCA's executive management structure and EMO.

The RDC chair reports half-yearly to the FCA Board's Risk Committee on resourcing and performance – such as how long it takes to complete cases.

Case work

The RDC made 49 decisions on cases (at either the first or final stage) during the year. This figure includes both decisions on panel cases received from EMO (EMO Panel cases) and decisions on straightforward cases. This figure is an increase from last year, which was 41. Given the size and complexity of such cases, EMO Panel cases have always constituted the bulk of the RDC's caseload in terms of hours worked.

Making decisions

The RDC is supported by a secretariat of FCA staff made up of case management, legal and administrative functions that support the RDC. These staff work in a separate area from the FCA staff involved in conducting investigations and making recommendations to the RDC. They report to the company secretary. The RDC's dedicated legal function advises the RDC chair and members on the legal and evidential soundness of cases. This ensures an objective and independent approach to issues in cases brought to the RDC.

The secretariat also monitors case inputs and timeliness. It helps make sure that we progress cases appropriately, considering:

- their complexity
- the requirements of the subjects
- resourcing

The FCA's website includes a detailed [description](#) of the RDC's role in contested cases. It explains the different notices which the RDC can issue. The RDC takes decisions based on its understanding of the issues. It also assesses the evidence and legal basis for any recommendation for regulatory action.

The process allows those who are the subject of the proposed action, or their legal representative, to make both written and oral representations to the RDC. The Financial Services Lawyers Association may provide them with pro-bono legal [assistance](#). When appropriate, the RDC will depart from the recommendations made to it, for example:

- To change the basis of a case from deliberate to negligent misconduct, or vice versa.
- To change the amount of a proposed financial penalty.
- To decide that no regulatory action is appropriate.

The RDC's decision-making remit includes cases where the firm or individual only wants to contest part of the case against them, rather than all of it.

RDC decisions are decisions of the FCA. Only the subject of the action can challenge these decisions. They may refer the matter to the Upper Tribunal for a re-hearing.

Operational performance

Cases received

Of the 23 cases received by the RDC during the year, 11 were EMO Panel cases, compared with 10 last year.

Outputs and outcomes

Of the 28 cases concluded by the RDC this year, 12 were EMO Panel cases, compared with 22 last year. One of the cases was settled. However, most proceeded through the full RDC process. This included some cases opened in previous reporting years.

Outcomes of completed EMO Panel cases

The outcomes of the 12 completed EMO Panel cases were:

- The RDC decided to issue 8 prohibition orders preventing individuals from performing functions related to regulated activities.
- The RDC decided to cancel 1 firm's Part 4A permission, which was connected to a prohibition decision.
- The RDC decided to impose financial penalties on 4 individuals.
- 1 case was settled by the Executive following the issue of a warning notice.
- 2 cases were withdrawn by EMO following the referral of the matter to the RDC before the issue of a warning notice.

Timing

The average time the RDC took to complete an EMO Panel case was 10.4 months. This was from receiving the case papers until either giving a decision notice or deciding not to do so. This compares with 11.6 months last year.

Ongoing caseload

At the end of the period of this review, the RDC had 7 open EMO Panel cases and 1 potential EMO Panel case which had been notified to it.

Upper Tribunal and Court of Appeal decisions

Where there are disagreements between the FCA and firms or individuals about the FCA's regulatory decisions, the firm or individual can refer the RDC's decision to the Upper Tribunal (Tax and Chancery Chamber) for a re-hearing. The Tribunal is an independent judicial body established by the Tribunals, Courts and Enforcement Act 2007. If permission is granted, a decision by the Tribunal can be appealed to the Court of Appeal.

Tribunal proceedings involve a full re-hearing of the case. They are not an appeal. They also involve different evidence – most notably live witness evidence, including cross-examination before the Tribunal. The RDC does not have any role in the proceedings. EMO presents the FCA's case. EMO can choose to present the case to the Tribunal on a different basis from that presented to the RDC, such as by arguing for a higher financial penalty.

For these reasons, the RDC cannot directly assess the quality of its decisions in such cases based on whether the Tribunal reaches the same conclusion as the RDC.

Tribunal decisions are often informative and illuminating. The RDC actively reviews them, as well as decisions by appeal courts in relation to RDC cases, for any lessons either about:

- the specific case
- RDC processes
- procedures more generally

During the year, there were 2 substantive Tribunal decisions on cases decided by the RDC:

- Arian Financial LLP ('Arian')
- David Price and Toni Fox-Bryant

The Court of Appeal also made decisions on the following cases decided by the RDC:

- Markos Markou
- BlueCrest Capital Management (UK) LLP ('BlueCrest')

Arian Financial LLP

This was the last of the cases arising from the Solo Group's scheme to make withholding tax reclaims from the Danish and Belgian tax authorities. Those reclaims led to those tax authorities making payments of almost £900m. There was no evidence of ownership or custody of the shares in question by the Solo Group's clients, or of settlement of the relevant trades.

Arian acted as an interdealer broker. The RDC decided that it had breached Principles 2 and 3 because, among other things, it had inadequate systems and controls to identify and mitigate the risk of being used to facilitate fraudulent trading and money laundering, and it had failed properly to assess, monitor and mitigate the risk of financial crime in relation to the Solo Group's clients. Arian did not dispute these findings but contested the level of the financial penalty that the RDC had decided should be imposed.

Arian challenged almost all of the components of the penalty calculation. The Tribunal held that, on the specific facts of this case, the disgorgement figure should be lower and there should be a smaller deterrence uplift.

As a result, the Tribunal decided that a reduced financial penalty of £288,962.53 should be imposed on Arian.

David Price and Toni Fox-Bryant

This was a case arising from the portfolio of cases involving the provision of poor/unsuitable pension transfer advice. These cases led to the FCA taking action against a number of firms that had provided unsuitable pension transfer advice following the 'pension freedoms' legislative changes in 2015.

Mr Price and Ms Fox-Bryant were directors and shareholders of CFP Management Ltd ('CFP'), which operated a pension transfer business. The Tribunal agreed with the RDC that both individuals acted with a lack of integrity due to their reckless design, operation and oversight of a flawed pension transfer advice model which gave rise to a real risk of unsuitable pension transfer advice being given to customers.

The Tribunal agreed with the RDC's decision that Mr Price and Ms Fox-Bryant should be prohibited and that their approvals to carry out senior management functions at CFP should be withdrawn. It also agreed that a substantial financial penalty should be imposed on each of the individuals, but was not satisfied that the level of the financial penalties had been correctly calculated. It therefore directed the FCA to recalculate the disgorgement figures.

Markos Markou

The Tribunal had disagreed with the RDC's conclusion that Mr Markou recklessly failed to oversee appropriately the regulated mortgage business of Financial Solutions (Euro) Ltd ('FSE') and had directed the FCA not to impose any financial penalty on Mr Markou and to reconsider the RDC's decisions to withdraw Mr Markou's approvals and to prohibit him. The FCA appealed the Tribunal's decision to the Court of Appeal, which largely overturned the Tribunal's decision.

In particular, the Court of Appeal found that, on the factual conclusions made by the Tribunal, Mr Markou was reckless and lacked integrity. The Court of Appeal concluded that the FCA had established that Mr Markou was reckless in respect of the risk of FSE carrying on regulated activities without professional indemnity insurance in place, and that Mr Markou had also recklessly misled the RDC and the Tribunal when giving evidence. The Court of Appeal therefore decided to dismiss Mr Markou's reference regarding the RDC's decision to withdraw his approvals and to prohibit him. It directed the FCA to impose a financial penalty on Mr Markou, reduced to £10,000, to reflect the fact that not all the allegations made were proved. Mr Markou has appealed the Court of Appeal's decision to the Supreme Court.

BlueCrest

This decision by the Court of Appeal involved the Tribunal's case management decisions on a first supervisory notice and a decision notice given to BlueCrest by the RDC. These notices respectively set out the FCA's decisions to impose a redress requirement and a financial penalty on BlueCrest for failing to manage fairly a conflict of interest in breach of Principle 8 of the FCA's Principles for Businesses and thus causing loss to its investors. The Court of Appeal disagreed with the Tribunal's view that the FCA did not have the power to impose the redress requirement and so allowed the FCA to defend BlueCrest's reference for the first supervisory notice. The Court of Appeal also disagreed with the Tribunal's decision to refuse the FCA permission to amend its Statement of Case in the Tribunal proceedings to plead that BlueCrest had breached Principle 7 and a COBS rule as well as Principle 8. BlueCrest has appealed the Court of Appeal's decision to the Supreme Court.

EMO Panel cases determined by the RDC which had been referred to the Tribunal and were awaiting substantive hearings or decisions at the year-end (31 March 2025) comprised:

- 7 multi-party cases
- 9 single-party cases

The RDC's membership

The RDC's members are current, and recently retired, financial services industry practitioners and non-practitioners. The RDC appoints members for a fixed term. This is normally 3 years but can be extended. There are currently 14 members on the committee. Its composition reflects the different sectors of the regulated industry and consumers.

There are currently 6 practitioners (Kevin Brown, Julie Hepworth, Caroline Ramsay, Peter Jones, Tanya Castell and E. Noel Harwerth) and 8 non-practitioners (Alison Potter, Margaret Obi, Edward Sparrow, Karen Johnston, Philip Marsden, Sidney Myers, Anne Heal and Stephen Mount).

A total of 6 members of the committee, including the chair, are lawyers (Alison Potter, Margaret Obi, Edward Sparrow, Karen Johnston, Philip Marsden and Sidney Myers) and 2 are accountants (Caroline Ramsay and Stephen Mount).

We are recruiting new panel members who will complement our existing skill set and experience. We are particularly seeking candidates with knowledge and expertise in emerging areas such as the payment technology sector.

We select RDC members based on their:

- Experience of making independent, evidence-based decisions.
- Work in senior and expert positions in financial services, or other relevant sectors.
- Knowledge and understanding of consumers and other users of financial services.

This range of skills and experience aims to improve the objectivity and balance of the FCA's decision-making and to help achieve fairness and consistency across cases.

The full RDC meets every few months. The object of these meetings is to:

- Improve the committee's effectiveness by sharing insights and experience about decided cases.
- Undertake training in relevant technical aspects of regulation by the FCA.
- Keep members informed of likely future workloads and areas of focus.

The RDC chair and deputy chairs meet more frequently.

The next 12 months

In the next 12 months, we anticipate that case numbers will remain at roughly the same levels. We expect to receive some notable enforcement cases, including several involving market abuse. Otherwise, future cases are likely to reflect the priorities set out in the FCA's annual work programme 2025/26 and the FCA strategy published in March 2025.

Appendix 4

Environmental sustainability report

This report provides an overview of the Financial Conduct Authority's (FCA) and Payment Systems Regulator's (PSR) operational performance on sustainability. It aligns with Treasury guidelines and covers our operations in London, Leeds and Edinburgh.

Our regulatory approach is set out in the Annual report and accounts 2024/25 in Chapter 5. We have also published our [climate disclosures](#) aligned with the IFRS S2 standard alongside this annual report.

In 2024/25, we strengthened our internal resources and controls to drive the transition of our value chain to net-zero greenhouse gas (GHG) emissions by 2045/46. Our actions have helped us comply with environmental regulations across our operations and supply chain, supported by employee-led sustainability initiatives, including internal volunteer networks. We are guided by a [Net Zero Transition Plan](#), the [Greening Government Commitments framework](#), the Sustainable Development Goals (SDGs), our [Environmental Policy statement](#) and our internal environmental strategy. We are [ISO 14001](#) certified for our London office and have validated [science-based targets](#) (SBTi).

Performance summary

We have made significant progress in recent years, with our carbon dioxide equivalent (CO₂e) per employee falling by 24% over the past 2 years. More remains to be done to achieve our Net Zero Transition Plan, in particular in our supply chain to ensure we are working with suppliers with appropriate net zero strategies and SBTi targets to reduce our purchased goods and services (Scope 3 category 1) emissions. Of a total 25,671 tonnes of CO₂e in 2024/25, 20,759 tonnes of CO₂e (81%) were from purchased goods and services, with emissions calculated using the spend based methodology. Our total emissions have increased by 869 tonnes (4%) which was expected due to higher employee headcount and increased supplier spend, although our emissions intensity per FTE employee has decreased.

In this report, we cover:

- Progress against net zero by 2045/46.
- Energy, water and paper consumption.
- Waste reduction and recycling.
- Advancing sustainable procurement practices.
- Biodiversity and carbon offsetting.
- Environmental expenditure.

Greenhouse gas emissions and net zero transition

SDG 13 – Climate Action (target 13.2): *Integrate climate change measures into national policies, strategies, and planning.*

Regulatory compliance and monitoring

In line with the Climate Change Act, the Companies Act 2006 and the Energy and Carbon Reporting Regulations, we monitor:

- Scope 1 and 2 GHG emissions.
- Emissions intensity ratio.
- Energy efficiency actions taken.

In line with our validated science-based targets (SBTs) and Net Zero Transition Plan, we also monitor:

- Scope 3 upstream emissions in categories 1 to 8, within our operational boundary (classed as required reporting emissions).
- Scope 3 emissions outside the operational boundary (classed as optional reporting emissions) from business travel accommodation (eg hotels) and homeworking.

As defined by the GHG Protocol, Scope 1 covers direct greenhouse emissions from owned or controlled sources, such as gas used onsite. Scope 2 covers indirect emissions from purchased electricity, heating, and cooling by the reporting company. Scope 3 includes all other indirect emissions that occur in a company's value chain, including from suppliers.

Performance against targets

- We are on track to achieve a SBTi-aligned supply chain, achieving 45% of our suppliers (by measure of emissions based on spend) having SBTs vs. our 70% target by 2028/29. Please see the below sections *Emissions performance and supply chain targets* and *Sustainable procurement* on our progress to meet our supply chain emissions targets.
- We outperformed our GHG emissions reduction target for natural gas use by 68% (1.5 vs. 4.5 tCO₂e target) by discontinuing gas boilers in our Edinburgh office in 2023.

We did not meet our emissions targets in the following areas:

- Scope 3 emissions by 34% (25,671 vs. 19,119 tCO₂e target). This was expected due to higher employee headcount and increased supplier spend. We will review our targets in the next reporting year as we strengthen our sustainability efforts.
- Cooling and heating by 42% (450 vs. 317 tCO₂e target). This is due to a higher employee headcount requiring increased office space combined with higher office attendance since the 2021/22 baseline year. We are planning energy efficiency measures for the coming year across our office locations.
- Business travel transportation by 45% (977 vs. 674 tCO₂e target). This is due to a higher employee headcount and increased travel since the 2021/22 baseline year. We have moved to a new travel booking provider this year, increasing visibility of our business travel carbon footprint and will seek further colleague engagement to consider the carbon footprint impact when selecting a method of transportation.
- Courier services by 4% (8.3 vs. 8 tCO₂e target). There has been a reduction in the use of couriers in recent years and we have a plan to meet this target in the near future.

Emissions performance and supply chain targets

The largest source of our emissions footprint is in our supply chain, particularly under Scope 3 category 1, 'purchased goods and services'. Our near-term target is for 70% of our suppliers (based on their emissions impact in our supply chain) to have emissions reduction targets aligned with SBTi standards by 2028/29. We are taking proactive steps within our procurement processes to provide greater visibility of actual emissions generated from our supply chain (as discussed further in the *Sustainable procurement* section below). This will give a more accurate position of our carbon footprint and allow us to more clearly reflect the progress made in our reporting in future.

Emissions intensity

We measure emissions intensity as CO₂e per full-time equivalent (FTE) employee, to track progress relative to the scale of our operations.

Over the past 3 years, emissions intensity per FTE employee has decreased:

- 2022/23: 6.2 tCO₂e/FTE
- 2023/24: 4.8 tCO₂e/FTE
- 2024/25: 4.7 tCO₂e/FTE

Business travel emissions intensity has also decreased, from 184 to 179 kgCO₂e/FTE employee between 2022/23 and 2024/25.

Notable changes and updates to emissions inventory

For transparency, we disclose changes to our emissions inventory that may affect comparisons with previous years. These include:

- Scope 3 category 1 'purchased goods and services' and category 2 'capital goods' have been revised for all years from 2021/22 to remove duplication of some

supplier spend between these categories. Emissions reported under 'capital goods' are now aligned with our capitalised fixed asset records. This reduced total emissions in 2021/22 by 3%.

- Scope 3 category 1 'purchased goods and services' is calculated using the spend based methodology. We found that some of our recruitment spend incorrectly included salary amounts paid to contractors (which are not in scope of this reporting as the impact of contractors is already included in the emissions relating to our employees such as commuting and office emissions). In this report, we have retained the emissions as reported in the 2021/22 baseline year in subsequent years, and we have adjusted the following years to reflect the real change in the margin paid to the recruitment suppliers for recruitment services. This has an 8% impact on the 2021/22 emissions and as a result we will consider an adjustment to our baseline year in the next reporting period if possible.
- Estimations of emissions from business travel hotel stays (reported as Optional Scope 3 emissions), have been recalculated for 2022/23 and 2023/24 with the governmental conversion factors, after observing discrepancies in annual reporting between the two reporting years.

The chart below provides an analysis of our Scope 3 GHG emissions from the 2021/22 baseline, compared to a linear annual decarbonation trajectory to 2045/46. As we have no Scope 1 or 2 emissions starting this year, Scope 3 constitutes our entire emissions footprint.

Figure 1 Scope 3 GHG emissions (before offsets) vs. targets

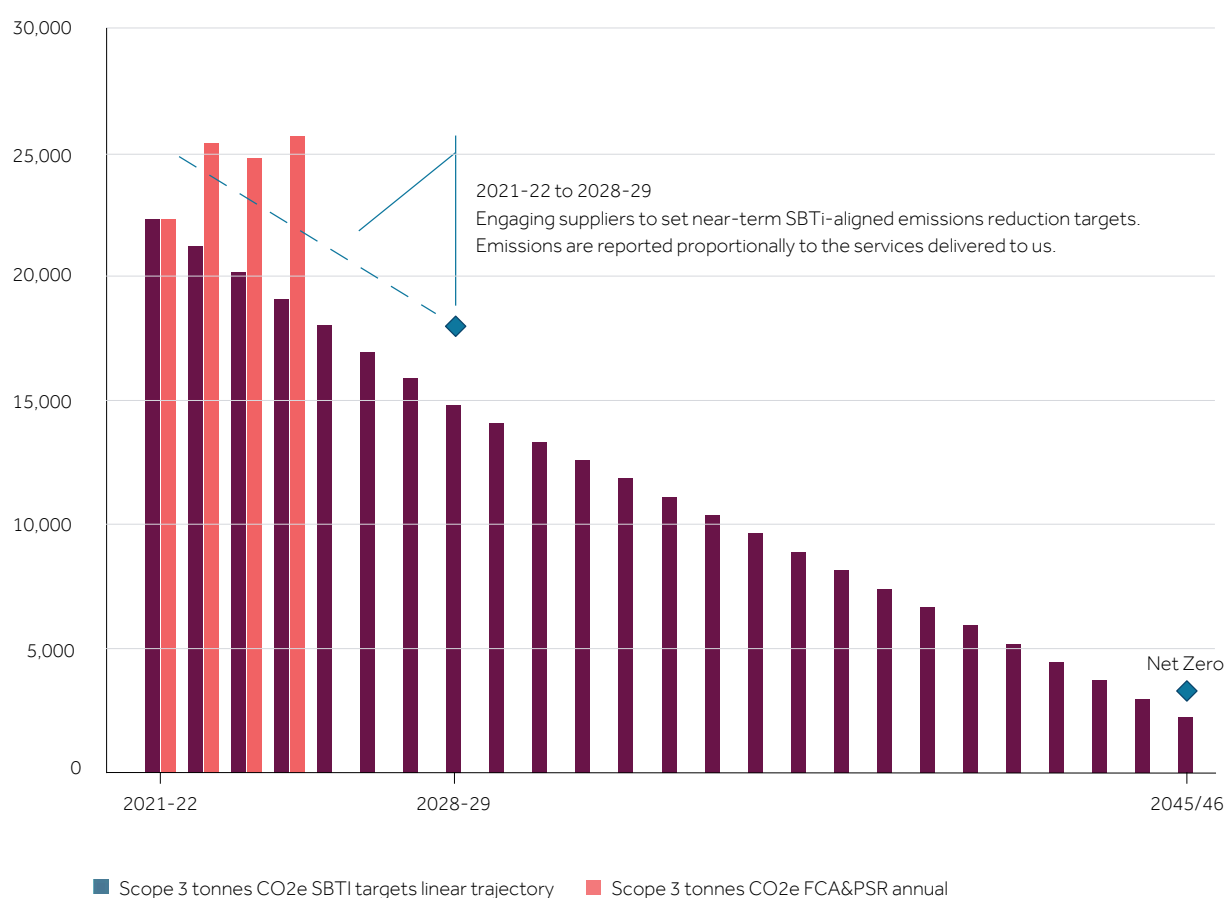


Table 1 Total GHG emissions & carbon credits

	2021/22	2022/23	2023/24	2024/25
	London, Edinburgh	London, Edinburgh	London, Leeds, Edinburgh	London, Leeds, Edinburgh
	Tonnes CO ₂ e	Tonnes CO ₂ e	Tonnes CO ₂ e	Tonnes CO ₂ e
Scope 1: Fugitive emissions (refrigerants), top-up method	–	–	–	–
Scope 2: UK electricity grid, location method	9	13	1	–
Scope 2: Renewable electricity, market method	–	–	–	–
Scope 3 Required: Indirect emissions	22,336	25,400	24,801	25,671
Total scope 1, 2 and 3 (required) before offsets	22,345	25,413	24,802	25,671
Carbon credits for business travel emissions offset	–	686	989	1,077
Total scope 1, 2, and 3 (required) after offsets	22,345	24,727	23,813	24,594
Scope 2: Renewable electricity, market method				
<i>Indication of renewable electricity in equivalent UK electricity grid, location method</i>	461	571	623	680
Scope 3 Optional (business travel hotels, homeworking)	1,319	623	628	669

Business travel and GHG emissions: a closer look

Our business travel and expenses standard encourages employees to consider the climate impact of their chosen method of transport. Travel by train for domestic journeys is the preferred option and head of department approval is required for any domestic flights. We offset our travel emissions with certified carbon credits. We have moved to a new travel booking provider, enabling us to provide more detailed business travel metrics for 2024/25 than we have presented in previous years as shown in Table 2 below.

Table 2 Business travel GHG emissions

	2022/23	2023/24	2024/25		
	London, Edinburgh	London, Leeds, Edinburgh	London, Leeds, Edinburgh		
	Tonnes CO ₂ e	Tonnes CO ₂ e	Tonnes CO ₂ e	Number of flights	Distance (Km)
Domestic flights	230	377	307	2,127	1,128,426
Continental flights – economy class			53	296	306,639
Continental Flights – business class			2	13	5,946
Continental flights	49	65	55	309	312,585
International flights (short haul) – economy class			1	14	7,617
International flights (short haul) – economy premium class			1	1	2,441
International flights (short haul) – business class			7	10	17,862
International flights (long haul) – economy class			111	89	584,726
International flights (long haul) – economy premium class			103	48	351,514
International flights (long haul) – business class			289	67	554,137
International flights (long haul) – first class			4	1	6,207
International flights (short & long haul)	416	634	516	230	1,524,504
Total flights	695	1,076	878	2,666	2,965,515
Domestic rail	25	67	86		
Continental rail (eg. Eurostar) and international	17	1	–		
Car hire and taxi	11	18	3		
Personal car mileage	10	12	12		
Total business travel transport	758	1,174	979		

Resource use and efficiency

Energy consumption

SDG 7 – Affordable and Clean Energy (targets 7.2, 7.3): By 2030, increase the share of renewable energy in the global energy mix. By 2030, double the global rate of improvement in energy efficiency.

Performance against targets

We maintained our commitment to sourcing 100% renewable electricity across all offices.

Energy measurement method

We calculate our total reported energy consumption in kWh using a combination of data from our landlords' service charges, Building Management Systems (BMS), and direct electricity bills.

Energy efficiency measures

- Consolidated multi-function and printing devices in our London office from 67 to 26, resulting in a 61% reduction in power use.
- Reduced the number of 'always-on' desktop devices in our offices from 30 to 2.
- Encouraged employees to switch off office monitors at the end of the day.

Table 3 energy consumption

	2022/23		2023/24			2024/25		
	London kWh	Edinburgh kWh	London kWh	Leeds kWh	Edinburgh kWh	London kWh	Leeds kWh	Edinburgh kWh
Gas	22,653	5,014	23,454	–	982	7,936	–	–
Renewable electricity	2,950,910	–	2,811,381	102,711	97,049	3,014,239	142,305	126,087
Non-renewable electricity	–	139,954	–	–	21,977	–	–	–
Cooling (district network)	3,831,268	–	4,087,872	–	–	4,318,379	–	–
Heating (district network)	986,151	–	1,128,188	–	–	1,369,878	–	–
Energy by office	7,790,982	144,968	8,050,895	102,711	120,008	8,710,432	142,305	126,087
Total energy	7,935,950		8,273,614			8,978,824		

Water consumption

SDG 6 – Clean Water and Sanitation (target 6.4): By 2030, substantially increase water-use efficiency across all sectors and ensure sustainable freshwater withdrawals to address water scarcity.

Performance against targets

- We outperformed our water conservation target by 71% (9,390 vs. 32,856m³ target). This target is set against the 2017/18 baseline when the FCA's working arrangements and office space were substantially different. This water conservation target is set under the Greening Government Commitments 2021-25 framework and is expected to be updated in 2025/26.

Table 4 Water consumption

	2022/23		2023/24			2024/25		
	London* m ³	Edinburgh* m ³	London* m ³	Leeds m ³	Edinburgh* m ³	London m ³	Leeds m ³	Edinburgh m ³
Water by office	8,064	1,183	8,290	672	1,142	7,639	679	1,072
Total water	9,247		10,104			9,390		

* Note that the previously disclosed water usage for London and Edinburgh for 2022/23 and 2023/24 has been corrected to more accurately apportion usage across reporting periods.

Paper consumption

SDG 12 – Responsible Consumption and Production (target 12.2): By 2030, achieve the sustainable management and efficient use of natural resources.

Performance against targets

- We used 100% recycled paper for all printing needs.
- We outperformed our paper reduction targets by:
 - 35% for on-floor printers used by employees. (1,622 vs. 2,494 A4 reams target)
 - 30% for business printing through our reprographics services. (612 vs. 879 A4 reams target)

Table 5 Printing paper consumption

	2022/23	2023/24	2024/25
	London, Edinburgh	London, Leeds, Edinburgh	London, Leeds, Edinburgh
	A4 eq. reams	A4 eq. reams	A4 eq. reams
Employees printing	1,064	1,690	1,622
Business printing	1,045	949	612
Total paper printing	2,109	2,639	2,234

Waste and recycling

SDG 12 – Responsible Consumption and Production (target 12.5): By 2030, substantially reduce waste generation through prevention, reduction, recycling and reuse.

Performance against targets

- We outperformed our total annual waste target by 50% (163 vs. 324 tonnes target). This target is set against the 2017/18 baseline when the working arrangements and office space were substantially different. The target will be updated in 2025/26.
- We did not meet the recycling target, achieving 56% vs. 70% annual target. Our recycling streams include confidential paper, cardboard, plastic, glass, metals, food waste and e-waste. There has been a slight improvement in our recycling metric (an increase of 3% from 2023/24) and we are working closely with employees and our building services suppliers to increase this further.
- Consumer single use plastics have been replaced (except milk bottles) in our London office canteen and coffee bars. We use bio-based, compostable coffee and smoothie cups, lunch boxes and other food containers.

Table 6 Waste & recycling

	2022/23	2023/24	2024/25
	London, Edinburgh	London, Leeds, Edinburgh	London, Leeds, Edinburgh
	Tonnes	Tonnes	Tonnes
Mixed dry recycling (card, plastic, metals, glass)	28	53	43
Confidential paper (recycled)	9	5	6
Food waste composted, cooking oil (recycled)	20	29	41
ICT & hazardous waste (recycled)	2	–	1
Bespoke waste e.g. office fit-out (recycled)	–	6	–
Total recycled waste	59	93	91
General waste & sanitary waste (energy recovery)	57	84	69
ICT & hazardous waste (energy recovery)	1	1	–
Bespoke waste e.g. office fit-out (energy recovery)	–	–	3
Total waste incinerated with energy recovery	58	85	72
Waste incinerated without energy recovery	–	–	–
Waste to landfill	–	–	–
Total waste	117	178	163
Waste avoided by reuse			
ICT waste avoided by redeployment, resale	10	1	–
Office fit-out, cleaning, re-stack waste repurposed	–	23	5
Total avoided waste by reuse	10	24	5

Sustainable procurement

SDG 12 – Responsible Consumption and Production (target 12.7): *Promote public procurement practices that are sustainable, in accordance with national policies and priorities.*

Policy and guidelines

We updated our Supplier Code of Conduct, outlining our expectations for collaboration with suppliers to improve sustainability. This includes a requirement for suppliers to set their own emissions reduction targets aligned with SBTi for contracts valued at £500,000 or more (excluding VAT).

Tendering and supplier management framework

We incorporated environmental sustainability into the evaluation criteria of 3 public tenders. We also completed an annual environmental compliance evaluation with our facilities contractors, and an annual attestation with key suppliers for regulatory compliance which included sustainability considerations.

We have applied sustainability terms and conditions into key procurement projects, including the frameworks for digital services and legal services.

Office Fit Out project

We successfully completed a fit-out project on the first floor of our Leeds office. We used the 'Rise Construction Framework' which includes environmental sustainability in the tender evaluation criteria to appoint contractors. To reduce cost and environmental impact, we reused over 150 office furniture items from the London office.

Biodiversity and carbon offsetting

SDG 13 – Climate Action (target 13.2): *Integrate climate change measures into national policies, strategies, and planning.*

SDG 14 – Life Below Water (target 14.2): *Sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts.*

Since December 2022, we have purchased carbon credits to offset our business travel emissions. The credits are issued through UN Certified Emissions Reductions (CER) projects under the Kyoto Clean Development Mechanism (CDM) to support energy projects in developing countries. These credits also contribute to nature-based solutions such as mangrove reforestation for carbon removal, protection of ecosystems and community development.

This year, we have:

- Offset 1,077 tonnes of carbon, equivalent to 483 return flights, London to New York.
- Contributed to the planting of 6,568 mangrove trees at a blue carbon project in Mozambique.

Environmental expenditure

In line with the Treasury's sustainability reporting guidelines, the chart below provides an analysis of our gross expenditures for energy, water, waste management, business travel and carbon credits.

Table 7 Gross expenditure

	2022/23	2023/24	2024/25
	London, Edinburgh	London, Leeds, Edinburgh	London, Leeds, Edinburgh
	£'000	£'000	£'000
Energy	1,600	1,779	1,617
Water	24	49	47
ICT reused, recycled and energy recovery*	300	–	–
Bespoke recycled waste e.g. office fit-out*	–	38	–
Confidential paper	52	77	90
Office recycled waste (mixed dry recycling)	12	12	11
Food waste	5	5	8
Waste incinerated with energy recovery	62	65	41
Waste to landfill	–	–	8
Total waste	431	197	158
Business travel transport & hotels	1,361	1,727	2,126
Carbon credits	7	12	15
Total gross cost	3,423	3,764	3,963

* Some waste costs are embedded in broader contracts and not separately identifiable.



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