

FCA regulated fees and levies: Rates proposals 2022/23 (CP22/7)

A consultation issued by the Financial Conduct Authority (FCA)

Comments from ACCA

12 May 2022

Ref: TECH-CDR-1998

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Further information about ACCA's comments on the matters discussed here can be requested from:

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GENERAL COMMENTS

ACCA welcomes the opportunity to provide feedback on the proposed 2022/23 regulatory fees and levies to fund the FCA and other organisations.

We welcome the sharing of the FCA's business plan that sets out its priorities for 2022/23 and how it plans to achieve its objectives.

We are concerned by the increase of 20.9% to the variable fee proposed in 'Table 4.5: Proposed professional body supervisor levy'.

There is a lack of transparency and clarity on how this increase has been decided. It is not in line with the increase to the minimum fee (6.2%) outlined in the same table, or in line with the overall increase of 6.2% of the FCA's 2022/23 baseline Ongoing Regulatory Activities (**ORA**) budget on which the minimum fee increases have been based. We also note that the Office for Professional Body Anti-Money Laundering Supervision (**OPBAS**) Annual Funding Requirement (**AFR**) has increased by 5% for 2022/23.

We are disappointed that, given the substantial increase proposed and impact this will have, OPBAS did not make Professional Body Supervisors (**PBS**) aware of this consultation. This is despite the written assurances provided by the Head of OPBAS in a letter to the Chair of the Accountancy AML Supervisors' Group on 27 July 2021 that OPBAS would communicate on the issue with PBSs. This followed concerns raised by the PBSs over the lack of communications from OPBAS for the previous year's fees consultation.

As a PBS for anti-money laundering and Designated Professional Body (DPB) for investment business, we believe it is only appropriate for ACCA to comment on Question 2 relating to the minimum fees and periodic fee rates for fee payers other than authorised firms. For that reason, we have no comments to make in respect of question 1 or questions 3 to 9.

AREAS FOR SPECIFIC COMMENT

Question 1:

We have no comments.



Question 2: Do you have any comments on the proposed FCA 2022/23 minimum fees and periodic fee rates for fee payers other than authorised firms?

Designated professional bodies

ACCA is generally supportive of the proposed minimum fee and variable fee for DPBs and the increases are in line with the baseline 2022/23 ORA budget. We note that paragraph 4.13 of the consultation indicates a reduction in the variable fee-rate to reflect an increase in the number of EPFs. We are therefore concerned that, despite the increase in EPFs, the variable fee proposed in 'Table 4.4: Proposed DPB periodic fees' has in fact increased in both absolute and percentage terms.

Professional body supervisors

ACCA is concerned about the lack of transparency and explanation for the 20.9% proposed increase to the variable fee for PBSs. We note from the consultation that the OPBAS AFR has increased by 5% for the period so it is unclear how the increase of 20.9% has been determined or is justified. Therefore, given the lack of detail provided, we believe that this is an inappropriate and disproportionate increase.

A higher levy for PBSs will also impact on the firms supervised by a professional body. The increase in fee will result in an increase in costs for firms as it will be passed on to those firms supervised by a PBS. We do not believe that the increase has been explained to help supervised firms understand why the additional cost has arisen and why a substantial increase is needed at this time. We also note those firms subject to supervision by HMRC will not be subject to such increases as HMRC is not subject to OPBAS oversight.

In addition, there is no clarity or explanation provided to help PBSs understand the disparity between the increase of 6.2% for the minimum fee and the increase of 20.9% for the variable fee. We note that in 2021/22 there was decrease of 12.3% in the variable fee. However, in the absence of any further detailed explanation we are unclear if this is a factor in the substantial increase proposed for 2022/23.

Whilst paragraph 4.3 of the consultation explains there is an increase for minimum and flat fees of 6.2% to align with the baseline 2022/23 ORA budget, there is no further clarity on the rationale for the substantial increase to the variable fee. Within the consultation there is no other increase as substantial as the increase to the variable fee for PBSs.

ACCA is also disappointed that, following the written confirmation from the Head of OPBAS on 21 July 2021, there was no communication to PBSs that the consultation had been published.





Questions 3 to 9:

We have no comments.

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