

# FCA regulated fees and levies: Rates proposals 2020/21 (CP20/6)

A consultation issued by the Financial Conduct Authority (FCA)

Comments from ACCA  
19 May 2020  
Ref: TECH-CDR-1893

ACCA (the Association of Chartered Certified Accountants) is the global body for professional accountants. We aim to offer business-relevant, first-choice qualifications to people of application, ability and ambition around the world who seek a rewarding career in accountancy, finance and management.

Founded in 1904, ACCA has consistently held unique core values: opportunity, diversity, innovation, integrity and accountability. We believe that accountants bring value to economies in all stages of development. We aim to develop capacity in the profession and encourage the adoption of consistent global standards. Our values are aligned to the needs of employers in all sectors and we ensure that, through our qualifications, we prepare accountants for business. We work to open up the profession to people of all backgrounds and remove artificial barriers to entry, ensuring that our qualifications and their delivery meet the diverse needs of trainee professionals and their employers.

We support our **219,000** members and **527,000** students in **179** countries, helping them to develop successful careers in accounting and business, with the skills required by employers. We work through a network of **110** offices and centres and more than **7,571** Approved Employers worldwide, who provide high standards of employee learning and development. Through our public interest remit, we promote appropriate regulation of accounting, and conduct relevant research to ensure accountancy continues to grow in reputation and influence.

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

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## GENERAL COMMENTS

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ACCA welcomes the opportunity to provide feedback on the proposed 2020/21 regulatory fees and levies to fund the FCA and other organisations.

We welcome the sharing of the FCA's business plan, together with information on the deployment of its resources in 2020/21 and the challenges of the Covid-19 pandemic. The detailed explanation of the factors considered when determining changes to regulatory fees provides context and justification for the proposals. However, we remain concerned about the lack of transparency over the deployment of some resources, in particular the total costs of the Office for Professional Body Anti-Money Laundering Supervision (**OPBAS**), its activities, areas of focus and future work plan.

As a Designated Professional Body (**DPB**) and a Professional Body Supervisor (**PBS**) for anti-money laundering, we believe it is only appropriate for ACCA to comment on the proposed periodic fees for authorised firms, DPBs and PBSs, and those questions which relate to all fee-payers. For that reason, we have no comments to make in respect of Questions 5 to 13.

## AREAS FOR SPECIFIC COMMENT

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### **Question 1: Do you have any comments on the proposed FCA 2020/21 minimum fees and variable periodic fee rates for authorised firms?**

ACCA supports the proposed FCA 2020/21 minimum fees and variable periodic fee rates for authorised firms. Given the current challenges facing financial services firms, DPBs and PBSs, the proposal to keep minimum fees unchanged from 2019/20 is particularly welcome. We believe the proposed fees are fair and reasonable and will not have a significant impact on the regulated entities nor disproportionately affect small firms. However, we recognise that ACCA members and firms directly registered with the FCA may have concerns about the proposed regulatory fees for 2020/21 which are specific to their individual circumstances.

We note that, for medium sized and smaller firms, the FCA is proposing to freeze minimum fees and also extend the period for paying regulatory fees by two months to 90 days. However, larger organisations will be expected to pay their fees under the usual payment terms. We recognise that this action will be helpful for the majority of firms and organisations that pay regulated fees and levies and protect them from the burden of regulatory fees. Nonetheless, the Covid-19 crisis is presenting significant financial challenges for all businesses and more flexible payment options for larger firms and organisations, including professional bodies, would also be appreciated.

**Question 2: Do you have any comments on the proposed FCA 2020/21 minimum fees and periodic fee rates for fee payers other than authorised firms?**

We have previously expressed our disagreement with the minimum fees approach for PBSs and the inconsistency with the approach adopted for DPB fees, and ACCA's position has not changed. We note the proposed FCA 2020/21 minimum fees and periodic fee rates for DPBs and PBSs and refer you to our response to Question 1.

**Question 3: Do you agree with our proposal to undertake the consumer harm campaign and our proposed basis of recovering the 2020/21 costs from fee-payers?  
Please include the reasons for your views in the feedback you provide.**

We are encouraged by the FCA's proposal to undertake a communications and information campaign relating to consumer harm. We believe it has never been more important for the FCA to continue its outreach work to consumers and help them manage the significant impacts of Covid-19 on all aspects of finance, in particular debt and investments. However, the FCA should think carefully about the focus and timing of the campaign and ensure it is targeted at the area of harm where it will have the greatest impact.

We do not support the proposed basis of recovering the 2020/21 costs of this campaign. Under the current proposals, DPBs within fee-block D will also bear a proportion of the costs of the campaign but the identified consumer harm does not arise in this area. We note that the extra cost will not be applied to PBSs. Furthermore, the FCA is proposing to only apply the increase to the variable element of the fees only, not to minimum or flat periodic fees. We believe the costs of the consumer harm campaign should be recovered from those firms and organisations where the identified consumer harm arises. In our opinion, this approach would be more transparent, proportionate and fair.

**Question 4: Do you have any comments on the factors we should take into account in our review of authorisation application fees, including inflation?**

The review of authorisation application fees is long overdue. We believe most firms would welcome a simplification of the application fee structure and recognise the need to bring the fees in line with inflation and redress the cost burden on existing fee-payers. We would encourage the FCA to develop an authorisation application fee structure that is transparent, targeted and fair. It is important that the fees charged are proportionate to the processing cost and complexity of the application, and also that they are regularly updated to avoid erosion of their value going forward. We welcome the opportunity to comment further on the proposals as part of a consultation on the application fee restructure later this year.

**Questions 5 to 13**

We have no comments.

