



The
Comprehensive
Guide
to FCA
Authorisation
Fees for
Financial
Service Firms



In the rapidly evolving financial sector, understanding the nuances of regulatory compliance, especially the intricate framework of FCA authorisation fees, is paramount. This report offers financial firms a clear roadmap to navigate the complexities of FCA fees, ensuring preparedness and fiscal prudence.



1. Introduction: The Importance of Financial Clarity

When contemplating FCA authorisation, a pertinent question that invariably emerges is: 'What's the price tag?' While it seems straightforward, the answer is layered with nuances. Beyond the FCA's fee, there are auxiliary costs that firms might inadvertently overlook. This includes consultancy fees to ensure that firms not only meet but exceed the FCA's expectations. However, the actual application and maintenance costs of the license often take a backseat in this evaluation.

Why is this clarity paramount? Because at MEMA Consultants, we believe that informed decisions today can prevent fiscal surprises tomorrow.



2. The Preliminary Steps: Consultancy and Preparation

Before diving into the FCA's fee structure, firms often collaborate with consultancy agencies. These agencies guide firms to showcase their readiness for FCA authorisation, ensuring all regulatory requirements are met.

3. The Core of FCA Funding: Understanding its Self-Funded Nature

The FCA, being a self-funded organisation, derives its operational funds from the firms it regulates.

Every year, the FCA releases a business plan detailing its funding requirements, often reflecting an increase in line with inflation.

4. The FCA Fee Structure Unveiled

The FCA categorises its fees into three main brackets:

Fee Category	Description	Amount/Calculation Basis
Authorisation Fees	Based on the intricacy of the application and the permissions sought.	<ul style="list-style-type: none"> - Base fee: £1,000 (e.g. for consumer credit firms) - Complex applications (e.g. Mifid investment firms): £10,000
Variation of Permissions (VOP)	For diversifying operational scope post-authorisation.	<ul style="list-style-type: none"> - Maintaining current fee block: £500 (Category 2 fee) - Transition to a new fee block: 50% of new permission fee - Migration to multiple fee blocks: Apex of relevant fees
Annual/Periodic Fees	Mandatory recurring fees for FCA-licensed firms.	Based on financial projections during initial application. Specific amounts can be estimated using the FCA's digital fee calculator.
Other Levies	Levies to cover operational overheads of other regulatory bodies.	<ul style="list-style-type: none"> - Financial Ombudsman Service: £200 annually + £750 case-specific fee - Financial Compensation Service Scheme: Greater of 3% regulatory turnover or £1,500 foundational fee

This table provides a succinct overview of the FCA authorisation fees, enabling financial services firms to quickly grasp the cost dynamics involved.





• Authorisation Fees:

- These depend on the complexity of the application and the specific permissions being requested.
- A basic consumer credit firm might pay a fee of £1,000.
- In contrast, firms with complex applications, such as Mifid investment entities, could face fees up to £10,000.
- Payment is processed through the FCA's Connect platform at the time of submission.

• Variation of Permissions (VOP):

- Firms looking to expand or change their services post-authorisation must apply for a VOP.
- The FCA's fee structure operates on a 'fee block' system. Depending on the changes made, firms might transition into different fee blocks, affecting the overall fee.
 - If a firm adds a permission but remains in its current fee block, the cost is £500.
 - Moving to a new fee block incurs a fee equivalent to half the cost for a new firm seeking that permission.
 - Transitioning to multiple new fee blocks requires payment of the highest relevant fee among them.
- Cancellation of an existing permission does not incur a fee.

• Annual or Periodic Fees:

- All authorised firms must pay these fees either quarterly or annually.
- The first payment is calculated based on the firm's projected data shared during the application.
- The FCA also collects fees on behalf of other regulators, such as:
 - Financial Ombudsman Service: £200 annually, with additional case fees.
 - Financial Compensation Service Scheme: The higher of 3% of regulatory turnover or a base fee of £1,500.

5. Essential Resources

The FCA provides a detailed fees manual and a fee calculator tool for firms, ensuring they can anticipate their financial obligations accurately.



6. Conclusion

For financial service firms, understanding the nuances of FCA authorisation fees is crucial. The journey to FCA authorisation is multifaceted, requiring firms to demonstrate regulatory adherence, operational competence, and fiscal.

MEMA

THANK YOU

