



RECOVERING THE COSTS OF OPBAS: FURTHER CONSULTATION ON FEES STRUCTURE

Issued 24 September 2019

ICAEW welcomes the opportunity to comment on the consultation document *CP19/24 Recovering the costs of OPBAS: feedback on CP19/13 and consultation on fee-rate for 2019/20* published by the Financial Conduct Authority on 29 July 2019, a copy of which is available from this [link](#).

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OPENING REMARKS

1. We were disappointed to read that you have decided not to remove the threshold and to use the original model of a threshold plus variable rate per supervised individual to calculate the levy. We feel that this is an unfair allocation of the fee across the professional body supervisors and penalises those smaller firms and sole practitioners supervised by ICAEW, simply because they share an AML supervisor with the largest accountancy firms.
2. The smaller bodies are almost certainly – like ICAEW – going to pass the charge through to their members by way of a levy. If they do this, it will mean that the levy per member will be considerably less than the levy per ICAEW member, which again is unfair for the members of larger bodies.

RESPONSES TO SPECIFIC QUESTIONS:

Q1: Do you have any comments on our proposed variable fee of £44.36 per supervised individual for 2019/20?

3. We are surprised at how high the variable fee is for 2019/20 when compared with 2018/20 (£36.25). This represents an increase of 22.4%.
4. The key component of this fee is the annual costs budgeted by OPBAS/FCA. We note that FCA has budgeted £1.5m of costs for 2019/20 compared with actual costs of £1.2m in 2018/19, representing an increase of 25% year-on-year.
5. We ask that OPBAS/FCA publishes its budget for 2019/20, so that ICAEW can understand the increase in costs that it is funding. Such budget and fee increases would not be, and unlikely to be, acceptable to our regulated community and we'll need to provide an explanation of increase in costs at or above inflation.
6. In line with our previous responses, we would appreciate a view on budget, and explanation of any change to pass on to BOOMs, to a timetable which allows us to collect the required funding. We determine our fees and levies in August for our renewals in October/November of the same year. This means that we need to know the 2020/21 variable rate by August 2020.