Annual report and accounts
2025/26

For the year ended 31 March 2026

HC 319

Financial Conduct Authority
Annual report and accounts 2025/26

For the year ended 31 March 2026

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 9 July 2026

HC 319

This publication is available at www.gov.uk/official-documents.

Any enquiries regarding this publication should be sent to us at:

Financial Conduct Authority
12 Endeavour Square
London
E20 1JN

ISBN 978-1-5286-6444-8

E03552002 07/26

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

Contents

Our annual report is designed to give an accessible and transparent view of the impact of our work.

We also publish a wider suite of reports and disclosures. For example, annual updates on our:

- strategy outcomes and metrics
- operating service metrics
- Secondary International Competitiveness and Growth Objective (SICGO) metrics

Further detail on how we authorise, supervise and enforce is published through our publications and webpages, including our skilled person reviews (s166), enforcement data, authorisations metrics and our prescribed persons annual report.

This report and the wider suite are available online and, where relevant, linked in this report.

How to read this report

We use icons and links throughout this report to help you navigate content and find further information.

Impact icons

In Our strategic progress 2025/26, icons highlight where our work has had the most direct impact on:

Consumers

Firms

Markets

UK economy and society

Navigation and signposting

Cross-cutting work is explained once and signposted elsewhere.

Cross-cutting

Balancing risk to deliver **long-term public value**

This has been a particularly demanding period for financial regulation. Geopolitical instability, persistent market volatility and pressure on household finances have sharpened the consequences of every decision the FCA makes.

The stakes are high, both for the consumers depending on financial services, and for the firms navigating this uncertain landscape. In this environment, sound regulatory governance doesn't just live in the rules we write or actions we take – but in the way we make choices and account for them.

Trust in financial markets is not reputational gloss. It is a public asset that requires active stewardship.

When consumers take out a mortgage, invest their savings or make a pension decision, they do so within a system whose integrity they should be able to take for granted. If that confidence is undermined, it weakens the foundations on which the UK economy depends.

Our role is to safeguard that confidence by upholding high standards, being transparent about our decisions and remaining accountable.

The Board has been clear that effective regulation is not about eliminating risk. It is about making informed, transparent decisions that balance consumer protection, market integrity and opportunity in the public interest.

Treating zero risk as the benchmark will, over time, suppress the very activity that competitive, innovative markets need. And, in doing so, create a different kind of harm: reduced access, limited choice and a financial system that can't fully serve UK consumers.

The decision to rebalance risk rather than remove it sits at the heart of our 2025 to 2030 strategy. It is a deliberate choice, grounded in clear principles. We must be explicit about the trade-offs, confident in our reasoning and accountable for decisions within our remit. Good outcomes also depend on the wider system, with firms, the Government, other regulators and stakeholders playing their part.

> **'Our role is to safeguard confidence, by upholding high standards, being transparent about our decisions and remaining accountable.'**

The Board's role is to anchor decisions in long-term public value, and to hold that course as the strategy matures. With this commitment comes parliamentary and panel scrutiny, and public debate, all of which the Board values. Each serves a different purpose: scrutiny holds us to account, audit tests our processes, and public debate shapes the consensus. Together, they support more effective regulation.

The Government's decision to consolidate the Payment Systems Regulator (PSR) into the FCA is one we have supported from the outset. Consolidation means greater coordination, clearer responsibilities and a simpler experience for firms. What will not change is our commitment to the objectives the PSR has long championed: competition, access and innovation.

We have to uphold standards, not simply set them, and we are doing so. Our published cost benefit analyses estimate that the rules we have introduced over the past 10 years delivered £5.6bn in benefits to consumers and the economy in 2025/26.

Where firms have fallen short, we have acted. The £42m fine imposed on, and £6.28m voluntary payment made by, Barclays for money laundering compliance failures are examples of our willingness to take strong action.

Good regulation is not a short-term exercise. There will always be incentives to calibrate decisions to the immediate headlines.

Our job as a Board is to resist that pull and ground our work in long-term public value: deepening trust, rebalancing risk, improving lives and supporting sustainable growth in ways that compound over time. The benefits of this year's interventions, including stronger protection for Buy Now Pay Later (BNPL) – otherwise known as Deferred Payment Credit (DPC) – users and better outcomes for pension savers, are expected to exceed £1bn annually for the next decade.

This is what principled, enduring regulation looks like in practice. Consumer confidence, market integrity and economic growth are not competing objectives. They depend on one another – and our task is to protect that relationship.

I am grateful to all FCA colleagues for their dedication throughout this year. I would also like to thank my fellow Board members for their collective wisdom.

Finally, I remain grateful to our Chief Executive, Nikhil Rathi, whose leadership through the first year of our new strategy has brought the clarity of purpose and ambition needed to deliver it.

Ashley Alder
Chair, FCA

Driving change, **building trust**

'We are building the right foundations – smarter tools, clearer standards, earlier action and an organisation willing to learn and adapt.'

Nikhil Rathi
Chief Executive

We began our 2025 to 2030 strategy in a year that tested our priorities before they were fully implemented.

The 4 priorities of our strategy – helping consumers, becoming a smarter regulator, supporting growth and fighting financial crime – are not a departure from what came before. They are a clearer expression of it, anchored in lessons learned and ready for the challenges ahead. They also give us a better framework for learning, helping us understand where our interventions are working, where risks are changing and where we need to recalibrate.

This year has been less about launching new commitments and more about changing how we regulate in practice. We focused our effort on the most serious harms, intervening earlier and being clearer about our expectations.

That includes how we operate as an organisation. We have prepared for an expanded role, including taking on responsibility for supervising professional services firms for anti-money laundering and for the consolidation of the Payment Systems Regulator (PSR) into the FCA.

We have also continued to transform our authorisations gateway, moving to modern digital forms that reduce friction and improve data quality.

Process changes, including digitisation and better use of data, have improved the speed at which applications are assessed, enabling earlier decisions and clearer engagement with firms. We are also working to embed AI in parts of the process, which will help teams review applications more quickly so they can focus on higher risk cases. This is a deliberate shift towards becoming a faster and more data-led regulator.

AI is reshaping more than authorisations. It is reshaping the markets we oversee, and how we oversee them. Most firms have already adopted AI, and we expect the next phase – including agentic systems and tokenisation – to profoundly change market structure. We are rethinking what effective regulation looks like in this environment, including deploying AI as a 'first responder' to tackle abuse in wholesale markets. Our Supercharged Sandbox and AI Lab are already making it easier for firms to build, test and scale AI in financial services.

While consumers remain at the heart of our work, our role is not to shield them from every risk. It is to make sure they can make informed decisions, access fair products and find effective recourse when things go wrong. That means improving resilience and decision-making across the system, from the quality of information firms provide to the clarity of our own expectations.

This year, we set out new rules on consumer composite investments (CCI) to enable firms to better communicate product information to retail customers. Our new rules for interest-free Buy Now Pay Later (BNPL), coming into effect in July 2026, will introduce stronger protections for those using the product, balancing consumer vulnerability with proportionate disclosure and space for innovation. Finally, targeted support will help to close the advice gap, allowing firms to make tailored suggestions to consumers to support growth through investment and innovation.

We introduced a motor finance compensation scheme which is expected to put £7.5bn back into people's pockets. We are robustly defending the scheme against legal challenges and remain committed to securing fair compensation for consumers as quickly as possible, while supporting a healthy motor finance market.

Rebalancing risk does not mean weakening standards. It means being more deliberate about where we deploy our resources, more transparent about trade-offs and faster in our decision-making.

This is true of our approach to financial inclusion, which remains central to a well-functioning market. We have taken a proportionate and evidence-led approach to improving access, resilience and fair outcomes for consumers, including through the Financial Inclusion Committee and our engagement with Fair4All Finance and other partners.

For example, our Workplace Savings Statement – developed following work with savings providers, employers and government partners – supports the implementation of workplace savings schemes which will help consumers build financial resilience and improve long-term outcomes.

Across this work, we have not lost sight of consumers in vulnerable circumstances. The Consumer Duty (the Duty) has driven positive change in how firms identify and respond to vulnerability, but we know that harm can still go unaddressed. We will continue to hold firms to high standards in how they identify, support and protect these consumers.

The UK's position as a globally trusted financial centre is not incidental to our mission. It is part of what we are here to protect.

Listing reforms, the PISCES (Private Intermittent Securities and Capital Exchange System) framework for private company trading, and our continued development of the Digital Securities Sandbox reflect a deliberate effort to strengthen that infrastructure, enabling firms to access capital more efficiently and investors to participate with confidence.

'We focused our effort on the most serious harms, intervening earlier and being clearer about our expectations.'

We recognise that resilient, well-regulated markets serve a broader national interest. In a more contested world, the integrity of financial systems is itself a dimension of national security. Our Defence, Security and Resilience Lab, developed alongside the Ministry of Defence, is working to align private capital, regulatory oversight and national security – turning principle into practice.

To all FCA colleagues, whether in London, Leeds or Edinburgh: Thank you for your commitment and professionalism throughout this year. Our growing national presence reflects not just operational ambition but a genuine commitment to representing the breadth of the UK economy.

Nikhil Rathi

Nikhil Rathi
Chief Executive, FCA

Our purpose, priorities and approach

Making financial services **work well** for consumers, firms and markets

Our role

We enable a fair and thriving financial services market for the good of consumers and the economy.

Read more about our role

Our vision

Our vision is to deepen trust in financial services, rebalance risk, support growth and improve lives.

Read more about our vision

Our values

We serve the public and our decisions directly affect the wellbeing of consumers, businesses and the UK economy. So our values matter. They represent the culture we aspire to every day, guiding our judgements, building trust and helping us to be 'at our best'.

Read more about our values

Our operational objectives

Provide appropriate protection for consumers

Enhance the integrity of the UK financial system

Promote effective competition in consumers' interests

Wherever possible in pursuit of these objectives, advance the international competitiveness and growth of the UK economy

How we work

We are accountable to HM Treasury and Parliament, and our statutory objectives are set out in the Financial Services and Markets Act 2000 (FSMA). In carrying out our statutory objectives, we use a range of statutory powers, including competition and consumer protection powers, to address harm and support effective market functioning.

In carrying out our statutory functions, we have regard to supporting financial inclusion, as set out in the Government's 2024 remit letter. We consider financial inclusion where it is relevant to our objectives, including through our policy development, supervisory approach and engagement with the Government and stakeholders. We also consider climate-related risks and associated disclosure frameworks, which are set out in our Environmental sustainability report.

Data and evidence-led, we explain the choices we make and why. We strive to be open, curious, collaborative and resourceful as we deliver on our 4 strategic priorities to help consumers, become a smarter regulator, support growth and fight financial crime.

How we work

How we track our progress

Our strategic progress 2025/26 explains how delivery, metrics and results in the year align to each strategic priority. We also track our performance annually against our statutory objectives and strategy through our Outcomes and metrics report and Operating service metrics report.

As 2025/26 is the first year of our 2025 to 2030 strategy, reporting focuses mainly on actions taken, regulatory changes made and early signs of progress. Movements in outcomes and metrics at this stage may reflect direction of travel, pre-existing trends or wider external factors, as well as the influence of our work.

Outcomes for consumers, markets and the wider economy will emerge over time as reforms embed. We will report on these over the lifetime of our 5-year strategy, interpreting metrics alongside our delivery narrative and principal risks.

Our regulatory model

How we **regulate**

This section explains how our regulatory model works, bringing together what and who we regulate, who we protect, how we work with partners, how insight shapes our decisions, and how our work is funded.

Authorisation, supervision and enforcement working together

Our approach works as a joined-up system across authorisations, supervision and enforcement. Through authorisation, the gateway to regulation, we determine which firms and activities enter the regulatory perimeter and set standards at entry. Through supervision, we seek to identify risks early, intervene proportionately and support firms to put things right before harm occurs. Where serious or persistent issues are not addressed, we can escalate our response through tools such as skilled person reviews and, where necessary, formal enforcement action to protect consumers and maintain market integrity.

Principles of good regulation

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

Proportionate reform of the prospectus and public offers regime

Principles: proportionality; efficiency and economy

We simplified the prospectus regime and introduced a new public offers framework to reduce unnecessary friction for issuers while maintaining appropriate investor protections. This supports efficient, effective capital markets and competitiveness by making it easier to raise capital.

Bringing Buy Now Pay Later (BNPL) into regulation

Principles: proportionality; openness and disclosure

We introduced new rules for interest-free BNPL – otherwise known as Deferred Payment Credit (DPC) – bringing it into regulation from July 2026. These include stronger protections, such as clearer product information and creditworthiness checks, while supporting innovation and continued access to BNPL for the millions who use it to manage their finances.

Early intervention to tackle illegal financial promotions

Principles: integrity; market conduct

We acted quickly to disrupt illegal and harmful financial promotions, using data-led monitoring and early intervention to prevent consumer harm and protect the integrity of UK markets.

Reducing unnecessary regulatory reporting requirements

Principles: efficiency and economy; proportionality

We continue to review existing reporting requirements, removing or streamlining those that no longer deliver clear regulatory value, reducing burden for firms while maintaining effective oversight of risks.

Markets and activities we regulate

Retail financial services

- Banking
- Consumer lending
- Insurance
- Consumer investing
- Retirement income

Our focus: fair value, clear products and good consumer outcomes across retail markets.

Investment and wholesale markets

- Asset management
- Capital markets
- Infrastructure
- Wealth management
- Wholesale insurance

Our focus: promoting high standards of conduct, effective stewardship and market integrity to support sustainable growth and competitiveness.

Payments and digital finance

- Payments
- E-money
- Digital finance
- Cryptoassets (including stablecoins)

Our focus: safe and reliable payments, supporting innovation and competition, and a clear, robust regulatory framework.

Who we regulate

Firms

Authorised and registered firms which must meet our rules and deliver good outcomes. We regulate the conduct of around 35,500 firms and prudentially supervise around 34,000 firms, with around 14,000 subject to the prudential standards in our Handbook.

Financial markets

Wholesale and retail markets which need integrity and transparency to function effectively.

Who we protect

Consumers

Individuals and households who rely on financial services to save, borrow, protect against risk and plan for the future.

Who benefits

The UK economy and society

Stable, competitive and well-functioning financial markets that support economic growth, resilience and improved living standards.

Our impact

In Our strategic progress 2025/26, icons highlight where our work has had direct impact on:

consumers firms markets UK economy and society

Who we work with

We work with Parliament, HM Treasury and the Department for Work and Pensions. We also partner with consumer groups, UK regulators – including the Digital Regulation Cooperation Forum (DRCF) – and law enforcement agencies, international counterparts, and industry bodies to help deliver our work.

Through the Wider Implications framework we continue to work with the Financial Ombudsman Service (the Financial Ombudsman), the Financial Services Compensation Scheme (FSCS), The Pensions Regulator (TPR) and the Money and Pensions Service (MaPS) to address issues with potential impact across the financial services sector.

We have a Memorandum of Understanding with the Prudential Regulation Authority (PRA) which can veto our actions if it thinks they may threaten financial stability. It did not use this power in 2025/26. We also meet with external auditors of certain PRA-authorised firms. During the year, we held 29 such meetings.

We are subject to independent audit by the National Audit Office (NAO) and independent scrutiny of complaints about the FCA by the Complaints Commissioner.

Read about the impact of our work with partners in Our strategic progress 2025/26.

Listening and engaging to shape better decisions

Panels we engaged with

We consulted on our work with 6 independent statutory panels, who helped us test our thinking, challenged our decisions and improved outcomes. We engaged and listened early, so we could better shape regulation that was proportionate, effective and focused on what matters most.

We engaged with the Financial Services Consumer Panel for consumer insights, and the Listing Authority Advisory Panel, Practitioner Panel, Markets Practitioner Panel, and the Smaller Business Practitioner Panel for practitioner perspectives.

We also followed the Statement of Policy on Panel Appointments, using its processes and criteria when making panel appointments.

'We're working with industry to ensure standards are met, innovation spreads, and that the UK market continues to earn your trust.'

Simon Walls,
Executive Director,
Markets

Cost Benefit Analysis Panel

The Cost Benefit Analysis (CBA) Panel brings together independent experts from industry, academia and consultancy to challenge and strengthen our analysis. During the year, the panel reviewed our cost benefit assessments for major reforms that met minimum thresholds – including cryptoassets and motor finance – and published 13 opinions. The panel also made high-level recommendations to enhance the use of cost benefit analyses.

Read our CBA report

Surveys for insight

We gather insights from consumers and firms through 3 key surveys:

Financial Lives survey (FLS) – informs our consumer protection and competition work.

FCA and Practitioner Panel survey – provides feedback from regulated firms on our performance and effectiveness.

Thinks survey – provides insight into wider stakeholder perceptions of our performance and impact.

Panel engagement case studies

Below are 3 case studies showing how panel engagement informed our work:

Advice guidance boundary review (AGBR)

Concerns were raised about the proposed framework, particularly the need to test consumer understanding and interest.

In response, we carried out additional consumer research and adjusted the regime design. This will enable consumers to get simple, helpful guidance from firms without it becoming full financial advice.

Outcome

- Clearer guidance
- Better support
- Better decisions

Mortgage rule review

The panels encouraged us to test proposals earlier, allow more flexibility for lenders with clear minimum standards, and be open about the trade-offs between improving access to mortgages and managing arrears risk.

We shaped simpler mortgage rules to increase lending and give some consumers more flexibility when applying for a mortgage, including remortgaging or reducing their term, while being clear about the risks.

Outcome

- Simpler rules
- More flexibility
- Improved access

Modernising the redress framework

Modernising the redress framework was identified as a priority, particularly to improve how it operates in mass redress events and strengthen consistency and predictability in decision-making.

In response, we sought feedback and used this to inform engagement with HM Treasury and the Financial Ombudsman on system-wide changes. These reforms are now being taken forward through legislative and regulatory change.

Outcome

- Clearer redress systems
- More consistent decisions
- Earlier resolution of issues

How our regulatory work is funded and safeguarded

We are an independent public body funded by the fees we charge regulated firms. We retain a limited portion of financial penalties, which is used to reduce fees for compliant firms, and the excess is paid to HM Treasury.

Read about our operations and financial statements

£761 million
in total fees and levies
collected from regulated firms

This covers
88%
of our annual funding requirement

£71.2 million
in retained
financial penalties
helped
reduce
regulatory fees
for compliant firms

Our external environment

The environment **shaping our decisions** in 2025/26

This section describes the external environment in which we made regulatory choices. The external environment shapes where risks, challenges and opportunities to our objectives arise, how quickly they may crystallise, and the regulatory choices required.

FCA-specific risks, governance and mitigation are set out in the principal risks section of our Group operational overview.

Geopolitical instability and conflict

Heightened global uncertainty

Markets experienced episodic volatility and price spikes linked to geopolitical developments, particularly in energy and commodity markets, though overall market functioning remained resilient. Heightened global instability and technological advances continued to increase financial crime risk, including fraud, illicit finance and sanctions evasion, with pressures exacerbated by criminals operating cross-border and uneven resourcing and capability across the wider system.

From our speeches: our response
Hardwiring finance into national security
Renaissance at market speed: UK wholesale finance in 2026

Resilient UK growth despite international headwinds

Uncertainty continues to add pressure

UK growth in 2025/26 was resilient despite significant international headwinds, with the UK performing relatively strongly compared with some international peers. However, structural challenges, subdued productivity growth and ongoing geopolitical uncertainty continued to pressure firms' business models and household finances.

From our speeches: our response
Shining a light on private markets
Rebalancing risk to facilitate innovation and growth

Increased focus on UK growth and competitiveness

Changing expectations of regulation

Economic growth and competitiveness remained prominent in public debate, with greater focus on regulatory burden, proportionality and risk-taking. This shaped expectations of how regulation should support growth while maintaining protections, though engagement on system-wide risk appetite remained limited.

From our speeches: our response
Funding our future: Building brilliant companies on the UK's public markets
Risk, reform, reward: Why the UK is the place to invest
What kind of market do we want to be?
Screening for success: Opening the gateway to growth

Continued financial pressure on consumers

Lower consumer resilience

Cost of living pressures persisted, with impact on households unevenly distributed. Many consumers remained financially vulnerable, with factors such as higher energy costs continuing to put pressure on household finances, increasing the risk of harm, arrears and affordability issues across retail financial services.

From our speeches: our response
Mortgage reform: Supporting home ownership in the UK
Resilient future: Strengthening financial capability and inclusion for all

Increasing protectionism and deglobalisation

Fragmentation of global markets

Trade tensions intensified, raising the risk of higher costs, supply chain disruption, inflationary pressures and challenging international coordination.

From our speeches: our response
Strengthening the UK-China financial partnership
Japan and the UK: Shared growth, shared future

Increased reliance on critical third parties

Direct pressure on operational resilience

Some financial services firms are dependent on a small number of third-party providers, particularly for cloud services and core infrastructure. Concentration increases the potential for incidents to cascade through multiple firms and markets simultaneously.

From our speeches: our response
Regulating for growth – the future is now

Increased adoption of artificial intelligence

Acceleration of technological change

Firms expanded use of AI, including LLMs across trading, risk management, fraud detection and customer service. While creating innovation and efficiency opportunities, increased adoption can lead to risks around governance, consumer protection, market integrity and operational resilience.

From our speeches: our response
AI for growth – how the FCA can help
The FCA's long-term review into AI and retail financial services: Designing for the unknown

Expanding regulatory perimeter

Growing scope and complexity of regulation

The regulatory perimeter continued to widen, including new, emerging activities such as cryptoassets, BNPL and ESG ratings providers. These developments broaden the range of activities subject to regulatory oversight and add to the complexity of managing competing demands.

From our speeches: our response
Global responses to digit asset regulation
The FCA's approach to regulating cryptoassets and stablecoins

Climate-related risks and sustainability

Structural, longer-term pressure

Climate-related risks, including physical impacts, the transition to a low-carbon economy and scrutiny of sustainability claims, continued to shape the global financial system. Regulatory focus was on embedding rules, building international consistency and tackling the risk of misleading or exaggerated claims.

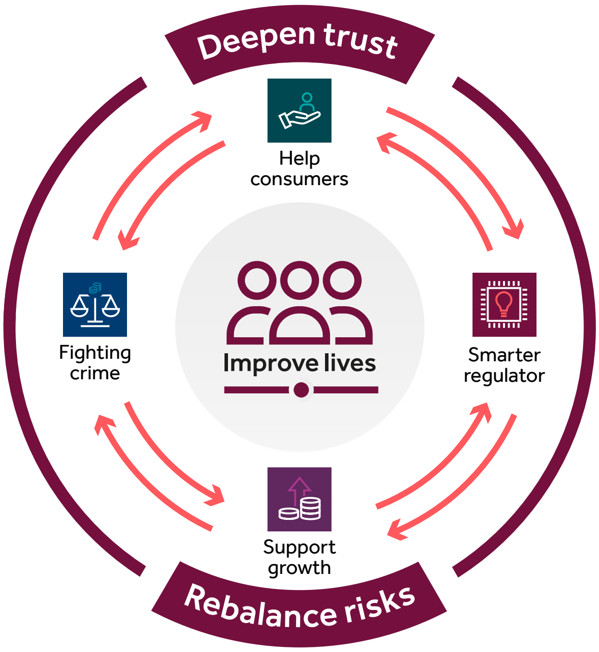
From our speeches: our response
Unlocking green growth: Why the UK is the smart bet for sustainable finance
Raising standards in transition finance: Clarity, coherence, collaboration

Our strategy 2025 to 2030

A 5-year strategy to **deepen trust** and **improve lives**

Our 2025 to 2030 strategy builds on the foundations laid in our previous multi-year strategy, taking forward what has worked while refining our approach in response to new risks and opportunities.

It sets out how we will work to deepen trust, rebalance risk, support growth and improve lives in a challenging external environment, which includes the consequences of stubbornly low growth.



Our strategic priorities

To enable the financial industry to succeed and improve lives, we are focused on 4 priorities:

- Helping consumers
- Being a smarter regulator
- Supporting growth
- Fighting crime

How the priorities work together

Our 4 priorities reinforce one another. Being a smarter, more effective regulator helps us fight financial crime. That builds consumer trust, giving them the confidence to take informed risks so they can better withstand financial shocks or save for retirement. These savings can be turned into capital for businesses to invest and expand, which then supports growth. And that helps to create wealth, raising living standards and improving lives.

We explain how we have delivered against our 4 priorities in Our strategic progress 2025/26.

Key insights from year 1

We've successfully progressed the **first year** of our strategy

Building on strong foundations, our first year has shown that clear priorities, better use of data and more predictable regulation are central to achieving our long-term vision.

Helping consumers

Around
18 million
consumers could be reached through
pensions and investment access support over 10 years

Impact: more people able to make informed financial decisions

Up to
£30,000
potential extra mortgage lending capacity
for many borrowers

Impact: improved flexibility and access to home ownership

Around
£157 million
in savings for consumers paying monthly insurance

Impact: fair value for consumers using the Duty's fair-value rules

Smarter regulator

100% of
firms on My FCA
81% indicated
it's easy to use

Impact: simple, widely adopted digital interface

Estimated
£16 million
saved across
90% of
regulated firms

Impact: lower regulatory burden

Processing of less complex supervisory cases cut from 4 hours to
6 minutes

Impact: efficiency gains

Supporting growth

132 applications to the **AI Supercharged Regulatory Sandbox**

Impact: strong demand for innovation support

2 PISCES operators approved and **2 in the pipeline**

Impact: expanded investor access to private markets

99.3% **of all authorisation cases assessed within deadlines**

Impact: efficiency gains

Fighting financial crime

2,329 warnings issued about **unauthorised** or **potential scam firms/individuals**

Impact: disruption of unauthorised activity

17 criminal convictions secured including **fraud**, **insider dealing**, **money laundering** and **DPA offences**

Impact: strong effective action against bad actors

£1.77 million in fines for 12 individuals for **market abuse failings**

Impact: effective deterrence

Our strategic progress 2025/26

How **we delivered** our 4 priorities

We've focused on the most serious risks and harms, building on our work to support consumers and deliver long-term impact.

Helping consumers

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Smarter regulator

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Supporting growth

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Fighting financial crime

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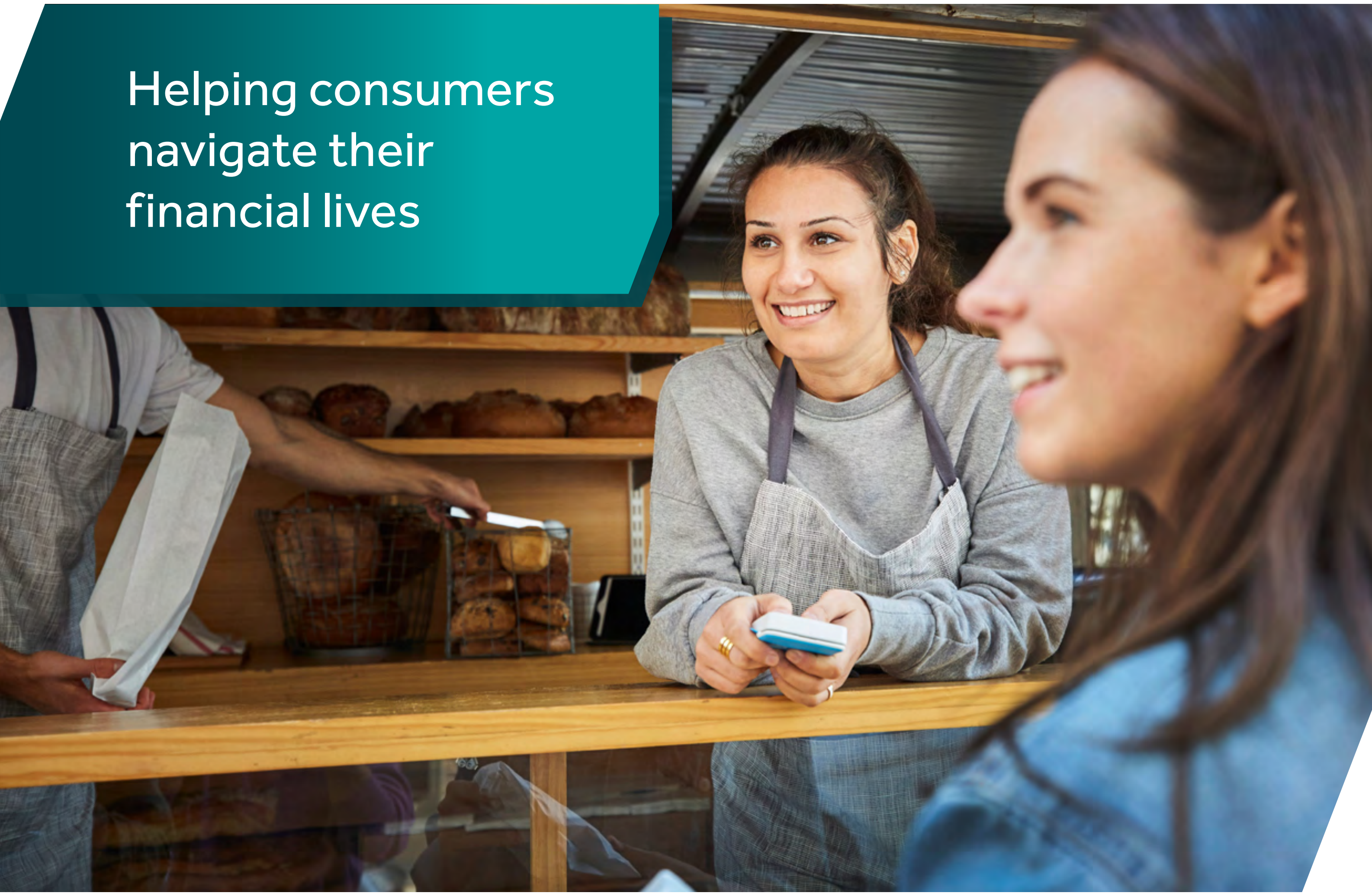
Helping consumers

Helping consumers navigate their financial lives



Why this matters

Many consumers face persistent financial pressure and complex decisions, such as taking on credit, choosing insurance, planning for later life or accessing home ownership. These pressures affect people differently.

Consumers in vulnerable circumstances are more likely to experience harm when markets do not work well. Lack of access to appropriate support, information or products can mean consumers disengage or make poorly informed decisions, undermining trust and financial resilience.

We want our regulation to support good outcomes for all consumers, throughout their financial lives. With the Consumer Duty (the Duty) now embedded and increasingly delivering good outcomes, we are focusing on targeted changes to our regulatory frameworks to simplify them, improve support and enable innovation.

Consumer investments priorities: Strengthening trust, supporting investors

What we focused on this year

- Supporting financial inclusion as outlined in the Chancellor's remit letter and playing a key role in the Government-led Financial Inclusion Committee.
- Reforming rules to help consumers make informed decisions and build greater confidence in investing and saving.
- Reforming the mortgage market to improve flexibility and access to home ownership.
- Strengthening protection and resilience for consumers, focusing on insurance markets.
- Raising standards through Duty implementation to improve consumer outcomes.

What we delivered in 2025/26

Supporting financial inclusion

We played a strong role in the development of the Government's Financial Inclusion Strategy as part of the Financial Inclusion Committee. The strategy aims to improve the financial inclusion and wellbeing of households across the UK.

Helping consumers make informed saving and investment decisions

Impact on consumers

Impact on firms

Our major programme of reform through the advice guidance boundary review (AGBR) has started to move into delivery with the launch of targeted support in April 2026. To support implementation, we opened pre-application support in August 2025, enabling firms to prepare for authorisation ahead of the regime going live and accelerating time to market compared to typical timelines. We confirmed final rules, widening access to support for pensions and investment decisions, particularly for those unable to access or afford full regulated advice. Over the next decade, at least 18 million consumers could be offered extra help.

We advanced reforms to simplify investment information and worked with industry to make information about investment risk clearer. This helps expand access to mainstream investments and reduce complexity that deters engagement. We also supported firms' ongoing connection to pensions dashboards, improving the infrastructure consumers need to find and understand their pension savings. Work on pensions Value for Money progressed as part of a wider programme to improve later-life resilience and as part of implementation of the Pensions Schemes Act 2026.

Improving mortgage flexibility for consumers

Impact on consumers

Impact on firms

We began once-in-a-generation mortgage reform. Following our clarification on stress testing, 85% of the market rapidly updated its approach, enabling borrowers to potentially access around £30,000 more. Additional changes in July 2025 made it easier to remortgage, reduce terms or discuss options with a firm. Together, these changes helped more people access affordable mortgages and created more options to manage their mortgage.

> 'We are helping consumers navigate their financial lives in a constantly changing world where there's no such thing as one size fits all.'
>
> Sarah Pritchard, Deputy Chief Executive

Improving resilience and protection at moments of financial stress

Impact on consumers

Impact on firms

We published final rules for interest-free Buy Now Pay Later (BNPL) following engagement with industry stakeholders, consumer groups and Government bodies. The rules require clear product information, appropriate protections and fair treatment to help consumers make informed decisions.

We stepped up work in insurance markets, including motor insurance, premium finance and pure protection, where poor value, weak claims handling or unsuitable products can disproportionately affect vulnerable consumers.

Through supervisory action and firm remediation under the Duty, we required firms to reassess fair value, address past failings and improve ongoing outcomes for consumers. Our insurance work contributed to £200m of compensation for 270,000 consumers who were underpaid when their cars were written off. Using the Duty's fair-value rules, we ensured consumers paying monthly insurance received fair value, delivering estimated savings of around £157m a year.

Together with partners, we published a Workplace Savings Statement to reduce perceived regulatory barriers to employer savings schemes, supporting consumers to save regularly and build financial resilience.

Raising standards and improving consumer experiences

Impact on consumers

Impact on firms

Cross-cutting

We have continued to raise standards by supporting firms to embed the Duty, publishing examples of good and poor practice, updating resources for smaller firms and providing further clarity on our focus areas. To help firms deliver good outcomes, we also published reviews on consumer support and consumer understanding, alongside findings on digital design and claims handling.

Using the Duty, we sharpened supervisory focus on sectors such as insurance and consumer credit, enabling earlier intervention where there was a risk of poor outcomes. Early indicators show firms improving Duty implementation and deepening focus on consumer outcomes, including vulnerability. Where we see serious breaches and harm to consumers, we can take enforcement action. As of 31 March 2026, we have 11 open enforcement cases relating to the Duty, compared with 1 case on 31 March 2025.

We will continue to act where we see risk of harm, including further Duty-led work following the Which? super complaint on consumer understanding in home and travel insurance.

We refreshed our approach to consumer engagement to better integrate insight from consumers, including those with lived experience of vulnerability, into decision-making. In parallel, we are reviewing friction points in customer journeys, looking at firms' design and delivery to share good and poor practice.

Our communications also focused on consumer rights and routes to support, which is covered in more detail in Fighting financial crime.

We also set up a compensation scheme for motor finance customers affected by inadequately disclosed commission and tied arrangements. This scheme is expected to return £7.5bn to consumers. Most lenders have committed to implementing it, and we will robustly defend the legal challenges received.

The difference we have made

We improved protection for consumers at risk of harm while raising expectations of firm behaviour across markets. Interventions on credit, insurance, savings and investment improved information, fairness and access to support, particularly for vulnerable consumers.

Policy interventions aimed at consumers can take time to filter through the financial cycle. In the first year of our strategy, we have focused on acting earlier at market level through better product design, clearer information and stronger standards, to prevent problems building up that will later require wide scale redress. Consumer-level impacts will continue to build as changes in firm practices take effect and influence consumer behaviour.

Smarter regulator

More efficient and effective regulation

Why this matters

Regulating with pace and efficiency underpins confidence in the rules we set. Complex processes, slow interactions and duplicative or low value data demands can increase costs for firms, reduce predictability and divert attention from the highest risks. Over time, this can undermine trust in regulation and confidence in financial markets.

What we focused on this year

- Reducing unnecessary firm reporting requirements and administrative burden.
- Digitising how firms interact with us.
- Improving the speed of authorisations and proportionality of supervision.
- Communicating regulatory priorities more clearly and consistently.
- Strengthening the use of data and intelligence to identify and respond to risk.

What we delivered in 2025/26

Reducing unnecessary regulatory burden

Impact on firms

We reduced firm burden and streamlined the reporting landscape by continuing to remove outdated or duplicated returns. We fully decommissioned 8 returns and moved 5 returns from quarterly to annual submission. These changes affected over 90% of regulated firms, delivering a £16m annual saving in reporting costs. We plan further return decommissioning and simplification later this year.

Simpler, digital interactions with the FCA

Impact on firms

We launched My FCA, giving firms a single digital entry point to report data and pay fees. Firms can now see all their upcoming tasks in one place, making it easier to meet their commitments. By end March 2026, all authorised and regulated firms were using My FCA – 81% indicated it was easy to use and there were fewer late returns submitted.

We also introduced a digital 'flexi-collection' capability in RegData, making it easier for firms to respond to targeted, one-off data requests.

Faster authorisations and more proportionate supervision

Impact on firms

By automating work on less complex supervisory cases, we reduced processing time from up to 4 hours to an average of 6 minutes. This enabled teams to focus on higher-impact cases affecting consumers or market integrity.

We also continued to digitise the gateway and streamline our authorisations processes, including the expansion of pre-application support, to support faster and more predictable decision-making and strengthening accountability through the introduction of new, voluntary performance targets. During March 2026, 48% of authorisations submissions (excluding directory persons) were provided via the new digital online platform (up from 22% in March 2025).

Alongside these improvements, the environment in which we assess applications and supervise firms remained complex and evolving. In modernising the payments regulations, the Government has proposed moving payments firms to a more FSMA-style regulation. This will increase the level of scrutiny that is necessary and appropriate at the gateway.

> 'Innovation will help us to be a smarter regulator, improving our processes and allowing us to become more efficient and effective.'
>
> Jessica Rusu,
> Chief Data, Information and Intelligence Officer

Clearer communication of regulatory priorities

Impact on markets

To improve clarity and predictability, we retired all portfolio-specific CEO letters and replaced them with 9 annual Regulatory Priorities reports which provide specific key priorities for each sector. This has reduced duplication and improved understanding of our priorities. By helping firms better understand expectations and priorities, we create conditions for improved outcomes over time.

Regulatory Priorities: Retail banking report

We expanded our direct relationships with firms across retail banking and wholesale markets. These interactions helped us to share insights and market intelligence, shape priorities and respond to concerns. We intervene where necessary, adjusting our supervisory interactions with firms to mitigate risks proportionately.

Supervisory correspondence

Stronger use of data and intelligence

Impact on markets

We strengthened how we identify and respond to new risks by improving analysis and integration of data across markets. Automation enabled quicker issue identification, faster case handling and earlier action where risks arise. This also reduced the requirements on firms.

These are important foundational steps to becoming a smarter regulator.

The difference we have made

Taken together, these changes reduced friction and improved predictability for firms, allowing us to focus time and expertise on higher-impact risks to consumers and market integrity.

By removing low-value requirements and clarifying expectations, we delivered immediate regulatory benefits and freed our capacity to focus where it matters most.

Some impacts, including sustained burden reduction and more consistent firm perceptions, will take longer to be realised as changes mature.

Supporting growth

Enabling investment, innovation and competitiveness

Why this matters

Financial services are central to UK growth, supporting investment, innovation and productivity by helping businesses raise capital, manage risk, and by giving consumers and investors confidence to participate in markets.

As the UK's largest financial regulator, we support international competitiveness and economic growth, while recognising wider economic conditions influence outcomes. This helps strengthen the UK's position as a global financial centre.

Our December 2025 letter to the Prime Minister set out almost 50 pro-growth measures we delivered last year. Our reforms support the UK's competitiveness, attract international investment and reinforce the UK's role in financial services innovation.

What we focused on this year

- Improving access to capital, liquidity and market data.
- Accelerating digital innovation and productivity through safe testing routes.
- Making regulation simpler and more proportionate.
- Making it easier for firms to start up, scale and grow.
- Supporting consumer access to markets.
- Strengthening international engagement to exports and inward investment.

What we delivered in 2025/2026

Unlocking capital investment and liquidity

Impact on markets

We made it easier for companies to raise capital through prospectus reforms and a new public offer platform, reducing friction in access to funding and increasing investor opportunity. We expanded investor access to private markets through PISCES (Private Intermittent Securities and Capital Exchange System), with 2 operators approved and a further 2 in the pipeline, supporting growth companies.

To improve liquidity, transparency and global competitiveness, we consulted on a consolidated tape for equity markets, awarded a contract for fixed income markets and implemented a new transparency regime for bonds and derivatives, significantly increasing market transparency.

We also supported moving certain trades to settlement 1 business day after execution, which will reduce processing times by around 80%, with a deadline of 11 October 2027. The change is designed to improve market efficiency, reduce risk and align the UK with global settlement standards.

Accelerating digital innovation to enhance productivity

Impact on firms

We helped firms move from testing to deployment of new technologies by expanding our range of innovation services, providing safer routes with greater regulatory certainty. This included launching our first AI Supercharged Sandbox cohort with NVIDIA, which attracted 132 applications and supported 23 firms. We also introduced AI Live Testing, and confirmed the first participants.

Through our Smart Data Accelerator, we ran 2 Tech Sprints involving 17 firms developing open finance and smart data prototypes. These focused on improving access to finance for small and medium-sized businesses and helping consumers manage mortgages and make overpayments.

Demand for structured support increased, with applications to our innovation services up 89% (332 vs 176 in 2024/25) and 63 firms receiving support.

This year, we laid important groundwork for the regulation of cryptoassets and will continue to develop a clear, robust framework as this sector evolves. We set up a test programme for stablecoins and developed fund tokenisation guidance to improve certainty to innovate. With the Bank of England (the Bank), we continued joint testing through the Digital Securities Sandbox, exploring the operational safety of digital securities and payment systems under regulation.

We enabled firms with strong fraud controls to amend or remove the £100 contactless limit, helping them respond to changing consumer needs and new technology. We also helped certain retail investors to access crypto exchange-traded notes, supporting innovation and competition while maintaining protections.

Making regulation simpler and more proportionate

Cross-cutting

Impact on firms

We consulted on transaction reporting changes which are estimated to save businesses a further £87m per year. Alongside the Prudential Regulation Authority (PRA), we consulted on simplifying the Senior Managers and Certification Regime, while retaining protections. We are working with HM Treasury on next steps following its consultation response, with legislative changes being taken forward through the Financial Services and Markets Bill currently before Parliament.

To give firms more certainty and support innovation, we published next steps on reforming the redress system with the Financial Ombudsman, alongside planned legislative reform by the Government.

Making it easier for firms to start up and grow

Cross-cutting

Impact on firms

We improved the speed and predictability of authorisations, giving firms earlier, clearer decisions, while maintaining rigorous standards. We introduced voluntary authorisation targets and began measuring performance against them. In Q4 (January - March 2026), 97.6% of applications were determined within these, or pre-existing, targets.

We let more than 382 firms know we were 'minded to approve', giving earlier certainty as they sought to enter or expand in the market.

We supported growing firms by launching a joint Scale-Up Unit with the PRA, including a pilot cohort of 5 banks and 1 building society. We also increased Early and High Growth Oversight supervisory capacity by 50% to better support fast growing, innovative firms. Pre-application support expanded almost 250% with over 300 firms applying, including wholesale payments, consumer investments, targeted support, BNPL and solo regulated insurance firms.

To support growth in the mutuals sector, we established a Mutual Societies Development Unit and undertook wider work to identify barriers to entry and expansion, including publishing reports in response to the Government's request. We also announced plans to reduce mutuals registration times by a third and will continue this work as part of our broader support for the sector.

Supporting consumer access to markets

Cross-cutting

Our advice guidance boundary and mortgage reforms which support investment participation and housing market accessibility, are set out under Helping consumers.

To promote competition and give consumers greater control over their payments, we supported the rollout of variable recurring payments under open banking.

Improving exports and inward investment

Impact on UK economy and society

We expanded the UK's international reach in the US, Asia-Pacific and Singapore, supporting exports and inward investment. We contributed to the Government's launch of the Office for Investment: Financial Services. We also implemented the Berne Financial Services Agreement, enabling 18 firms to register for cross-border business.

We established a strategic partnership on AI with the Monetary Authority of Singapore to support safe AI innovation, help firms scale across markets, and attract inward investment.

To support the UK's position as a global sustainable finance hub, we consulted on regulation of environmental, social and governance ratings, estimated to deliver around £500m in net benefits over the next decade.

We helped reduce regulatory friction, including proposals for streamlined rules for fund managers, changes to investment research rules and more proportionate remuneration requirements for banks. We also simplified rules for insurers, bolstering the UK's position as a leader in commercial insurance.

The difference we have made

Our first year shows regulatory predictability and speed matter, alongside the substance of reform, in enabling firms to act with confidence. Wider economic and geopolitical conditions continue to shape outcomes, and full effects will become clearer over time.

Against this backdrop, our work improved conditions for firms to invest, innovate and raise capital. This is reflected in wider system outcomes. The FSCS levy, for example, has fallen to one of its lowest levels in a decade, reflecting in part the impact of work under our 2022 to 2025 strategy to reduce firm failure and harm. Lower levy levels reduce costs for firms and support a more stable and competitive market.

These changes are already showing impact, with a net £4.4bn increase in access to finance for businesses as of April 2026. London remained the world's second-highest ranked financial centre in the Z/Yen Global Financial Centres Index, only 1 point behind New York, and the UK remained the world's largest net exporter of financial services, with a real terms increase of 6% compared to 2024/25.

'We know that a thriving, competitive financial services market is the bedrock of a growing economy.'

Sheree Howard, Executive Director, Authorisations

Read how we have advanced our secondary international competitiveness and growth objective

Fighting financial crime

Preventing harm, protecting consumers and strengthening market integrity

Why this matters

Financial crime harms consumers, firms and markets. It robs consumers and businesses of money, undermines confidence in financial services, and damages market integrity. Criminal activity also reduces the funds available for investment and growth, making markets less attractive and less resilient.

What we focused on this year

- Strengthening early detection of financial crime, including organised crime risks, through improved data and analytics.
- Targeting the most harmful consumer fraud, including illegal financial promotions, and unauthorised activity.
- Raising standards in higher-risk sectors to reduce exposure to illicit activity.
- Disrupting serious misconduct to protect market confidence.
- Reducing online and cross-border harm through coordinated system-wide action.

What we delivered in 2025/26

Using data and analytics to prevent and detect harm

Cross-cutting

Impact on UK economy and society

We expanded our intelligence and analytics capabilities to identify threats earlier and target the most significant risks. Automated tools improved the quality of alerts used to detect insider dealing and extended our surveillance across a wider range of activity.

These capabilities contributed to earlier disruption of harm. Using advanced analytical tools, we took down more than 190 scam websites breaching FSMA. Our analytics platform now supports the identification of both fraud and money laundering, shifting from reactive to proactive intervention.

Working with the National Crime Agency (NCA), we streamlined data-sharing and improved detection and disruption of financial crime. Using our analytics platform, we analysed datasets, including suspicious activity reports, and identified 30 suspected unregistered crypto brokers and a payments institution suspected of enabling criminal activity. Reviewing over 600 records uncovered around £30m in unregistered activity, prompting supervisory and enforcement action.

> ‘Every fraud we disrupt, every scam we prevent, every pound we return to victims, strengthens the foundation of trust our markets depend on.’
>
> **Steve Smart, Joint Executive Director, Enforcement and Market Oversight**

We strengthened our ability to prevent organised criminal gangs from exploiting regulated firm status by identifying risk indicators earlier in authorisations and refusing higher-risk applications. We also took a more intelligence-led approach to identifying regulated firms with organised crime indicators, working with law enforcement partners and using supervisory and enforcement tools to disrupt risks.

Disrupting fraud and improving consumer protection

Impact on consumers

Fraud remains a major threat, with investment fraud generating over £1.1bn in losses. These crimes cause significant financial harm. We worked with online platforms to identify and remove scam adverts at source and undertook 17 short-notice supervisory visits to firms suspected of investment fraud.

We also led coordinated efforts to disrupt illegal online promotions at scale. Our 'week of action' on finfluencers in June 2025 with 9 international regulators, resulted in 3 arrests, 6 criminal proceedings, 11 targeted warning or cease-and-desist letters, 50 warning list alerts and 650 takedown requests.

We issued 2,329 warnings about unauthorised or potential scam firms and individuals in 2025, compared with 2,240 alerts in 2024. This highlights the scale of online harm and the need for platform-level controls.

Money mules remain a significant and growing enabler of fraud and are a shared priority with the NCA. Our 2025 survey of 35 firms across the payments and retail banking sectors found 222,173 personal customers offboarded for suspected mule activity, up 4.4% on 2024 and 30.5% on 2023.

Through the National Economic Crime Centre, we led a time-limited collaboration to track how fraud proceeds move across accounts and are cashed out. This strengthened our understanding of mule networks and fund flows. Our findings will be shared with industry and partners in the coming months to support more effective, coordinated disruption.

We strengthened consumer protection through the promotion of our Firm Checker tool. We estimate that the tool has been used over 1.9 million times since its introduction in January 2025. Following an advertising campaign in January 2026, we saw a 49% increase in estimated consumers protected (from about 464 to 694 per week).

'Real confidence has to be built upstream – through prevention, proportionality and collaboration. That takes time, and it takes all of us – regulators and industry – working together.'

Therese Chambers, Joint Executive Director, Enforcement and Market Oversight

Raising anti-money laundering (AML) standards in higher-risk sectors

Impact on firms

Our AML supervision became more risk-focused and data-led. Reviews of over 300 corporate finance firms found up to two-thirds non-compliant with Money Laundering Regulations. Similar reviews of 300 AML-registered lending firms and 300 asset managers supported consistent oversight across higher-risk sectors.

Where we identified serious weaknesses, we took follow-up action, requiring firms to remediate deficiencies, improve controls and governance, or restrict activities. We escalated material cases for enforcement or market exit.

Through the Office for Professional Body Anti-Money Laundering Supervision (OPBAS), we intervened where we identified significant weaknesses in AML supervision by professional body supervisors, including taking our first enforcement action. We also worked with professional body supervisors to strengthen supervisory effectiveness and drive more consistent standards as reforms progress. Together, these interventions are raising standards and reducing exposure to financial crime across higher-risk sectors.

We also published findings on how firms are meeting risk assessment requirements, and mitigating and managing risks appropriately.

In October, HM Treasury announced plans to expand the FCA's AML supervisory remit to include accountancy and legal sector firms, with legislation progressing. In response, we have established a dedicated AML Reform project to design a scalable, data-led, risk-based approach to supervision, with delivery dependent on the bill receiving Royal Assent.

Taking assertive action against market abuse

Impact on markets

We continued to pursue market abuse misconduct through enforcement and supervision, securing 4 insider dealing convictions, with 2 resulting in record sentences totalling 11 years imprisonment. We fined 12 individuals a total of £1.77m (up from 2 individuals in 2024/25) for insider dealing, market manipulation and making misleading statements. We also fined firms approximately £14.4m for transaction reporting failures, control weaknesses and publishing inaccurate information.

We opened 2 new investigations under the Listing Rules and worked with domestic and international partners to target individuals and organised criminal groups. To prevent market abuse, we took supervisory action, including skilled person reviews, a voluntary requirement to halt risky activity, and 9 market abuse supervisory visits. We also expanded surveillance capabilities by extending alert coverage and developing new gilt market monitoring tools.

Read more about our enforcement outcomes

Working across the system

Impact on UK economy and society

Jointly with the NCA, we launched the first set of cross-system priorities for financial crime. Selected UK banks are piloting 18-month action plans across 4 of the priorities, including cash-based money laundering, money mules, and high-risk jurisdictions for illicit finance and fraud. Insights will inform future system-wide approaches.

The difference we have made

We strengthened protection for consumers and markets by disrupting harm earlier and raising standards in higher-risk areas. Enhanced analytics, targeted supervision and enforcement improved our ability to respond to fraud, money laundering and market abuse, alongside coordinated action with partners across the system.

Back-testing in the payments sector showed new analytics identified higher-risk firms earlier. Data integration across more than 52 million records supports earlier identification and more effective intervention.

This confirms that earlier, intelligence-led intervention is more effective than reactive measures alone. Financial crime remains complex, and outcomes depend on sustained system-wide effort, with impact expected to strengthen over time.

How our enforcement actions **protect consumers and markets**

This section highlights a small number of the significant enforcement outcomes delivered during the year. These cases show how our actions are contributing to a system that works well for both consumers and firms.

Insider dealing and money laundering convictions

Why it matters

Market abuse undermines trust and confidence and deters investment by compromising fair and transparent markets. Tackling it helps fight financial crime and strengthens trust in UK markets.

What happened

A former research analyst misused confidential, price-sensitive information and shared it with others, including a family member, to trade ahead of market-moving announcements. The activity generated profits of around £1m and involved using an international money laundering network.

What we did

Following a forensic criminal investigation in June 2025, we secured the convictions of 2 individuals for insider dealing and money laundering offences. Our investigation also uncovered an international money laundering network involving 173 cash deposits into accounts controlled or operated by the individuals from the UK to Albania. We are pursuing confiscation proceedings to deprive the individuals of the proceeds of their crimes.

Outcome

11 years' imprisonment in total

Conviction for a fraudulent Ponzi investment scheme

Why it matters

Investment fraud can cause life-changing financial harm and erodes confidence in financial markets. Disrupting it helps consumers and strengthens market trust.

What happened

An individual set up a Ponzi scheme through an investment fund, targeting investors online with promises of extremely high returns. The scheme took money from 238 investors and raised over £1m in funds.

What we did

In October 2025, the individual was sentenced for conspiracy to defraud and related offences. We are pursuing confiscation proceedings to deprive the individual of the proceeds of their crimes and compensate the victims.

Outcome

7½ years' imprisonment

> **'Our vision is clear: we want a stronger investment culture and a resilient consumer investment market where more consumers feel confident investing.'**
>
> Lucy Castledine, Director, Consumer Investment

Unauthorised investment advice and fraud conviction

Why it matters

Unauthorised advice leaves customers exposed to unsuitable products and undisclosed risks. By acting against unauthorised advice and deceptive practices, we help consumers make safer, better-informed decisions.

What happened

The individual promoted and advised on trading strategies without authorisation and misled investors about losses and fund values. Over £1m was harvested unlawfully, and investor funds were used for personal spending.

What we did

In December 2025, the individual was sentenced after pleading guilty to fraud and FSMA breaches.

Outcome

2 years' imprisonment; assets of around £750,000 restrained pending confiscation

> **'We will pursue those who abuse investors' trust and ensure they do not profit from their criminality.'**
>
> Steve Smart, Joint Executive Director, Enforcement and Market Oversight

Nationwide Building Society – Weak financial crime controls

Why it matters

Strong financial crime controls protect both consumers and the wider financial system from harm. Improving firms' controls helps fight financial crime.

What happened

Ineffective anti-financial crime systems meant Nationwide failed to keep up-to-date due diligence and risk assessments on personal current account customers, monitor their transactions effectively, or manage the risks of customers using such accounts for business activity. In one serious case, these failures allowed a customer to receive £27.3m in fraudulent Covid furlough payments.

> 'To fight financial crime we will act with pace to stop harm, disrupt criminals, and back firms to be an effective line of defence.'
>
> Therese Chambers, Joint Executive Director, Enforcement and Market Oversight

What we did

In December 2025, we fined Nationwide Building Society for these control failures.

Outcome

£44m fine

Barclays Bank UK PLC and Barclays Bank PLC – Poor handling of money laundering risks

Why it matters

Effective anti-money laundering controls safeguard consumers and uphold market integrity. By ensuring firms effectively manage money laundering risks we help protect the integrity of the financial system.

What happened

The banks failed to gather adequate information and adequately assess and manage money laundering risks before providing services to high-risk customers, or in the opening of client money accounts, exposing the system to misuse.

> 'We will implement changes which have commanded wider support and which we believe will help support our efforts to protect consumers from harm.'
>
> Nikhil Rathi, Chief Executive

What we did

In July 2025, we imposed financial penalties and secured a voluntary payment to WealthTek's clients.

Outcome

£42m fine; voluntary payment of £6.28m paid to WealthTek's clients who had a shortfall in the money they were able to reclaim.

Misleading financial information

Why it matters

Accurate financial reporting by listed companies is essential for transparency, market integrity and investor decision-making.

What happened

A firm published inaccurate financial information after accounting judgements were inappropriately influenced to maintain previously stated results. Weak systems and controls led to breaches of the Listing Rules.

What we did

In March 2026, we issued a Final Notice imposing a financial penalty, following a 9-month investigation.

Outcome

£12,993,700 fine

Former CEO fined – Misrepresentation by former CEO results in fine and industry ban

Why it matters

Senior leaders shape culture, conduct and trust across the system.

What happened

Jes Staley, a former CEO, misrepresented the nature of his relationship with Jeffrey Epstein while holding a senior leadership role. The Upper Tribunal upheld findings that his conduct fell below expected standards.

What we did

In July 2025, we issued a Final Notice banning him from senior management roles and imposing a financial penalty.

Outcome

£1.1m fine and industry ban

Competition enforcement in financial services

We also use our competition law powers to investigate potential harm in financial services, supporting innovation, choice and better outcomes for consumers and firms.

During the year, this included work on fair access to connectivity infrastructure, an investigation into digital payment wallets and deciding not to prioritise an investigation into an industry-led access fee model to support the development of new open banking payment services. We also recently made public the work undertaken on commodity futures traders.

Our positive impact

We estimate that our rules delivered £5.6bn in benefits to consumers, firms and the wider economy. This is equivalent to £7.2 of benefit for every £1 spent running the FCA.

These benefits include lower prices for financial products, better protection from harm, and improved outcomes for consumers who are saving, investing and borrowing.

How we estimate this impact

We estimate benefits using a cost benefit analysis (CBA), which we publish when proposing or changing our Handbook rules. Where possible, we quantify the benefits a rule is expected to deliver.

Some benefits, such as reductions in prices, are easier to measure. Others, like improvements in innovation or productivity, or the wider contribution to growth, are harder. This means our estimate does not capture all the benefits our rules generate and may underestimate their overall impact.

Our rules delivered an estimated

£5.6bn

in benefits

to consumers, firms and the wider economy

This is equivalent to

£7.2

of benefit for every £1 spent

running the FCA

Why benefits from earlier rules are included

Rules typically deliver benefits over many years.

Our 2025/26 estimate reflects the annual benefits from rules introduced in recent years that continue to generate measurable impacts, rather than the total benefit of all rules.

To compare impacts fairly, we estimate each rule's expected benefits over the 10 years following its introduction and report these as annual figures. We adjust earlier estimates to today's prices, so the figures are consistent and comparable.

We set out our methodology in our positive impact webpage.

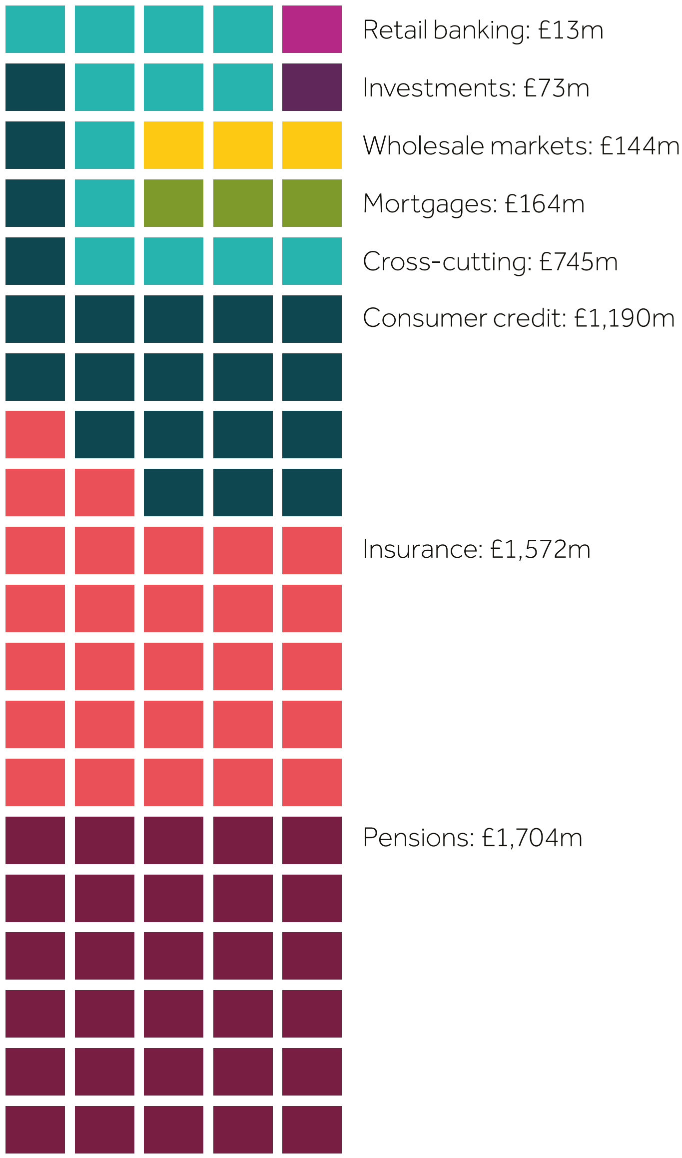
How our wider work helps deliver these benefits

Rules only deliver benefits if firms follow them. The estimated impact of £5.6bn in benefits in 2025/26 reflects the combined effect of our:

- **Policy** – setting clear standards for firms and markets.
- **Supervision** – monitoring risks and intervening early to prevent harm, helping ensure benefits are realised.
- **Enforcement** – acting where standards are not met, reinforcing trust and deterring misconduct.

Distribution of estimated benefits

The chart below shows how the £5.6bn of estimated benefits were distributed across the financial system.



How the benefits of our work were distributed across sectors

The largest benefits came from interventions in areas with the greatest potential for consumer harm or market impact, including pensions, insurance and consumer credit. These reflect major consumer-focused reforms that improved decision-making, reduced avoidable charges, and lowered harm across key markets.

What is not included in our estimate

Our £5.6bn estimate in benefits, a conservative measure of impact:

- includes only benefits we can quantify from CBA.
- focuses on gross benefits and does not subtract costs to firms or others.
- excludes enforcement impacts to avoid double counting.
- does not capture benefits from activities such as authorising new firms, using our ability to convene and highlight issues of concern and enabling innovation.

How our newest interventions will deliver benefits over the next decade

In 2025/26 we introduced new rules that we expect to deliver over £1bn in benefits every year over the next decade. These include:

- measures to support consumers' pensions and investment decisions, which we estimate will generate around £785m a year in higher returns.
- protections for people using Buy Now Pay Later (BNPL) products, which we estimate will save consumers around £180m per year.
- our motor finance consumer redress scheme, which we estimate will put £7.5bn back into people's pockets.

Because these rules did not come into effect during 2025/26, their impacts are not included in our estimated benefits for 2025/26.

How our estimate compares to previous years

All figures below are in 2025/26 prices to enable comparison across years.

Year	Total benefit (£m)	Annual funding requirement (£m)	Benefit : cost ratio
2025/26	**5,613**	**784**	**7.2**
2024/25	6,184	779	7.9
2023/24	7,184	732	9.8
2022/23	7,277	713	10.2
2021/22	7,270	746	9.7

How the Board discharged its **section 172 duty** in 2025/26

Section 172 Statement

During 2025/26, the Board exercised its duties under section 172(1)(a)–(f) of the Companies Act 2006, within the operating environment described in this report.

The Board considered:

- the long-term effects of decisions
- the interests of our people
- relationships with suppliers, customers and other stakeholders
- our impact on the community and environment
- the importance of maintaining high standards of business conduct

Our stakeholders

Our key stakeholders include:

- parliamentarians
- government, political and public stakeholders
- consumers and consumer organisations
- regulated firms and individuals
- our people
- other regulators, partners and law enforcement agencies
- suppliers
- independent statutory panels
- the wider community and environment

These groups often hold differing perspectives. The Board prioritises the public interest when determining the most appropriate course of action.

In 2025/26, stakeholder perspectives were most relevant to decisions on consumer protection, market integrity, regulatory proportionality, risk rebalancing, and support for innovation and growth.

Our approach to stakeholder engagement

The Board engages with our key stakeholders through a range of UK-wide channels, including staff events, our annual public meeting, parliamentary sessions, and direct engagement with consumer groups, regulated firms and trade and industry bodies. Engagement with the Complaints Commissioner supports scrutiny of how we operate. These provide valuable context and insight. The decision summaries below reflect how stakeholder views informed Board decisions.

How stakeholder views shape Board decisions

The Board considers stakeholder interests when making policy and regulatory decisions. As required by FSMA, proposals to change rules or guidance are publicly consulted on, and decisions draw on cost benefit analysis, equality impact assessments, consumer research and other tools to ensure proportionality. In doing so, the Board balances the interests of stakeholder outcomes, alongside long-term impact and the potential for harm as illustrated below.

PISCES (Private Intermittent Securities and Capital Exchange System) rules (June 2025)

The Board approved rules creating a regulated framework for intermittent secondary trading in private companies. This was informed by CP24/29, external engagement and discussions with HM Treasury to establish the legislative sandbox. It weighed the opportunity to support capital formation and innovation against market integrity and investor protection. Insight from industry and parliamentarians highlighted growth benefits and risks from information asymmetries.

Outcome: clear standards for a new market model, with safeguards for early adoption.

Non-financial misconduct rules (June 2025)

The Board agreed to align non-financial misconduct rules across banks and non-banks and consult on whether extra Handbook guidance would be helpful for firms. The Board agreed to make this extra guidance following overwhelming support from consultation respondents.

Outcome: stronger conduct expectations.

Interim chair of the Financial Ombudsman Service (Financial Ombudsman) (July 2025)

The Board approved the appointment of an interim Financial Ombudsman chair following engagement with the Financial Ombudsman and HM Treasury, prioritising continuity, independence and public confidence in dispute resolution.

Outcome: continuity of leadership, maintaining confidence and independence in dispute resolution.

Consumer composite investments (CCI) product information framework (November 2025)

The Board approved new product information rules informed by the statutory panels, consumer testing and consultations CP24/30 and CP25/9. The Board considered clarity for consumers and implementation impacts on firms.

Outcome: clearer, more comparable product information.

Ancillary activities test rules (December 2025)

The Board approved reforms simplifying how non-financial firms determine whether their trading activity qualifies for the ancillary activities exemption. Broad engagement with industry, trade bodies, parliamentarians and specialist groups, and a formal consultation, CP25/19, informed their approach.

Outcome: more proportionate tests without weakening safeguards at the regulatory perimeter.

Deferred payment credit (DPC) rules - often referred to as Buy Now Pay Later (BNPL) (January 2026)

The Board approved final rules to reduce consumer harm from BNPL products, drawing on CP25/23 and input from firms, consumer groups, statutory panels and HM Treasury. The Board balanced consumer vulnerability, proportional disclosure and innovation.

Outcome: stronger protections, with a proportionate regime for low-cost credit providers.

Regulatory excellence programme (February 2026)

The Board endorsed proposals to strengthen our regulatory model, informed by market-testing with firms and discussions with HM Treasury.

Outcome: improvements focused on enhancing transparency, predictability and consistency across regulatory activities.

Advice guidance boundary review (AGBR) policy statement (February 2026)

The Board approved the final AGBR policy statement, introducing targeted support to help consumers with investment and pensions decisions. They considered affordability of advice, risks of mis-selling and clarity for firms. The policy was informed by extensive engagement via consumer research and engagement with firms, statutory panels, the Financial Ombudsman, the Information Commissioner's Office (ICO) and HM Treasury, alongside consultations.

Outcome: access to support widened while maintaining clear guardrails to protect consumers.

Motor finance commission consumer redress scheme (2007-2014) and Motor finance commission consumer redress scheme (2014-2024) (March 2026)

The Board approved final rules to implement the motor finance consumer redress schemes, following extensive engagement, consultation (CP25/27) and further analysis. Engagement included lenders, brokers, trade bodies, consumer groups, claimant firms and claims management companies, alongside statutory panels. Following consultation, the responses, and other data and analysis, including consumer research and legal analysis, informed refinements before approval of the final rules.

Outcome: intended to deliver fair, timely and consistent compensation to consumers harmed by unfair commission and tied arrangements practices.

Stakeholder-specific engagement

Parliamentarians

We provided evidence to Parliamentary Committees, responded to information requests, provided parliamentary briefings, issued quarterly MP newsletters and published our Perimeter report. During the year, we participated in 10 Parliamentary Committee and Bill Committee sessions, reflecting significantly higher engagement than many comparable public bodies. Feedback from parliamentarians on issues such as AGBR, access to cash and motor finance compensation helped shape the Board's assessment of proportionality and public accountability.

Government, political and public stakeholders

Engagement with HM Treasury, ministers, officials, devolved Parliaments and Assemblies provided policy context for Board decisions. Our Audit Committee met with the Complaints Commissioner to support the effective functioning of the complaints scheme, reinforcing transparency and accountability.

Consumers and consumer organisations

Engagement with around 40 consumer organisations through the Consumer Network, monthly updates from the Consumer Panel, communication with MPs, targeted consumer research and insights from the Financial Lives survey (FLS) informed decisions on policy proposals, such as the CCI framework, BNPL rules and targeted support for pensions and investments.

Regulated firms and individuals

We engaged with firms through roundtables, industry events, supervisory interactions and evidence from surveys, trade bodies and MPs. We replaced portfolio letters with clearer, more consistent Regulatory Priorities reports. Our Practitioner Panel survey helped us gather insights into firms' perspectives. Insights from firms and individuals helped inform our work, such as decisions on ancillary activities test simplification, PISCES, and the alignment of non-financial misconduct rules.

Our people

Our People Committee engages colleagues, our Staff Consultative Committee and our staff networks. Staff survey insights supported Board oversight of culture, capability and organisational effectiveness. Read about our activity this year in our Corporate Governance Statement.

Other regulators, partners and law enforcement agencies

Our collaboration with regulators, partners and the wider regulatory system supports the Board's oversight of cross market risks and systemic impacts, while our Oversight Committee reviews reports from the Financial Ombudsman, the Financial Services Compensation Scheme (FSCS) and the Payment Systems Regulator (PSR), and supports the Board in overseeing each body's ability to carry out its statutory functions, including approval of budgets.

We also work with domestic and international regulators through structures such as the Wider Implications framework, the Digital Regulation Cooperation Forum (DRCF), the Regulatory Initiatives Forum (including the Regulatory Initiatives Grid), and the Basel Committee for Banking Supervision.

Our core statutory and accountability relationships are set out in How we work and Who we work with. Our wider regulatory engagement is included in our Group operational overview, and our work with law enforcement agencies is referred to in Our strategic progress 2025/26 and Our enforcement outcomes.

Suppliers

We worked with around 1,000 suppliers, with our procurement processes ensuring value for money and compliance with regulations. We published our Modern Slavery Statement and maintained clear expectations through our Supplier Code of Conduct.

Independent statutory panels

We work with 6 independent statutory panels when developing our policies and other regulatory decisions. Read about the impact of this work in How we regulate.

Community and environment

Our Environmental Management System (ISO 14001 certified), community programmes and climate-related disclosures supported the Board's consideration of environmental impacts under s172(1)(d). Read our Environmental sustainability report 2025/26.

Directors' report

The directors present their report for the year ended 31 March 2026.

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

Information on directors who held office during the year is set out in the Corporate Governance Statement. Information on how the directors have discharged their duties under section 172 of the Companies Act 2006 is set out in the Section 172 Statement. We publish a wider suite of reports and disclosures alongside our annual report, which are available online, as is our Annual work programme 2026/27.

The Group comprises the FCA and its wholly-owned subsidiary, the Payment Systems Regulator Limited (PSR). Further information on the PSR's activities during the year and its programme of work for the next 12 months can be found in its Annual report 2025/26 and Annual plan 2026/27 respectively. This includes activities to support the consolidation of the PSR within the FCA (as referenced in the Chair's foreword).

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. The directors have prepared the financial statements and annual report 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 make sure 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 in order 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 2026 to 31 March 2028. This included a robust assessment of the key emerging and principal risks, taking into consideration the FCA Annual work programme 2026/27 and PSR Annual plan and budget 2026/27. 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 £440.8m and an available overdraft facility of £50.0m at 31 March 2026, sufficient to meet its short-term payment obligations when due or otherwise fund its ongoing operations. Due to the nature of the FCA's billing cycle, the FCA raises fees in advance of them being required.

   b. The PSR has cash and deposits of £19.3m, 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 it 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 0.2% (2025: 0.3%) 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 judgements and key sources of estimate uncertainty:** These have been considered by the directors and 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.
5. **Market risk:** The FCA has no material identified market risk.

The identification and mitigation of risk is overseen by the Risk Committee. The procedures for doing this are described in the Corporate governance report under Internal controls. Further information on the FCA's principal risks and uncertainties is included in the Group operational overview.

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

The Financial Services and Markets Bill, which contains measures directly relevant to the FCA's remit including the merging of the FCA and PSR, received its first reading in the House of Lords on 19 May 2026 and second reading on 8 June 2026. It is expected to receive Royal Assent in 2027, subject to parliamentary procedure taking its course.

There were no other 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 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 2026 and remain in force at the date of this report.

Political donations

The Group did not give or receive 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.

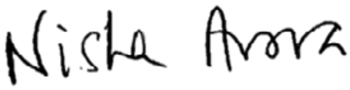
Disabled persons

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.

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 25 June 2026.



Nisha Arora
Company Secretary

3 July 2026

Corporate Governance Statement

Introduction

This section sets out the FCA's governance framework, including the Board and its committees, and how they operate and provide effective oversight. It also covers Board performance, development and succession planning.

The FCA is a private company limited by guarantee with no share capital (company no. 1920623). Our governance arrangements ensure the interests of our stakeholders are appropriately considered in decision making. Our Section 172 Statement describes our stakeholders and how we engage with them.

We are accountable to the public through our annual report, annual public meeting and broader engagement programme. We report annually to HM Treasury on performance against our statutory objectives, and Parliament provides detailed scrutiny through its select committees.

In accordance with the Financial Services and Markets Act (FSMA), our Board is committed to 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 provisions are not applicable due to our statutory framework and that of the Payment Systems Regulator (PSR). For example, we can raise fees to recover the costs of carrying out our statutory functions, therefore 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. Directors' responsibilities are stated in the Directors' report.

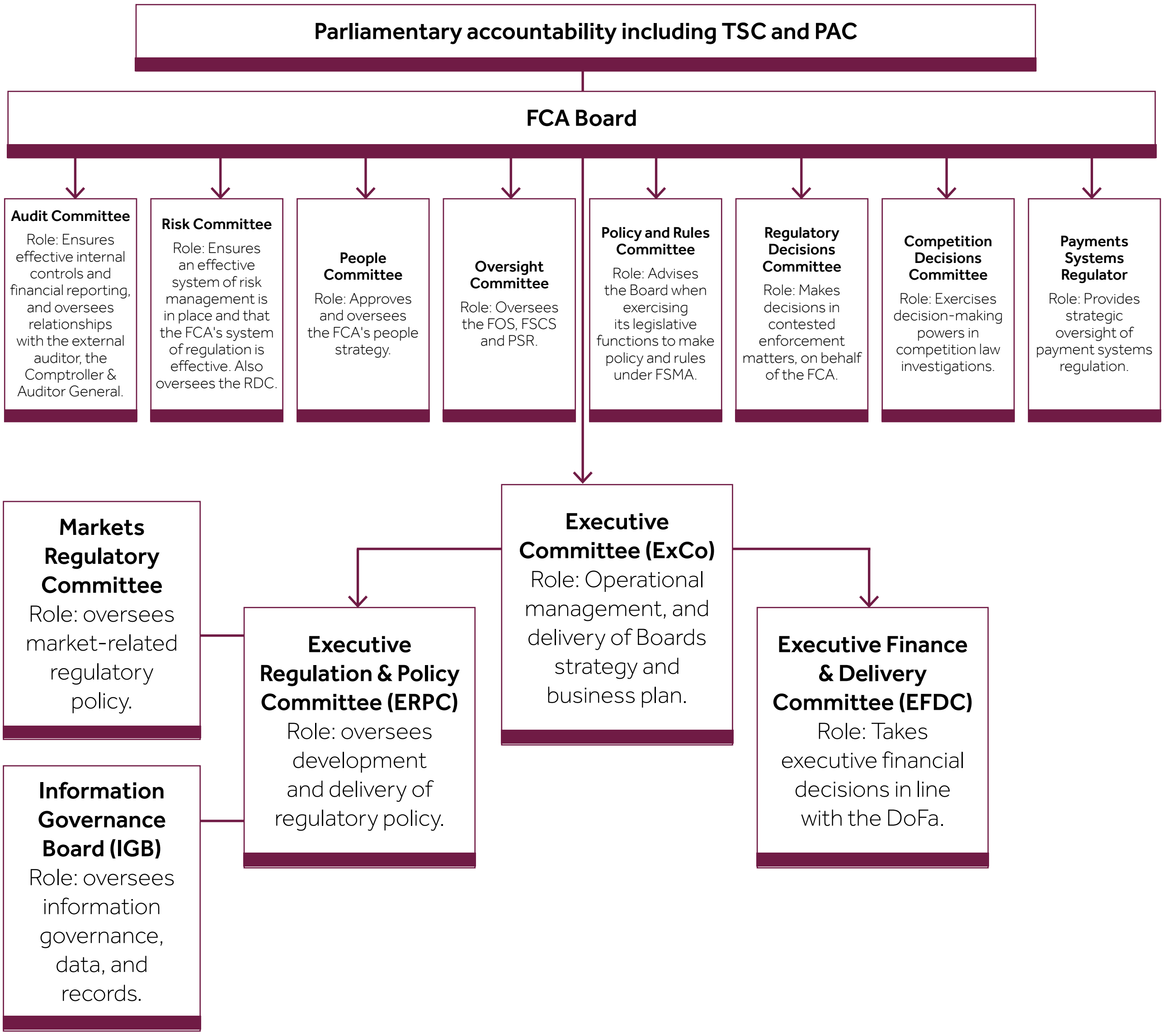
The role of the Board, Board committees and executive committees

The Board is the FCA's governing body, collectively responsible for its strategic direction and effective oversight of our statutory objectives.

- Role of the Board
- Setting matters reserved to the Board
- Making strategic decisions
- Overseeing executive management
- Monitoring performance against strategy
- Maintaining key external relationships
- Holding Board committees to account

The Board is supported by a number of standing committees, and their terms of reference are set out in the Corporate governance of the Financial Conduct Authority.

The FCA governance framework



There is a clear division of responsibilities between the Board and executive management. The chief executive is responsible for implementing the Board-approved strategy and for leading and managing the FCA within delegated authority, supported by executive committees. The principal committee is the Executive Committee (ExCo), chaired by the chief executive, which considers the most significant operational matters. Other committees report directly or indirectly to ExCo.

Read about our executive structure

Senior Managers and Certification Regime

The Senior Managers and Certification Regime (SM&CR) does not formally apply to the FCA. However, we follow its principles by setting out the core responsibilities of the Board, Board committees and executive committees, and senior management roles.

Read about how we apply the SM&CR

Board composition

FSMA requires that our Board includes:

- A Chair and Chief Executive, appointed by HM Treasury.
- The Bank of England's (the Bank) Deputy Governor for Prudential Regulation.
- The Chair of the Payment Systems Regulator.
- Two non-executive directors appointed jointly by the Secretary of State and HM Treasury.
- At least 1 other director appointed by HM Treasury.

HM Treasury ensures that a majority of Board members are non-executive. The directors who served during the 2025/26 year include:

Name	Original appointment date	Expiry of current term/ date membership ceased
Ashley Alder Chair *Oversight Committee, People Committee, Policy and Rules Committee*	20/02/23	19/02/28
Bernadette Conroy Senior Independent Director Non-Executive Director *Audit Committee, Risk Committee, People Committee*	06/04/20	05/04/26
John Ball Non-Executive Director *People Committee, Policy and Rules Committee*	27/05/25	26/05/28
Julia Black Non-Executive Director *Audit Committee, Policy and Rules Committee*	12/05/25	11/05/28
Liam Coleman Non-Executive Director *Audit Committee, Risk Committee, Oversight Committee*	05/11/19	09/10/25
Sophie Hutcherson Non-Executive Director *Audit Committee, Risk Committee, Policy and Rules Committee*	17/04/23	16/04/29
Anita Kimber Non-Executive Director *Risk Committee, Oversight Committee, People Committee*	12/05/25	11/05/28
Richard Lloyd Non-Executive Director *Oversight Committee, People Committee, Policy and Rules Committee*	01/04/19	31/03/26
Stéphane Malrait Non-Executive Director *Risk Committee, Oversight Committee*	20/10/25	19/10/28

Name	Original appointment date	Expiry of current term/ date membership ceased
Alice Maynard Non-Executive Director *Risk Committee, People Committee*	05/11/19	04/11/25
Aidene Walsh Non-Executive Director & Chair of the Payments Systems Regulator (PSR) *Risk Committee, People Committee, Policy and Rules Committee*	29/08/23	25/01/26
Sam Woods Non-Executive Director & Bank of England Deputy Governor for Prudential Regulation *Policy and Rules Committe*	01/07/16	30/06/26
Nikhil Rathi Executive Director – Chief Executive *Policy and Rules Committee*	01/10/20	30/09/30
Bryan Zhang Non-Executive Director *Audit Committee, Risk Committee, People Committee*	19/02/24	18/02/27

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

A majority of Board members are independent non-executives who bring a broad range of skills and experience. They provide objective judgement, constructive challenge and hold the chief executive to account.

The Board seeks to maintain a diverse membership and to attract a wide field of candidates with the appropriate skills and experience. We also measure our progress against our diversity targets. Read more in our Diversity, equity and inclusion: Our progress

As an executive Board member, Nikhil Rathi is employed by the FCA under a contract subject to a six-month notice period.

During the year, Liam Coleman, Alice Maynard, Aidene Walsh, and Richard Lloyd stepped down from the Board. Following a recruitment campaign, the Board welcomed Anita Kimber, John Ball, Julia Black and Stéphane Malrait.

Ahead of Bernadette Conroy's departure from the Board in April 2026 and her role as Senior Independent Director (Deputy Chair), John Ball was appointed as her successor, with effect from 6 April 2026.

Following Aidene Walsh's departure as Chair of the PSR, Ashley Alder assumed the role in January 2026, with HM Treasury's approval. Ashley's appointment seeks to maintain continuity while the PSR is consolidated into the FCA, helping to ensure consistent oversight and joined-up leadership across both organisations during the transition.

Read our Chair's foreword (Ashley Alder)

The activities of the Board

The Board has a formal schedule of matters reserved to it and meets regularly to discharge its duties. During the year, the Board met on 11 scheduled occasions, with 1 additional meeting to discuss motor finance redress. Meetings include sessions of the non-executive directors without executive members present. A small number of matters were also dealt with by written procedure and noted in the minutes and at the subsequent meeting.

Board members' attendance at scheduled and additional meetings during the year is set out below. Figures reflect the number of meetings each member could attend, based on when their term or appointment to the Board began or ended.

Board member	Scheduled board meetings	Additional meetings
Ashley Alder Chair	10/11	1/1
Bernadette Conroy Senior Independent Director (SID)	9/11	1/1
John Ball	9/9	1/1
Julia Black	7/10	1/1
Liam Coleman	4/5	0/0
Sophie Hutcherson	11/11	1/1
Anita Kimber	9/10	0/1
Richard Lloyd	10/11	1/1
Stéphane Malrait	6/6	1/1
Alice Maynard	6/6	0/0
Aidene Walsh	7/8	0/0
Sam Woods	9/11	1/1
Nikhil Rathi	10/11	1/1
Bryan Zhang	10/11	1/1

The chair works with the company secretary and committee chairs to ensure agendas reflect priorities and that matters are considered at the appropriate time.

The Board receives regular reports from the chief executive, committee chairs and independent statutory panels, alongside updates from the Prudential Regulation Authority (PRA) and PSR, enabling focus on key strategic, policy and operational matters.

The Board addressed a wide range of issues, including the following key areas of focus:

Area	Focus
Strategy and operations	Oversight of the FCA's strategic direction, with the Board using regular reporting on performance outcomes, strategic commitments, operating metrics, risks and the operating environment to ensure delivery and continued alignment with agreed strategic priorities. Oversight of horizon scanning, emerging risks and operational resilience, with the Board ensuring risks were proactively identified and that resilience arrangements remained effective and proportionate. The Board shaped and refined the FCA's strategic approach across key priority areas including risk appetite and the development of policy to advance system wide risk rebalancing, improving lives, supporting growth and deepening trust. Oversight of high materiality policy programmes, including: • advice guidance boundary review • Buy Now Pay Later (BNPL), also known as Deferred Payment Credit (DPC) • cryptoasset regulation • operational incident and Third-Party reporting rules ensuring effective strategic alignment and coherent delivery across priority initiatives.
Regulatory standards, rules and policy	Approval and amendment of FCA rules, guidance and technical standards. The Board ensured a coherent, effective and up-to-date regulatory framework across key policy areas. Consideration of proposals for an equities consolidated tape informing the FCA's strategic approach to market transparency and the future use of consolidated market data. Consultation on proposals to modernise the redress framework, with the Board helping to shape reforms that support stronger, more consistent redress arrangements and fair consumer outcomes. Approval of the motor finance redress scheme, with the Board shaping the FCA's approach to delivering fair, effective and proportionate redress for consumers and firms.
Supervision, risk and market oversight	Consideration of the proposal for the FCA to house a new Single Professional Services Supervisor (SPSS), a function aimed at strengthening anti-money laundering (AML) oversight and regulatory consistency across UK professional services firms. Consideration of regulatory failure assessments under section 73 of the Financial Services Act 2012, reinforcing Board accountability and oversight of the FCA's regulatory effectiveness.
Governance, people and appointments	Strengthening governance, independence and decision-making capability through approval of Board committee appointments, agreement of the approach to the composition and recruitment of the Regulatory Decisions Committee, approval of revisions to the FCA's corporate governance framework and receipt of regular updates from the independent statutory panels.
Finance, funding and operations	Ensuring sound financial stewardship and effective financial governance through approval of annual budgets, business plans, funding arrangements, accounting judgements and disclosures, and contracts in line with the Delegation of Financial Authority (DoFA).

Details of the Board's activities can be found in the minutes.

Company secretary and independent advice

The company secretary supports the Board on governance matters including corporate governance, company law, Board procedure, and ethics and conflicts of interest. They also facilitate access to external professional advice where required.

Sarah Day acted as company secretary on an interim basis from 16 April 2026, taking over from Toby Hall. Nisha Arora was appointed from 5 May 2026.

Succession

Our People Committee makes recommendations about the structure, size and composition of the Board and its committees, having regard to the provisions set out in the Code.

Succession planning focused on managing planned changes to Board membership and balancing continuity with the recruitment of new non-executive directors to maintain the Board's capacity, skills and experience.

Our Board composition

Board induction and training

On appointment, Board members receive a comprehensive induction covering the FCA's governance arrangements and its activities, as well as the Board's role and responsibilities. This is supported by meetings and briefings across the FCA.

Board members also participate in continuing professional development, including regular individual meetings with the chair to support their effectiveness and discuss feedback.

Board effectiveness review

Reviews of Board effectiveness are generally conducted annually, with the Board undertaking regular internal self-evaluations. These reviews consider the composition, operation and focus of the Board and inform ongoing refinements to Board practices and ways of working, including prioritisation.

Externally facilitated reviews complement this approach. Within the flexibility offered by the Code, the next externally facilitated review was paused to allow refinements to embed alongside changes to the Board's membership and expansion of the FCA's regulatory remit. An externally facilitated review is planned for 2026.

The Board's 2021 externally facilitated review

Conflict of interests

All Board members are required to declare relevant interests in accordance with the Conflict of Interests Policy for Non-Executive Directors.

Potential conflicts were appropriately identified and managed, and a register of interests maintained by the ethics officer.

Internal controls opinion

Our risk management framework (RMF) supports the identification and management of risks to deliver our objectives. It is kept under review and updated as risks, opportunities and requirements emerge, such as the 2024 Corporate Governance Code updates due for implementation in 2026.

Key features of the framework include:

Risk identification

- Horizon scanning enabling responses to emerging risks and issues.
- Structured risk and control libraries to support identification.
- Clear division of roles and responsibilities using the Senior Managers Regime.

Profiling/diagnosis

- System that helps track and manage risks and controls and provides a comprehensive view of all actions (including assurance and audit).
- A continuous improvement approach using lessons learned and risk events.

Mitigations/remedy

- 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.
- Mitigations beyond directive controls, including remedial action following issues and events.

Evaluate/monitor

- Enabling risk-informed decisions at all levels by providing 2nd line of defence opinions through regular engagement, committee reporting, risk assurance, and 3rd line of defence independent assurance on the adequacy and effectiveness of risk management, governance and controls.

Oversight by the Board committees

The Risk Committee provides oversight of the FCA's risk management arrangements whilst the Audit Committee oversees the effectiveness of the system of internal control across the FCA. Their respective responsibilities are listed below:

Risk Committee

- Approving the risk strategy and overseeing enterprise-wide risk management reporting.
- Reviewing the adequacy and effectiveness of the risk management framework, assurance frameworks, and associated outputs.
- Overseeing the effectiveness of risk management and assurance activities to support robust risk identification and appropriate mitigation.

Audit Committee

- Receiving and reviewing reports on internal control processes and assessing their effectiveness.
- Approving key policies and reviewing the associated control environment.
- Monitoring the integrity of the FCA's financial statements.

Both committees report to the Board at least quarterly on their respective areas of responsibility.

Opinion on the operation of the organisation's controls

Risk management and internal controls have continued to improve, despite a fast-moving external environment where risks are evolving. Based on assessments across the 3 lines of defence, the Board concluded that the FCA's system of internal control was broadly adequate in managing the principal risks facing the organisation. While the control environment has improved, the Board identified areas for further strengthening, including:

- Driving progress through the smarter regulator programme towards a more integrated, proportionate digitised and data-led model. This will be underpinned by controls that enable a clearer focus on reducing harm, and improved productivity and firm experience.
- Strengthening governance and controls over the use of AI, including assurance, accountability, auditability and data governance, alongside investment in AI capabilities for colleagues.
- Continuing investment in technology, alongside strengthening cyber and information security and operational resilience across the FCA and its key suppliers.
- Improving records management through enhanced control design and stronger application of retention practices.
- Strengthening third-party risk management and oversight, driven by a clear understanding of key risks, appropriate assurance of activities, and robust business continuity planning to improve readiness.

Board committees

The Board has established standing committees to support the effective discharge of its responsibilities and provide focused oversight and assurance in key areas. It delegates specific duties, and, where appropriate, decision-making authority to these committees, while retaining overall responsibility and accountability.

The committee structure evolves to support effective decision-making, with terms of reference updated regularly to reflect delegated authority. This is set out in Corporate governance of the Financial Conduct Authority.

Board committees met regularly and considered their effectiveness as part of routine business. They also held private sessions with relevant senior officers and stakeholders, including the National Audit Office (NAO), which attended meetings of the FCA and PSR Audit Committee. Committees also held private sessions without executive management present. Where appropriate, matters were handled by written procedure.

Board committee membership comprises non-executive directors only, except for the Oversight Committee and the Policy and Rules Committee, of which the Chief Executive, Nikhil Rathi (or their nominee), is a member.

Committee accountability to the Board is supported by regular updates from committee chairs and Board approval of committee membership and terms of reference. Committee membership and attendance is detailed below.

Meeting attendance for Board committees during 2025/26

Figures reflect the number of meetings each member could attend, based on when their term or appointment to the Board began or ended.

Member	Audit Committee attendance	Risk Committee attendance	Joint Audit & Risk Committee meeting attendance	Oversight Committee attendance	People Committee attendance	Policy & Rules Committee attendance
Ashley Alder				5/5	1/1	5/5
Bernadette Conroy	8/8	4/5	1/1		6/6	
John Ball*					★ 5/5	2/2
Julia Black*	3/3					★ 4/4
Liam Coleman	4/4	2/2	★ 1/1	2/2		
Sophie Hutcherson*	★ 8/8	3/3	1/1			5/5
Anita Kimber*		1/2		★ 5/5	3/3	
Richard Lloyd				1/2	3/3	3/3
Stéphane Malrait		2/2		3/3		
Alice Maynard		3/3	1/1		3/3	
Aidene Walsh		3/4	1/1		5/5	3/4
Sam Woods						2/5
Nikhil Rathi						3/5
Bryan Zhang*	6/8	★ 4/5	1/1		3/3	
Lara Stoimenova*	5/8	2/3	0/1			
Sarah Pritchard*				3/5		

Note: The FCA Audit, Risk and People Committees operate as consolidated committees for the FCA and PSR.

Table key

★ Current chair of the committee

* John Ball was appointed Chair of the People Committee in November 2025, succeeding Alice Maynard.

* Julia Black was appointed Chair of the Policy & Rules Committee in November 2025, succeeding Richard Lloyd.

* Sophie Hutcherson was appointed Chair of the Audit Committee in July 2025, succeeding Liam Coleman.

* Anita Kimber was appointed Chair of the Oversight Committee in January 2026, succeeding Ashley Alder.

* Bryan Zhang was appointed Chair of the Risk Committee in February 2026, succeeding Bernadette Conroy.

* Lara Stoimenova is a member of the PSR Board and serves on the Audit and Risk Committees.

* Sarah Pritchard is a member of the Oversight Committee, appointed as the chief executive's nominee, in accordance with the committee's terms of reference.

Principal areas of activity for Board Committees in 2025/26

Audit Committee	Principal areas of activity included: • Reviewing the internal audit plan and internal audit reports. • Overseeing internal financial controls, monitoring financial risks and the integrity of the financial statements and reviewing significant accounting judgements. The committee satisfied itself that the financial statements give a true and fair view and have been prepared with integrity. • Reviewing the long-term strategy for the Defined Benefit section of the FCA's pension plan. • Overseeing the relationship with the NAO, including review of the NAO audit plan and audit effectiveness. Audit fees are disclosed in Note 6 to the financial statements. • Reviewing the Complaints Commissioner's annual report and overseeing complaints handling and internal whistleblowing arrangements. • Considering the outcomes of annual risk and control self-assessments and organisational internal control assessments. • Reviewing supplier contract extensions. • Reviewing the annual compliance plan. • Conducting an annual review of the FCA's finance and procurement policies.
Risk Committee	During the year, the FCA and the PSR agreed to consolidate their Risk Committees to support the integration of the PSR within the FCA. This built on the successful operation of existing consolidated committees, and strengthened risk oversight across both organisations. Principal areas of activity relating to the FCA's business included: • Reviewing and considering existing and emerging risks, including sector-specific and organisational risks. • Reviewing the risk management framework and risk appetite framework. • Approving the risk & compliance oversight annual operational and assurance plan and receiving quarterly updates. • Reviewing delivery of our 5-year strategy from a risk perspective. • Receiving bi-annual reports on the operation of the Regulatory Decisions Committee (RDC). • Reviewing risks highlighted by independent reviews. • Reviewing the annual risk and control self-assessment. • Receiving internal audit reports. • Considering specific risks, including those associated with AI, business planning and prioritisation, cloud computing, information governance, data protection and early and high-growth firm oversight.
Joint Audit & Risk Committee meeting	The Audit and Risk Committees also held a joint meeting to review the outcomes of the annual risk and control self-assessments and the organisational internal control assessment.

<table>
<tr><td>People Committee</td><td>Principal areas of activity included:
Considering the performance objectives and remuneration of the chief executive, executives, and directors with senior manager responsibilities within its remit.
Approving conflicts of interest and remuneration-related policies.
Overseeing talent management and succession planning, including for non-executive directors.
Engaging with staff representatives and considering the results of the staff survey.
Overseeing organisational and leadership structure changes.
Approving workforce representation, pay gap reports, and the annual pay and performance awards budget.
Approving appointments to statutory panels and related bodies within its remit.
Overseeing delivery of the diversity, equity and inclusion programme and representation targets.
Our annual overview of the remuneration framework is set out in the Remuneration report.</td></tr>
<tr><td>Policy and Rules Committee</td><td>Principal areas of activity included consideration of:
Modernisation of the redress system and improvements to complaints reporting.
Progress on Consumer Duty (the Duty) requirements.
Reforms to consumer credit, including Buy Now Pay Later (BNPL), otherwise known as Deferred Payment Credit (DPC) and the Consumer Credit Act.
The advice guidance boundary review and the mortgage rules review.
Remedies arising from the Credit Information Market Study.
Consultation proposals on cryptoassets, the equities consolidated tape, UK securitisation and short selling.
Proposals to extend the regulatory perimeter to environmental, social and governance ratings.
The strategic direction for prudential policy.
Findings from Cost Benefit Analysis (CBA) Panel reviews.
Proposals to modernise the pensions regulatory framework.
Proposals relating to operational incident and third-party reporting.</td></tr>
<tr><td>Oversight Committee</td><td>Principal areas of activity included:
Providing advice and support to the Board on the extent to which the Financial Ombudsman Service (Financial Ombudsman) and Financial Services Compensation Scheme (FSCS) are capable of performing their statutory functions including in relation to the FCA's statutory obligations under FSMA and the extent to which the PSR is capable of exercising its functions under the Financial Services (Banking Reform) Act (FSBRA).
Recommending appointments to the Boards of the Financial Ombudsman and FSCS to the People Committee or the Board, as appropriate.
Recommending remuneration for non-executive members of the Financial Ombudsman and FSCS Boards to the People Committee.
Approving the PSR's annual budget and business plan.
Approving the Financial Ombudsman's annual budget.
Approving the FSCS management expenses levy limit.</td></tr>
</table>

* Audit fees are disclosed in Note 6 to the financial statements.

Independent statutory panels

We work with 6 independent statutory panels when developing our policies and other regulatory decisions. Read about the impact of this work in How we regulate.

Regulatory Decisions Committee

The Regulatory Decisions Committee (RDC) takes decisions in contested enforcement cases on behalf of the FCA, operating separately from the investigation teams. The RDC reviews the evidence and considers any representations made by the relevant firm or individual, before deciding what action, if any, the FCA should take. RDC members bring a broad range of professional experience to support fair, independent and evidence-based decision-making.

The RDC chair reports to the Risk Committee. Further detail on the RDC's work, including its annual review is set out in Appendix 3.

Competition Decisions Committee

The Competition Decisions Committee (CDC) exercises decision-making powers in competition law investigations. Each case is determined by a panel of 3 members drawn from the CDC Panel, authorised by the FCA Board to act as decision-makers, once a Statement of Objections has been issued under the Competition Act 1998. The decisions taken by the CDC can include whether there has been a competition law infringement and whether to impose financial penalty for any such an infringement, other than in settlement cases.

By Order of the Board on 25 June 2026.

Nisha Arora

Nisha Arora
Company Secretary

3 July 2026

Remuneration report

Our remuneration principles

Our remuneration principles apply to all employees, including our Senior Leadership Team, and set out the way we approach remuneration. These principles guided the 2025/26 remuneration decisions set out in this report.

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.

We do this by:

- benchmarking the salary of employees annually so that we position ourselves at the median position within relevant markets, taking account of private and public sector comparators.
- rewarding strong, consistent individual performance whilst providing fair, competitive pay at all levels.
- taking tangible steps to continue to narrow our disability, ethnicity and gender pay gaps.
- balancing salary increase with the resources needed to deliver our objectives and the revenue we can raise through fees, ensuring these remain reasonable in the economic climate.
- providing one of the best employment packages of any public authority, regulator or enforcement agency in the UK.

The total remuneration package includes:

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

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.

Remuneration focus for 2025/26

In April 2025, the average base salary increase was 3.8% (4.8% in April 2024). Performance-related pay increases were given to all eligible employees from 1 April 2025 based on their:

- end-of-year performance rating
- current salary position within the 2025 pay ranges

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.

Further details of the pay review, including a detailed breakdown of the average base salary increase awarded to our colleagues by protected characteristic, location and contractual grade, can be found in the associated Equality Impact Assessment.

We do not operate any performance bonus scheme. Funding for the At Our Best recognition programme was £1.25m for 2025/26 and was fully utilised.

No external remuneration consultancy has been engaged during 2025/26.

Remuneration focus for 2026/27

From April 2026 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 continue to narrow our pay gaps.

We have again engaged closely with the Staff Consultative Committee (SCC), through regular sessions with the SCC reward working group and the full committee.

The majority of the pay review budget has been allocated to salary changes from 1 April 2026, where the average base salary increase was 3.5%. The remainder will be used to increase the size of the flexible benefits allowance for our lowest paid colleagues.

To recognise excellent performance in the moment, we have maintained the budget for the At Our Best recognition programme at £1.25m in 2026/27.

We continue to offer a wide range of additional benefits including a non-contributory pension scheme, life assurance, private medical insurance, income protection and flexible benefits allowance. We are also investing in employee training, as well as our data and technology to help us be a smarter regulator.

Remuneration of executive directors with designated responsibility under the Senior Manager regime (SMR)

Basic pensionable salary

From April 2025, the remuneration for SMR Executive Directors was reviewed by the People Committee of the Board. Salary increases, ranging from 1.6% to 4.3% were awarded on an individual basis considering among other things, performance, the scope of their role and pay relative to their peers.

Other benefits

This includes life assurance, private medical insurance and income protection costs. In addition, a flexible benefits allowance could be spent against a range of benefits, including purchasing extra holiday, enhanced private medical cover, dental and travel insurance, or taken as cash. These are 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, other benefits or pension contributions.

The chair and non-executive directors incur costs for travel, subsistence and accommodation whilst attending meetings at FCA offices. These expenses are treated as taxable by HM Revenue and Customs (HMRC) and are reported as emoluments within this report. The tax charge on these benefits is borne by the FCA.

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 2025/26:

- 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 as a standalone role 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 the chair of the PSR when held by the FCA Chair is £10,000 per annum.
- 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 2025 and 2026. The remuneration figures shown are for the period served as Board directors.

Remuneration report

Table 1a

	Basic Salary		Other benefits		Expenses		Total FCA remuneration (excluding pension)	
	2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 *£'000	2025/26 £'000	2024/25 £'000
Chair								
Ashley Alder[1]	**171**	170	**–**	–	**7**	1	**178**	171
Executive Director								
Nikhil Rathi[2]	**514**	492	**–**	–	**–**	–	**514**	492
Total	**685**	662	**–**	–	**7**	1	**692**	663

Table 1b

	Pension		Total FCA remuneration	
	2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 £'000
Chair				
Ashley Alder[1]	**–**	–	**178**	171
Executive Director				
Nikhil Rathi[2]	**63**	67	**577**	559
Total	**63**	67	**755**	730

Non-executive directors

	Group fee paid		FCA fee paid		Expenses		Total FCA remuneration	
	2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25 £'000	2025/26 £'000	2024/25* £'000	2025/26 £'000	2024/25* £'000
John Ball[3]	**34**	–	**34**	–	**–**	–	**34**	–
Julia Black[4]	**35**	–	**35**	–	**–**	–	**35**	–
Liam Coleman[5]	**22**	45	**22**	45	**4**	4	**26**	49
Bernadette Conroy[6]	**45**	45	**45**	45	**–**	–	**45**	45
Sophie Hutcherson[7]	**42**	38	**42**	38	**10**	10	**52**	48
Anita Kimber[8]	**31**	–	**31**	–	**6**	–	**37**	–
Richard Lloyd[9]	**41**	45	**41**	45	**–**	–	**41**	45
Stéphane Malrait[10]	**16**	–	**16**	–	**–**	–	**16**	–
Alice Maynard[11]	**27**	45	**27**	45	**7**	11	**34**	56
Aidene Walsh[12]	**61**	75	**–**	–	**–**	–	**–**	–
Sam Woods[13]	**–**	–	**–**	–	**–**	–	**–**	–
Bryan Zhang[14]	**37**	35	**37**	35	**–**	–	**37**	35
Total	**391**	328	**330**	253	**27**	25	**357**	278

* Restated to include expenses (treated as taxable emoluments) for financial year 2024/25.

Notes

Chair

1. Ashley Alder joined as chair of the FCA Board on 20 February 2023. With effect from 26 January 2026, Ashley took on the role of chair of the PSR Board.

Executive Director of the FCA

2. Nikhil Rathi was appointed as chief executive on 1 October 2020. In April 2025, Nikhil was awarded a 4.4% 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 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. Nikhil ceased making voluntary contributions from 1 May 2025 and received a non-pensionable cash payment in lieu of employer pension contributions equivalent to 12% of his monthly salary.

Non-executive directors of the FCA

3. John Ball joined the FCA Board on 27 May 2025 and was appointed chair of the People Committee on 4 November 2025. The full year equivalent fee in 2025/26 was £45,000 per annum.
4. Julia Black joined the FCA Board on 12 May 2025 and was appointed chair of the Policy and Rules Committee on 1 November 2025. The full year equivalent fee in 2025/26 was £45,000 per annum.
5. Liam Coleman joined the FCA Board on 5 November 2019 and was appointed chair of the Audit Committee on 1 August 2020. Liam stepped down from the FCA Board on 9 October 2025. The full year equivalent fee in 2025/26 was £45,000 per annum.
6. Bernadette Conroy joined the FCA Board on 6 April 2020. Bernadette was appointed as chair of the Risk Committee from 1 December 2021. Bernadette stepped down from the FCA Board on the 5 April 2026.
7. Sophie Hutcherson joined the FCA Board on 17 April 2023. Sophie was appointed chair of the Audit Committee on 31 July 2025. The full year equivalent fee in 2025/26 was £45,000 per annum.
8. Anita Kimber joined the FCA Board on 12 May 2025 and was appointed chair of the Oversight Committee on 1 January 2026. The full year equivalent fee in 2025/26 was £45,000 per annum.
9. Richard Lloyd joined the FCA Board on 1 April 2019. Richard was appointed as chair of the Policy and Rules Committee on 23 June 2022 and stepped down as chair on 30 October 2025. Richard stepped down from the FCA Board on 31 March 2026.
10. Stéphane Malrait joined the FCA Board on 20 October 2025. The full year equivalent fee in 2025/26 was £35,000 per annum.
11. Alice Maynard joined the FCA Board on 5 November 2019 and was appointed chair of the People Committee on 23 June 2022. Alice stepped down from the FCA Board on 4 November 2025.
12. 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. Aidene stepped down from the PSR and FCA Boards on 25 January 2026. Aidene's remuneration is funded by the PSR.
13. 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.
14. Bryan Zhang joined the FCA Board on 19 February 2024. Bryan was appointed as chair of the Risk Committee from 1 February 2026. Bryan received back pay in April 2026, relating to this appointment. The full year equivalent fee in 2025/26 was £45,000 per annum.

Fair pay disclosure (audited)

Remuneration ratios

The accounts directions from HM 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 2025/26 and 2024/25.

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 2026.

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	
	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25	2025/26	2024/25
Highest paid director's total remuneration	**£514,104**	£492,338	**£514,104**	£492,338	**£514,104**	£492,338	**£514,104**	£492,338
25th percentile remuneration of total workforce	**£59,367**	£56,170	**£52,400**	£50,000	**£59,065**	£55,893	**£52,338**	£50,000
25th percentile remuneration ratio	**8.7 : 1**	8.8 : 1	**9.8 : 1**	9.8 : 1	**8.7 : 1**	8.8 : 1	**9.8 : 1**	9.8 : 1
50th percentile/median remuneration of total workforce	**£73,002**	£70,312	**£65,775**	£63,550	**£72,522**	£69,901	**£65,518**	£63,000
50th percentile remuneration ratio	**7.0 : 1**	7.0 : 1	**7.8 : 1**	7.7 : 1	**7.1 : 1**	7.0 : 1	**7.8 : 1**	7.8 : 1
75th percentile remuneration of total workforce	**£93,898**	£90,956	**£84,870**	£82,205	**£92,615**	£90,311	**£84,513**	£81,822
75th percentile remuneration ratio	**5.5 : 1**	5.4 : 1	**6.1 : 1**	6.0 : 1	**5.6 : 1**	5.5 : 1	**6.1 : 1**	6.0 : 1

The total remuneration of the highest-paid director disclosure differs between (i) the Board directors' remuneration in Table 1b, 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 2025/26.

Including the highest-paid director, remuneration ranged from £24,193 to £514,104. (2024/25: £23,639 to £492,338). In 2025/26 no employees (2024/25: 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 2025/26. The growth of the workforce in response to our broadening remit, alongside the salary increases applied during 2025/26, 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 2025/26 and 2024/25 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 2024/25 and 2025/26 (2.9%) is driven by salary increases applied during the annual pay review and increases in the workforce during this period.

Table 3

% Change in remuneration	Salary and benefits 2025/26 vs 2024/25	Salary and benefits 2024/25 vs 2023/24
Highest-paid director	**4.4%**	4.8%
Total workforce average per FTE	**2.9%**	3.1%

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 2026 and 2025. 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 2025/26 £'000	Other benefits 2025/26 £'000	Total FCA remuneration (excluding pension) 2025/26 £'000	Pension 2025/26 £'000	Total FCA remuneration 2025/26 £'000	Basic salary 2024/25 £'000	Other benefits 2024/25 £'000	Total FCA remuneration (excluding pension) 2024/25 £'000	Pension 2024/25 £'000	Total FCA remuneration 2024/25 £'000
Stephen Braviner Roman[1]	**339**	**19**	**358**	**43**	**401**	325	18	343	39	382
Therese Chambers[2]	**328**	**31**	**359**	**39**	**398**	318	26	344	38	382
David Geale[3]	**319**	**18**	**337**	**38**	**375**	118	6	124	13	137
Sheree Howard	**334**	**19**	**353**	**40**	**393**	320	18	338	38	376
Sheldon Mills[4]	**269**	**18**	**287**	**38**	**325**	277	18	295	37	332
Sarah Pritchard[5]	**389**	**21**	**410**	**49**	**459**	330	18	348	41	389
Jessica Rusu[6]	**330**	**19**	**349**	**43**	**392**	320	18	338	42	380
Emily Shepperd[7]	**225**	**12**	**237**	**26**	**263**	322	18	340	39	379
Siobhán Sheridan[8]	**184**	**9**	**193**	**19**	**212**	–	–	–	–	–
Steve Smart[9]	**328**	**19**	**347**	**39**	**386**	318	18	336	39	375
Simon Walls[10]	**293**	**14**	**307**	**32**	**339**	110	5	115	12	127
Total	**3,338**	**199**	**3,537**	**406**	**3,943**	2,758	163	2,921	338	3,259

1. During 2024/25 Stephen Braviner Roman received a non-pensionable cash payment in lieu of employer pension contributions equivalent to 12% of his salary. During 2025/26, for a portion of the year Stephen voluntarily contributed an additional 3% of his 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, Stephen ceased making voluntary contributions, instead receiving a non-pensionable cash payment in lieu of employer pension contributions equivalent to 12% of his salary.
2. During 2024/25 and 2025/26, Therese Chambers received part of her pension benefits as a non-pensionable cash payment in lieu of employer pension contributions and part as standard pension benefits. These were equivalent to 12% of her salary. 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 10 June 2024. With effect from 11 November 2024, David became a voting member of the Executive Committee on an annual salary of £300,000. During 2024/25 and 2025/26, David received part of his pension benefits as a non-pensionable cash payment in lieu of employer pension contributions and part as standard pension benefits. These were equivalent to 12% of his salary. 50% of David's remuneration is funded by the PSR.

4. During 2024/25 and 2025/26, Sheldon Mills received part of his pension benefits as a non-pensionable cash payment in lieu of employer pension contributions and part as standard pension benefits. These were equivalent to 12% of his salary. The basic salary Sheldon received during 2025/26 was reduced due to a period of leave. Sheldon's full-time equivalent salary was £315,667 per annum. Sheldon stepped down as a voting member of the Executive Committee on 20 November 2025.
5. During 2024/25 and 2025/26, for a portion of each year Sarah Pritchard voluntarily contributed an additional 2% of her 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 equivalent to 12% of her salary. With effect from the 8 June 2026 Sarah was appointed to Deputy CEO of the FCA, with a full-time equivalent salary of £400,000 per annum.
6. During 2024/25 and 2025/26, 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. Emily Shepperd stepped down as a voting member of the Executive Committee on 26 August 2025. Emily's full-time equivalent salary was £327,735 per annum.
8. Siobhán Sheridan, already an employee at the FCA, was appointed interim executive director with effect from 1 September 2025. Siobhán also became a voting member of the Executive Committee on an annual salary of £315,643. During 2025/26, Siobhán received part of her pension benefits as a non-pensionable cash payment in lieu of employer pension contributions and part as standard pension benefits. These were equivalent to 12% of her salary.
9. During 2024/25, for a portion of the year Steve Smart voluntarily contributed an additional 3% of his 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 employer pension contribution or a non-pensionable cash payment in lieu of employer pension contribution equivalent to 12% of his salary. During 2025/26 Steve received an annual pension contribution equivalent to 12% of his salary.
10. Simon Walls was appointed interim executive director with effect from 11 November 2024, also becoming a voting member of the Executive Committee on an annual salary of £280,000. During 2024/25 and 2025/26, 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	2025/26 Number of individuals	2024/25 Number of individuals
£220,000 – £239,999	**7**	7
£240,000 – £259,999	**12**	18
£260,000 – £279,999	**13**	8
£280,000 – £299,999	**2**	1

Our operations

Group operational overview report

The operational and financial performance of the Group in 2025/26 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 2026.
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.

Key highlights

- Invested in our data and technology platforms and in colleagues' skills. We progressed digitisation and modernisation, and strengthened our capability in cybersecurity, AI, advanced analytics and quantum computing.
- Launched a comprehensive AI, data and digital skills offer to build core skills and support changes in ways of working.
- Matured our workforce planning and increased our national footprint in Leeds and Edinburgh, including additional office space in Edinburgh.
- Aligned the refreshed FCA Academy learning offer to the strategic capabilities identified through our strategic workforce planning.
- Strengthened engagement with the Staff Consultative Committee (SCC) and introduced a new platform to gather and analyse colleague feedback, improving how we understand and respond to colleague views.
- Of the £128.6m of penalties collected, £55.7m was paid or is payable to HM Treasury and £72.9m will be rebated to fee payers in 2026/27.

Investing in our people and our data and technology

Our people

Our people are one of the 4 key enablers of our strategy. We recruit the capability we need now and for the future, while retaining and developing our existing talent. We are becoming a more effective regulator, representative of the diverse nations and regions of the UK and broader society.

Building on progress to transform our career frameworks and workforce, we are equipping colleagues with the skills needed for 2030 and beyond. We continue to prioritise learning and development, aligned to strategic capability requirements across the regulatory landscape and to individual career development.

We continue to build proficiency and confidence in digital capability and data fluency so we can use emerging technologies to work more effectively, while reducing burdens on firms.

Attracting and retaining talent

We continue to attract diverse talent, which, combined with a significant reduction in attrition, is enabling us to deliver our strategic ambitions.

In 2025/26, we made 1,322 appointments, of which 929 were internal moves and 393 were external. We made 20 appointments to FCA and Payment Systems Regulator (PSR) senior leadership teams (6 external and 14 internal).

We recruited 64 graduates, 12 apprentices and 37 summer interns for our 2025 cohorts. We moved up the Higherin rankings to 27th for Top Graduate Employers and 66th for Top Undergraduate Employers for 2026.

Employee turnover totalled 7.5% for the FCA Group. Voluntary turnover was 6.0% (excluding interns, fixed term contracts reaching end date and other involuntary turnover).

	2021/22	2022/23	2023/24	2024/25	2025/26
Voluntary turnover	15.5%	15.2%	7.2%	6.3%	**6.0%**
All turnover	17.3%	17.5%	9.9%	8.5%	**7.5%**

In 2026, we will further strengthen our workforce. We will support colleagues to build varied careers, and will deploy our people where they are most needed, aligned to our strategic workforce plans.

Listening to our colleagues

We improved how we run our employee survey by introducing Peakon (hosted in Workday). Peakon provides enhanced analytical tools, enabling deeper insight and clearer communication of findings across the organisation. 76% of colleagues completed the survey and provided 48,750 comments. This feedback is invaluable, helping to inform decisions about the organisation's future direction.

Colleagues responded favourably on the quality of line management, particularly on communication and care. Support and collaboration between peers, social wellbeing and clarity on how work supports our goals also scored positively. Reward, career progression and managing change received lower scores by comparison.

The Board and executive remain committed to the Staff Consultative Committee (SCC) as a key mechanism for understanding and responding to colleague views. The SCC meets the chief executive quarterly, alongside meetings with the Executive Committee and People Committee.

Since March 2025, we have further developed our governance and consultation arrangements in collaboration with the SCC. The SCC has provided valuable support during the consolidation of the PSR into the FCA and worked collaboratively on matters such as hybrid working, annual pay review and the engagement survey.

Colleague development

In January 2026, we relaunched the FCA Academy. We refreshed the core curriculum to reflect current and emerging capabilities needed to deliver our strategy – including AI, data and digital, leadership and management, risk and project delivery. We updated our mandatory induction for all new joiners.

We strengthened AI literacy through technical training and mandatory responsible use training. Colleagues have access to targeted learning, including:

- 'Leading in the Age of Data and AI' for FCA SLT members, senior managers and technical specialists.
- people manager AI training and AI accelerators programmes to promote change advocacy and responsible use.
- an online learning platform focused on data science and AI skills.

We continued to partner with the Digital Regulation Cooperation Forum and the UK Regulators Network to promote and share best practice in learning and development.

We increased training for leaders and people managers, doubling delivery to 1,987 colleagues across 23 topics. We also launched a senior leaders 'masterclass' series including rebalancing risk, strategic alignment and executive judgement in addition to our existing transition programmes for newly appointed senior leaders.

Our future and advanced manager programmes developed 64 colleagues and we introduced a new Aspire programme to 100 associate-level colleagues. We offered career skills workshops to all colleagues.

We continued to develop specialist professions in line with industry bodies. In 2025/26 we finalised new regulatory and digital, data and technology professions, covering the majority of our workforce. This includes a regulatory fundamentals pathway for all new joiners into frontline regulatory roles, providing a consistent learning pathway across authorisations, enforcement and supervision. Across the organisation, 110 colleagues started a professional apprenticeship and 190 undertook a professional study qualification.

Colleague wellbeing

We promote healthy working practices and aim to support line managers and colleagues with easy access to wellbeing services and training.

Our wellbeing programme covers mental, emotional, physical, social and financial wellbeing. Colleagues can access private medical insurance, an employee assistance programme, a virtual GP service, physiotherapy and occupational health.

In 2025, we delivered 34 wellbeing awareness events aligned to our wellbeing priorities, offering practical tools and resources for colleagues.

In 2025/26, the average number of working days lost to sickness absence per employee was 8.6 (compared with 8.6 in 2024/25, restated from 8.4 following enhancements to the accuracy of our sickness reporting).

	2021/22	2022/23	2023/24	2024/25	2025/26
Average working days lost to short-term sickness absence	5.8	5.7	5.6	6.3	**6.2**
Average working days lost to long-term sickness absence	2.4	2.5	1.8	2.3	**2.4**
Total	8.2	8.2	7.4	8.6	**8.6**

Rewarding our colleagues

Our pay and benefits offer aims to retain and attract people with the skills needed that help us 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 2026 pay review has again been informed by benchmarking data, workforce movement, recruitment and the wider economic context, set against the income we receive from fees levied on firms. We also responded to colleague feedback and engaged closely with the SCC. Further details are set out in our Remuneration Report.

Our total compensation package includes a non-contributory pension scheme, life assurance, private medical insurance, income protection and a flexible benefits allowance. We also invest significantly in colleague development in support of our strategy.

We are confident our total compensation 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 to support our aspiration to be an inclusive employer, 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 serve. In our annual employee survey, our diversity and inclusion score was 7.0 out of 10, with 67% of colleagues responding favourably.

We completed our 3-year evidence-led diversity, equity and inclusion (DEI) programme and launched a new 4-year programme. It will focus on business outcomes by embedding DEI and measuring impact, supporting diversity of thought and ensuring all colleagues can contribute.

We continued to progress against our gender and ethnicity diversity targets at all levels. In April 2025, we reviewed our progress and evidence base to set new goals and monitor representation where targets have already been met.

Our diversity network groups support colleagues and have led discussions and events to raise awareness and understanding of DEI issues. Our DEI webpages provide a detailed overview of our commitments as a public body and our gender, ethnicity and disability pay gap figures for the year ending 31 March 2026.

Community engagement

Our Board and Executive Committee oversee our community engagement and sustainability strategies. Each colleague can take 5 paid volunteering days per year. Our community engagement programme supports colleagues to volunteer and fundraise, participate in our legal pro bono programme and support local schools through our flagship Inspiring Futures programme.

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

Our data and technology

Data and technology are at the heart of everything we do. Our portfolio of data and digital initiatives is a critical enabler in the delivery of our strategy; we have invested over £190m in funding during the financial year to deliver these programmes and run the services that empower our daily work.

Artificial intelligence

We are developing and adopting AI to improve how we regulate and how we work, with a focus on practical tools that help colleagues find insight faster, reduce manual processing, and strengthen decision-making while maintaining appropriate safeguards. This year we invested in training all of our leadership so they can lead these opportunities responsibly and help strengthen our priority to be a smarter, AI-supported regulator. This approach is already supporting work in authorisations, where we are modernising the gateway into UK financial services. We successfully tested generative AI in a closed, non-live environment and began scoping how a future system could sift and summarise large volumes of unstructured application material – to help us move more quickly while maintaining high standards.

Externally, our world-first AI Lab has already delivered significant value to firms looking to leverage our platform with dedicated compute capacity, enterprise-grade build software, multi-model environments, and vast synthetic data sets. The first cohort of firms completed a 3-month supercharged sandbox and we recently held the first graduation from the Supercharged Academy. AI live testing has also concluded cohort one discovery and is now in test whilst cohort two begins.

The AI Lab has been universally praised for its proactive approach and is unique amongst global regulators, positioning the UK as a leader in this field. In delivery terms it is a world-class partnership bringing expertise and resources in from industry including NVIDIA, Amazon Web Services (AWS), NayaOne and Radiam. Internationally, we are working with Bank for Internation Settlements (BIS) and International Organization of Securities Commissions (IOSCO) within our environments to pursue cross-border testing and standard setting opportunities.

Smarter regulator

There was a continued focus on reducing regulatory burden for firms and only collecting the data we need.

We made firm-facing system improvements to reduce firm burden and improve firms' experience when submitting data to us, including:

- **My FCA** – My FCA launched in March 2025 and has now had close to 400,000 firm sign-ins and over 70% of firms have said it is either very easy or easy to use. Online Invoicing System tasks were also integrated in June 2025.
- **Flexi collection** – It has long been a pain point of firms that they do not receive all information requests via the same route/system. From January 2026, firms have started to see both regular and ad-hoc information requests in My FCA, creating a single, consistent front-door experience.

Additionally, a number of data initiatives were progressed, including:

- **Decommissioning of regular returns** – We fully decommissioned 8 returns and moved 5 returns from quarterly to annual submission. These changes affected over 90% of regulated firms, delivering a £16m annual saving in reporting costs. We plan further return decommissioning and simplification in future.
- **Ad hoc requests** – We reduced ad hoc requests to firms by 8% with about 14,800 firms receiving a request compared to around 16,100 in FY24/25. 85% of requests gave firms at least 8 weeks to respond. Firms told us via survey that the average cost to respond to an ad hoc request is £3700. Given that 3,000 fewer ad hoc requests were sent to firms this equates to an estimated £11.1m reduction in burden.
- **Data sharing** – We entered into 32 new data sharing agreements with a wide range of third-party organisations saving an estimated £750,000 and reducing the reliance on sourcing data from firms.
- **Buying data to support our regulatory intervention** – We procured Defaqto data to support assessment of Consumer Duty (the Duty) interventions. This minimises the need to ask firms for more information to make this assessment.

As part of our wider Gateway Digital Transformation Programme, our Gateway authorisation forms aim to improve how we collect, process and use data submitted through our regulatory gateway, streamline the applicant experience, and enhance decision-making. As of March 2026, 11 forms are live and have been used by over 52,000 applicants. The programme has also developed core technical architecture and reusable components, supporting future projects. Gateway forms have contributed to us receiving fewer complaints, making quicker decisions, and positive user feedback, with firms finding forms clearer and easier to use, and case officers benefiting from having to make less basic information requests and faster processing times.

The Digital Unified Intelligence Environment (DUIE) is now delivering intelligence at scale and is designed to integrate a range of data inputs. It has integrated over 52m records from various sources, including 1.1m intelligence records and 5.4m open-source items, supporting firm and consumer-facing analysis. To better detect and tackle financial crime, we have significantly enhanced our data capabilities. We securely exchange intelligence with law enforcement partners, including the NCA, and maintain direct data links with public registers like Companies House and OpenCorporates. This is supported by complaints data from the Financial Ombudsman Service (Financial Ombudsman) and advanced media monitoring tools that aggregate insights from mainstream news, forums, and major social media platforms. By integrating these diverse sources into a single data ecosystem, we can identify risks early and act swiftly to protect the UK financial system.

Supporting innovation

In addition to our work on AI and providing innovation services, we expanded our focus from considering quantum computing as a threat to cybersecurity, to a technology with wider implications for the financial services industry. We hosted our inaugural large-scale quantum event, the Quantum Opportunity, convening financial services firms, quantum technology firms, academia, the government, national authorities, international regulators, and more to discuss how the UK financial services industry can leverage quantum computing to support the Government's growth ambitions.

We have significantly advanced our efforts on mitigating the emerging quantum security risk. We have delivered a proof-of-concept project to measure, understand, and prioritise the quantum security risks across our estate. This enables us to plan and prioritise our migration to post-quantum cryptography, in line with the National Cyber Security Centre's guidelines.

In partnership with the National Quantum Computing Centre and Quantum Software Lab, we published research outlining the current state of quantum applications in finance. This research note provides the first collective assessment of the opportunities quantum computing may bring to financial services, grounded in evidence from leading UK financial services firms and experts from across the UK quantum computing ecosystem. It sets out the maturity of current applications, identifies early regulatory considerations, and outlines the steps required by stakeholders to ensure the UK can responsibly harness quantum innovation for economic benefit. This laid the groundwork for more substantive engagement in 2026.

Helping consumers

We have been using advanced analytics techniques to progress initiatives that will benefit consumers, for example:

- **Consumer Intelligence & Analytics (CI&A), a part of DUIE** – We identified 190+ scam websites for takedown and surfacing connections linked to high-harm financial promotions.
- **Spotting risk earlier by tracking consumer credit journeys** – By combining major credit reference agency data with advanced analytics, we are able to better identify financial stress, separate short-term from persistent issues, and spot harm among consumers. Adding broader product sales data enables more targeted supervision, improving borrower protections.
- **Understanding how consumers engage with and benefit from large language models** – We conducted two pilot studies to explore how consumers use large language models (LLMs) in financial contexts, including simplifying concepts and offering assistance through a chatbot. The research shows LLMs can boost readability and accessibility, but emphasises the need for thorough testing and notes results depend on how LLMs are integrated into the consumer experience.

Fighting crime

The DUIE platform has introduced several features that help us detect potential harm:

- **Understanding connections** – A network analytics capability already integrated into our case management environment for use in some circumstances, helping case officers identify and analyse relationships between firms and individuals. It brings together information from multiple data sources to support more efficient case handling and a more joined-up view of potential risk. Almost 200 colleagues already use such insights in their work, and further work is underway to embed these insights across case officer workflows.

- **Cumulative intelligence assessment model** – This analytics platform uses rule-based and machine-learning methods to detect firms with increased risk across over 10 themes, such as anti-money laundering, the Duty, fraud, operational and financial resilience. It is currently live, supporting proactive anti-money laundering assessment, and is in the process of being rolled out to portfolios like retail banking, mortgages and insurance, supporting supervisors' efforts to proactively identify and prevent harm.

Advancing innovation in financial crime detection through synthetic data

Combating money laundering requires access to financial data, but legal and privacy limitations restrict sharing. To overcome this, we partnered with the Alan Turing Institute, Plenitude, and Napier AI to create a synthetic dataset based on UK retail banking records that reflects real money laundering scenarios. This project shows how synthetic data lets regulators and firms collaborate securely, encouraging innovation and protecting sensitive details. The dataset will be available via Digital Sandbox during the Synthetic Data AML Solution Sprint in May and June 2026, where firms can showcase new technologies for detecting money laundering.

Tackling online investment scams and harmful content

We made significant progress on tackling online harm through Lumen (social-media scam detection) and Searchlight 2.0 (web-domain scam detection). Both initiatives are building scalable capabilities to identify harmful content and support faster intervention.

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 exceeded our target (of 99.5% availability) for the third 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 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 have awarded contracts to 5 new partners under the digital services framework that was established in September 2023 to accelerate our access to cutting edge digital solutions. These partners work with our teams across the UK, in line with our broader national presence.

Group operating results

The Group generated a £31.3m surplus for 2025/26 (see Table 1). This primarily resulted from a £26.3m surplus in our pension plan's defined benefit scheme (' the pension scheme'), a £5.4m over recovery of exceptional projects and £2.1m higher expenditure of Ongoing Regulatory Activities (ORA).

The pension scheme's surplus is driven by £24.6m of contributions paid by the FCA during the year and net actuarial gains, measured in accordance with IAS 19 Employee Benefits as reflected in Table 1. This measurement is performed as an accounting valuation as required by IAS 19 and provides a consistent measurement of accounting costs across different companies.

Table 1

Group surplus/(deficit)	2025/26 £m	2024/25 £m
Net actuarial gains on pension scheme	**1.6**	8.8
Pension contribution income taken to balance sheet	**24.6**	18.9
Pension interest charge & past service cost	**0.1**	(1.3)
Total defined benefit pension scheme	**26.3**	26.4
FCA over/(under) recovery of ORA	**(2.2)**	32.8
FCA over/(under) recovery of exceptional projects	**5.4**	(8.8)
PSR over/(under) recovery of ORA	**1.8**	(1.9)
Total Group surplus for the year	**31.3**	48.5

As a result, the Group accumulated reserves has increased from £71.9m to £103.2m (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 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

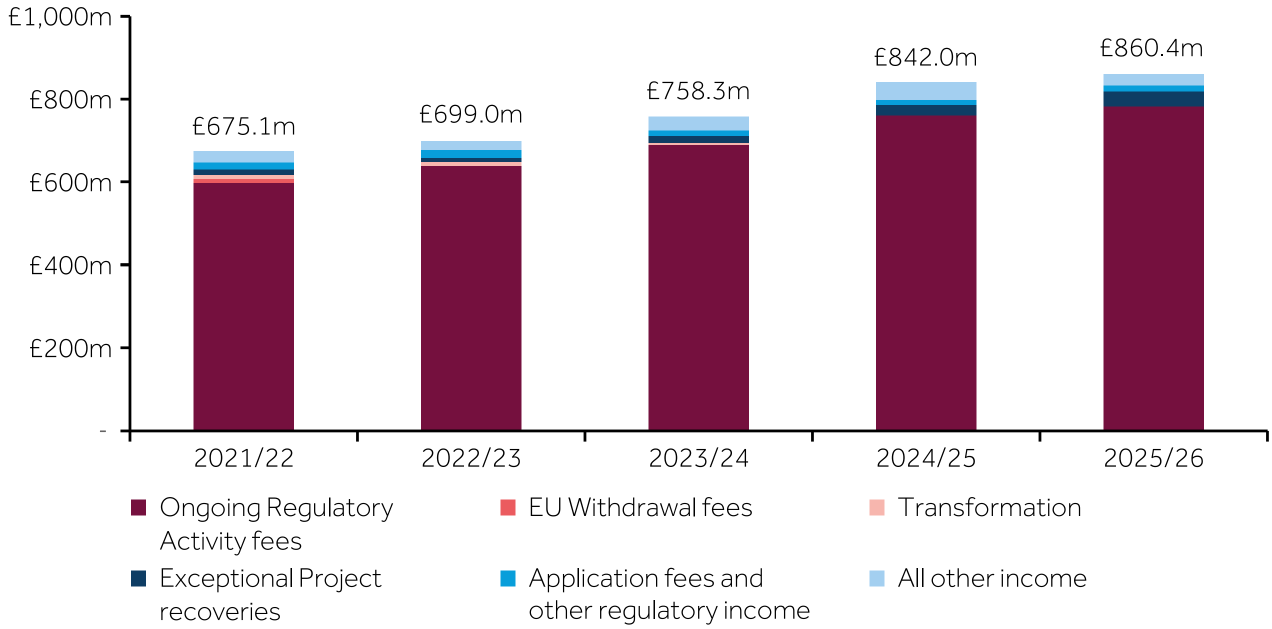
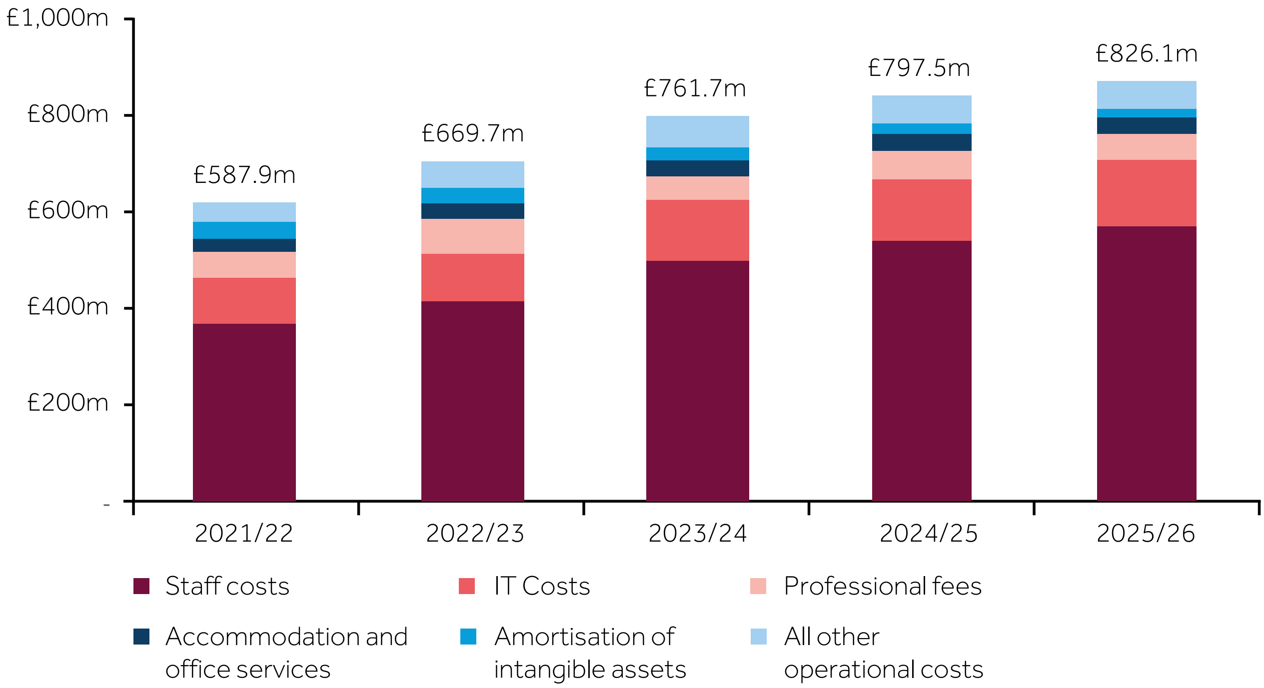


Chart 1 shows the 5 years movement in the Group's income. We raise fees directly in response to the budgeted cost to perform its statutory duties. Therefore, fees rise and fall in line with the Group's cost base, which is presented in Chart 2 as a 5 years trend.

Operating costs

Chart 2 – How we spend our money



Group operational overview report

The main movements over the last 5 years (shown as a year-on-year analysis to the preceding year) were:

- £28.7m increase in 2025/26 driven primarily by a £27.8m increase in staff costs and a £10.8m increase in IT costs, partially offset by lower s166 professional fees. Staff costs increased due to the increase in staff numbers in 2025/26 and investment in our people (for further details on the uplift in staff numbers refer to Note 5 staff information in the financial statements). IT costs are higher as we continue to leverage technology to become a smarter, more effective and more efficient regulator.
- £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.
- £92.0m increase in 2023/24, driven primarily by a £80.1m increase in staff costs and £29.0m additional 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 s166 Skilled Person reports and Specialist IT skills. Recruitment costs also increased to support the higher headcount.

Overall financial position

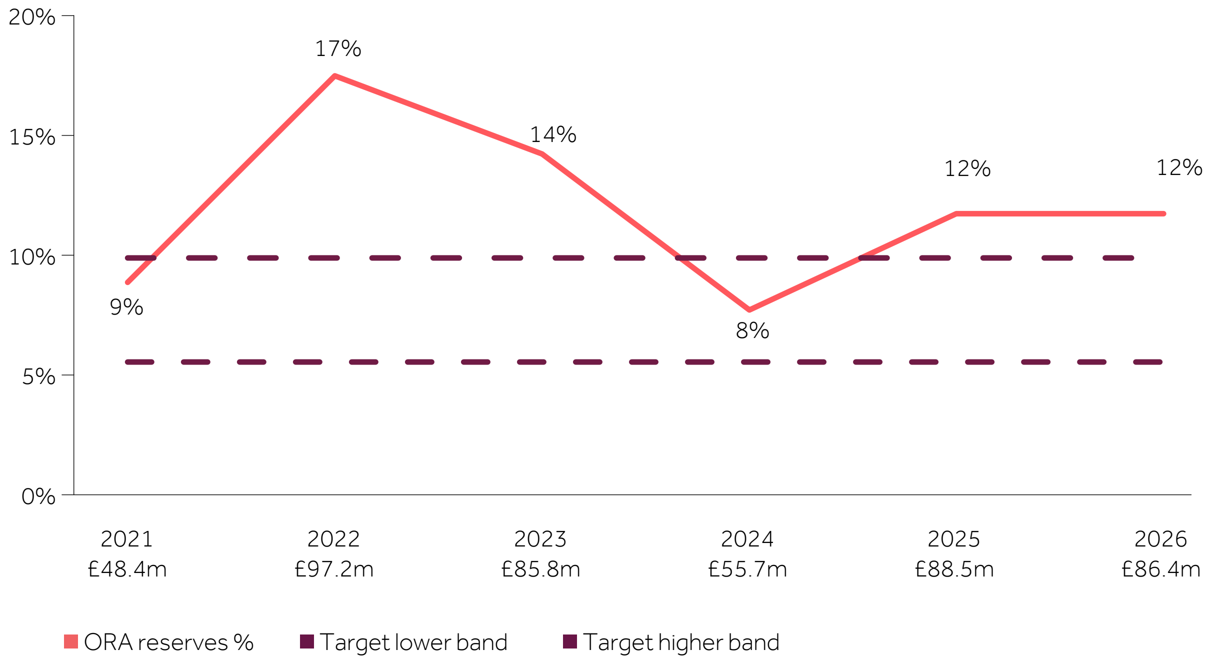
Reserves

We seek to maintain ORA reserves between 6% and 10% of ORA expenditure, which may be flexed based on the our Board's assessment of risk and economic factors (ie inflation, regulatory environment and interest rates). At 31 March 2026, our ORA reserves were £86.4m or 12% of ORA expenditure (2025: 12%), which exceeded the 10% target. This is largely due to events after the annual budget was set, which enabled us to reduce our cost base. This included lower than planned technology costs, higher interest income and slower than anticipated recruitment. The cost savings and additional reserves have been factored into the 2026/27 budget, meaning a below inflation increase in ORA fees for firms. All fees raised through the AFR support our planned programme of work. Over our 2025 to 2030 strategy, we are targeting the 6% and 10% range and plan to utilise existing ORA reserves over this period to achieve our priorities.

Table 2 – Group reserves

	FCA					PSR	Group
Reserves	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 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	–	-	–	–	–	–	–
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**
(Under)/over recovery against budget	(2.8)	–	(2.8)	–	(2.8)	1.8	(1.0)
Transfer of reserves	0.6	(0.6)	–	–	–	–	–
Net exceptional projects recoveries	–	6.0	6.0	–	6.0	–	6.0
Pension movement	–	–	–	26.3	26.3	–	26.3
At 31 March 2026	**86.3**	**(2.7)**	**83.6**	**12.8**	**96.4**	**6.8**	**103.2**

Chart 3 – FCA ORA reserves balance 2022-2026



Penalties collected on behalf of HM Treasury

We collected penalties of £128.6m (2024/25: £180.1m) on behalf of HM Treasury during the year. At 31 March 2026, penalties owing to HM Treasury were £21.8m with £33.9m paid during the year, representing £128.6m of penalties received in 2025/26 net of £72.9m to be rebated to fee payers in 2026/27. At 31 March 2025 penalties owing to HM 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.

Principal risks and uncertainties

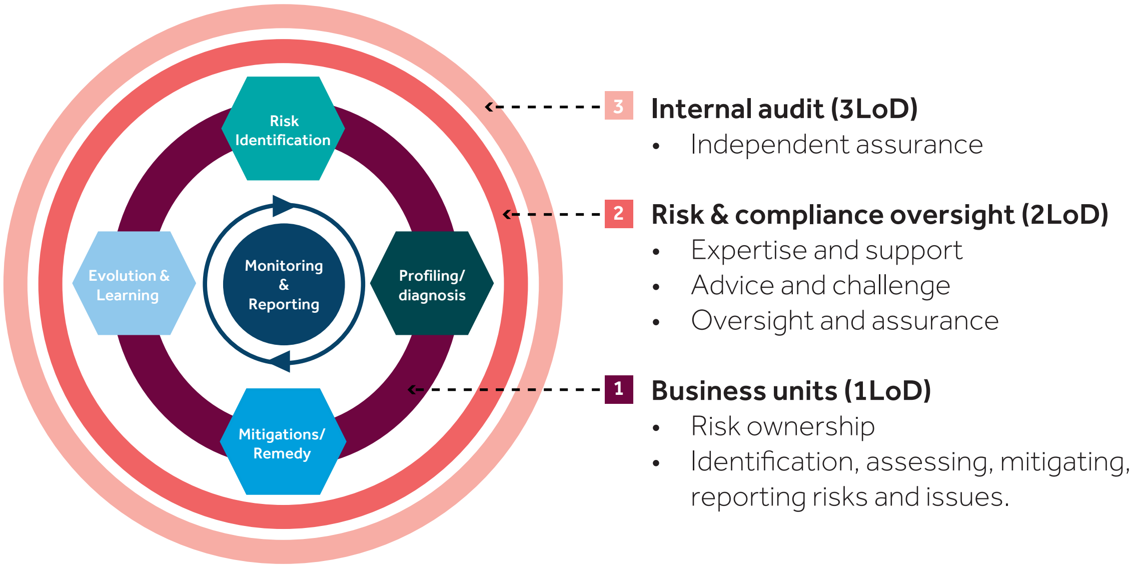
Effective risk management remains central to the delivery of our strategy. We continue to reflect on our collective approach to risk, underpinned by our risk management framework (RMF), to ensure it remains appropriate, proportionate and effective.

We are exposed to a wide range of risks, both internal and external. Internal risks (referred to as own risks) primarily relate to operational resilience and execution, while external risks relate to potential harms arising from the markets and firms we regulate. These risks could influence how effectively we deliver our strategy to tackle key market harms, as well as our statutory and operational objectives. They may emerge from multiple sources and across a range of activities, including where risks exposures evolve over time.

The RMF is grounded in the 3 lines of defence model and is designed to support clear accountability, appropriate segregation of duties and effective oversight. We operate within a robust governance framework, supported by clearly defined roles and responsibilities, as set out in the Corporate Governance Statement.

Group operational overview report

Previously, risk and audit were managed through separate systems; we have now integrated this into a single, central risk and audit system to strengthen oversight and enable shared insights.



Key actual and emerging risks

The strategy sets out our view of the key external risks. It also explains that we are focused on rebalancing risk in our regulatory approach, allowing us to make judgements based on an informed assessment of risk.

The external environment remains unpredictable and the pace of change in geopolitics and technologies such as AI adds further complexity. We need to be agile and prepared to move resource, re-prioritising throughout the year to reflect the volatile external environment.

Work is underway to facilitate the changes following announcements by the Government to consolidate the PSR's regulatory responsibilities into the FCA and separately to make the FCA the single professional services supervisor for anti-money laundering and counter-terrorist financing. We will continue to work closely with key stakeholders, including HM Treasury, throughout these transitions to manage risks and ensure the continuity and effectiveness of regulation.

Principal own risks

Principal own risks and key management actions are reported to executive and Board oversight committees as set out below.

The principal own risks also show how each risk has trended over the past 12 months since the 2024/25 Annual report and accounts (ARA), providing a comparable view of changes in risk exposure in that time and helping inform an assessment of the organisation's future risk outlook.

People and culture	Key management actions
People and culture The risk that our people resources are insufficient in capacity and capability; colleagues do not behave appropriately and/or their colleague experience is not consistent with the desired FCA culture **Annual risk trend since 2024/25 Annual report:** **Improved**	• The People Committee oversees the people strategy, reviewing whether the workforce can sustainably deliver our strategy, on budget and in line with our values. • We are making a significant investment in strengthening our capability to manage rapid technological change, including AI, with comprehensive central and local training already underway to accelerate upskilling. This has been supported by the launch of the Digital, Data & Technology Profession which is aimed to improve ownership, specialist capability and consistency across the organisation. • Strategic workforce planning is in place as a longer-term mitigant, with ongoing work to strengthen its consistent application and evidencing.

Strategy, planning and finance	Key management actions
Strategy, planning and finance The risk that our approach to financial management, prioritisation, strategy and change is inadequate **Annual risk trend since 2024/25 Annual report:** **Stable**	• Robust processes in place to support effective prioritisation and allocation of resources to achieve outcomes in support of our strategy, with performance metrics reviewed and published regularly. • Horizon scanning helps identify emerging issues and risks to support strategy, prioritisation and planning decisions. • The annual budget is monitored monthly against baseline spend and change portfolio forecasts to understand likely financial outcomes and appropriate mitigations.

Data, AI, information and records	Key management actions
The risk that we have inadequate and/or ineffective processes for the management and governance of data and records, including data quality, security and lifecycle controls, and the design, oversight and ethical use of models, AI and automated decision-making tools **Annual risk trend since 2024/25 Annual report:** **Improved**	• We define and assign roles and responsibilities for single accountable individuals with respect to different data domains. We do this to ensure compliance with internal policies and quality throughout the lifecycle of our data. • Continued development of data sharing arrangements and innovative tools and techniques to enable agile and effective identification of harm. • Robust tools and processes across the data lifecycle, including storage and model risk management, that drive greater organisational join up on insights and intelligence.

Compliance, governance and legal	Key management actions
The risk that we do not meet legislative requirements, manage legal risk, or ensure that governance is effective **Annual risk trend since 2024/25 Annual report:** **Stable**	• The control room operates as a key control for conflict of interests risk, identifying and escalating potential conflicts across activities for insider list owners to assess and determine appropriate mitigation. • Clear governance arrangements with defined accountabilities, supported by SMR-aligned Statements of Responsibility, ensure ownership of risks and policies that are reinforced through routine reviews of committee structures, delegated authorities and decision-making processes. • A compliance framework, underpinned by updated policies, embedded controls and structured monitoring, is complemented by proactive horizon scanning and early specialist input. This strengthens preparedness and ensures emerging risks are identified and managed effectively.

Regulatory	Key management actions
Regulatory The risk that our approach to regulation is inadequate, including deficiencies in defining and protecting the regulatory perimeter, applying effective regulatory mechanisms, tools, processes and powers and communicating and engaging appropriately with external stakeholders in support of our regulatory objectives **Annual risk trend since 2024/25 Annual report:** **Improved**	• Intelligence, data and risk driven approaches to authorisation, supervision, competition and enforcement that limits the ability for bad actors to enter the system and enables proportionate and swift action to prevent or reduce harm, including through integrated firm and individual risk dashboards, market-wide risk analysis, and analytics-led tools such as network analysis and risk scoring to identify high-risk firms, individuals and connections. • We regularly review our perimeter and publish a detailed Perimeter report, linked to our strategy, annually. • For consistency and certainty, the Duty forms the basis of our consumer protection framework and activities across all regulatory functions.

Communication and stakeholder management	Key management actions
Communication and stakeholder management The risk that we fail to communicate effectively, both internally and to key external non-firm stakeholders **Annual risk trend since 2024/25 Annual report:** **Stable**	• Proactive engagement with stakeholders through our accountability mechanisms, supported by regular audience insight gathering. • A 5-year communications plan, with monthly metrics reporting, annual review, and governance oversight for external communications. • Our performance is measured through published operating service metrics and our progress against our strategy through outcome metrics.

Operational resilience and technology	Key management actions
Operational resilience and technology The risk that we or our suppliers are insufficiently prepared to prevent and/or appropriately respond to operational disruptions. 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 **Annual risk trend since 2024/25 Annual report:** **Stable**	• A comprehensive MI system, which provides real time monitoring of threats and controls underpinning our cyber and technology stability risks. • Third-party risk management framework driven by consistent terms & conditions, resilience due diligence assurance on our critical suppliers and strong business continuity plans to improve readiness. • Proactive adoption of emerging technologies such as AI and machine learning, supported by regulatory collaboration and ongoing investment in fit-for-purpose IT infrastructure.

Financial statements of the Financial Conduct Authority for the year ended 31 March 2026

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 certify that I have audited the financial statements of the Financial Conduct Authority (FCA) and its Group for the year ended 31 March 2026 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 2026;
- 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 2026 and of the operating surplus 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 the table below has been considered in the context of my opinion on regularity.

Framework of Authorities

Authorising legislation	Financial Services and Markets Act 2000, Financial Services Act 2012, Financial Services (Banking Reform) Act 2013, and the Financial Services and Markets Act 2023, Managing Public Money, Companies Act 2006.

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 FCA's 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.

At the reporting date, the Group comprises the FCA and the Payment Systems Regulator (PSR), which operates as the FCA Group's subsidiaries. I considered the impact of the UK Government's intentions to abolish the PSR, with most of the PSR's functions to be undertaken by the FCA itself. The Financial Services Bill was introduced in the House of Lords in May 2026 and, until the provisions of Bill are enacted, the timetable for the abolition of the PSR remains uncertain. However, once these provisions are enacted, they are unlikely to cast doubt on the going concern on the FCA Group.

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.

In relation to the entities reporting on how they have applied the UK Corporate Governance Code, I have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Director's considered it appropriate to adopt the going concern basis of accounting.

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 in previous years, considered separately in my section on fraud later in this report.

The key audit matters were discussed with the FCA's Audit Committee. Their report on matters that they considered to be significant to the financial statements is set out in the Corporate Governance Statement.

In this year's report, I made the following change to the risks identified compared to my prior year report. I have introduced revenue recognition as a new risk, as it is driven by three main components – fee blocks, tariff data and customer data – and the associated calculations within the Fees and Data Returns system can be complex. I have downgraded the risk of capitalisation decisions on IT development projects as I noted a reduction in the level of misstatements and management had made good progress in improving controls and decisions over capitalisations. The other identified risks remain broadly consistent with those in the prior year.

1 – Defined Benefit Pension Assets

Description of risk

The FCA recognised a net asset of £12.8m in respect to its legacy defined benefit pension scheme and unfunded pension liability as at 31 March 2026 (31 March 2025: net liability £13.5m). 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 £586.5m as at 31 March 2026 (increased slightly compared to £556.9m in the previous year) and remains highly significant to the financial statements for 2025-26. 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 evaluated the design and operating effectiveness of controls relevant to the existence and valuation of scheme assets by reviewing controls assurance reports (including ISAE 3402 and SOC 1 reports) and considered correspondence from service auditors.
- I obtained listings of scheme assets held by the plan and agreed these to the year-end IAS 19 report to confirm that assets had been appropriately classified and accurately disclosed in the financial statements.
- I sought independent third-party confirmations to verify that legal rights over the assets are held by the scheme. In addition, I performed further procedures to assess the completeness of scheme assets recorded at the reporting date.
- I assessed the reasonableness of asset valuations through a combination of procedures, including reviewing audited fund accounts, verifying quoted market prices where available, and considering other appropriate valuation evidence based on the level of risk. This included detailed testing of valuations for investments held in pooled funds.
- I performed audit procedures over the assumptions and data inputs used in valuation calculations, including assessing the appropriateness of methodologies and the consistent application of relevant valuation models.

Key observations

Based upon these procedures, no material misstatements have been identified in relation to defined benefit pension assets.

2 – Defined Benefit Pension Liabilities

Description of risk

The FCA recognised a net asset of £12.8m in respect of its legacy defined benefit pension scheme and unfunded pension liability 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 £573.7m (£570.4m in 2024-25) 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 of 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 therein. This included my 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 performed a review of the membership data underpinning the calculation, assessing its completeness and accuracy, and used this assessment to determine whether additional, more detailed testing procedures were necessary.
- 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 its own assessment in accordance with IFRS.

Key observations

Based upon these procedures, no material misstatements have been identified in relation to defined benefit pension liabilities.

3 – Revenue Recognition

Description of risk

The FCA has fee income of £805.9m in 2025-26 (£772.8m in 2024-25). The Financial Services and Markets Act (2000) sets out that the FCA can raise fees to recover the costs of carrying out statutory functions. The Financial Services (Banking Reform) Act 2013 enables the FCA to raise fees on behalf of the PSR to recover the costs of carrying out its statutory functions. Of the £805.9m, £754.8m (93%) relates to the annual periodic fees which are levied in accordance with the FCA handbook and applicable legislation. Annual periodic fees are driven by three main components – fee blocks, tariff data and customer data – and the associated calculations within the FDR and Workday systems used to calculate these fees could lead to misstatement of income. An error rate of 1% could result in a material misstatement or irregularity. For this reason, I have classified revenue recognition as a significant risk for this year.

How the scope of my audit responded to the risk

- I assessed the reasonableness of the design and implementation of controls over revenue recognition, including those relating to fees modelling, forecasting, invoicing and collection.
- I used an IT expert to review relevant IT controls supporting the FDR and Workday systems so as to evaluate the reliability of automated revenue processing, including the calculation of periodic fees.
- I examined a sample of revenue recognised during 2025-26 and agreed amounts to banking records to confirm the accuracy and occurrence of income.
- I evaluated whether revenue had been recognised in accordance with the FCA's accounting policies and applicable financial reporting framework.
- I confirmed that revenue recognised as 'fees received in advance' in Note 12 were appropriately accounted for, including a sample of year-end deferred income balances.
- I performed cut-off testing around the year end to ensure that revenue was recognised in the correct accounting period.

Key observations

Based upon these procedures, no material misstatements have been identified in relation to revenue recognition.

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 overall materiality for the FCA and its Group's financial statements as a whole as follows:

	Group	FCA
Materiality	£8.3m	£7.9m
Basis for determining materiality	1% of gross operating costs of £833.5m (2024-25, 1% of gross operating costs of £759.9m)	1% of forecasted gross operating costs of £788.4m (2024-25, 1% of forecasted gross operating costs of £731.6m)
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. For the Group I selected a materiality percentage of 1% of operating costs. This 1% is at the lower end of the materiality range and I chose it because FCA fines are regularly reported by the media 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. I determined materiality using actual gross operating costs. The difference between materiality calculated using forecast and actual figures exceeded my triviality threshold, and I therefore considered actual results to provide the more appropriate basis for determining Group materiality. For the parent, I determined materiality using forecast gross operating costs. The difference between materiality calculated using forecast and actual figures was below my triviality threshold and was therefore not considered to impact my materiality assessment.	

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 75% of Group materiality for the 2025-26 audit (2024-25: 70%). In determining performance materiality, I have also considered the uncorrected misstatements identified in the previous period, which had reduced from the prior year.

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 £158,000, 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 would have increased net assets by £0.4m and increased net surplus by £0.4m. Total adjusted audit differences reported to the Audit Committee have increased net assets by £1.4m, and increased net surplus by £1.4m.

Audit scope

The scope of my group audit was determined by obtaining an understanding of the FCA and its Group and its environment, including the 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 2025-26, the PSR's expenditure was £25.9m (3.1% of Group expenditure of £826.1m) and PSR's income was £27.8m in 2025-26 (3.2% of Group total income of £860.4m). Moreover, PSR's total assets at 31 March 2026 were £22.6m (3.0% of Group total assets of £742.07m).

The FCA, as parent of the Group, is itself a component and was audited by the Group engagement team. My work on the key audit matters, 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 auditor 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 Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006 and HM Treasury directions 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 Corporate Governance Statement for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Corporate Governance Statement has 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 Corporate Governance Statement.

I have nothing to report in respect of the following matters to which the Companies Act 2006 requires me to 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 52;
- Directors' statement on fair, balanced and understandable set out on pages 52;
- The Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 53;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on pages 62; and
- The section describing the work of the audit committee set out on pages 66.

The Board has 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 56.

Responsibilities of the Directors for the financial statements

As explained more fully in the Directors' Responsibilities Statement for the Annual Report and Accounts, 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 FCA 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 2006 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 and International Standards on Auditing (UK) (ISAs (UK)).

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 Financial Services and Markets Act 2000, Financial Services Act 2012, Financial Services (Banking Reform) Act 2013, Financial Services and Markets Act 2023, Managing Public Money and Companies Act 2006.
- 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; and
  - they had knowledge of any actual, suspected, or alleged fraud.
- discussed with the engagement team, the property centre of expertise, the pensions centre of expertise, IT auditors 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's 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 its 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, Managing Public Money and relevant employment 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;
- enquired of management, the Audit Committee and the FCA's in-house legal counsel concerning actual and potential litigation and claims;
- reviewed minutes of meetings of those charged with governance and the Board and internal audit reports;
- 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;
- 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
- carried out substantive tests of detail of material areas of the accounts, including journals testing and areas of significant audit judgement such as the Defined Benefit Pension Scheme. I have also reviewed the judgements involved to determine penalty figures.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including 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
7 July 2026

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

Statement of comprehensive income for the year ended 31 March 2026

		Group		Parent Company	
		Total 2026 £m	Total 2025 £m	**Total 2026 £m**	Total 2025 £m
Income					
Fee income	4	**832.9**	798.0	**805.9**	772.8
Other income	4	**27.5**	44.0	**32.4**	47.1
Total income		**860.4**	842.0	**838.3**	819.9
Operating costs					
Staff costs	5	**(539.7)**	(511.8)	**(522.4)**	(491.6)
Administrative and general costs	6	**(286.4)**	(285.7)	**(283.4)**	(281.9)
Total operating costs		**(826.1)**	(797.5)	**(805.8)**	(773.5)
Operating surplus for the year		**34.3**	44.5	**32.5**	46.4
Interest payable and similar expenses	7	**(4.6)**	(4.8)	**(4.6)**	(4.8)
Net actuarial gains for the year in respect of the pension scheme	18	**1.6**	8.8	**1.6**	8.8
Total comprehensive surplus for the year		**31.3**	48.5	**29.5**	50.4

The notes on pages 113 to 151 form part of the financial statements.

Statement of changes in equity for the year ended 31 March 2026

	Accumulated surplus	
	Group £m	Parent Company £m
At 1 April 2024	23.4	16.5
Total comprehensive surplus for the year	48.5	50.4
At 31 March 2025	71.9	66.9
Total comprehensive surplus for the year	**31.3**	**29.5**
At 31 March 2026	**103.2**	**96.4**

The notes on pages 113 to 151 form part of the financial statements.

Statement of financial position as at 31 March 2026

Company Number: 01920623

		Group		Parent Company	
	Notes	**Total 2026 £m**	Total 2025 £m	**Total 2026 £m**	Total 2025 £m
Non-current assets					
Intangible assets	8	**65.6**	65.4	**65.6**	65.4
Property, plant and equipment and ROU assets	9	**165.9**	169.2	**165.9**	169.2
Net Investment in sublease	10	**35.4**	34.6	**35.4**	34.6
		266.9	269.2	**266.9**	269.2
Current assets					
Trade and other receivables	11	**34.3**	27.0	**35.8**	28.0
Cash and cash equivalents	11	**440.8**	393.0	**421.5**	378.2
		475.1	420.0	**457.3**	406.2
Total assets		**742.0**	689.2	**724.2**	675.4
Current liabilities					
Trade and other payables	12	**(449.6)**	(396.3)	**(438.6)**	(387.5)
Lease liabilities	12	**(17.8)**	(17.6)	**(17.8)**	(17.6)
		(467.4)	(413.9)	**(456.4)**	(405.1)
Total assets less current liabilities		**274.6**	275.3	**267.8**	270.3
Non-current liabilities					
Long-term provisions	13	**(23.0)**	(17.6)	**(23.0)**	(17.6)
Lease liabilities	13	**(161.2)**	(172.3)	**(161.2)**	(172.3)
		(184.2)	(189.9)	**(184.2)**	(189.9)
Net assets excluding net retirement benefit obligations		**90.4**	85.4	**83.6**	80.4
Net retirement benefit asset/(obligation)	18	**12.8**	(13.5)	**12.8**	(13.5)
Net assets		**103.2**	71.9	**96.4**	66.9
Accumulated reserves		**103.2**	71.9	**96.4**	66.9

The notes on pages 113 to 151 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 and authorised for issue by the Board on 25 June 2026 and signed on 3 July 2026 on its behalf by

Ashley Alder
Chair

Nikhil Rathi
Chief Executive

Statement of cash flows
for the year ended 31 March 2026

	Notes	Group Total 2026 £m	Group Total 2025 £m	Parent Company Total 2026 £m	Parent Company Total 2025 £m
Net cash generated by operations	3	**70.7**	108.6	**66.8**	109.3
Investing activities					
Interest received on bank deposits		**16.1**	16.3	**15.5**	15.5
Payment of software development costs		**(17.3)**	(17.7)	**(17.3)**	(17.7)
Payments for property, plant, and equipment		**(3.7)**	(2.2)	**(3.7)**	(2.2)
Net cash used in investing activities		**(4.9)**	(3.6)	**(5.5)**	(4.4)
Financing activities					
Lease payments	13	**(18.0)**	(23.7)	**(18.0)**	(23.7)
Net increase in cash and cash equivalents		**47.8**	81.3	**43.3**	81.2
Cash and cash equivalents at the start of the year	11	**393.0**	311.7	**378.2**	297.0
Cash and cash equivalents at the end of the year	11	**440.8**	393.0	**421.5**	378.2

The notes on pages 113 to 151 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 ie 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 Group 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); 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 are 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 21, Lack of Exchangeability, issued in August 2023, effective from 1 January 2025.

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 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.
- Annual Improvements to IFRS Accounting Standards, effective for accounting periods beginning on or after 1 January 2026. These include amendments to IFRS 9 *Financial Instruments*, IFRS 7 *Financial Instruments: Disclosures*, IFRS 10 *Consolidated Financial Statements* and IAS 7 *Statement of Cash Flows*.
- Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* relating to power purchase agreements (Contracts Referencing Nature-dependent Electricity), issued in December 2024 and effective for accounting periods beginning 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 Activities fees and Exceptional project recoveries) are levied according to the FCA handbook and applicable legislation. They are measured at fair value and are recognised at the later of the fee year to which they relate (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.
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 London)	Lease term – 20 years
Right of Use Assets (leased office in Edinburgh)	Lease term – 15 years
Right of Use Assets (leased office in Edinburgh, Mezzanine Floor)	Lease term – 10 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 2026, this deferred tax asset equated to £94.6m (2025: £95.2m).

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

		Group		Parent Company	
	Notes	Total 2026 £m	Total 2025 £m	Total 2026 £m	Total 2025 £m
Operating surplus for the year		**34.3**	44.5	**32.5**	46.4
Adjustments for:					
Interest received on bank deposits		**(16.1)**	(16.3)	**(15.5)**	(15.5)
Net interest on pension scheme	18	**–**	1.4	**–**	1.4
Finance income on net investment in sublease	4	**(0.8)**	(0.8)	**(0.8)**	(0.8)
Amortisation of intangible assets	8	**17.1**	21.1	**17.1**	21.1
Impairment loss of intangible assets	8	**0.4**	2.4	**0.4**	2.4
Depreciation of property, plant and equipment including ROU assets	9	**18.0**	18.5	**18.0**	18.5
Remeasurement of ROU asset	9	**(8.1)**	–	**(8.1)**	–
(Gain)/Loss on disposals of property, plant and equipment	9	**(0.1)**	0.1	**(0.1)**	0.1
Increase in provisions	19	**5.3**	–	**5.3**	–
Payments made against unfunded pension liability	18	**(0.1)**	(0.1)	**(0.1)**	(0.1)
Additional cash contributions to reduce pension scheme deficit	18	**(24.6)**	(18.9)	**(24.6)**	(18.9)
Non-cash movements within intangible assets work in progress		**–**	4.7	**–**	4.7
Operating cash flows before movements in working capital		**25.3**	56.6	**24.1**	59.3
Decrease/(Increase) in receivables		**(7.3)**	0.2	**(7.8)**	0.8
Increase in payables		**52.7**	51.8	**50.5**	49.2
Net cash generated by operations		**70.7**	108.6	**66.8**	109.3

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 2026 £m	Total 2025 £m	**Total 2026 £m**	Total 2025 £m
Ongoing Regulatory Activities fees[1]	**781.8**	760.3	**754.8**	735.1
Exceptional projects recoveries (costs)				
– InvestSmart	**2.3**	2.3	**2.3**	2.3
– Financial promotions	**(1.0)**	(0.2)	**(1.0)**	(0.2)
– Smarter regulatory framework	**9.0**	11.3	**9.0**	11.3
– Pensions dashboard	**0.7**	(0.2)	**0.7**	(0.2)
– Funeral plans	**0.7**	0.7	**0.7**	0.7
– Crypto asset	**7.8**	6.4	**7.8**	6.4
– Advice guidance boundary review	**3.7**	1.9	**3.7**	1.9
– Access to cash	**–**	2.0	**–**	2.0
– Open banking/Open finance	**3.2**	1.2	**3.2**	1.2
– Credit information market study interim working group	**–**	0.4	**–**	0.4
– ESG data and ratings	**3.0**	–	**3.0**	–
– Motor finance	**6.9**	–	**6.9**	–
– AML Reform	**1.0**	–	**1.0**	–
Total exceptional projects recoveries	**37.3**	25.8	**37.3**	25.8
Application fees and other regulatory income	**13.8**	11.6	**13.8**	11.6
Special project fees	**–**	0.3	**–**	0.3
Total fee income	**832.9**	798.0	**805.9**	772.8

1 Of the £781.8m (2025: £760.3m) Ongoing Regulatory Activities fees, £71.2m (2025: £35.1m) 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 2026 £m	Total 2025 £m	**Total 2026 £m**	Total 2025 £m
Skilled person reports (s.166) income[1]	**1.1**	12.0	**1.1**	12.0
Services provided to other regulatory bodies	**3.5**	7.1	**3.5**	7.1
Interest received on cash deposits and cash at bank	**17.4**	17.4	**16.8**	16.6
Finance income on net investment in sublease	**0.8**	0.8	**0.8**	0.8
Other sundry income[2 3]	**4.7**	6.7	**10.2**	10.6
Total other income	**27.5**	44.0	**32.4**	47.1

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 in 2025 is £0.5m from the Home Office in relation to Asset Recovery Incentive Scheme (ARIS) grant funding to support the FCA Specialist Crypto Unit. This balance is £nil in 2026.
3 Other sundry income includes FCA recharges to the PSR for certain services provided, as set out in a provision of services agreement. This amount eliminates on consolidation.

5. Staff information

Staff costs (including executive directors) comprise:

		Group		Parent Company	
	Notes	**Total 2026 £m**	Total 2025 £m	**Total 2026 £m**	Total 2025 £m
Gross salaries and taxable benefits		**417.1**	394.2	**404.2**	378.7
Employer's national insurance costs		**54.6**	44.3	**52.8**	42.5
Apprenticeship levy		**1.9**	1.8	**1.8**	1.7
Exit packages (including ex-gratia)		**0.6**	0.9	**0.3**	0.9
Employer's defined contribution pension costs		**48.8**	45.6	**47.3**	43.7
Other net pension finance cost	18	**–**	1.4	**–**	1.4
Payment made against unfunded liability	18	**0.1**	0.1	**0.1**	0.1
Permanent staff costs		**523.1**	488.3	**506.5**	469.0
Temporary		**0.8**	1.4	**0.7**	1.4
Secondees		**0.5**	0.5	**0.4**	0.5
Contractors		**18.9**	25.9	**18.4**	25.0
Short-term resource costs		**20.2**	27.8	**19.5**	26.9
Total permanent staff and short term resource costs		**543.3**	516.1	**526.0**	495.9
Staff costs capitalised during the year		**(3.6)**	(4.3)	**(3.6)**	(4.3)
Total staff costs		**539.7**	511.8	**522.4**	491.6

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 2026 headcount	Total 2025 headcount	**Total 2026 headcount**	Total 2025 headcount
Supervision, Policy and Competition	**1,811**	1,717	**1,811**	1,717
Authorisations	**702**	737	**702**	737
Enforcement and Market Oversight	**774**	735	**774**	735
Sub-total	**3,287**	3,189	**3,287**	3,189
Operations	**775**	723	**775**	723
Other support divisions	**532**	514	**532**	514
Data, Technology and Innovation	**578**	552	**578**	552
Secondment, parental leave and long-term sick	**175**	225	**171**	220
PSR[1]	**163**	176	**22**	–
Total	**5,510**	5,379	**5,365**	5,198

1 In 2026, the Parent Company headcount includes individuals that have transferred from the PSR to the FCA and remain working on PSR related matters. The cost of these individuals is recharged to the PSR as part of the provision of services agreement and shown within Other sundry income in note 4.

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

	Group		Parent Company	
	Total 2026 headcount	Total 2025 headcount	**Total 2026 headcount**	Total 2025 headcount
Temporary	**14**	24	**13**	23
Secondees	**16**	16	**15**	15
Contractors	**85**	121	**83**	117
Total	**115**	161	**111**	155

Notes to the financial statements
5. Staff information (continued)

As at 31 March, the number of employees by headcount (including executive directors and fixed-term contractors) was:

	Total 2026 headcount	Total 2025 headcount
Permanent staff		
FCA	**5,454**	5,283
PSR	**111**	182
	5,565	5,465
Short-term resources		
FCA	**110**	151
PSR	**2**	7
	112	158
Group Total	**5,677**	5,623

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 2026	Number of other departures agreed 2026	Number of long term ill health or tribunal settlements 2026	Total 2026	Number of compulsory redundancies 2025	Number of other departures agreed 2025	Number of long term ill health or tribunal settlements 2025	Total 2025
0 -10	**–**	**–**	**–**	**–**	–	2	–	2
>10 – 25	**1**	**1**	**1**	**3**	3	–	1	4
>25 – 50	**1**	**2**	**1**	**4**	5	1	–	6
>50 – 100	**–**	**–**	**–**	**–**	1	2	1	4
>100 -150	**–**	**–**	**–**	**–**	–	–	–	–
>150 – 200	**–**	**–**	**–**	**–**	–	–	–	–
Group total number	**2**	**3**	**2**	**7**	9	5	2	16
Parent total Number	**–**	**3**	**1**	**4**	9	5	2	16
Group gross costs (£'000)	**71**	**94**	**64**	**229**	304	203	106	613
Parent gross costs (£'000)	**–**	**94**	**41**	**135**	304	203	106	613

In addition to the above exit packages of £0.2m (2025: £0.6m), Ex-Gratia payments of £0.4m (2025: £0.3m) were incurred and disclosed as Special payments within Note 15 and are excluded from the above table.

6. Administrative and general costs

		Group		Parent Company	
	Notes	**Total 2026 £m**	Total 2025 £m	**Total 2026 £m**	Total 2025 £m
IT costs		**131.3**	120.5	**131.3**	120.4
Professional fees		**50.3**	44.1	**47.8**	41.4
Professional fees: s166[1]		**1.1**	12.0	**1.1**	12.0
Accommodation and office services		**31.8**	33.5	**31.8**	33.5
Amortisation of intangible assets	8	**17.1**	21.1	**17.1**	21.1
Depreciation of property, plant and equipment	9	**7.2**	8.6	**7.2**	8.6
Depreciation of the ROU assets	9	**10.8**	9.9	**10.8**	9.9
Recruitment, training and wellbeing		**19.8**	16.7	**19.5**	16.0
Travel		**3.9**	3.0	**3.9**	3.0
Loss on disposal of assets	8,9	**–**	0.1	**–**	0.1
Impairment loss	8	**0.4**	2.4	**0.4**	2.4
Communications and campaigns		**9.0**	5.8	**9.0**	5.7
Office of Complaints Commissioner funding	20	**1.7**	1.8	**1.7**	1.8
Bad debts		**1.9**	1.9	**1.8**	1.9
Other costs		**0.1**	4.3	**–**	4.1
Total		**286.4**	285.7	**283.4**	281.9

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 2026 £'000	Total 2025 £'000	**Total 2026 £'000**	Total 2025 £'000
Fees payable to the National Audit Office for the audit of the financial statements	**244**	241	**204**	201
Additional fees relating to the prior year audit of the Parent Company	**–**	40	**–**	40
Notional fee for audit of Trust Statement	**20**	20	**20**	20
Total fees payable	**264**	301	**224**	261

The National Audit Office has not provided any non-audit related services to the Group in 2026 (2025: £nil).

7. Interest payable and other similar expenses

	Group		Parent Company	
	Total 2026 £m	Total 2025 £m	**Total 2026 £m**	Total 2025 £m
Interest on lease liability	**4.6**	4.8	**4.6**	4.8

8. Intangible assets

The PSR does not hold intangible assets.

	Internally generated software £m	Work in progress £m	Total £m
Cost			
At 31 March 2024	**150.3**	**28.8**	**179.1**
Additions	–	13.0	13.0
Transfers	29.1	(29.1)	–
Disposal	(5.9)	–	(5.9)
Impairment	(5.3)	–	(5.3)
At 31 March 2025	**168.2**	**12.7**	**180.9**
Additions	**–**	**17.8**	**17.8**
Transfers	**13.3**	**(13.3)**	**–**
Disposal	**(1.2)**	**–**	**(1.2)**
Impairment	**–**	**(0.4)**	**(0.4)**
At 31 March 2026	**180.3**	**16.8**	**197.1**
Amortisation			
At 31 March 2024	**103.2**	**–**	**103.2**
Charge for year	21.1	–	21.1
Disposal	(5.9)	–	(5.9)
Impairment	(2.9)	–	(2.9)
At 31 March 2025	**115.5**	**–**	**115.5**
Charge for period	**17.1**	**–**	**17.1**
Disposal	**(1.1)**	**–**	**(1.1)**
Impairment	**–**	**–**	**–**
At 31 March 2026	**131.5**	**–**	**131.5**
Net book value			
At 31 March 2025	**52.7**	**12.7**	**65.4**
At 31 March 2026	**48.8**	**16.8**	**65.6**

8. Intangible assets (continued)

Internal software development costs of £13.3m (2025: £29.1m) 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 £48.8m:

i. £16.9m relates to Gateway, a system which captures the key core data that is used by other platforms for authorising and regulating firms and individuals who wish to enter the financial services regulatory perimeter in the UK via a series of forms.
ii. £7.6m relates to INTACT related assets, a case management tool for monitoring firms and individuals.
iii. £3.9m relates to Fees Data Collection (FDC), a system which is used for firms to submit regulatory data.
iv. £2.4m relates to the integrations of Workday, the system for FCA Human Resources and Finance.
v. £18.0m relates to 47 individually immaterial assets.

Of the net carrying amount of work in progress of £16.8m:

i. £11.3m relates to Gateway, as noted above.
ii. £3.3m relates to Digital Register Portfolio, a web-based database which is replacing the existing register holding a public record of those firms and individuals that are, or have been authorised or registered by FCA.
iii. £2.2m relates to 13 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. There was no impairment of assets in 2026 (2025: £nil).

	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 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)	
Remeasurement	–	–	–	–	–	–
Disposal	–	–	(0.8)	(0.1)	–	(0.9)
At 31 March 2025	**188.2**	**63.7**	**17.8**	**11.2**	**0.2**	**281.1**
Additions	2.6	0.3	0.8	0.2	2.7	6.6
Transfers	–	–	0.2	–	(0.2)	–
Remeasurement[1]	9.4	–	–	–	–	9.4
Disposal	–	–	(2.1)	–	–	(2.1)
At 31 March 2026	**200.2**	**64.0**	**16.7**	**11.4**	**2.7**	**295.0**
Depreciation						
At 31 March 2024	**55.7**	**19.8**	**12.2**	**6.5**	**–**	**94.2**
Charge for year	9.9	3.8	3.7	1.1	–	18.5
Disposal	–	–	(0.7)	(0.1)	–	(0.8)
At 31 March 2025	**65.6**	**23.6**	**15.2**	**7.5**	**–**	**111.9**
Charge for period	10.8	4.7	1.5	1.0	–	18.0
Remeasurement[1]	1.3	–	–	–	–	1.3
Disposal	–	–	(2.1)	–	–	(2.1)
At 31 March 2026	**77.7**	**28.3**	**14.6**	**8.5**	**–**	**129.1**
Net book value						
At 31 March 2025	**122.6**	**40.1**	**2.6**	**3.7**	**0.2**	**169.2**
At 31 March 2026	**122.5**	**35.7**	**2.1**	**2.9**	**2.7**	**165.9**

1 The remeasurement of £9.4m of cost consists of a £5.4m adjustment for the remeasurement of the End of Lease provision as disclosed in Note 19 and £4.0m of cost that was incorrectly derecognised in the financial year ended 31 March 2024. The remeasurement of £1.3m of depreciation represents an amount that was incorrectly derecognised in the financial year ended 31 March 2024. A restatement of comparative figures is not required by IAS 8 as the amount is immaterial to the financial statements.

Of the ROU assets cost of £200.2m, £189.9m (2025: £180.7m) relates to the property based in London, £8.3m to the properties based in Edinburgh (2025: £5.6m) and £2.0m (2025: £1.9m) to the properties based in Leeds. Leasehold improvements relate to the cost of fitting out the London, Edinburgh and Leeds properties.

10. Net investment in sublease

In December 2023, the FCA sublet three floors in 12 Endeavour Square, London 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 2026 £m	Total 2025 £m
Net investment in sublease, 1 April	**34.6**	33.7
Finance income earned	**0.8**	0.9
Lease payments received	**–**	–
Net investment in sublease, 31 March	**35.4**	34.6

The following table sets out the lease receivables maturity, showing the undiscounted lease payment to be received after the reporting date.

	Total 2026 £m	Total 2025 £m
Within one year	**2.7**	–
Within two to five years	**14.5**	13.6
Within six to ten years	**18.1**	18.1
Greater than ten years	**5.8**	9.4
Total undiscounted lease payments receivable	**41.1**	41.1
Unearned finance income	**(5.7)**	(6.5)
Net investment in sublease	**35.4**	34.6

11. Current assets

Of the £440.8m cash and cash equivalents balance (2025: £393.0m), £43.8m (2025: £17.8m) 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 £95.9m (2025: £86.0m) in relation to net penalties payable as disclosed in Note 14 and £249.8m (2025: £236.6m) in relation to fees received in advance as disclosed in Note 12.

At 31 March 2026, the FCA had a £50m (2025: £100m) unsecured overdraft facility. The PSR does not have, or require, its own credit facilities.

		Group		Parent Company	
	Notes	Total 2026 £m	Total 2025 £m	Total 2026 £m	Total 2025 £m
Net fees receivable		**1.8**	3.2	**1.8**	2.5
Net penalties receivable	14	**1.0**	–	**1.0**	–
Other debtors		**2.7**	1.1	**2.7**	1.1
Intragroup receivable		**–**	–	**1.7**	2.0
Prepayments and accrued income		**28.8**	22.7	**28.6**	22.4
Trade and other receivables		**34.3**	27.0	**35.8**	28.0
Cash deposits		**428.0**	388.2	**409.5**	374.7
Cash at bank		**12.8**	4.8	**12.0**	3.5
Cash and cash equivalents		**440.8**	393.0	**421.5**	378.2
Total current assets		**475.1**	420.0	**457.3**	406.2

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 41 days (2025: 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 2026 £m	Total 2025 £m	Total 2026 £m	Total 2025 £m
Fees receivable	**5.0**	7.6	**5.0**	6.9
Allowance for bad debts	**(3.2)**	(4.4)	**(3.2)**	(4.4)
Net fees receivable	**1.8**	3.2	**1.8**	2.5

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 2026 £m	Total 2025 £m	Total 2026 £m	Total 2025 £m
At 1 April	**4.4**	4.4	**4.4**	4.4
Utilisation of provision	**(2.0)**	(0.7)	**(2.0)**	(0.7)
Reversal of provision	**(1.0)**	(0.9)	**(1.0)**	(0.9)
Allowance made for bad debts	**1.8**	1.6	**1.8**	1.6
Total at 31 March	**3.2**	4.4	**3.2**	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 2026 £m	Total 2025 £m	**Total 2026 £m**	Total 2025 £m
Not yet due	**0.2**	1.3	**0.2**	0.9
Not more than three months	**0.2**	0.2	**0.2**	0.2
Between three and nine months	**1.2**	1.3	**1.2**	1.0
Greater than nine months	**0.2**	0.4	**0.2**	0.4
Total unimpaired fees receivable	**1.8**	3.2	**1.8**	2.5

The FCA policy is to review receivables systematically for recoverability when they are more than three months past due.

12. Current liabilities

		Group		Parent Company	
	Notes	**Total 2026 £m**	Total 2025 £m	**Total 2026 £m**	Total 2025 £m
Trade creditors and accruals		**41.6**	38.3	**40.9**	37.6
Payable to other financial regulatory organisations	20	**43.8**	17.8	**43.8**	17.8
Other taxation and social security		**15.3**	13.5	**15.3**	13.5
Net penalties payable	14	**95.9**	86.0	**92.1**	86.0
Fees received in advance		**249.8**	236.6	**240.1**	227.3
Intragroup payable – PSR		**–**	–	**3.2**	1.2
Other payables		**3.2**	4.1	**3.2**	4.1
Trade and other payables		**449.6**	396.3	**438.6**	387.5
Lease liabilities	13	**17.8**	17.6	**17.8**	17.6
Total current liabilities		**467.4**	413.9	**456.4**	405.1

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 (2025: 9 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 2026 £m	Total 2025 £m	**Total 2026 £m**	Total 2025 £m
Trade creditors and accruals	**41.6**	38.3	**–**	–
Net penalties payable	**95.9**	86.0	**–**	–
Fees received in advance	**249.8**	236.6	**–**	–
Other liabilities	**62.3**	35.4	**–**	–
Lease liabilities	**8.9**	8.9	**8.9**	8.7
Total current liabilities	**458.5**	405.2	**8.9**	8.7

Of the amounts due within 6 months, Trade creditors and accruals include £0.7m (2025: £0.6m) and Fees received in advance include £9.7m (2025: £9.3m) 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 2026 £m**	Total 2025 £m
Long-term provisions for dilapidations	19	**23.0**	17.6
Lease liabilities		**161.2**	172.3
Total non-current liabilities		**184.2**	189.9

Lease liabilities movements:

	Notes	**Total 2026 £m**	Total 2025 £m
Value of discounted future cash flows on ROU assets brought forward		**189.9**	208.5
Lease commenced in year		**1.4**	0.3
Market rent adjustment		**1.1**	–
Payments in year		**(18.0)**	(23.7)
Interest expense on lease liabilities	7	**4.6**	4.8
Lease liabilities at 31 March		**179.0**	189.9
Split between:			
Current lease liabilities	12	**17.8**	17.6
Non-current lease liabilities		**161.2**	172.3

Lease liabilities fall due as follows:

	Total 2026 £m	Total 2025 £m
Within one year	**18.1**	17.8
Within two to five years	**71.2**	70.9
Within six to ten years	**88.0**	87.6
Greater than ten years	**29.9**	46.7
Total undiscounted lease payments	**207.2**	223.0
Effect of discounting	**(28.2)**	(33.1)
Lease liabilities at 31 March	**179.0**	189.9

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	Quayside House (Mezzanine)	6 Queen Street (3rd floor)	6 Queen Street (1st floor)
Carrying value of discounted cash flows at 31 March 2026 £m	171.4	5.6	1.4	0.5	0.1
Interest rate for IFRS 16 discounting purposes (quoted by Public Works Loan Board at lease commencement date)	2.46%	2.18%	5.04%	2.73%	5.24%
Lease commencement	March 2018	May 2020	May 2025	July 2022	2 July 2024
Lease term	20 years	15 years	10 years	4 Years and 9 months	3 Years
Rent review frequency	5 years	5 years	5 years	N/A	N/A
Basis of rent review	Market rate	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, FSBRA, Payment Services Regulations (PSRs) or other applicable legislation 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

		Group		Parent	
	Notes	**Total 2026 £m**	Total 2025 £m	**Total 2026 £m**	Total 2025 £m
Penalties receivable at 1 April		**3.7**	8.3	**3.7**	8.3
Penalties issued during the year		**132.8**	182.5	**129.1**	182.5
Write-offs during the year		**(1.8)**	(7.0)	**(1.8)**	(7.0)
Penalties collected during the year		**(128.6)**	(180.1)	**(124.9)**	(180.1)
Penalties receivable at 31 March		**6.1**	3.7	**6.1**	3.7
Allowance for bad debts		**(5.1)**	(3.7)	**(5.1)**	(3.7)
Net penalties receivable at 31 March	11	**1.0**	–	**1.0**	–

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 2026 £m	Total 2025 £m
At 1 April	**3.7**	8.0
Utilisation of provision	**(1.8)**	(4.5)
Reversal of provision	**(0.1)**	–
Allowance made for bad debts	**3.3**	0.2
Total at 31 March	**5.1**	3.7

Penalties collected during the period

	Group		Parent	
	Total 2026 £m	Total 2025 £m	**Total 2026 £m**	Total 2025 £m
Retained penalties to be returned to fee payers	**72.9**	71.2	**72.2**	71.2
Penalties collected and paid to HM Treasury during the year	**33.9**	90.2	**33.9**	90.2
Penalties payable to HM Treasury	**21.8**	14.4	**18.8**	14.4
Penalties recovered from HM Treasury from previous years	**–**	4.3	**–**	4.3
Penalties collected during the period	**128.6**	180.1	**124.9**	180.1

Net penalties payable

		Group		Parent	
	Notes	**Total 2026 £m**	Total 2025 £m	**Total 2026 £m**	Total 2025 £m
Retained penalties to be returned to fee payers		**72.9**	71.2	**72.2**	71.2
Penalties under released to fee payers		**0.1**	0.3	**0.1**	0.3
Penalties payable to HM Treasury		**21.9**	14.5	**18.8**	14.5
Net penalties receivable	11	**1.0**	–	**1.0**	–
Net penalties payable	12	**95.9**	86.0	**92.1**	86.0

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 financial year.

The total number of FCA Group losses, and their total value, was as follows:

	Total 2026	Total 2025
Total number of cases	**205**	278
Total value of cases (£000)	**540**	448

There was no individual loss of more than £300,000 that requires disclosure separately.

The total number of FCA Group special payment cases, and their total value, was as follows:

	Total 2026	Total 2025
Total number of cases	**963**	978
Total value of cases (£000)	**800**	888

Special payments include ex-gratia payments of £392,000 (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:

	2026 £m	2025 £m
Within one year	**0.5**	1.0
In the second to fifth years inclusive	**0.1**	0.5
Total	**0.6**	1.5

Low value lease expenses of £0.9m (2025: £1.1m) were recognised in the Statement of comprehensive income in the year.

17. Capital commitments

The FCA entered contracts prior to 31 March 2026 for future capital expenditure totalling £3.4m relating to intangible assets (2025: £1.5m) and £4.8m relating to property, plant and equipment (2025: £nil). 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 (Financial Ombudsman) 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 Financial Ombudsman 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, Financial Ombudsman and the Trustee to agree any cash contributions needed 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 given the different underlying assumptions and valuation methodology.

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)

31 March 2025 Funding valuation

The Trustee and the FCA agreed to have a long-term low dependency funding objective to be fully funded on a gilts + 0.5% p.a. basis by 31 March 2037 to align with the estimated timeframe for the Plan to reach significant maturity.

In addition, an Expense Reserve of £9m has been included in the Technical Provision consistent with assumed expenses of £1m p.a. (in 2025 terms) from the point of significant maturity in 2037.

The latest triennial SSV was performed as at 31 March 2025 and the next valuation will be no late than 31 March 2028. The results of the two most recent valuations (which include both Financial Ombudsman and FCA liabilities) are shown below alongside key assumptions. Further details are set out in the relevant valuation reports and Statement of Funding Principles.

Scheme Specific Valuation	31 March 2025 £m	31 March 2022 £m
Funding liabilities	(606.9)	(1,047.7)
Plan assets	582.0	965.2
Funding deficit	(24.9)	(82.5)
Key assumptions used in the valuation		
Discount rate[1]	6.00%	2.35%
Plan assets	6.00%	2.35%
Inflation rate – RPI	3.50%	4.10%
Inflation rate – CPI	3.20%	3.50%
Life expectancy – male aged 60 in 20 years time	29.5 years	29.7 years
Life expectancy – female aged 60 in 20 years time	32.1 years	32.2 years
Expenses	9.0	–
Longevity base tables and future improvements	2025 Club Vita with CMI 2024	2022 Club Vita with CMI 2021

1 The Discount rate is derived from the market implied gilt yield curve + 1.05% p.a. with step change to gilts + 0.5% p.a. from 31 March 2037 onwards (2022: market implied gilt yield curve + 1.00% p.a. with following step changes: 0.7% at 31 March 2027 and 0.3% at 31 March 2030).

Deficit Recovery Plan

Based on the SSV reflecting a funding deficit at 31 March 2025 of £24.9m and deficit reduction contributions paid of £20m to February 2026 (prior to finalising the valuation), the Trustee agreed to a one-off payment of £6m in March 2026, which resulted in a £6.9m surplus in the Plan on a Technical Provisions basis at 31 March 2026. Under this new Recovery Plan, no further contributions are due (except if any contingent contributions fall due – see below).

Deficit reduction contributions paid	2026 £m	2025 £m
FCA	**24.6**	18.9
Financial Ombudsman	**1.4**	1.1
Total	**26.0**	20.0

Contingent Deficit Funding Contributions

Under the Schedule of Contributions agreed with the Trustees, the FCA and Financial Ombudsman are not required to pay any future deficit reduction contributions unless, on a Technical Provisions ('TP') basis (calculated at the measurement dates of 31 March and 30 September each year), the funding position is in deficit and exceeds the £22m deficit threshold at two consecutive measurement dates. In such circumstances, additional deficit contributions will be payable.

The scheme actuary will calculate the TP deficit at each measurement date and issue a report within one month based on:

- Actual asset values at the measurement date.
- An estimate of the Plan's TP, calculated in line with the assumptions set out in the Statement of Funding Principles, adjusted for market conditions at the measurement date.
- An allowance for the latest demographic data (i.e. mortality tables, mortality projections, membership data).
- Membership experience such as actual benefit cash flows paid from the Plan.

The additional deficit contributions payable will then be calculated at the most recent measurement date as the level of payments (payable quarterly in arrears) required to recover the most recent TPs deficit amount over the period from the most recent measurement date assuming a 6 year recovery period.

The additional contributions are recalculated at each subsequent measurement date based on the TP deficit at that measurement date (and will cease immediately if there is no TP deficit at a measurement date).

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 Financial Ombudsman 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 Financial Ombudsman, 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 Financial Ombudsman.

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	**2026 £m**	2025 £m
Employer's defined contribution pension costs	5	**48.8**	45.6

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 2025 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 2026 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	2026	2025
Financial assumptions		
Discount rate	**6.10%**	5.70%
Retail price index (RPI) inflation	**3.45%**	3.30%
Consumer price index (CPI) inflation	**3.10%**	2.95%
Future pension increases (RPI capped at 5%)		
– in payment	**3.30%**	3.10%
– in deferment	**3.45%**	3.30%
GMP equalisation allowance	**0.15%**	0.15%
Demographic assumptions		
Base tables	**2025 Club Vita**	2022 Club Vita
Plan membership census dates	**31/03/2025**	31/03/2022
Future improvements at retirement age:	**CMI 2024**	CMI 2021 and CMI 2023
Member life expectancies in years at retirement age:		
Retiring today aged 60		
– Males	**28.0**	27.4
– Females	**29.9**	29.6
Retiring in 15 years aged 60		
– Males	**29.1**	28.6
– Females	**31.0**	30.7

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 12 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 of 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

For the previous financial year benefits were 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.) For the current financial year 2026 the volatility assumption of 1.5% per annum is used for both, as now the RPI exposure is expected to be post 2030 and therefore closely aligned with CPI.

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 2025 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 2025 funding valuation, a full mortality study was carried out, and the base tables were updated to Club VITA 2025 tables. The change to the base tables impact expected member longevity and therefore, projected duration of benefit payments, which are used in the calculation of the DBO.

The future improvement mortality assumptions have been updated to reflect the most recent CMI model, CMI_2024, which was published in June 2025. This is consistent with the approach taken as part of the 2025 funding valuation. The CMI 2024 model replaces the need for individual, annual, assumptions for weight on mortality experience with a 'half-life' parameter which sets the rate at which the (assumed) temporary effects of COVID-19 are allowed to dissipate, before mortality rates are assumed to revert to an 'underlying' long-term pathway. This rate has been set at 1 year (the default rate), consistent with the assumption used for the 2025 funding valuation.

Risks

The key assumptions in the quantification of the 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	
• 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	
• 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.
• 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.
• 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.
• 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.

In April 2026, new legislation came into force which allows schemes to retrospectively obtain actuarial confirmation of historic benefit changes, if necessary.

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. Sensitivity calculations are based on the Plan's liability profile at the most recent valuation, updated for market conditions as at the year-end date.

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.

		Increase/(decrease) in pension obligation at 31 March 2026		
Assumption	**Sensitivity**	**£m**	**£m**	**%**
Baseline	Assumptions as above – no change	(572.1)		
Discount rate	10 bps increase to 6.20%	(565.8)	(6.3)	(1.1%)
Discount rate	10 bps decrease to 6.00%	(578.5)	6.4	1.1%
Retail Price inflation (allowing for impact on pension increase)	10 bps increase to 3.55%	(577.5)	5.4	0.9%
Longevity	Life expectancy for a 60 year old increases by 1 year	(589)	16.9	3.0%

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.

		Increase/(decrease) in surplus at 31 March 2026		
Assumption	**Sensitivity**	**£m**	**£m**	**%**
Baseline	Assumptions as above – no change	14.4		
Discount rate	10 bps increase to 6.20%	19.9	5.5	38.2%
Discount rate	10 bps decrease to 6.00%	8.8	(5.6)	(38.9%)
Retail Price inflation (allowing for impact on pension increase)	10 bps increase to 3.55%	9.6	(4.8)	(33.3%)
Longevity	Life expectancy for a 60 year old increases by 1 year	0.4	(14.0)	(97.2%)

The table below illustrates the volatility in the assumptions used to value the fund assets on the surplus in the Plan at 31 March 2026. 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.

		Decrease in fair value of Plan Assets at 31 March 2026		
Assumption	Sensitivity	£m	£m	%
Baseline	Assumptions as above – no change	586.5		
Return seeking portfolio	Decrease of 10% in value	573.1	(13.4)	(2.3%)

		Decrease in Surplus at 31 March 2026		
Assumption	Sensitivity	£m	£m	%
Baseline	Assumptions as above – no change	14.4		
Return seeking portfolio	Decrease of 10% in value	1.0	(13.4)	(93%)

The amounts recognised in the Statement of Financial Position are:

	2026 £m	2025 £m
Fair value of Plan assets	**586.5**	556.9
Less: Present value of DBO	**(572.1)**	(568.7)
Surplus/(Deficit) in the Plan	**14.4**	(11.8)
Unfunded pension liabilities	**(1.6)**	(1.7)
Asset/(Obligation) recognised in Statement of Financial Position	**12.8**	(13.5)

Changes in the fair value of the Plan assets are as follows:

	2026 £m	2025 £m
Opening fair value of Plan assets	**556.9**	601.3
Expected return on Plan assets	**33.5**	30.8
Effect of changes in foreign exchange rates	**(1.8)**	(1.9)
Actuarial losses	**–**	(64.9)
Contributions by the employer	**24.6**	18.9
Benefits paid	**(26.7)**	(27.3)
Closing fair value of Plan assets	**586.5**	556.9

The fair value of the Plan assets and asset allocation at 31 March were as follows:

	Asset allocation 2026 %	Fair value 2026 £m	Asset allocation 2025 %	Fair value 2025 £m
Equity securities	**8.9**	**52.5**	8.1	44.8
UK equity	**0.3**	**1.8**	0.3	1.8
European equity	**1.0**	**5.9**	0.9	4.9
Japanese equity	**0.5**	**3.0**	0.6	2.7
Asia Pacific equity	**0.2**	**1.4**	0.2	1.4
North American equity	**5.8**	**34.0**	5.2	29.1
Emerging markets	**1.1**	**6.4**	0.9	4.9
Debt securities	**62.4**	**366.1**	63.0	350.7
LGIM Liability-Driven Investment Fund (LDI)[2]	**62.4**	**366.1**	63.0	350.7
Infrastructure fund	**13.6**	**79.9**	13.3	73.8
Real estate/property	**0.3**	**1.7**	0.7	4.1
Buy-in asset[1]	**13.5**	**78.9**	14.5	81.0
Other	**1.3**	**7.4**	0.4	2.5
Cash	**1.3**	**7.4**	0.4	2.5
Closing fair value of Plan assets[3]	**100.0**	**586.5**	100.0	556.9

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 2025 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 2026 (2025:1.5x). 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:

	2026 £m	2025 £m
Opening DBO	**(568.7)**	(638.5)
Benefits paid	**26.7**	27.3
Interest cost on DBO	**(31.7)**	(30.3)
Actuarial gains	**1.6**	72.8
Closing DBO	**(572.1)**	(568.7)

The DBO actuarial gains are comprised of:

	2026 £m	2025 £m
Experience losses arising on the Plan liabilities	**(5.7)**	(1.6)
Gains arising from change in discount rate	**19.0**	68.3
(Losses)/gains arising from change in assumptions linked to price inflation	**(10.3)**	2.9
(Losses)/gains arising from change in demographic assumptions	**(4.6)**	0.9
Gains from changes to cash commutation factors	**3.2**	2.3
Total DBO actuarial gains	**1.6**	72.8

Changes in the unfunded pension liabilities are as follows:

	2026 £m	2025 £m
Opening unfunded pension liabilities	**(1.7)**	(2.7)
Benefits paid	**0.2**	0.1
Interest cost	**(0.1)**	(0.1)
Actuarial gains	**–**	1.0
Closing unfunded pension liabilities	**(1.6)**	(1.7)

Amounts recognised in the Statement of Comprehensive Income in respect of the defined benefit plan and unfunded pension liabilities are as follows:

	2026 £m	2025 £m
Defined benefit plan		
Interest cost on the DBO	**(31.7)**	(30.3)
Interest income on the Plan assets	**31.7**	28.9
Net interest cost	**–**	(1.4)
Unfunded pension liabilities		
Interest cost	**(0.1)**	(0.1)
Other net pension finance cost	**(0.1)**	(1.5)

Note: Plan administration costs are accounted for outside IAS 19 and are therefore excluded from the Statement of Comprehensive Income.

Actuarial gains recognised in the period in which it occurs as part of Other Comprehensive Income are as follows:

	2026 £m	2025 £m
Total DBO actuarial gains	**1.6**	72.8
Plan assets actuarial losses	**–**	(65.0)
Net defined benefit plan actuarial gains	**1.6**	7.8
Unfunded pension liabilities gains	**–**	1.0
Total net actuarial gains recognised in the year	**1.6**	8.8

19. Provisions and contingent liabilities

	End of lease obligations	
	<1 year £m	>1 year £m
At 1 April 2024	–	17.6
Additional provision recognised in the financial year	–	–
At 1 April 2025	**–**	**17.6**
Additional provision recognised in the financial year	–	5.4
Closing provision at 31 March 2026		**23.0**

There has been no utilisation of the provision in the financial year (2025: £nil).

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 £22.0m (2025: £16.9m), which is based on a survey completed by professional advisors in 2025 and assumes that the final obligation will be the result of a negotiated settlement taking account of the sublet floors, 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. 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 2025, the provision in respect of the leases for Quayside House Edinburgh is £0.8m (2025: £0.6m). The leases are due to expire in May 2035 and require 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 2025, the provision in respect of the leases for 6 Queen Street Leeds is £0.2m (2025: £0.1m). The leases are due to expire in May 2027 and July 2027 respectively. The FCA will return the property to the landlord with alteration work remaining.

The End of lease obligation provision is not discounted as the effect is immaterial to the financial statements.

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 2026, 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 the 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, IT 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	
	2026 £m	2025 £m	**2026 £m**	2025 £m
The Financial Services Compensation Scheme	**0.4**	0.4	**19.1**	5.6
The Financial Ombudsman Service Limited	**0.2**	0.2	**7.2**	3.1
The Prudential Regulation Authority	**1.8**	5.4	**16.4**	7.8
Financial Reporting Council	**0.1**	0.1	**–**	–
HM Treasury – the Exchequer	**0.4**	0.3	**0.5**	0.6
HM Treasury – Consolidated Fund	**–**	0.2	**0.6**	0.7
Total	**2.9**	6.6	**43.8**	17.8

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 HM Treasury – Consolidated Fund is in respect of the Economic Crime Levy which is further explained in the Trust Statement.

The FCA is a guarantor of a lease agreement for the Financial Ombudsman's premises in Exchange Tower, Harbour Exchange, London, E14. The lease is for a 15-year term commencing 1 September 2014.

Financial Ombudsman 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 2027.

The FCA funds the activities of the OCC through the periodic fees it raises. During 2026, the FCA transferred £0.9m (2025: £2.1m) to the OCC to cover running costs with £1.7m expensed in the FCA Financial Statements (2025: £1.8m). As at 31 March 2026, the underspend from 2026 of £0.1m (2025: £0.3m) is included in Other debtors (Note 11). At 31 March 2025, £0.6m of funding for the first quarter of 2025/26 was also included in Other debtors, for 2026 this is not included as the future funding was paid to the OCC in April 2026 after the end of the financial year.

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

The Financial Services and Markets Bill, which contains measures directly relevant to the FCA's remit including the merging of the FCA and PSR, received its first reading in the House of Lords on 19 May 2026 and second reading on 8 June 2026. It is expected to receive Royal Assent in 2027, subject to parliamentary procedure taking its course. This has no impact on the financial statements for the year ended 31 March 2026.

There are no other 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.

Economic Crime Levy Trust Statement for the year ending 31 March 2026

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.

As a result of making payments directly to the Consolidated Fund since July 2024, 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.

In total, the FCA has invoiced £105.3m to 2,431 firms in the financial year ending 31 March 2026. The amount collected was £105.2m representing a 99.9% collection rate. £105.3m has been paid to the Consolidated Fund. This is in line with the FCA's expectations for the collection of the levy. There have been no changes to the FCA's process for the collection of the levy during the 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.

In agreement with HM Treasury and permitted by the applicable legislation, the FCA withholds an agreed amount of levy receipts to cover collection costs. The total collection costs retained were £25k which represents 0.02% of the receipts. No set-up costs were incurred in 2025/26 therefore the collection costs have reduced compared to the previous financial year as expected. 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 2027 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.

Nikhil Rathi

Nikhil Rathi
Chief Executive

3 July 2026

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 2026, 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 Rathi
Chief Executive

3 July 2026

Governance Statement

The FCA's Corporate Governance Statement is detailed in 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 Houses of Parliament

Opinion on financial statements

I certify that I have audited the financial statements of the Financial Conduct Authority (FCA) Trust Statement for the year ended 31 March 2026 under the Exchequer and Audit Departments Act 1921.

The FCA Trust Statement financial statement comprises the:

- Statement of Financial Position as at 31 March 2026;
- 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 FCA Trust Statement's affairs as at 31 March 2026 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 certificate and 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 parts of the Parliamentary accountability and audit report subject to audit have been properly prepared in accordance with HM Treasury directions issued under the Exchequer and Audit Departments Act 1921; and
- the information given in the Parliamentary accountability and audit report for the financial year for which the financial statements are prepared is consistent with the financial statements and is in accordance with the applicable legal requirements.

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
- the financial statements and the parts of the Parliamentary Accountability and Audit report subject to audit are not in agreement with the accounting records and returns; or
- the 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, 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 the FCA Trust Statement's 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, complex transactions, 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; and
- 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.

I communicated relevant identified laws and regulations and potential risks of fraud to all engagement team members including 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
7 July 2026

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

Statement of Revenue and Expenditure for the year ended 31 March 2026

	Note	2026 £'000	2025 £'000 (*Restated)
Revenue			
ECL revenue	3	**106,041**	105,420
Total revenue		**106,041**	105,420
Expenditure			
Costs of collection		**25**	25
IT set-up costs		**–**	194
Debts written off or otherwise impaired	4	**148**	69
Total expenditure		**173**	288
Net revenue for the Consolidated Fund		**105,868**	105,132

* Refer to Note 1b: Changes in accounting policy and errors

The notes on pages 163 to 168 form part of this Trust Statement.

Statement of Financial Position
as at 31 March 2026

	Note	2026 £'000	2025 £'000 (*Restated)
Current assets			
Cash at bank		**624**	688
Levy receivables	4	**550**	354
Accrued Income	3	**106,138**	106,009
Total current assets		**107,312**	107,051
Current liabilities			
Payables		**92**	423
Total current liabilities		**92**	423
Total assets less liabilities		**107,220**	106,628
Represented by:			
Balance on Consolidated Fund Account as at 31 March	5	**107,220**	106,628

* Refer to Note 1b: Changes in accounting policy and errors

The notes on pages 163 to 168 form part of this Trust Statement.

The Trust Statement was approved and authorised for issue by the Board on 25 June 2026 and signed on 3 July 2026 on its behalf by

Nikhil Rathi
Chief Executive

Cash Flow Statement for the year ended 31 March 2026

	Note	2026 £'000	2025 £'000 (*Restated)
2023-2024 brought forward ECL payable to the Consolidated Fund**		–	3,598
Net cash flow from operating activities	2	**105,212**	76,370
Cash paid to the Consolidated Fund		**(105,276)**	(79,280)
(Decrease)/Increase in cash in the year		**(64)**	688

* Refer to Note 1b: Changes in accounting policy and errors

** 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 163 to 168 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 2025-26 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) Changes in accounting policy and errors

The FCA was required to produce a Trust Statement for the first time in 2024/25 due to the ECL being collected and paid to the Consolidated Fund from July 2024 onwards. Under IFRS 15: Revenue from Contracts with Customers, revenue is to be recognised when a taxable event has occurred, the revenue can be measured reliably, and it is probable that the economic benefits from the taxable event will flow to the collecting entity. The FCA considered the issuance of the ECL invoice to be the event when revenue can be measured reliably, the levy is liable and the transfer of economic benefits is probable and hence, recognised revenue in the financial year in which the ECL was invoiced to firms.

In 2025/26, the FCA has assessed the requirement for firms to provide tariff data by 1 April for the previous period 1 April – 31 March used to calculate the ECL to be the event when revenue can be measured reliably, the levy is liable and the transfer of economic benefits is probable and therefore, ECL revenue is recognised on an accruals basis in the financial year the ECL becomes liable.

As a result, an update of the accounting policy in accordance with IFRS 15: Revenue from Contracts with Customers and a restatement of the primary statements and related disclosures for the year ended 31 March 2025 is required.

Economic Crime Levy Trust Statement for the year ending 31 March 2026

1. Accounting policies (continued)

The amount of the restatement for each affected line of the Trust Statement is as follows:

		2025 Reported £'000	Change £'000	2025 Restated £'000
Statement of Revenue and Expenditure				
Revenue				
ECL Revenue	3	77,503	*27,917*	105,420
Total Revenue		**77,503**	***27,917***	**105,420**
Expenditure				
Costs of collection		25	–	25
IT set-up costs		194	–	194
Debts written off or otherwise impaired		638	*(569)*	69
Total Expenditure		**857**	***(569)***	**288**
Net revenue for the Consolidated Fund		**76,646**	***28,486***	**105,132**
Statement of Financial Position				
Current assets				
Cash at bank		688	–	688
Levy Receivables	4	226	*128*	354
Accrued income		–	*106,009*	106,009
Total current assets		***914***	***106,137***	***107,051***
Current liabilities				
Payables		36	*387*	423
Total current liabilities		**36**	***387***	**423**
Balance on Consolidated Fund Account	5	***878***	***105,750***	***106,628***
Cash Flow Statement				
2023-24 brought forward ECL payable to the Consolidated Fund		*3,512*	***86***	***3,598***
Net cash flow from operating activities		*76,456*	***(86)***	***76,370***
Cash paid to the Consolidated Fund		(79,280)	**–**	***(79,280)***
Increase in cash in the year		***688***	**–**	***688***

c) *Significant judgements and estimates*

Accrued income and the related ECL revenue are a key source of estimation uncertainty at the end of the reporting period, which has a risk of material adjustment to the carrying amounts of assets and liabilities.

1. Accounting policies (continued)

The Levy is invoiced based on an economic crime (anti-money laundering) levy return that is derived from relevant UK Revenue in the previous accounting period. There are some cases where a return has not been submitted or this data has not yet been validated. Where this occurs, management makes an estimate in respect of the Levy and, in forming this estimate, management considers factors such as payment of the levy in previous years, historic data and the knowledge of the relevant firm. Any adjustments required to this revenue once the invoice has been issued will be accounted for in the subsequent financial period.

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 in accordance with Section 11.3 of the FREM and 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 Trust Statement on an accruals basis in the financial year the levy becomes liable, ahead of the invoice being issued in the following financial period. This value is based on the UK revenue tariff data provided by firms by 1 April (for the previous financial year). If a firm has not submitted their tariff data before it is necessary to determine this accrued income, then the entity's prior year tariff data will be used adjusted for any known changes to the firm's activities at that point. Any adjustments required to this revenue once the invoice has been issued will be accounted for in the subsequent financial period. Invoices are payable by 1 September and are not subject to VAT.

Note that ECL Revenue is not recognised in the Financial Statements of the FCA as the FCA acts as the agent in these transactions on behalf of the Consolidated Fund. Therefore, the accrued income balance shown in the Statement of Financial Position for the Trust Statement is not included the Statement of Financial Position for the FCA.

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 2025/26	Amount charged 2024/25
Small	Under £10.2m	**Nil**	Nil
Medium	£10.2m to £36m	**£10,000**	£10,000
Large	£36m to £1bn	**£36,000**	£36,000
Very Large	Greater than £1bn	**£500,000**	£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) Levy 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 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).

g) Accrued income

Refer to the accounting policy outlined in c) Significant judgements and estimates above.

2. Notes to the Cashflow Statement

a) Reconciliation of net cash flow to movement in net funds

	2026 £'000	2025 £'000 (*Restated)
Net revenue for the Consolidated Fund	**105,868**	105,132
Increase in receivables	**(325)**	(29,185)
(Decrease)/Increase in payables	**(331)**	423
Net cash flow from operating activities	**105,212**	76,370

* Refer to Note 1b: Changes in accounting policy and errors

b) Analysis of changes in net funds

	2026 £'000	2025 £'000
(Decrease)/Increase in cash in this period	**(64)**	688
Net funds at 1 April	**688**	–
Net funds at 31 March	**624**	688

3. Revenue

	2026 £'000	2025 £'000 (*Restated)
ECL accrued income	**106,138**	106,009
Prior year invoice activity	**(97)**	(589)
Total revenue	**106,041**	105,420

* Refer to Note 1b: Changes in accounting policy and errors

4. Receivables

	2026 £'000	2025 £'000 (*Restated)
ECL receivables	**632**	392
Less allowance for doubtful debts	**(82)**	(38)
Total receivables	**550**	354

* Refer to Note 1b: Changes in accounting policy and errors

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:

	2026 £'000	2025 £'000 (*Restated)
At 1 April	**38**	–
Allowance made for bad debts	**82**	38
Utilisation of provision	**(38)**	–
Reversal of provision	**–**	–
As at 31 March	**82**	38

* Refer to Note 1b: Changes in accounting policy and errors

The total amount recognised as debts written off or otherwise impaired in the Statement of Revenue and Expenditure of £148k (2025 restated: £69K) includes the £82k allowance for bad debts (2025 restated: £38k) as above together with in year write offs of £66k (2025 restated: £31K).

5. Balance on the Consolidated Fund Account

	2026 £'000	2025 £'000 (*Restated)
Balance on the Consolidated Fund Account at 1 April	**106,628**	–
2023-2024 brought forward ECL payable to the Consolidated Fund**	**–**	80,776
2024-2025 Net revenue for the Consolidated Fund	**105,868**	105,132
Less amount paid to the Consolidated Fund	**(105,276)**	(79,280)
Balance on Consolidated Fund Account at 31 March	**107,220**	106,628

* Refer to Note 1b: Changes in accounting policy and errors

** 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.

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. Related party transactions

The FCA collects the ECL on behalf of the Consolidated Fund. There are no related party transactions relevant for disclosure in the Trust Statement.

8. 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 2026 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") 2025-26.
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.

Charlotte Goodrich
Deputy Director,
Government Financial Reporting, HM Treasury,

11 February 2026

Appendix 1

Environmental sustainability report (ESR)

This report provides an overview of the Financial Conduct Authority's (FCA) and Payment Systems Regulator's (PSR) operational performance on environmental sustainability. It aligns with HM Treasury's guidelines and covers our operations in London, Leeds and Edinburgh.

We are ISO 14001 certified for our Environmental Management System (EMS) in our London office and have Science Based Targets initiative (SBTi) validated targets for our greenhouse gas (GHG) emissions.

In this report we cover:

- greenhouse gas emissions and net zero transition
- voluntary climate-related financial disclosures alignment
- resource use
- environmental expenditure

Performance summary

During 2025/26, we invested in our Environmental Sustainability team and focused on key foundations. This included developing a new environmental sustainability strategy that encompasses relevant objectives and targets, strengthening our EMS and refining our GHG inventory and methodology. This positions us to better manage our environmental impacts (+/-) in coming years.

Greenhouse gas emissions and net zero transition

UN SDG

13 CLIMATE ACTION

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 are committed to achieving net zero by 2045, which is set out in our net zero transition plan. We have a greenhouse gas inventory aligned with the GHG Protocol, and our targets are validated by the SBTi.

Table 1 shows the emissions inventory we report against.

Table 1: Emissions inventory

Scope/Category	Description of emission sources
Scope 1	Fugitive gases
Scope 2	Purchased electricity
Scope 3 – Categories	Upstream 1 – Purchased goods and services 2 – Capital goods 3 – Fuel and energy related (not included in Scope 1 & 2) 5 – Waste generated in operations 6 – Business travel 7 – Employee commuting 8 – Upstream leased assets Downstream 13 – Downstream leased assets

Update to greenhouse gas (GHG) baseline

The GHG baseline has been updated to current organisational conditions. This reflects increased employee numbers, the addition of a new office location in Leeds and that the previous 2021 baseline was set during the atypical COVID-19 period. The revised GHG baseline is based on data from the 2025/26 reporting period.

Notable changes and updates to emissions inventory

For transparency and comparability with previous reports, we made the following changes to our inventory and methodology:

- We implemented the 2025 Defra and DESNZ emission factors, replacing the 2019 factors previously used.
- We clarified which Scope 3 categories are included (see Table 1).
- We updated our approach to estimating commuting and homeworking emissions, using a revised survey and calculation method aligned with GHG Protocol guidance and 2025 emission factors. This improves the accuracy and reliability of our reporting and better aligns it with industry standards.

GHG emissions and net zero pathway

Having re-baselined our GHG emissions, performance is not comparable with previous periods.

In 2025/26 we emitted 33,354 tCO_2e using a market-based reporting method. For completeness, we also disclose location-based Scope 2 emissions in Table 2, but do not include these in our reported footprint.

All our emissions are from Scope 3 sources. The largest sources are Category 1 purchased goods and services (81%), and Category 7 Employee commuting (13%). Emissions for Category 1 are calculated using the spend-based method. More details are provided in Table 2.

Table 2: Emission sources

	Emission source	tCO_2e
Scope 1	Fugitive gases – refrigerants	0
Scope 2	Purchased electricity – market-based	0
	Purchased electricity — location-based	559
Scope 3		
Category 1	Purchased goods and services	27,183
Category 2	Capital goods	415
Category 3	Fuel and energy related activities	47
Category 3	Upstream transportation and distribution	3
Category 5	Waste (incl. wastewater)	3
Category 6	Business travel*	942
Category 7	Employee commuting (incl. homeworking)	4,257
Category 8	Upstream leased assets	386
Category 13	Downstream leased assets	119
	Market based total	**33,354**

* Business travel is offset following accounting

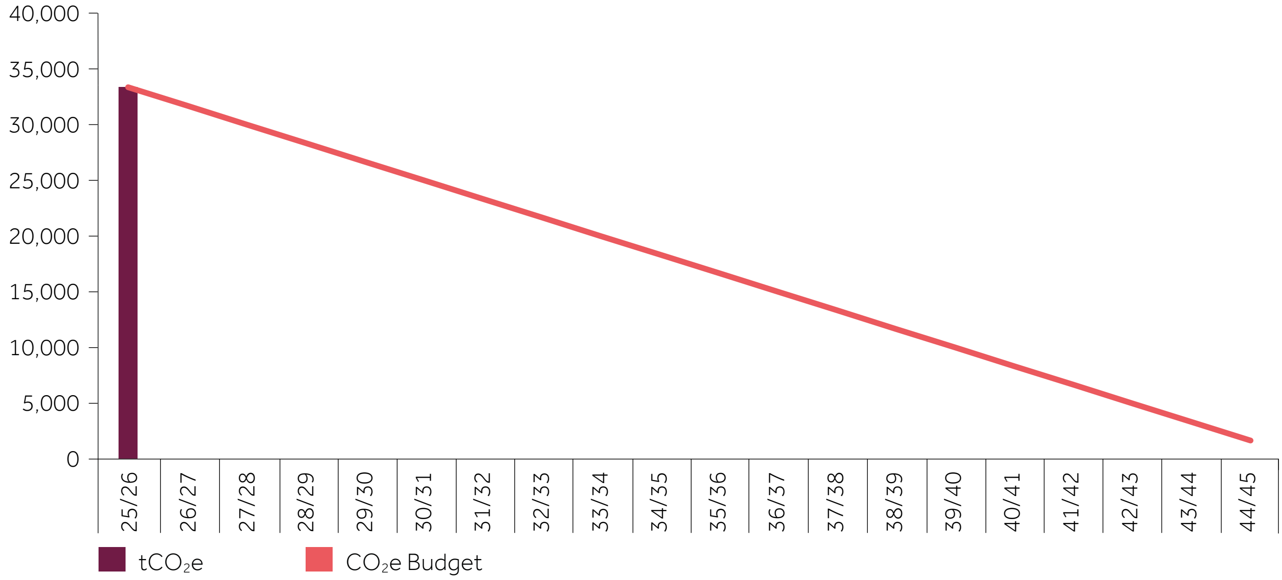
GHG target performance
Target: By 2028 suppliers that together account for at least 70% of our Scope 3 emissions will have science-based targets.
Performance: 65.4%
Target: Purchase 100% renewable energy for each office
Performance: Achieved

Emission intensity 2025/26
6 tCO_2e/FTE

While performance against targets is acceptable, we aim to transition off the Category 1 spend-based method to improve reporting accuracy. In 2026/27 we will begin collecting product and service-level emissions data and developing Scope 3 reduction targets.

Our path to net zero in Figure 1 provides an indicative GHG emission budget for each financial year.

Figure 1: GHG emissions and path to net zero



Carbon offset

We offset the 942tCO_2e emissions from business travel.

This is through a combination of UN Certified Emission Reduction units (CERs) under the Clean Development Mechanism (CDM) and tree-planting projects supporting habitat restoration. These projects contribute to carbon sequestration and can deliver wider social and environmental benefits.

Voluntary climate-related financial disclosures alignment

Compliance statement

We have reported climate-related financial disclosures on a voluntary basis for several years.

Our disclosures were initially aligned with the Task Force on Climate-Related Financial Disclosure (TCFD) framework and, from 2024/25, to the International Sustainability Standards Board's IFRS S2 Climate-Related Disclosures IFRS2.

Our reporting is consistent with HM Treasury's TCFD-aligned disclosure application guidance for the UK public sector. We provide cross-references between HM Treasury's TCFD requirements and our existing voluntary disclosures in Table 3.

As climate change is not considered a principal risk, we have focused our disclosures on:

- governance
- risk management
- metrics and targets

Table 3: TCFD-aligned disclosures

Topic	Disclosure comments	Link to further explanation
Governance (a) Board's oversight	The Board oversight is explained in our 2024/25 Climate-related financial disclosure report. These have not changed since publication.	Our climate-related financial disclosure 2024/25 Chapter 3
Governance (b) Management's role	Management's role is explained in our 2024/25 Climate-related financial disclosure report. These have not changed since publication.	Our climate-related financial disclosure 2024/25 Chapter 3
Risk management (a) Risk identification and assessment	Climate related risks are managed within a central risk management framework. Further description is provided in our 2024/25 Climate-related financial disclosure report.	Our climate-related financial disclosure 2024/25 Chapter 5
Risk management (b) Risk management	The risk management framework is used to manage risks in the organisation, see our 2024/25 Climate-related financial disclosure report.	Our climate-related financial disclosure 2024/25 Chapter 5
Risk management (c) Overall integration	The risk management framework is used to manage risks in the organisation, see our 2024/25 Climate-related financial disclosure report.	Our climate-related financial disclosure 2024/25 Chapter 5
Metrics and targets (a) Metrics	Metrics related to GHG emissions are included in this report.	See this report, section: Greenhouse gas emissions and net zero transition
Metrics and targets (b) Emissions	Emissions are reported for Scope 1, 2 and 3. Further detail is provided in this report.	See this report, section: Greenhouse gas emissions and net zero transition
	Associated risks are reported in our 2024/25 Climate-related financial disclosure report. These have not changed since publication.	Our climate-related financial disclosure 2024/25 Chapter 5
	The GHG methodology is explained in this report.	See this report, section: Greenhouse gas emissions and net zero transition
	Intensity metrics are emissions per person, as provided in this report.	See this report, section: Greenhouse gas emissions and net zero transition
Metrics and targets (c) Targets	Targets related to GHG emissions are included in this report.	See this report, section: Greenhouse gas emissions and net zero transition

Resource use

We use few resources directly in our offices, primarily these are energy and water. To reduce potable water consumption we have many efficiency measures in place and utilise rainwater harvesting.

UN SDG

7 AFFORDABLE AND CLEAN ENERGY

UN SDG

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Water consumption
10,329m^3 **1.86m^3/FTE**

Energy consumption

Our energy consumption comes from electricity use, gas for cooking and heating or cooling our offices.

Our London, Leeds and Edinburgh offices are supplied with renewable electricity, either through landlords or our own electricity supplier, within our operational boundary.

Table 4: Energy consumption

Type	2023/24 kWh	2024/25 kWh	2025/26 kWh
Gas	24,436	7,936	8,983
Renewable electricity	3,011,141	3,282,631	2,526,371
Non-renewable electricity	21,977	0	0
Cooling (district network)	4,087,872	4,318,379	3,923,308
Heating (district network)	1,128,188	1,369,878	1,097,222
Total energy	**8,273,614**	**8,978,824**	**7,555,884**

Waste

We apply the principles of the circular economy and the waste hierarchy in our operations. We have a commitment to 'zero waste to landfill'.

Table 5: Waste types

Type of waste	Metric tonne (mt)
Total waste arising	200.2
Total waste recycled	121.0
Total ICT waste recycled, reused and recovered	0.9
Total waste composted (food waste) (note classified as recycled so included in total waste recycled)	47
Total waste incinerated with energy recovery	79.2
Total waste incinerated without energy recovery	0
Total waste to landfill	0

Waste target performance
Target: Zero waste to landfill
Performance: Achieved
Target: Achieve annual recycling rate of 70%
Performance: 60%

Waste
36kg/FTE

Environmental expenditure

In line with HM Treasury sustainability reporting requirements, Table 4 sets out our expenditure.

Due to contractual arrangements, we are unable to provide expenditure by each waste category and instead provide a total waste figure. We are engaging with our landlords to provide more detailed waste data.

Table 6: Environmental expenditure

Expenditure	£'000
Energy	1,291
Water	50
Total waste	73
Business travel transport & hotels	3,066
Carbon credits	18
Total gross cost	**4,498**

Climate change adaption and adaptation

We have not made disclosures on climate change adaption for 2025/26 due to a lack of detailed analysis and assessment. We will develop our approach in 2026/27, including processes to identify and record relevant disclosures, and report on these in future publications.

Appendix 2

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 2026

The purpose and statutory basis for this appendix

When the UK withdrew from the EU, the Government transferred various powers from EU bodies to UK regulators. Under the European Union (Withdrawal) Act 2018 (EUWA) and related legislation, the FCA is responsible for making, maintaining and revoking various technical regulatory standards. We refer to these as sub-delegated powers. Under paragraph 32(2) of Schedule 7 of EUWA, we must report annually to Parliament on how we have used these sub-delegated powers.

This appendix lists the legal instruments we made using our sub-delegated powers in the reporting period from 1 April 2025 to 31 March 2026. It also includes 2 instruments we made late in the previous reporting period.

How we exercised our sub-delegated powers

During 2025/26, we made and amended technical standards and other instruments within our remit. Where required, we followed the statutory procedures that apply to FCA standards and rule making, including:

- consulting publicly
- considering feedback
- formally approving the instruments through our governance processes

Standards instruments are also approved by HM Treasury.

Legal instruments we made

Below is a summary of each instrument. We have only cited the sub-delegated powers relevant to this appendix; some instruments also rely on other statutory powers.

Improving transparency and trading requirements for derivatives markets

Technical Standards (Markets in Financial Instruments Regulation) (Derivatives Trading Obligation and Transparency) (Amendment) Instrument 2025 – FCA 2025/7

- Summary of change: Updates obligations and transparency standards for derivatives trading
- Powers exercised: Article 32(1) MiFIR
- Dates: Made on 27 March 2025; effective on 30 June 2025
- Related resources: CP24/14; Handbook Notice 129

Updating rules for post-trade risk reduction services

Markets in Financial Instruments Regulation (Post-trade Risk Reduction Services Rules) (Amendment) Instrument 2025 – FCA 2025/8

- Summary of change: Amends MiFIR rules for post trade risk reduction services
- Powers exercised: Article 31 MiFIR
- Dates: Made on 27 March 2025; effective on 30 June 2025
- Related resources: CP24/14; Handbook Notice 129

Further updates to derivatives transparency standards

Technical Standards (Markets in Financial Instruments Regulation) (Derivatives Trading Obligation and Transparency) (Amendment) (No 2) Instrument 2025 – FCA 2025/27

- Summary of change: Additional amendments to derivatives trading obligations
- Powers exercised: Article 32(1) MiFIR
- Dates: Made on 25 June 2025; effective on 30 June 2025
- Related resources: Handbook Notice 131

Setting FCA periodic and other fees for 2025/26

Periodic Fees (2025/2026) and Other Fees Instrument 2025 – FCA 2025/22

- Summary of change: Updates FCA application and periodic fee rates, as well as Financial Ombudsman Compulsory Jurisdiction levies and certain Government levies
- Powers exercised:
  - Schedule 3 to the Electronic Money, Payment Services and Payment Systems (Amendment and Transitional Provisions) (EU Exit) Regulations 2018 (SI 2018/1201)
  - Regulations 206 and 208 of the FSMA Act 2000 (Amendment) (EU Exit) Regulations 2019 (SI 2019/632)
- Dates: Made on 30 June 2025; effective on 1 July 2025
- Related resources: CP25/7; Handbook Notice 132; PS25/8

Improving EMIR reporting and data quality standards

Technical Standards (EMIR Reporting and Data Quality and Miscellaneous Amendments) Instrument 2025 – FCA 2025/36

- Summary of change: Amends EMIR requirements for reporting and data quality
- Powers exercised: Article 9(5) and (6) EMIR
- Dates: Made on 6 August 2025; effective on 26 January 2026
- Related resources: CP25/16; Handbook Notice 132

Appendix 2: Secondary Exercise of sub-delegated powers by the Financial Conduct Authority under the European Union (Withdrawal) Act 2018

Updating organisational requirements under MiFIR

Technical Standards (Markets in Financial Instruments Regulation) (Organisational Requirements) Instrument 2025 – FCA 2025/41

- Summary of change: Updates MiFIR organisational requirements
- Powers exercised: Article 51 MiFIR
- Dates: Made on 2 October 2025; effective on 23 October 2025
- Related resources: CP24/24; Handbook Notice 132

Updating EMIR bilateral margining standards

Technical Standards (European Markets Infrastructure Regulation) (Bilateral Margining) Instrument 2025 – FCA 2025/50

- Summary of change: Amends EMIR technical standards for bilateral margins
- Powers exercised: Article 11(14) and (16) EMIR
- Dates: Made on 30 October 2025; effective on 27 November 2025
- Related resources: PRA CP5/25; PRA PS23/25

Updating transparency rules for equity markets and trading venues

Markets in Financial Instruments (Systematic Internalisers, Multilateral Trading Facilities and Equity Transparency) Instrument 2025 – FCA 2025/55

- Summary of change: Updates rules for equity transparency and trading venues
- Powers exercised: Article 4 MiFIR
- Dates: Made on 27 November 2025; effective on 28 November 2025; 1 December 2025; 30 March 2026
- Related resources: CP25/20; PS25/17

Amending equity transparency waiver standards

Technical Standards (Markets in Financial Instruments Regulation) (Equity Transparency) (Amendment) Instrument 2025 – FCA 2025/56

- Summary of change: Amends equity transparency waiver standards
- Powers exercised: Article 4 MiFIR
- Dates: Made on 27 November 2025; effective on 30 March 2026
- Related resources: CP25/20; PS25/17

Introducing notification rules for third party arrangements and incident reporting

Notification of Third Party Arrangements and Operational Incident Reporting Instrument 2026 – FCA 2026/6

- Summary of change: Introduces new notification requirements for third-party arrangements and operational incidents
- Powers exercised:
  - Regulations 3 and 5 of the Credit Rating Agencies (Amendment etc.) (EU Exit) Regulations 2019 (SI 2019/266)
  - Regulation 74 of the Over the Counter Derivatives, Central Counterparties and Trade Repositories (Amendment, etc., and Transitional Provision) (EU Exit) Regulations 2019 (SI 2019/335)
  - Regulation 35 of the Transparency of Securities Financing Transactions and of Reuse (Amendment) (EU Exit) Regulations 2019 (SI 2019/542)
- Dates: Made on 26 February 2026; Effective on 18 March 2027
- Related resources: CP24/28; PS26/2

Setting FCA application, periodic and other fees for 2026/27

Application, Periodic and Other Fees (2026/2027) Instrument 2026 – FCA 2026/11

- Summary of change: Maintenance of the FCA's fees regime, including updates to payment dates
- Powers exercised:
  - Schedule 3 to the Electronic Money, Payment Services and Payment Systems (Amendment and Transitional Provisions) (EU Exit) Regulations 2018 (SI 2018/1201)
  - Regulations 206 and 208 of the FSMA Act 2000 (Amendment) (EU Exit) Regulations 2019 (SI 2019/632)
- Dates: Made on 26 March 2026; Effective on 26 March 2026; 1 April 2026; 21 April 2026; 15 July 2026
- Related resources: CP25/33; Handbook Notice 139

Appendix 3

RDC annual review of the year to 31 March 2026

Introduction from Alison Potter, Chair of the Regulatory Decisions Committee

This review provides an overview of the work of the Regulatory Decisions Committee (RDC) from 1 April 2025 to 31 March 2026. The committee's role, and the quality of its decision-making, remain central to the FCA's ability to take fair, timely and appropriate action where misconduct is identified, and to maintaining confidence in the regulatory framework.

The RDC considered a number of complex matters during the year, while handling a smaller caseload than in 2024/25. A significant case related to Woodford Investment Management Limited (WIM), where the RDC determined that enforcement action was appropriate against the firm and a senior individual for failures in managing the Woodford Equity Income Fund, which had a significant impact on investors. These decisions have been referred to the Upper Tribunal for a re-hearing.

During the review period, the Upper Tribunal issued 6 substantive decisions on matters originally decided by the RDC. In each case, the Tribunal agreed that regulatory action was justified but adjusted penalties in some instances. This included a decision confirming the RDC's finding that Jes Staley, former Chief Executive of Barclays, acted recklessly by approving a letter to the FCA containing misleading statements regarding his relationship with Jeffrey Epstein. These decisions underline the importance of the RDC's independent scrutiny in supporting the FCA's statutory objectives.

Finally, I would like to acknowledge the professionalism and commitment of the committee's members and the support of the Secretariat. Their legal and operational expertise underpins the fairness and robustness of the RDC's decision-making.

Alison Potter

Alison Potter
Chair

The RDC's role

The RDC is a committee of the FCA Board. It makes evidence-based decisions on contested enforcement matters – including whether to issue Warning Notices or Decision Notices – independently of FCA case teams and executive management. This separation supports impartiality and reinforces confidence in the decision-making process.

By making timely decisions that deter misconduct through fair and transparent processes, the RDC contributes to the FCA's strategic progress and supports delivery of the 4 priorities set out in the FCA's Annual work programme 2025/26.

Caseload and operational data

The RDC's overall caseload fell slightly compared with the previous year as it received fewer case referrals from the FCA's Enforcement and Market Oversight Division (Enforcement). Panel cases – typically involving the chair or deputy chair and two committee members – formed most of the RDC's work, reflecting their complexity and the volume of evidence involved.

The RDC received 17 case referrals and completed 17 cases during the period, including 8 panel cases. Across all stages of proceedings, the RDC made 34 decisions.

Case numbers

Category	2024/25	2025/26
Case referrals received	23	**17**
Panel cases received	11	**9**
Cases completed	28	**17**
Panel cases completed	12	**8**
Total decisions made	49	**34**

The average time to conclude a panel case was 10.1 months compared with 10.4 months in the previous year. Two highly complex matters extended the average; most other panel cases concluded within 6-8 months.

At year-end, 10 cases remained open, including 8 panel cases.

Outcomes and impact

The RDC exercised a range of regulatory powers in the panel cases it concluded. All straightforward cases – determined by the chair or deputy chair alone – involving individuals resulted in prohibition orders. One firm's permission was also cancelled.

In some matters, the RDC decided to impose sanctions that differed from Enforcement's recommendations, reflecting its independent judgement and close consideration of the evidence.

Outcomes in completed panel cases (2025/26)

Action	Number
Prohibitions	6
Withdrawal of approval	1
Cancellation of permission	1
Financial penalties	3
Public censures	2

These actions addressed misconduct including failures in fund management, misuse of client money, money laundering offences, and lack of integrity by individuals in senior roles. Collectively, these decisions support consumer protection, promote market integrity, and reinforce expectations of high standards across financial services.

By taking clear, well-reasoned decisions in contested cases, the RDC supports consumer protection by demonstrating how misconduct is addressed. Timely outcomes support confidence that serious concerns are addressed promptly. Consistent and independent decision-making also provides firms and markets with greater certainty about how regulatory standards are applied, supporting market integrity and confidence in the regulatory framework.

Providing effective and fair decision-making

The RDC provided effective and fair decision-making, including in 2 particularly complex cases. These required extensive review of evidence, including significant material disclosed after Warning Notices were issued. The RDC took steps to maintain operational progress while ensuring all parties were treated fairly.

Timely case progression was sustained through flexible planning and prioritisation, in response to referral volume fluctuations. This enabled the RDC to continue concluding cases efficiently despite variation in workload.

Continuity and expertise were maintained during RDC membership changes, including the departure of a deputy chair, through succession and panel management arrangements. These supported the consistent operation of the RDC's processes.

The RDC also undertook an internal review of its processes. The resulting recommendations aim to support more efficient case management, while maintaining the quality and fairness of its decision-making.

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E03552002 07/26

ISBN 978-1-5286-6444-8