



ISLE OF MAN
FINANCIAL SERVICES AUTHORITY

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Feedback Statement

Isle of Man Financial Services Authority (Fees)

Order 2026

FS26-03

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Glossary

Authority	Isle of Man Financial Services Authority
CPI	Consumer Price Index
Fees Order	Isle of Man Financial Services Authority (Fees) Order 2026
FTE	Full-Time Equivalent

1. Background

This Feedback Statement is issued by the Isle of Man Financial Services Authority ('the Authority') in connection with Consultation Paper (CP25-04) on the Isle of Man Financial Services Authority (Fees) Order 2026.¹

The purpose of the consultation was to obtain views on proposed changes to fees payable to the Authority from 1 April 2026 and the consolidation of the 2023 Fees Order and Regulations into one Isle of Man Financial Services Authority (Fees) Order 2026.

The consultation period ran for six weeks from 6 November 2025 to 18 December 2025. The Authority thanks all respondents for their feedback on the fee proposals.

The Authority has contacted the recipients listed in [Appendix A \(List of Specific Recipients\)](#) directly to provide a link to this Feedback Statement.

2. Summary of Responses

2.1 Overview

The Authority received 18 responses to the consultation, there was a mix of respondents:

Respondent Type	Responses
Designated Businesses	8
Regulated Entities	7
Industry Associations	2
Other	1
Total	18

3. Consultation Responses by Topic

3.1 Proposal to increase fees in line with inflation

Some respondents expressed concern about the use of the Consumer Price Index ('CPI') as the basis for determining future fee adjustments, noting the potential impact that CPI-linked increases could have on overall fee levels. Some respondents also expressed concern about pegging any annual fee increases to CPI in a given month, i.e. September.

Authority Response

The Authority notes the concerns raised regarding the use of the CPI figure as the basis for determining future inflation-linked fee adjustments, as well as the proposal to use a given month's CPI rate (September).²

¹ [Isle of Man Financial Services Authority \(Fees\) Order 2026 - Cabinet Office of the Isle of Man Government - Citizen Space](#)

² <https://www.gov.im/about-the-government/departments/cabinet-office/statistics-isle-of-man/inflation/>

For clarity, the CPI figure reported in a given month represents the annual change in that month versus the same month in the previous year. It is calculated as an average of the preceding 12 months' CPI. September is proposed as it aligns with the approach taken by other Isle of Man Government agencies.

Article 16 (increase to fees annually in line with CPI) of the Fees Order has been amended to clarify that the Authority has discretion over whether to apply an increase to fees in line with CPI. The Authority would consider the published CPI data in September each year and assess whether applying this metric is appropriate in the circumstances.

The Authority also notes that, where economic or other relevant factors indicate that CPI may not be the most suitable basis for calculating future adjustments, it would retain discretion to propose an alternative approach. Any such change would require a Fees (Amendment) Order, which would be subject to public consultation.

3.2 New consolidated fees legislation

No comments were received in relation to the introduction of the new consolidated Fees Order. The Authority therefore notes that respondents did not raise any issues regarding the consolidation of the previous fee instruments into a single legislative order.

3.3 Designated Businesses – Proposed changes to annual fees

3.3.1 Reduction in Type B and Type C (Band 2) (two employees) annual fee

There was a mix of responses, including both positive and negative views. Respondents who welcomed the proposal supported the reduction in fees for Type B and Type C (Band 2) (two employees) firms. Those who raised concerns either wished to see a similar approach applied to additional sectors or considered that the proposed reduction did not go far enough.

Authority Response

The Authority notes the feedback received in relation to the proposed reduction in fees for Type B and Type C firms with two employees. The 34% reduction reflects the Authority's consideration of concerns raised during previous engagement and is intended to provide a more proportionate outcome for smaller firms in these categories.

In determining the proposed fee levels, the Authority has undertaken a balanced assessment of the overall fee structure, taking into account the Island's strategic objectives and the need to ensure an appropriate and sustainable level of funding for its statutory functions. The Authority also considered equivalent fees in the Channel Islands, which also have oversight regimes for designated non-financial businesses and professions, as well as a similar financial services sector. Any reduction in fees for one area would necessarily require corresponding adjustments elsewhere to maintain stable funding for the Island's Designated Business regime. The Authority considers that the proposed structure achieves an appropriate balance across sectors, reflecting differences in size, complexity and regulatory impact.

3.3.2 Treatment of limited companies with two directors

Some respondents queried the treatment of limited companies with two directors, noting that although such firms are technically structured as companies, in practice many operate more like sole-trader businesses.

Authority Response

The Authority notes the comments regarding the treatment of limited companies with two directors, particularly where such firms may operate in a manner comparable to sole-trader businesses. For the purposes of fee calculation, directors are regarded as 'employees' of the Designated Business (as defined in the Fees Order). This reflects the fact that directors carry legal responsibilities for the management and conduct of their companies, and are therefore included within the 'number of employees' Volume Measure.

The existing fee structure includes a lower band for businesses with only one employee, which may apply where a firm is operated by a single individual (for example, a sole trader). The proposed reduction in fees for Type B and Type C firms with two employees is intended to address proportionality concerns raised in relation to the next size band.

The Authority will continue to review whether alternative approaches, including the potential use of a Volume Measure based on 'Employee full-time equivalent ('FTE')' (see [section 3.3.5](#)), which may provide a more proportionate outcome for smaller firms. Any such changes would require further analysis and consultation.

3.3.3 New Volume Fee for Designated Businesses subject to delegated oversight

One respondent requested further information on the methodology used to determine the proposed 10% rate for the new Volume Fee for Designated Businesses registered with the Authority but overseen by a delegated oversight body and asked whether the Authority envisages undertaking periodic reviews of this rate.

Authority Response

The Authority notes the request for further information on the methodology used to determine the proposed 10% rate for the delegated oversight Volume Fee. This fee would apply to Designated Businesses that are registered with the Authority but subject to day-to-day oversight by a delegated oversight body, such as the Isle of Man Law Society or the Institute of Chartered Accountants of England and Wales. These firms typically pay a registration fee to the Authority and a separate oversight fee to their delegated oversight body.

The current fee of £364 for such firms has been assessed as insufficient to cover the Authority's costs in undertaking its statutory functions in respect of these businesses. These functions include managing current registrations, processing annual returns, maintaining the Designated Business framework (legislation, policy, guidance etc.), working with delegated oversight bodies (e.g. in terms of providing oversight, support and joint inspections), and undertaking enforcement activity, where required.

In proposing the new Volume Fee, the Authority considered the following:

- The proposed fee is part of three measures intended to rebalance fees for smaller Type B and Type C (Band 2) (two employees).
- It is based on 10% of the 'full value' Volume Fee that Designated Businesses overseen directly by the Authority would pay. It ensures that the delegated oversight Volume Fee remains proportionate when compared with the full Volume Fee payable by Designated Businesses directly supervised by the Authority.

The Authority also notes the suggestion that the rate should be subject to periodic review. As with all fees, the delegated oversight Volume Fee may be revisited as part of future funding reviews, taking into account the Authority's statutory objectives, overall supervision costs, market developments, and the broader balance of the fee structure.

3.3.4 Clarification and correction of proposed increases to Volume Fees

One respondent sought clarification regarding the proposed increase to Volume Fees. The Consultation Paper stated that all Designated Business Volume Fees would increase by +5.47%, representing an additional +2.5% uplift applied after the +2.9% inflationary increase. However, the figures presented in Appendix B (Table of Fee Changes) and Appendix C (Draft Fees Order) did not reflect this additional +2.5% uplift for Designated Businesses, which created uncertainty for respondents as to whether the full compounded increase had been applied.

Authority Response

The Authority notes the request for clarification regarding the proposed increase to Volume Fees for Designated Businesses. Following review, the Authority has identified that both Appendix B (Table of Fee Changes) and Appendix C (Draft Fees Order) in the Consultation Paper contained errors in relation to the Designated Business Volume Fees. Specifically, the additional +2.5% uplift referenced in the consultation narrative had not been applied to the Volume Fees shown for Designated Businesses. This may have made it unclear to respondents whether the figures represented the full compounded +5.47% increase or only the underlying +2.9% increase in line with inflation.

To avoid any unintended consequences arising from this error, the Authority has decided to proceed with applying only the +2.9% inflationary increase to Designated Business Volume Fees for 2026/27.

The Authority notes, however, that the additional +2.5% uplift had been applied when modelling the new Volume Fees for Designated Businesses overseen by a delegated oversight body with six or more employees. To ensure internal consistency when proceeding with the lower +2.9% increase for all other Designated Businesses, the delegated oversight Volume Fees have also been rebased, so that they continue to represent 10% of the 'full value' Volume Fee that would apply if those firms were directly supervised by the Authority.

The corrected figures are shown in Schedule 5 (Designated Business Fees) of the revised draft Fees Order in [Appendix B](#).

3.3.5 Potential 'Employee FTE' Volume Measure

Responses generally indicated support for the potential use of an FTE-based measure, with many respondents agreeing that basing fee calculations on full-time equivalent staff rather than headcount would provide a more accurate reflection of firm size and operational capacity.

Some respondents also suggested that turnover could be considered as an alternative or supplementary Volume Measure.

Authority Response

The Authority notes the comments regarding the potential use of an 'Employee FTE'-based model and will consider this as part of future funding reviews. The current fee bands are modelled based on the 'Number of Employees' Volume Measure. A change in Volume Measure would require a revised banding structure.

To assess the viability of an FTE-based Volume Measure, the Authority requires good quality data to support fee modelling and the development of appropriate fee bandings. Any consideration of such an approach will therefore be subject to the data obtained through the 2025 AML/CFT Statistical Return proving sufficiently robust to support reliable fee-modelling.

The Authority also notes that the AML/CFT Statistical Return for the year ended 31 December 2025 includes a request for FTE information, and the accompanying guidance sets out how firms should calculate these figures. Improvements in the quality and consistency of this data will assist in assessing whether an FTE-based approach may offer a more proportionate outcome for Designated Businesses.

Any proposal to introduce a new Volume Measure would be subject to consultation with the Designated Business sector.

3.4 Other Sector-Specific Fee Changes

3.4.1 Financial Services Act 2008 – Class 3 (Services to CIS) – Overseas Scheme Fee

Respondents noted the proposed removal of the Overseas Scheme Fee for Class 3 (Services to Collective Investment Scheme) licenceholders under the Financial Services Act 2008 and welcomed confirmation that this change had now been implemented.

Authority Response

The Authority confirms that the Overseas Schemes Fee previously applied to Class 3 licenceholders has been removed. A further reference to the Overseas Schemes Fee, which appeared in error in article 14(2)(c) of the consultation version of the draft Fees Order, has also now been omitted. These changes are intended to simplify the fee structure and ensure consistency across comparable scheme types.

3.5 Other Matters

3.5.1 Retirement Benefit Schemes Act 2000 – Registered Schemes Administrators Fees

Some respondents suggested that the Authority consider alternative approaches to the calculation of annual fees for Registered Schemes Administrators. In particular, respondents proposed either adopting an FTE-based Volume Measure or introducing an additional fee band for firms with turnover below a specified threshold.

Authority Response

The Authority acknowledges the suggestions received regarding potential alternative approaches to fee calculation for Registered Schemes Administrators, including the use of an FTE-based Volume Measure or the introduction of additional turnover-based bands.

The Authority notes, however, that the turnover-based Volume Measure is applied across the majority of regulated entities, and forms part of a consistent and streamlined framework intended to ensure transparency, proportionality and comparability across sectors. Moving to bespoke or sector-specific metrics would represent a departure from the revised approach established in 2023 and, as such, would only be considered where there is a clear and evidenced rationale for doing so.

These suggestions will nonetheless be kept under review and considered as part of future fee exercises. Any proposal to amend the existing Volume Measure or introduce new bandings would require detailed analysis and would be subject to consultation with the pensions sector to ensure that any revised approach is proportionate, operationally workable, and aligned with the broader fee-setting framework.

3.5.2 Proportionality and size-category concerns

Some respondents suggested that the proposed fee structure results in disproportionate outcomes for smaller firms. In particular, respondents proposed extending the two-employee size category to all smaller Designated Businesses. It was also noted that some very small Trust and Corporate Service Providers (TCSPs), which are regulated financial services businesses, face fee levels they consider to be out of proportion to their scale of operations.

Authority Response

The Authority acknowledges the concerns raised regarding proportionality for smaller firms. However, it is important to distinguish clearly between regulated financial services businesses (including TCSPs) and Designated Businesses, as these groups operate within different statutory frameworks, regulatory expectations, and risk profiles.

Regulated financial services businesses undertake activities that fall within the scope of the regulatory Acts and are therefore subject to a significantly more intensive supervisory approach, higher prudential expectations, and a broader range of regulatory obligations. The minimum fee applicable to regulated entities is an established and important structural threshold within the overall fee model, reflecting the baseline level of supervisory infrastructure, expertise, and oversight required to regulate these entities appropriately.

This minimum fee ensures consistency across the regulated sector and underpins the Authority's ability to discharge its statutory responsibilities effectively.

In contrast, Designated Businesses are overseen under a separate legislative regime that reflects their differing risk profile and the more proportionate nature of the oversight required in relation to AML/CFT requirements only. While the Authority remains committed to ensuring that fee bandings for Designated Businesses are fair, transparent, and proportionate, it does not consider it appropriate to align regulated entity fee thresholds with those applicable to Designated Business.

The Authority will continue to monitor the proportionality of fee bandings across both regimes as part of ongoing funding assessments, but any future changes must recognise and preserve the fundamental distinction between the regulatory frameworks, including the level of oversight, risk, and statutory obligations associated with each sector.

3.5.3 Perceived discrimination by sector

Some respondents considered that the proposed 34% reduction in fees for certain Designated Businesses (specifically Type B and Type C firms with two employees) could be viewed as differential treatment between sectors. In particular, respondents noted that comparable relief was not proposed for other firm types, such as Type A businesses.

Authority Response

The Authority notes the concerns raised regarding the differential impact of the proposed 34% reduction for Type B (Legal professionals, accountants, tax advisers, estate agents and payroll agents) and Type C (Lending, financial leasing, financial guarantees, high value goods and safe custody) firms with two employees. The reduction is intended to address specific proportionality issues identified through engagement with smaller firms in these categories, particularly where fee levels were considered to be out of step with the scale of activity undertaken.

In developing the proposals, the Authority undertook a balanced assessment of the fee structure across all Designated Business types. The Authority's funding model is risk-based, and Type A (Virtual asset service provider) Designated Businesses generally present higher inherent risks to the Authority's regulatory objectives and therefore require a more intensive supervisory approach. This results in higher fees for Type A firms when compared with other Designated Business categories.

Applying equivalent reductions to Type A firms would have required corresponding adjustments elsewhere to maintain stable funding for the Island's Designated Business regime. The Authority considers that the proposed approach achieves a proportionate outcome across the sector, reflecting differences in size, activity and regulatory impact.

3.5.4 Concerns about raising objections with the Authority

Some respondents expressed concern about the potential repercussions of raising objections or providing critical feedback to the Authority. These respondents noted a perception that challenging proposals or highlighting areas of disagreement could negatively affect their future interactions with the Authority.

Authority Response

The Authority notes the concerns raised regarding the perceived repercussions of raising objections or providing critical feedback. The Authority welcomes open and constructive dialogue with all stakeholders and encourages firms to raise any issues or concerns without hesitation. Engagement with stakeholders is an important part of the Authority's regulatory approach, and feedback (whether supportive or critical) plays a valuable role in informing future policy development.

The Authority also recognises the pressures faced by smaller businesses, including the costs associated with regulation, and remains committed to ensuring that fee structures are proportionate and aligned with its statutory objectives. The Authority's funding model, which was consulted on prior to its introduction in 2022, is applied consistently across all sectors. In reviewing fees, the Authority considers a range of factors, including sector-specific characteristics, risk profiles and the broader economic environment.

4. Changes to the Proposals

Following consideration of the consultation feedback, no changes have been made to the 2026 Fee Proposals. Some minor updates have been made to the draft Fees Order to reflect consultation feedback along with some housekeeping changes. The revised draft Fees Order is in [Appendix B](#) and shows tracked changes from the consultation version.

As noted in [section 3.3.5](#), the Authority will also continue to consider whether alternative approaches to determining a Volume Measure for Designated Businesses (including the potential use of an FTE-based model) may be appropriate as part of future funding reviews. Any further consideration of such an approach will be subject to the data submitted through the AML/CFT Statistical Return for the year ended 31 December 2025 being sufficiently robust to support reliable fee-modelling. Any proposed changes arising from this work would be subject to public consultation and communicated in advance of implementation.

5. Next Steps

The fees legislation will be finalised for laying before Tynwald at the next available sitting, for commencement on 1 April 2026.

6. Questions

In case of any query on this Feedback Statement please contact —

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If you have a query in relation to how the related consultation was carried out, please contact the Authority's Policy & Risk Division by email at Policy@iomfsa.im or by telephone on +44 1624 646000.

Appendix A – List of Specific Recipients

- Alliance of Isle of Man Compliance Professionals
- Association of Chartered Certified Accountants (as designated business oversight body)
- Association of Chartered Certified Accountants (Isle of Man branch)
- Association of Corporate Service Providers
- Chartered Governance Institute (Isle of Man branch)
- Chartered Institute for Securities and Investment (Isle of Man branch)
- Finance Isle of Man
- Financial Planners & Insurance Brokers Association
- Institute of Certified Bookkeepers (as designated business oversight body)
- Institute of Chartered Accountants in England and Wales (as designated business oversight body)
- Institute of Directors (Isle of Man branch)
- Institute of Financial Accountants (as designated business oversight body)
- Insurance Institute of the Isle of Man
- Isle of Man Association of Pension Scheme Providers
- Isle of Man Bankers Association
- Isle of Man Captive Association
- Isle of Man Chamber of Commerce
- Isle of Man Government, Cabinet Office
- Isle of Man Government, Department for Enterprise
- Isle of Man Government, The Treasury
- Isle of Man Insurance Association
- Isle of Man Law Society
- Isle of Man Law Society (as designated business oversight body)
- Isle of Man Office of Fair Trading
- Isle of Man Society of Chartered Accountants
- Isle of Man Wealth & Fund Services Association
- Walbrook Institute London Limited (formerly London Institute of Banking and Finance) (Isle of Man Branch).
- Manx Actuarial Society
- Society of Trust and Estate Practitioners (Isle of Man branch).

The following appendices are accessible using the links below. They can be also be accessed through the relevant consultation webpage on the [Isle of Man Government's Engagement Hub](#) or the Authority's [Consultations](#) webpage.

Appendix B – Revised draft Isle of Man Financial Services Authority (Fees) Order 2026

[Isle of Man Financial Services Authority \(Fees\) Order 2026 - Cabinet Office of the Isle of Man Government - Citizen Space](#)