

## Chapter 2

# General Provisions

## 2.1 Introduction

### Application

**2.1.1** **R** Except to the extent referred to in **■ FEES 2.1.1A R**, this chapter applies to every *person* who is required to pay a fee or share of a levy to the *FCA*, *FOS Ltd* or *FSCS*, as the case may be, by a provision of the *Handbook*.

**2.1.1A** **R** This chapter does not apply in relation to:

- (1) **■ FEES 5.5B**; or
- (2) **■ FEES 5 Annex 2R**; or
- (3) **■ FEES 5 Annex 3R**; or
- (4) a *PSR fee*; or
- (5) [deleted]
- (6) [deleted]
- (7) the *FOS ADR levy*.

**2.1.2** **R** **■ FEES 2.2.1R** does not apply in respect of any fee payable under **■ FEES 3** (Application, notification and vetting fees).

**2.1.3** **G** The provisions for late payments in **■ FEES 2.2.1R** do not apply to fees payable under **■ FEES 3** as applications, notifications and requests for vetting are generally regarded as incomplete until the relevant fee is paid.

### Purpose

**2.1.4** **G** The purpose of this chapter is to set out the general provisions applicable to those who are required to pay fees or levies to the *FCA* or a share of the *FSCS* levy.

**2.1.5** **G**

- (1) The following enable the *FCA* to charge fees to cover its costs and expenses in carrying out its functions:
  - (a) paragraph 23 of Schedule 1ZA of the *Act*;
  - (b) regulation 92 of the *Payment Services Regulations*;

- (c) regulation 59 of the *Electronic Money Regulations*;
  - (d) article 25(a) of the *MCD Order*;
  - (e) regulation 21 of the *Small and Medium Sized Businesses (Credit Information) Regulations*.
  - (f) regulation 18 of the *Small and Medium Sized Business (Finance Platforms) Regulations*;
  - (g) regulation 40 of the *DRS Regulations*; and
  - (h) paragraph 25 of the Schedule 1 to the *MiFI Regulations*.
- (2) The corresponding provisions for the *FSCS* levy, *FOS* levies, and *CFEB* levies are set out in ■ FEES 6.1, ■ FEES 5.2 and ■ FEES 7.1.4G respectively.
- (3) Case fees payable to the *FOS Ltd* are set out in ■ FEES 5.5B.
- (4) *Fee-paying payment service providers, fee-paying electronic money issuers, CBTL firms, designated finance platforms and designated credit reference agencies* are not required to pay the *FSCS* levy but are liable for *FOS* levies.
- 2.1.5-A G
- 2.1.5A G Regulation 92 of the *Payment Services Regulations* and regulation 59 of the *Electronic Money Regulations* each provide that the functions of the *FCA* under the respective regulations are treated for the purposes of paragraph 23 of Schedule 1ZA to the *Act* as functions conferred on the *FCA* under the *Act*. Paragraph 23(7) however, has not been included. This is the *FCA*'s obligation to ensure that the amount of penalties received or expected to be received are not to be taken into account in determining the amount of any fee payable.
- 2.1 G Article 25 of the *MCD Order* provides that the functions under the *MCD Order* are to be treated for the purposes of paragraph 23 of Schedule 1ZA to the *Act* as functions conferred on the *FCA* under the *Act*.
- 2.1.5C G
- (1) The *FCA* also has a fee-raising power as a result of:
    - (a) regulation 21 of the *Small and Medium Sized Business (Credit Information) Regulations*;
    - (b) regulation 18 of the *Small and Medium Sized Business (Finance Platforms) Regulations*;
    - (c) regulation 40 of the *DRS Regulations*; and
    - (d) paragraph 25 of the Schedule 1 to the *MiFI Regulations*.
  - (2) The *FCA*'s functions under these regulations are treated as functions conferred on the *FCA* under the *Act* for the purposes of its fee-raising power in paragraph 23 of Schedule 1ZA to the *Act* or as if they had similar effect for these purposes.

- 2.1.6** **G** The *FCA's* fees payable will vary from one *fee year* to another, and will reflect the *FCA's* funding requirement for that period and the other key components, as described in **■ FEES 2.1.7G**. Periodic fees, which will normally be payable on an annual basis, will provide the majority of the funding required to enable the *FCA* to undertake its statutory functions.
- 2.1.7** **G** The key components of the *FCA* fee mechanism (excluding the *FSCS* levy, the *FOS* levy and case fees which are dealt with in **■ FEES 5** and **■ FEES 6**) are:
- (1) a funding requirement derived from:
    - (a) the *FCA's* financial management and reporting framework;
    - (b) the *FCA's* budget; and
    - (c) adjustments for audited variances between budgeted and actual expenditure in the previous accounting year, and reserves movements (in accordance with the *FCA's* reserves policy);
  - (2) mechanisms for applying penalties received during previous financial years for the benefit of fee payers;
  - (3) fee-blocks, which are broad groupings of fee payers offering similar products and services and presenting broadly similar risks to the *FCA's* regulatory objectives;
  - (4) a costing system to allocate an appropriate part of the funding requirement to each fee-block; and
  - (5) tariff bases, which, when combined with fee tariffs, allow the calculation of fees.
- 2.1.8** **G** The amount payable by each fee payer will depend upon the category (or categories) of regulated activity or exemption, or other relevant activity applicable to that *person* (fee-blocks). It will, in most cases, also depend on the amount of the business that *person* conducts in each category (fee tariffs).
- 2.1.9** **G** By basing fee-blocks on categories of business, the *FCA* aims to minimise cross-sector subsidies. The membership of the fee-blocks is identified in the *FEES* provisions relating to the type of fees concerned.
- 2.1.9A** **G** *PRA-authorised persons* and *persons* seeking to become *PRA-authorised persons* should note that the *FCA* and the *PRA* have agreed for the *FCA* to act as the *PRA's* collection agent for *PRA* fees. Where applicable, both *PRA* and *FCA* fees should be paid as a single payment to the *FCA*, which will receive the payment in its own capacity in respect of *FCA* fees and in its capacity as collection agent for the *PRA* in respect of the *PRA* fees. References to this arrangement will be referred to in *FEES* where applicable.
- 2.1.10** **G** [deleted]
- 2.1.11** **G** [deleted]

**Method of payment**

- 2.1.12 **R** Unless **■ FEES 2.1.13R** applies, the sum payable must be paid using direct debit, credit transfer (BACS/CHAPS), or credit or debit card.
- 2.1.13 **R** The sum payable can be paid by banker's draft, cheque or other payable order if:
- (1) the fee or levy payer is:
    - (a) unable to make a payment by any of the methods set out in **■ FEES 2.1.12R**; or
    - (b) permitted to make a paper application rather than an online application for a *Part 4A permission* in respect of *credit-related regulated activities* only or a variation of its *Part 4A permission* to add a *credit-related regulated activity*; or
  - (2) upon the fee or levy payer's request, the *FCA* agrees that, in the exceptional circumstances of a particular case, requiring payment via any method set out in **■ FEES 2.1.12R** would be inequitable.
- 2.1.14 **G** If **■ FEES 2.1.13R** applies to a fee or levy payer, that fee or levy payer would be expected to notify the *FCA* of these circumstances in advance of making its payment (and, in any event, no less than 7 days before the date on which the application for a *Part 4A permission* or the variation of a *Part 4A permission* is made) unless such notification is impossible in the circumstances – for example, if there is a sudden technological failure.