

Chapter 5

Financial Ombudsman Service Funding

5.8 Joining the Financial Ombudsman Service

5.8.1 **R** A *firm* which becomes subject to the *Financial Ombudsman Service* part way through a *financial year* must pay a rateable proportion of the *general levy* in accordance with the provisions of ■ FEES 4.2.7ER to ■ FEES 4.2.7KR.

5.8.2 **R**

- (1) This *rule* deals with the calculation of:
 - (a) a *firm's general levy* in the 12 *months* ending on the 31 March in which it obtains *permission*, or was authorised under the *Payment Services Regulations* or the *Electronic Money Regulations* or had its *permission* and/or *payment services* activities extended (relevant permissions) and the following 12 months ending on the 31 March; and
 - (b) the tariff base for the industry blocks that relate to each of the relevant permissions.
- (2) Unless this *rule* says otherwise, the tariff base is calculated using the projected valuation for its first year of the business to which the tariff relates.
- (3) The rest of this *rule* only applies to a *firm* that becomes authorised, or extends its *permission* and/or *payment services* activities.
 - (a) If the tariff base is calculated using data from a period that begins on or after the date that the *firm* obtains the relevant permission to which that tariff base relates, the *firm* must use that data.
 - (b) If a *firm* satisfies the following conditions it must calculate its tariff base under (c) for the *FCA* financial year following the *FCA* financial year it obtained a relevant permission:
 - (i) the *firm* receives a relevant permission between 1 April and 31 December inclusive; and
 - (ii) the *firm's* tariff base for that relevant permission is, but for this *rule*, calculated by reference to the *firm's* financial year ended in the calendar year ending on the 31 December before the start of the *FCA* financial year or the twelve *months* ending 31 December before the start of the *FCA* financial year.
 - (c) If a *firm* satisfies the conditions in (b) it must calculate its tariff base as follows:
 - (i) it must use actual data in relation to the business to which the tariff relates rather than projected valuations;

- (ii) the tariff is calculated by reference to the period beginning on the date it acquired the relevant permission relating to the tariff and ending on the 31 December before the start of the *FCA* financial year; and
- (iii) the figures are annualised by increasing them by the same proportion as the period of 12 *months* bears to the period starting from when the *firm* received any relevant permissions to 31 December.
- (d) Where a *firm* is required to use the method in (c) it must notify the *FCA* of its intention to do so by the date specified in ■ FEES 5.4 (Information requirement).
- (e) Where a *firm* is required to use actual data under this *rule*, ■ FEES 4 Annex 1AR Part 5 is modified in relation to the calculation of that *firm's* valuation date in its second financial year.

Application of FEES 5.8.2R

5.8.3

G

The table below sets out the period within which a *firm's* tariff base is calculated (the data period) for second year levies calculated under ■ FEES 5.8.2R. These examples are based on a *firm* that acquires *permission* on 1 November 2023 and has a financial year ending 31 March. Where valuation dates fall before the *firm* receives *permission* it should use projected valuations in calculating its levies.

References in this table to dates or months are references to the latest one occurring before the start of the *FCA's* financial year unless otherwise stated.

Type of permission acquired on 1 November	Tariff base	Valuation date but for FEES 5.8.2R	Data period under FEES 5.8.2R
Insurers - general (excluding <i>firms</i> in blocks 13 and 15)	Gross written premium for fees purposes as defined in FEES 4 Annex 1AR (GWP); or Gross written premium notified to the <i>FCA</i> under FEES 5.4.1R(1A) that relates to the <i>firm's</i> relevant business (RGWP)	31 March 2023 - so projected valuations will be used	1 November to 31 December 2023
Portfolio managers (including those holding <i>client money/assets</i> and not holding <i>client money/assets</i>)	Flat fee	Valued at 31 December	Valued at 31 December
Advisors, <i>arrangers</i> , dealers or brokers holding and control-	Annual income as defined in FEES 4 Annex 11AR, relating to	31 December. This is because the <i>firm's</i> tariff	1 November to 31 December but annualised in accordance

ling <i>client</i> <i>money and/or</i> assets	<i>firm's relevant</i> <i>business</i>	base is calcu- lated by refer- ence to the <i>firm's</i> financial year end in the calendar year be- fore the start of the <i>FCA fee year</i> . Therefore FEES 5.8.2R (3)(c) applies.	with FEES 5.8.2R (3)(c)(iii)
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