FEES PROVISIONS (AMENDMENT NO 2) INSTRUMENT 2010

Powers exercised

A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 ("the Act"):

(1) section 99(1) and (2) (Fees);
(2) section 101 (Part 6 rules: general provisions);
(3) section 156 (General supplementary powers);
(4) section 157(1) (Guidance);
(5) paragraph 17(1) (Fees) of Schedule 1 (The Financial Services Authority); and
(6) paragraphs 1 (General), 4 (Rules) and 7 (Fees) of Schedule 7 (The Authority as Competent Authority for Part VI).

B. The rule-making powers listed above are specified for the purposes of section 153(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on 1 April 2010.

Amendments to the Handbook

D. The Fees manual (FEES) is amended in accordance with the Annex to this instrument.

Citation

E. This instrument may be cited as the Fees Provisions (Amendment No 2) Instrument 2010.

By order of the Board
25 March 2010

Annex

Amendments to the Fees manual (FEES)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

…

4.1.3	G	Most of the detail of the periodic fees that are payable by *firms* is set out in *FEES 4* Annexes 1 to 11. <u>*FEES* 4 Annex 12G provides guidance on the calculation of certain tariffs.</u> Most of the provisions of the Annexes will vary from one financial year to another. Accordingly fresh *FEES* 4 Annexes will come into force, following consultation, for each financial year.

…

4.3.2	G	(1)	The amount payable by each *firm* will depend upon the category (or categories) of *regulated activities* or *payment services* it is engaged in (fee-blocks), and on the amount of business it conducts in each category (tariff base). The fee-blocks and tariffs are identified in *FEES* 4 Annex 1R <u>(and guidance on calculating certain of the tariffs is at *FEES* 4 Annex 12G)</u>, while *FEES* 4 Annex 2R sets out the tariff rates for the relevant financial year. In the case of *firms* that provide *payment services*, the relevant fee blocks, tariffs and rates are set out in *FEES* 4 Annex 11R.
		…	

...

4 Annex 1 R Activity groups, tariff bases and valuation dates applicable

…

Part 2

…

…	
A.4	**ADJUSTED GROSS PREMIUM INCOME AND MATHEMATICAL RESERVES <u>(see *FEES* 4 Annex 12G)</u>**
	…

…

4 Annex 7 R Periodic fees in relation to the Listing Rules for the period 1 April 2010 to 31 March 2011

Fee type	Fee amount
…	
…	(1) For all *issuers* of *securitised derivatives*…. (2) For all other *issuers*, fees to be determined according to market capitalisation, as at the last *business day* of the November prior to the *FSA* financial year in which the fee is payable, are as set out in Table 2. The fee is calculated as follows: …

…

Table 2

Tiered annual fees for all other issuers

Fee payable	
…	
£ million of Market Capitalisation as at the last *business day* of the November prior to the *FSA* financial year in which the fee is payable	Fee (£/£m or part £m of Market Capitalisation as at the last *business day* of the November prior to the *FSA* financial year in which the fee is payable)
…	

…

After FEES 4 Annex 11R, insert the following new Annex. The text is not underlined.

4 Annex 12 G Guidance on the calculation of tariffs set out in FEES 4 Annex 1R Part 2

The following table sets out guidance on how a *firm* should calculate relevant tariffs.

Fee block A.4

Adjusted Gross Premium Income and Mathematical reserves – calculation of new regular premium business
(1) In calculating the new regular *premium* business element of its Adjusted Gross Premium Income, a *firm* (A) should not include business transferred from another *firm* (B) under the procedure set out at Part VII of the *Act*, during the relevant financial year, provided that that transfer did not involve the creation of new contracts between the policyholders subject to the transfer and A. This is because that business is existing business even though it is new from the point of view of A. This means that if new contracts are created as part of the transfer, that business should be included in the calculation of A's new regular *premium* income business. (2) If any business is transferred to a *firm* (A) from another *firm* (B) under the procedure set out at Part VII of the *Act* and that business would have been included in B's tariff base as new regular *premium* business in the absence of such a transfer, this business should be included in either A's or B's tariff base, depending on the date of transfer. *FEES* 4.3.15R explains in whose tariff base it should be included. (3) Mathematical reserves should take account of all of A's business, including all new business transferred from B.