

FEES (MISCELLANEOUS AMENDMENTS) (No 9) INSTRUMENT 2017

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 73A (Part 6 Rules);
 - (b) section 137A (The FCA’s general rules);
 - (c) section 137T (General supplementary powers);
 - (d) section 139A (Power of the FCA to give guidance);
 - (e) section 166 (Reports by skilled persons)
 - (f) section 166A (Appointment of skilled person to collect and update information)
 - (g) section 213 (The scheme);
 - (h) section 214 (Provisions of the scheme);
 - (i) section 234 (Industry funding);
 - (j) section 333Q (Funding of the FCA’s pensions guidance costs);
 - (k) section 333R (Funding of the Treasury’s pensions guidance costs);
 - (l) section 333T (Funding of action against illegal money lending);
 - (m) paragraph 23 (Fees) of Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority); and
 - (n) paragraph 12 of Part 2 (Funding) of Schedule 1A (Further provision about the Consumer Financial Education Body);
 - (2) the following provisions of the Payment Services Regulations 2009 (SI 2009/209):
 - (a) regulation 82 (Reporting requirements);
 - (b) regulation 92 (Costs of supervision); and
 - (c) regulation 93 (Guidance);
 - (3) the following provisions of the Electronic Money Regulations 2011 (SI 2011/99):
 - (a) regulation 49 (Reporting requirements);
 - (b) regulation 59 (Costs of supervision); and
 - (c) regulation 60 (Guidance);
 - (4) the following powers and related provisions in the Regulated Covered Bond Regulations 2008 (SI 2008/346):
 - (a) regulations 18, 20, 24 and 25 (Notification requirements);
 - (b) regulation 42 (Guidance); and
 - (c) regulation 46 and paragraph 5 of Schedule 1 (Fees);
 - (5) article 25 (Application of provisions of the Act to the FCA in respect of its supervision of consumer buy-to-let mortgage firms) of the Mortgage Credit Directive Order 2015 (SI 2015/910);

- (6) regulation 15A (Fees payable to the Financial Conduct Authority) of the Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information Regulations) 2015 (SI 2015/542); and
- (7) the powers in paragraph 9 (Funding) of Schedule 4 (The Payment Systems Regulator) of the Financial Services (Banking Reform) Act 2013.

B. The rule-making powers listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on 24 February 2017.

Amendments to the Handbook

D. The Glossary of definitions is amended in accordance with Annex A to this instrument.

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

Notes

F. In Annex B to this instrument, the “notes” (indicated by “**Note:**”) are intended for the convenience of readers but do not form part of the legislative text.

Citation

G. This instrument may be cited as the Fees (Miscellaneous Amendments) (No 9) Instrument 2017.

By order of the Board
23 February 2017

Annex A**Amendments to the Glossary of definitions**

In this Annex, underlining indicates new text, unless otherwise stated.

Insert the following new definitions in the appropriate alphabetical position. All the text is new and is not underlined.

MLR person a *person* that is registered under the *Money Laundering Regulations*.

IML levy the levy payable to the *FCA* under *FEES* 13.

Amend the following as shown.

firm ...

(9) (in *FEES* 4) includes a *recognised investment exchange* in accordance with *FEES* 4.1.1AR.

Annex B

Amendments to the Fees manual (FEES)

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

3 Application, Notification and Vetting Fees

...

3.2 Obligation to pay fees

...

3.2.7 R Table of application, notification, vetting and other fees payable to the FCA

...

Part 2: UKLA fees		
(1) Fee payer	(2) Fee payable	(3) Due date
...		
(b) An applicant for approval as a <i>sponsor</i> .	<i>FEES 3 Annex 12R</i>	On or before the date the application is made.
(c) Under <u>For the purposes of the <i>listing rules</i>; :</u> <u>(i) an <i>issuer</i> requesting approval of a <i>document</i> arising in relation to a specific event or transaction, which is not a <i>significant transaction</i> or a <i>super transaction</i>; or</u> <u>(ii) an <i>issuer</i> or <i>person</i> applying for eligibility for <i>listing</i> of its <i>securities</i>.</u>	<i>FEES 3 Annex 12R</i>	On or before the date that relevant <i>document</i> is first submitted to the <i>FCA</i> .
...		

3 Authorisation fees payable

Annex 1R

...

Part 1(a) Authorisation Fees payable to the FCA by FCA-authorized persons	
Application type	Amount payable (£)
<i>(1) Community finance organisations</i>	
...	
<i>(aa) Community finance organisations - where application is for a Part 4A permission limited to permission to carry on credit-related regulated activity</i>	200
<i>(ab) Community finance organisations, where application is for a Part 4A permission as a home finance provider or home finance administrator</i>	300
<u><i>(ac) Community finance organisations - where application is for limited permission</i></u>	<u>(i) 100 if consumer credit annual income is between £0 – £50,000;</u> <u>and</u> <u>(ii) 200 if consumer credit annual income is more than £50,000</u>
...	

...

4 Periodic fees

4.1 Introduction

...

4.1.1A R A reference to *firm* in this chapter includes a reference to:

- (1) a fee-paying payment service provider;
- (2) a CBTL firm; and
- (3) a fee paying electronic money issuer; and
- (4) a recognised investment exchange.

...

4.2 Obligation to pay periodic fees

...

Modifications for persons becoming subject to periodic fees during the course of the fee year

- 4.2.6 R (1) For the *fee year* during which the event described in column 4 of the table in *FEES 4.2.11R*, giving rise to, or giving rise to an increase in, the fee payable in *FEES 4.2.1R* occurs, the periodic fee required under *FEES 4.2.1R* is modified for: [deleted]
- (a) *firms* (other than *AIFM qualifiers*, *ICVCs* and *UCITS qualifiers*) in accordance with *FEES 4.2.7R* and *FEES 4.2.8R*;
- (b) all other fee payers in column (1) of the table in *FEES 4.2.11R*, in accordance with the formula set out below.

Formula for the calculation of fees payable under <i>FEES 4.2.6R(1)</i>	
(1)	calculate the number of calendar months between and including:
	(i) the calendar month in which the event described in column 4 of the table in <i>FEES 4.2.11R</i> occurred; and
	(ii) the last month of the relevant <i>fee year</i> ;
(2)	divide the number of calendar months calculated in (1) by 12;
(3)	multiply the total fee payable for the relevant <i>fee year</i> by the number calculated in (2).

- 4.2.7 R A *firm* (other than an *AIFM qualifier*, *ICVC* or *UCITS qualifier*) which becomes authorized or registered, or whose *permission* and/or *payment service* activities are extended, during the course of the *fee year* must pay a fee which is calculated by: [deleted]
- (1) identifying each of the tariffs set out in Part 1 of *FEES 4 Annex 2AR*, and/or Part 1 of *FEES 4 Annex 11* as appropriate for the relevant *fee year* that apply to the *firm* only after the *permission* is received or extended or *payment service* activities are authorized or registered or extended or *electronic money* issuance activities are authorised or registered under the *Electronic Money Regulations*;;
- (2) calculating the amount for each of the applicable tariffs which is the higher of:
- (a) any applicable minimum fee specified in relation to a particular tariff in *FEES 4 Annex 2AR* (but note, for the avoidance of doubt, that these are not the A.0 minimum fees set out under Part 2 of *FEES 4 Annex 2AR*); and
- (b) the result of applying the tariff to the projected valuation, for its first year (as provided in the course of the *firm's* application), of the business to which the tariff relates;
- (3) adding together the amounts calculated under (2);
- (4) working out whether an A.0 minimum fee is payable under Part 2 of

FEES 4 Annex 2AR (except that minimum fee is not payable again by a *firm* whose *permission* is extended if the fee was already payable before the extension);

- (4A) ~~working out whether an AP.0 FCA prudential fee is payable under Part 2 of *FEES 4 Annex 2AR* and if so how much;~~
- (5) ~~adding together the amounts calculated under (3), (4) and (4A) and then adding this sum to any applicable flat rate fee; and~~
- (6) ~~modifying the result in accordance with the formula set out in *FEES 4.2.6R* (except that *FEES 4 Annex 10R* (Periodic fees for MTF operators) deals with a *firm* that receives *permission* for operating a multilateral trading facility or has its *permission* extended to include this activity during the course of the relevant *fee year* and *FEES 4.2.6R* does not apply).~~

4.2.7A G ~~Projected valuations for a *firm's* first year will be collected for the 12 month period beginning with the date a *firm* becomes authorised or registered, or the date its *permission* and/or *payment service* activities are extended. That information will be used to calculate the periodic fee for the remainder of the *fee year* in which the *firm* was authorised or registered or its *permission* and/or *payment service* activities were extended (adjusted in accordance with *FEES 4.2.7R*) and to calculate the periodic fee for the following *fee year*. Projected valuations are not relevant for those fee payers that are only required to pay fixed fees. [deleted]~~

- 4.2.7B R (1) ~~This rule deals with the calculation of: [deleted]~~
- (a) ~~a *firm's* fees for its second and subsequent *fee year*. These are the *fee years* following the *fee year* in which it was given *permission* and/or was authorised or registered under the *Payment Services Regulations* or the *Electronic Money Regulations* or had its *permission* and/or *payment services* activities extended (the relevant permissions); and~~
 - (b) ~~the tariff base for the fee block or fee blocks that relate to each of the relevant permissions.~~
- (2) ~~The starting point for calculating the fees referred to in (1)(a) is determining whether or not the *firm's* tariff base for the relevant *fee year* can be calculated using data from a complete period (as specified in Part 5 of *FEES 4 Annex 1AR* or Part 4 of *FEES 4 Annex 11R*) that begins on or after the date that the *firm* obtained the relevant *permission* to which that tariff base relates.~~
- (a) ~~If it can, the *firm* must use that data for calculating its tariff base.~~
 - (b) ~~If it cannot, the tariff base must be calculated using the projected valuations for its first year of the business to which the tariff relates (as provided in the course of the *firm's*~~

application), unless (5)(b) or 5(c) applies.

- (3) This *rule* does not apply to a *firm* with a *permission* for operating a *multilateral trading facility*.

...

- (5) ...

(b) If a *firm*:

- (i) receives a relevant permission between 1 April and 31 December inclusive; and
- (ii) is, but for this *rule*, required to calculate its tariff base for that relevant permission by reference to the average of its modified eligible liabilities for October, November and December;

it must calculate that tariff base as at the December before the start of the *fee year*.

(c) If a *firm*:

- (i) is, but for this *rule*, required to calculate its tariff base for the relevant permission by reference to the *firm's* financial year ended in the calendar year ending on the 31 December before the start of the *fee year* and, since obtaining the relevant permission, the *firm* has yet to complete a full financial year ended in the calendar year ending on the 31 December before the start of the *fee year*; or
- (ii) is, but for the *rule*, required to calculate its tariff base by reference to the twelve *months* ending on the 31 December before the start of the *fee year* and, since obtaining the relevant permission the *firm* has yet to complete a full twelve *months* ending on the 31 December before the start of the *fee year*;

it must calculate the tariff base under (d) below unless it is in its second *fee year* and was authorised between 1 January and 1 April (in which case it must use the projected valuations provided for in (2)(b) above).

(d) If a *firm* satisfies either of the conditions in (c) 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) in respect of firms satisfying condition (5)(c)(i), the tariff is calculated by references to the period beginning on the

~~date it acquired the relevant permission relating to the tariff, and ending on either the 31 December before the start of the *fee year* or, if earlier, the start date of the *firm's* financial year; and in respect of *firms* satisfying condition (5)(c)(ii), the tariff is calculated by reference to the period beginning on the date on which it acquired the relevant permission, and ending on the 31 December before the start of the *fee year*~~

~~(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 its relevant permission to the relevant period end date specified in (ii).~~

~~(e) Where a *firm* is required to use the method in (d) it must notify the *FCA* (in its own capacity and, if applicable, in its capacity as collection agent for the *PRA*) of this by the date specified in *FEES* 4.4 (Information on which Fees are calculated).~~

~~(f) Where a *firm* is required to use actual data under this *rule FEES* 4 Annex 1AR Part 5 and *FEES* 4 Annex 11 Part 4, are modified, where applicable, in relation to the calculation of that *firm's* valuation date in the *fee years* to which this *rule* applies.~~

...

~~Application of *FEES* 4.2.7BR~~

~~4.2.7C G The table below sets out the period within which a *firm's* tariff base is calculated (the data period) for second year fees calculated under *FEES* 4.2.7BR. The example is based on a *firm* that acquires *permission* on 1 November 2009 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 fees.~~

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

Type of permission acquired on 1 November	Tariff base	Valuation date but for <i>FEES</i> 4.2.7BR	Data period under <i>FEES</i> 4.2.7BR
<i>Accepting deposits</i> (monthly reporting <i>firms</i>)	Modified eligible liabilities (MLS)	Average of the MELs for October, November, December —so	MELs for December 2009.

		projected valuations will be used	
<i>Accepting deposits (quarterly reporting firms)</i>	MELs	December 2009	December 2009.
<i>Entering into a home finance transaction</i>	Number of mortgages, home purchase plans or home reversion plans entered into	12 months ending 31 December 2009—so projected valuations will be used	1 November to 31 December 2009.
<i>Effecting contracts of insurance (Insurers—general)</i>	Gross premium income and gross technical liabilities	31 March 2009—so projected valuations will be used	1 November to 31 December 2009.

4.2.7D R If an *issuer of a regulated covered bond* becomes registered after 31 December its valuation date will be calculated in the manner described in 1R Part 4. [deleted]

4.2.7E R (1) (a) A firm (other than an AIFM qualifier, an ICVC, a UCITS qualifier, or an issuer of regulated covered bonds) which becomes authorised or registered, or whose permission and/or activities is extended, during the course of the fee year must pay a fee based on its projected valuation for the first twelve months of its new business.

(b) This is the valuation provided by the firm in the course of its application.

(2) The calculation for the first year of authorisation or registration for:

(a) an AIFM qualifier, an ICVC and a UCITS qualifier is in FEES 4 Annex 4R Part 1; and

(b) an issuer of regulated covered bonds is in FEES 4 Annex 11R Part 4.

Calculating the fee in the firm's first year of authorisation

4.2.7F R	(1)	<u>Identify the tariff rate or rates which will be relevant to the firm as a result of its new or extended permission; and then</u>
----------	-----	---

(2)	apply the formula $(A+B+C) \times D$, where:
	<u>A = the amount arrived at by applying the tariff rates to the firm's projected valuation for its first year of new business, as provided by it in the course of its application;</u>
	<u>B = the A.0 minimum fee, unless already paid;</u>
	<u>C = any fee that becomes due in AP.0 following the calculation of A; and</u>
	<u>D = the number of calendar months (inclusive) between the calendar month during which the firm received its new or extended permission and the last calendar month of that fee year $\div 12$.</u>

Calculating fees in the second fee-year where the firm received permission between 1 January and 31 March in its first fee year

- 4.2.7G R When a firm receives permission between 1 January and 31 March, its fee for the following fee year starting 1 April will be calculated from the projected valuation for the first twelve months of its new business that it provided in the course of its application.

Calculating all other fees in the second and subsequent years of authorisation where a full year of tariff data is not available

- 4.2.7H R If it can, a firm must provide data from a complete period (as specified in FEES 4 Annex 1AR Part 5 or FEES 4 Annex 11R Part 4) that begins on or after the date that the firm obtained the relevant permissions to which the tariff base relates.

- 4.2.7I R If a firm does not have sufficient tariff data to enable the periodic fees calculation to be made in respect of that fee year, it must calculate an annualised figure based on actual data where possible. If the tariff base is a cumulative measure like income, covering the full year, it must apply the formula $(A \div B) \times 12$, where:

A = the total income from the date of authorisation up to the firm's financial year end or 31 December (whichever is sooner), calculated according to the relevant rules; and

B = the number of months in the period referred to in A.

- 4.2.7J G For example, suppose the tariff data for a particular permission is based on income for the financial year ending during the calendar year ending 31 December before the relevant fee year starting the following April. A firm is authorised in October and its financial year ends in June. By April, it will not have been able to report on the basis of its financial year. The value of A would therefore cover the period from October to December and the value of B would be two i.e. November and December.

If the firm was authorised in June and its financial year ended in October, then

the value of A would cover June to October and the value of B would be four i.e. July to October.

- 4.2.7K R Where the measure is not cumulative (e.g. the number of traders for fee-block A10), the firm must use the figure relating to its annual reporting date (e.g. 31 December for A10) or, if that is not available, the projected figure used when it was authorised. Table A sets out the reporting requirements for the key fee-blocks when actual data is not available:

Table A: calculating tariff data for second and subsequent years of authorisation when full trading figures are not available

<u>Fee-block</u>	<u>Tariff base</u>	<u>Calculation where trading data are not available</u>
<u>A1. Deposit acceptors</u>	<u>Average MELS for October - December</u>	<u>Use data available at 31 December or, if trading has not commenced by 31 December, use the projection submitted as part of the application process.</u>
<u>A2. Home finance providers and administrators</u>	<u>Number of relevant contracts entered into or being administered in the twelve months up to 31 December</u>	<u>Apply the formula $(A \div B) \times 12$ to arrive at an annualised figure.</u>
<u>A3. Insurers - general</u>	<u>Annual gross premium income for the financial year ended in the calendar year ending 31 December and gross technical liabilities valued at the end of the financial year</u>	<u>Income – apply the formula $(A \div B) \times 12$ to arrive at an annualised figure.</u> <u>Gross technical liabilities and mathematical reserves.</u>
<u>A4. Insurers - life</u>	<u>Adjusted gross premium income for the financial year ended in the calendar year ending 31 December and mathematical reserves valued at the end of the financial year</u>	<u>Use data at valuation date or, if trading has not commenced by then, use projections provided at authorisation.</u>
<u>A5. Managing agents at Lloyd's</u>	<u>Active capacity in respect of the underwriting year at the beginning of the period</u>	<u>Not applicable.</u>

	<u>to which the fee relates</u>	
<u>A6. The Society of Lloyd's</u>	<u>Bespoke fee</u>	<u>Not applicable.</u>
<u>A7. Portfolio managers</u>	<u>Funds under management valued at 31 December</u>	<u>Use data as at 31 December or, if trading has not commenced by 31 December, use the projection submitted as part of the application process.</u>
<u>A9. Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes</u>	<u>Annual gross income for the financial year ended in the calendar year ending 31 December</u>	<u>Apply the formula $(A \div B) \times 12$ to arrive at an annualised figure.</u>
<u>A10. Firms dealing as principal</u>	<u>Number of traders as at 31 December</u>	<u>Use data as at 31 December or, if trading has not commenced by 31 December, use the projection submitted as part of the application process</u>
<u>A13. Advisors, arrangers, dealers or brokers</u>	<u>Annual income for the financial year ended in the calendar year ending 31 December</u>	<u>Apply the formula $(A \div B) \times 12$ to arrive at the annualised figure</u>
<u>A14. Corporate finance advisers</u>		
<u>A18. Home finance providers, advisers and arrangers</u>		
<u>A19. General insurance mediation</u>		
<u>A21. Firms holding client money or assets, or both</u>	<u>The highest amount of client money and the highest amount of custody assets held over the 12 months ending 31 December</u>	<u>The highest amount of client money and/or custody assets over the period between the date of authorisation and 31 December or, if trading has not started, use the projection submitted as part of the application process.</u>
<u>B. Market operators and MTF operators</u>	<u>Flat fee</u>	<u>Not applicable.</u>

<u>B. Service companies</u>	<u>Annual income for the financial year ended in the calendar year ending 31 December</u>	<u>Apply the formula $(A \div B) \times 12$ to arrive at the annualised figure.</u>
<u>B. Benchmark administrators</u>	<u>Flat fee</u>	<u>Not applicable.</u>
<u>B. Recognised investment exchanges</u>	<u>See FEES 4 Annex 6R</u>	<u>Not applicable.</u>
<u>B. Recognised auction platforms</u>	<u>Flat fee</u>	<u>Not applicable.</u>
<u>B. Recognised overseas investment exchanges</u>	<u>Flat fee</u>	<u>Not applicable.</u>
<u>CC1. Credit-related regulated activities with limited permission</u>	<u>Annual income for the financial year ended in the calendar year ending 31 December</u>	<u>Apply the formula $(A \div B) \times 12$ to arrive at an annualised figure.</u>
<u>CC2. Credit related regulated activities</u>		
<u>G.1 Firms registered under the Money Laundering Regulations</u>	<u>Flat fee</u>	<u>Not applicable.</u>
<u>G.2 Payment services institutions – deposit acceptors</u>	<u>See A1 deposit acceptors</u>	
<u>G.3. Large payment services institutions</u>	<u>Relevant income</u>	<u>Apply the formula $(A \div B) \times 12$ to arrive at an annualised figure.</u>
<u>G.4 Small payment institutions</u>	<u>Flat fee</u>	<u>Not applicable.</u>
<u>G.5 Other payment institutions</u>	<u>Relevant income</u>	<u>Apply the formula $(A \div B) \times 12$ to arrive at an annualised figure.</u>
<u>G.10 Large electronic money institutions</u>	<u>Average outstanding e-money over 12 months ending 31 December</u>	<u>Average over the period from authorisation to 31 December.</u>
<u>G.11 Small electronic money institutions</u>	<u>Flat fee</u>	<u>Not applicable.</u>
<u>G.15 Issuer of regulated</u>	<u>Value as at 31</u>	<u>Not applicable.</u>

<u>covered bonds</u>	<u>December</u>	
<u>G.20 Consumer buy-to-let (CBTL) lender</u>	<u>Flat fee</u>	<u>Not applicable.</u>
<u>G.21 CBTL adviser and arranger</u>		

...

4.3 Periodic fee payable by firms (other than AIFM qualifiers, ICVCs and UCITS qualifiers)

...

Firms acquiring businesses from other firms

- 4.3.15 R (1) This *rule* applies if: [deleted]
- (a) a *firm* (A) acquires all or a part of the business of another *firm* (B), whether by merger, acquisition of goodwill or otherwise, in relation to which a periodic fee would have been payable by B, unless no periodic fee was payable by A in the financial year that the business was acquired from B; or
- (b) A became authorised or registered as a result of B's simple change of legal status (as defined in FEES 3 Annex 1 Part 6).
- (2) If, before the date on which A acquires the business, B had paid any periodic fee payable for the period in which the acquisition occurred, FEES 4.2.6R to FEES 4.2.7R do not apply to A in relation to the business acquired from B.
- (3) If the acquisition occurs after the valuation date applicable to the business (as set out in FEES 4 Annex 1AR and FEES 4 Annex 11R) which A acquired from B, for the period following that in which the acquisition occurred, FEES 4.2.1R applies to A, in relation to that following period, as if the acquisition had occurred immediately before the relevant valuation date.

...

- 4.3.17 R (1) This *rule* applies if:
- (a) a *firm* (A)
- (i) (A) acquires all or a part of the business of another *firm* (B), whether by merger, acquisition of goodwill or otherwise; and

- (B) would be required to pay a periodic fee in the *fee year* in which the acquisition takes place; or
- (ii) becomes authorised or registered as a result of another *firm's* (B) simple change of legal status (as defined in FEES 3 Annex 1R Part 6); and
- (b) had that acquisition or simple change of legal status (or any associated cancellation) not taken place, a periodic fee would have been payable by B in that same *fee year*.
- (2) If, before the date of acquisition or simple change of legal status, B had paid any periodic fee that would have become payable by it in that *fee year*, FEES 4.2.1R and FEES 4.2.7ER to FEES 4.2.7KR will not apply to A in relation to the business of B.
- (3) (a) If, before the date of acquisition or simple change of legal status, B had not paid any periodic fee that would have become payable by it in that *fee year*, FEES 4.2.1R and FEES 4.2.7ER to FEES 4.2.7KR will apply to A in relation to the business of B.
- (b) Periodic fees that would have become payable in that *fee year* include those which may have been dis-applied under FEES 4.3.13R.
- (4) Regardless of A's valuation date:
- (a) if the acquisition or simple change of legal status takes place before B's valuation date, then A must report the tariff data for, and pay fees or levies on, the transferred business up to the date of the transfer; and
- (b) if the acquisition or simple change of legal status takes place after B's valuation date and B has not paid the relevant fees or levies, then the data should be reported and fees be paid by A as if the transfer had taken place immediately before the valuation (if B continues to be authorised, it should strip the transferred business out of its report).

...

**4 Annex FCA activity groups, tariff bases and valuation dates
1AR**

Part 1
...

Activity group	Fee payer falls in the activity group if
...	
B. Benchmark administrators	It is a <i>benchmark administrator</i> who does not administer arrangements for determining one or more <i>specified benchmarks</i> .
<u>B. Recognised investment exchanges</u>	<u>it is a <i>recognised investment exchange</i>.</u>
<u>B. Recognised auction platforms</u>	<u>it is a <i>recognised auction platform</i>.</u>
<u>B. Recognised overseas investment exchanges</u>	<u>it is a <i>recognised overseas investment exchange</i>.</u>
...	
Part 3	
...	
Activity group	Tariff base
...	
B. MTF operators	SUPERVISORY CATEGORY The general supervisory category to which the firm <i>firm</i> was assigned as at the start of the relevant <i>fee year</i> .
B. Benchmark administrators	Not applicable.
<u>B. Recognised investment exchanges</u>	<u>Not applicable.</u>
<u>B. Recognised auction platforms</u>	<u>Not applicable.</u>
<u>B. Recognised overseas investment exchanges</u>	<u>Not applicable.</u>
...	
Part 5	
...	
Activity group	Valuation date

...	
A.9	Annual gross income (GI), valued at the most recent financial year ended before <u>ending</u> 31 December.
...	
B. MTF <u>MTF</u> operators	The start of the relevant <i>fee year</i> .
B. Benchmark administrators <u>Benchmark administrators</u>	Not applicable.
B. <u>Recognised investment exchanges</u>	<u>Not applicable.</u>
B. <u>Recognised auction platforms</u>	<u>Not applicable.</u>
B. <u>Recognised overseas investment exchanges</u>	<u>Not applicable.</u>
...	

...

4 Annex 11R **Periodic fees in respect of payment services ~~carried on by fee-paying payment service providers under the Payment Services Regulations and electronic money issuance by fee-paying, electronic money issuers under the Electronic Money Regulations and issuance of, and regulated covered bonds by issuers and CBTL business carried on by CBTL firms under the MCD Order in relation to the period 1 April 2016 to 31 March 2017~~**

This Annex sets out the periodic fees in respect of *payment services* carried on by *fee-paying payment service providers* under the *Payment Services Regulations* and *electronic money issuance* by *fee-paying electronic money issuers* under the *Electronic Money Regulations* and *issuance of regulated covered bonds* by *issuers* and *CBTL business* carried on by *CBTL firms* under the *MCD Order* and *firms* registered under the *Money Laundering Regulations* in relation to the period 1 April 2017 to 31 March 2018

...

<u>Part 2AA – Activity groups relevant to <i>firms</i> registered under the <i>Money Laundering Regulations</i></u>	
<u>Activity Group</u>	<u>Fee payer falls into this activity group if</u>
<u>G.1</u>	<u>it is a <i>firm</i> that is registered under the <i>Money Laundering Regulations</i></u>

Part 3	
This table indicates the tariff base for each fee-block. The tariff-base is the means by which the <i>FCA</i> measures the amount of business conducted by the <i>fee-paying payment service providers, fee-paying electronic money issuers, CBTL firms, MLR firms</i> and <i>issuers of regulated covered bonds</i> .	
Activity Group	Tariff base
<u>G.1</u>	<u>Not applicable</u>
G.2	MODIFIED ELIGIBLE LIABILITIES These are determined in the same manner as the tariff-base for relevant <i>firms</i> in the A.1 fee-block set out in <i>FEES 4 Annex 1 Part 2R</i> .
...	

Part 4 – Valuation period	
This table indicates the valuation date for each fee-block. A <i>fee-paying payment service provider, a fee-paying electronic money issuer</i> and a <i>regulated covered bond issuer</i> can calculate tariff data by applying the tariff bases set out in Part 3 with reference to the valuation dates shown in this table.	
Activity Group	Valuation date
...	
Where the tariff data of a <i>fee-paying payment services provider</i> or a <i>fee-paying electronic money issuer</i> is in a currency other than sterling, it must be converted into sterling at the exchange rate prevailing on the relevant valuation date.	
<u>G.1</u>	<u>Not applicable</u>
G.2	For <i>banks and building societies</i> as in <i>FEES 4 Annex 1 Part 3</i> .
...	

Part 5 – Tariff rates		
Activity group	Fee payable in relation to 2016/17 <u>2017/18</u>	
<u>G.1</u>	<u>Flat fee (£)</u>	<u>433</u>

...		

...

4 Annex 11BR Definition of annual income for the purposes of calculating fees in fee blocks CC1 and CC2

...
(2) Proxy measure of annual income
...
(b) The proxy measure for annual income is calculated:
(i) for activities in 2(a)(ii), by multiplying the gross loan amount under all agreements falling within the activity by the percentage value at b(iii);
(ii) for activities in 2(a)(iii), by multiplying the gross value of all goods under all agreements falling within the activity by the percentage value at b(iii);
(iii) the percentage value is 5% plus the Bank of England base rate on the final day of the <i>firm's accounting reference date</i> ;
<u>(iv) any proxy income should be calculated on the basis of the Bank of England base rate in force at the time of submission.</u>
...

...

Insert the new chapter FEES 13 after FEES 12 (FOS ADR levy). All the text is new and is not underlined.

13 Illegal money lending levy

13.1 Application and purpose

Application

- 13.1.1 R This chapter applies to every *person* that is in activity group CC1 (Credit-related regulated activities with limited permission) or CC2 (Credit-related regulated activities).

Purpose

- 13.1.2 G The purpose of this chapter is to set out the requirements on the *persons*

listed in *FEES* 13.1.1R to pay the annual *IML levy* to fund the costs of taking action against illegal money lending.

- 13.1.3 G Section 333S of the *Act* (Financial assistance for action against illegal money lending) provides that the Treasury may make grants or loans, or give other forms of financial assistance, to *persons* for the purpose of taking action against illegal money lending.
- 13.1.4 G Section 333T of the *Act* (Funding of action against illegal money lending) requires the Treasury to notify the *FCA* of the amount of the Treasury's illegal money lending costs. The *FCA* must make *rules* requiring *authorised persons*, or any specified class of *authorised person*, to pay to the *FCA* the specified amounts or amounts calculated in a specified way, with a view to recovering the amounts notified to it by the Treasury.
- 13.1.5 G *FEES* 13 sets out the *rules* referred to in *FEES* 13.1.4G.
- 13.1.6 G The amounts to be paid under the *rules* may include a component to recover the expenses of the *FCA* in collecting the payments.
- 13.1.7 G The *FCA* must pay to the Treasury the amounts that it receives under the *IML levy* apart from amounts in respect of its collection costs (which it may keep).
- 13.1.8 G This chapter sets out the method by which the *IML levy* will be calculated. Details of the actual levy payable will vary from year to year, depending on the amount of funding provided by the Treasury for the purpose of combatting illegal money lending. These details are set out in *FEES* 13 Annex 1R. New details will be prepared and consulted on for each *financial year*.

13.2 The *IML levy*

Obligation to pay the *IML levy*

- 13.2.1 R A *firm* must pay each *IML levy* applicable to it:
- (1) in full and without deduction (unless permitted or required by a provision in *FEES*); and
 - (2) in accordance with the provisions of *FEES* 4.3.6R (Time of payment) as modified by *FEES* 13.2.2R.
- 13.2.2 R (1) For the purposes of *FEES* 13.2.1R(2), *FEES* 4.3.6R(1C) to (1E), as applied by *FEES* 13.2.8R, is modified so that if a *firm's* periodic fees for the previous *financial year* were at least £50,000, the *firm* must pay:
- (a) an amount equal to 50% of the *IML levy* payable for the previous year, by 1 April in the *financial year* to which the

sum due under *FEES* 13.2.1R relates; and

- (b) the balance of the *IML* levy due for the current *financial year* by 1 September in the *financial year* to which that sum relates.

Calculation of the *IML* levy

- 13.2.3 R The *IML* levy is calculated as follows:
- (1) identify whether activity group CC1 or CC2 applies to the business of the *firm* for the relevant period (for this purpose, the activity groups are defined in accordance with Part 1 of *FEES* 4 Annex 1AR);
 - (2) for each of those activity groups, calculate the amount payable in the way set out in *FEES* 13.2.4R;
 - (3) add the amounts calculated under (2);
 - (4) work out whether a minimum *fee* is payable under Part 2 of *FEES* 7 Annex 1R and if so how much;
 - (5) add together the amounts calculated under (3) and (4);
 - (6) modify the result as indicated by the tables in *FEES* 4.2.6R (Modifications for persons becoming subject to periodic fees during the course of a fee year) and *FEES* 4.2.7FR (Calculating the fee in the firm's first year of authorisation) (if applicable);
 - (7) apply any applicable payment charge specified in *FEES* 4.2.4R (Method of payment) to the amount in (6), provided that:
 - (a) for payment by direct debit, successful collection of the amount due is made at the first attempt by the *FCA*; or
 - (b) for payment by credit transfer, the amount due is received by the *FCA* on or before the due date; and
 - (8) make the calculation using information obtained in accordance with *FEES* 4.4 (Information on which fees are calculated).
- 13.2.4 R The amount payable by a *firm* with respect to a particular activity group is calculated as follows:
- (1) for a *firm* in activity group CC1, a £5 flat rate is the amount payable by the *firm* with respect to that activity group;
 - (2) for a *firm* in activity group CC2:
 - (a) up to and including £250,000 consumer credit income: £10 is the amount payable by the *firm* with respect to that activity group; and

(b) over £250,000 consumer credit income: £10 + [tbc] per £ thousand or part £ thousand of consumer credit income; and

(3) a *firm* in activity group CC2 must calculate its tariff base using the annual income calculation in Part 3 of *FEES* 4 Annex 1AR and *FEES* 4 Annex 11BR and the valuation date requirements in Part 5 of *FEES* 4 Annex 1AR.

13.2.5 R For the purposes of *FEES* 13.2.4R:

(1) a *firm* in activity group CC2 may apply the relevant tariff bases and rates to its non-UK business, as well as to its UK business, if:

(a) it has reasonable grounds for believing that the costs of identifying the *firm's* UK business separately from its non-UK business in the way described in *FEES* 4 Annex 11BR are disproportionate to the difference in fees payable; and

(b) it notifies the *FCA* in writing at the same time as it provides the information concerned under *FEES* 4.4 (Information on which fees are calculated), or if earlier, at the time it pays the fees concerned; and

(2) for a *firm* which has not complied with *FEES* 4.4.2R (Information on which fees are calculated) for this period, the *IML* levy is calculated using (where relevant) the valuation or valuations of business applicable to the previous period multiplied by the factor of 1.10.

13.2.6 R The modifications:

(1) for *incoming EEA firms* and *incoming Treaty firms* which have established *branches* in the UK in Part 3 of *FEES* 4 Annex 2AR apply; and

(2) for *EEA authorised payment institutions*, *EEA authorised electronic money institutions*, and *full credit institutions* that are *EEA firms* in Part 7 of *FEES* 4 Annex 11R apply.

FEES 4 rules incorporated into *FEES* 13 by cross-reference

13.2.7 G The *Handbook* provisions relating to the *IML* levy are meant to follow closely the provisions relating to the payment of the periodic fees in *FEES* 4.3.1R. In the interests of brevity, not all of these provisions are set out again in *FEES* 13. In some cases, certain *FEES* 4 rules are applied to the payment of the *IML* levy by individual rules in *FEES* 13. The rest are set out in the table in *FEES* 13.2.9R.

13.2.8 R The rules set out in the table in *FEES* 13.2.9R and any other rules in *FEES* 4 included in *FEES* 13 by cross-reference apply to the *IML* levy in the same way as they apply to periodic fees payable under *FEES* 4.3.1R.

13.2.9 R Table of rules in *FEES* 4 that also apply to *FEES* 13 to the extent that in

FEES 4 they apply to fees payable to the *FCA*.

FEES 4 rules incorporated into FEES 13	Description
<i>FEES 4.2.4R</i>	Method of payment
<i>FEES 4.2.7GR to FEES 4.2.7KR</i>	Calculation of periodic fee and tariff base for a <i>firm's second financial year</i>
<i>FEES 4.2.8R</i>	How <i>FEES 4.2.7R</i> applies in relation to an <i>incoming EEA firm</i> or an <i>incoming Treaty firm</i>
<i>FEES 4.2.10R</i>	Extension of time
<i>FEES 4.2.11R</i> (first entry only)	Due date and changes in <i>permission</i> for periodic fees
<i>FEES 4.3.7R</i>	Group of <i>firms</i>
<i>FEES 4.3.13R</i>	<i>Firms</i> applying to cancel or vary <i>permission</i> before start of period
<i>FEES 4.3.17R</i>	<i>Firms</i> acquiring businesses from other <i>firms</i>
<i>FEES 4.4.1R to FEES 4.4.6R</i>	Information on which fees are calculated

13.2.10 G In some cases, a *FEES 4 rule* incorporated into *FEES 13* in the manner set out in *FEES 13.2.7G* will refer to another *rule* in *FEES 4* that has not been individually incorporated into *FEES 13*. Such a reference should be read as being to the corresponding provision in *FEES 13*.

13.2.11 G Table of *FEES 4 rules* that correspond to *FEES 13 rules*

FEES 4 rules	Corresponding FEES 7 rules
<i>FEES 4.2.1R</i>	<i>FEES 13.2.1R</i>
<i>FEES 4.3.1R</i>	<i>FEES 13.2.3R</i>
<i>FEES 4.3.3R</i>	<i>FEES 13.2.3R</i>
<i>FEES 4.3.3AR</i>	<i>FEES 13.2.3R</i>
<i>FEES 4.3.12R</i>	<i>FEES 13.2.6R</i>
<i>FEES 4.3.12AR</i>	<i>FEES 13.2.6R</i>

13
Annex
1R

Illegal money lending (IML) levy for 2017/18

Limited permission (fee-block CC1):	£5 flat rate	
Full authorisation (fee-block CC2):	Up to £250,000 consumer credit income: £10	£10
	Over £250,000 consumer credit income:	£10 + [tbc] per £1,000