

NOTES ON COMPLETING FSA056 AUTHORISED PAYMENT INSTITUTION CAPITAL ADEQUACY RETURN**Valuation**

Firms should follow their normal accounting practice wherever possible.

Currency

Elements 3 to 33 and 54 to 56 should be completed in Euros. Elements 34 to 52 should be completed in GBP.

Data elements

These are referred to by row first, then by column, so data element 2B will be the element numbered 2 in column B.

1B Answer 'Yes' if your firm is included in the consolidated supervision of a parent credit institution. If your firm is not part of a banking group subject to consolidated supervision, you should answer this question 'No'.

2B Firms that answer 'Yes' to question 1 should input the 'Firm reference number' of the parent credit institution. If you answered 'No' to question 1, you should not answer this question.

Please note that if you have answered 'Yes' to question 1 and have input the firm reference number of your parent credit institution in Element 2B, you can proceed straight to question 61.

Part One: CAPITAL REQUIREMENT**Initial Capital Requirement**

3B Firms should insert the firm's initial capital requirement at authorisation.

Own Funds Requirement

4B – Firms should indicate which of the three methods they use to calculate their own funds requirement.

Method A: these questions should only be answered by firms that have indicated Method A at 4B-6B

7B Insert the total fixed overheads (in Euros) for the preceding year.

8B Insert the figure equal to 10% of the figure you have reported in 'Element 7B'.

9B Insert the larger of the two figures you have reported in 'Element 3B' and 'Element 8B'.

Method B: These questions should only be answered by firms that have indicated Method B at elements 4B-6B

10B Insert the total value (in Euros) of payment services transactions for the year.

11B Insert the figure that equals 4% of the first €5m of payment volume.

12B Insert the figure that equals 2.5% of payment volume between €5m and €10m. If the firm has undertaken less than €5m in payment volume, insert a zero in this box.

13B Insert the figure that equals 1% of payment volume between €10m and €100m. If the firm has undertaken less than €10m in payment volume, insert a zero in this box.

14B Insert the figure that equals 0.5% of payment volume between €100m and €250m. If the firm has undertaken less than €100m in payment volume, insert a zero in this box.

15B Insert the figure that equals 0.25% of all payment volume over €250m and €250m. If the firm has undertaken less than €250m in payment volume, insert a zero in this box.

16B This figure must be the sum of 'Elements 11B to 15B'.

17B The 'scaling factor' is:

0.50 for firms that only undertake the 'Money remittance' payment service.

0.80 for firms that undertake only the 'The execution of payment transactions where the consent of the payer to execute the payment transaction is given by means of any telecommunication, digital or IT device and the payment is made to the telecommunication, IT system or network operator acting only as an intermediary between the payment service user and the supplier of the goods or services' activity.

1.00 for firms that undertake any other payment service.

The scaling factor should be entered to 2 decimal places.

18B This figure is calculated using the following equation - 'Element 16B x Element 17B'.

19B Insert the larger of the two figures you have reported in 'Element 3B' and 'Element 18B'.

Method C: These questions should only be answered by firms that have indicated Method C at elements 4B-6B

Relevant indicator

- 20B Insert the firm's total interest income (in Euros).
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- 21B Insert the firm's total interest expenses (in Euros).
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- 22B Insert the firm's total gross commission and fees (in Euros).
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- 23B Insert the total of any other operating income generated by the firm (in Euros).
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- 24B This figure must be the sum of 'Elements 20B - 23B'.
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Multiplication factor

- 25B Insert the figure that equals 10% of the first €2.5m of the 'total relevant indicator'.
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- 26B Insert the figure that equals 8% of the 'total relevant indicator' between €2.5m and €5m (if your firm's total relevant indicator is less than or equal to €2.5m, you should enter zero in this box).
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- 27B Insert the figure that equals 6% of the 'total relevant indicator' between €5m and €25m (if your firm's total relevant indicator is less than or equal to €5m, you should enter zero in this box).
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- 28B Insert the figure that equals 3% of the 'total relevant indicator' between €25m and €50m (if your firm's total relevant indicator is less than or equal to €25m, you should enter zero in this box).
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- 29B Insert the figure that equals 1.5% of all of the 'total relevant indicator' over €50m (if your firm's total relevant indicator is less than or equal to €50m, you should enter zero in this box).
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- 31B The 'scaling factor' is:
- 0.50 for firms that only undertake the 'Money remittance' payment service.
- 0.80 for firms that undertake only the 'The execution of payment transactions where the consent of the payer to execute the payment transaction is given by means of any telecommunication, digital or IT device and the payment is made to the telecommunication, IT system or network operator acting only as an intermediary between the payment service user and the supplier of the goods or services' activity.
- 1.00 for firms that undertake any other payment service.
- The scaling factor should be entered to 2 decimal places.
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- 32B This figure is calculated using the following equation - 'Element 30B x Element 31B'.
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- 33B Insert the larger of the two figures you have reported in 'Element 3B and Element 32B'.
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Part Two: TOTAL CAPITAL RESOURCES (answer all of these

questions in GBP)

- 34B Insert the total paid up capital, including share premium accounts, but excluding amounts arising in respect of cumulative preference shares.
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- 35B Insert the total of all reserves, except revaluation reserves (unincorporated and LLP firms should include capital in members' capital and current accounts in this element).
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- 36B Insert the retained profit (or loss). Please note that a firm subject to statutory audits may only include interim profits if they have been verified by the firm's auditor. Retained profit should be reported net of any foreseeable charge or dividend.
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- 37B Insert the total revaluation reserves.
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- 38B Insert the total eligible provisions (general and collective provisions are only eligible if they are freely available to the firm, they are fully disclosed in internal accounting records, and the amount of provisions have been verified by a statutory auditor or audit firm).
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- 39B Insert the total eligible securities and instruments (securities and instruments are only eligible if they may not be reimbursed at the bearer's initiative or without the agreement of the FCA, the firm must have the option to defer any interest payments on the debt, and the debt is subordinated to those of non-subordinated creditors).
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- 40B Insert the total of non-fixed term cumulative preference shares.
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- 41B This field applies only to 'co-operative' firms. These institutions should insert the total amount of uncalled capital, and the total amount of non-refundable payments that can be demanded of members to offset any losses that the institution incurs.
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- 42B This field applies only to APIs organised as funds. These institutions should insert the total amount of uncalled capital, and the total amount of non-refundable payments that can be demanded of borrowers to offset any losses that the institution incurs.
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- 43B Insert the total of all fixed term cumulative preference shares and subordinated loans.
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- 44B This figure is the sum of 'Elements 34B to 43B'.
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Deductions (Answer all of these questions in GBP except where stated otherwise)

- 45A Insert the total of own shares at book value held by the authorised payment institution.
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- 46A Insert the total of intangible assets.
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47A	Insert the total of material losses in the current financial year.
48A	Insert the total holdings of shares in credit and financial institutions that exceed 10% of their capital.
49A	Insert deductible participations - these are participations which the authorised payment institution holds in an insurance undertaking, reinsurance undertaking or insurance holding company.
50A	Insert deductible instruments - these include shares held in another credit institution, insurance undertaking, reinsurance undertaking or insurance holding company that are temporarily held for the purposes of a financial assistance operation designed to reorganise and save that entity.
51A	This is the sum of 'Elements 45A to 50 A'.
52B	This is calculated by the following equation; 'Element 44A - 51A'.
53B	Input the £/€ exchange rate as at the end of the reporting period.
54B	Insert the 'Euro equivalent' of 'Element 52B'.
55B	Insert the same figure as you have reported in 'Element 9B', 'Element 19B' or 'Element 33B' (depending on the method your firm uses to calculate its capital requirement).
56B	This figure is calculated by the following equation; 'Element 54B - Element 55B'.

Part Three: SUPPLEMENTARY INFORMATION

Audited Accounts

57B	Answer this question 'yes' or 'no'.
58B	This question should only be answered if you answered 'no' to Element 57B. The format of the date entered should be dd/mm/yyyy.
59B	All firms that undertake other types of business as well as payment services activities must submit separate PSD only accounts to the FCA. If your firm falls into this category, you must answer this question 'yes'. If your firm only undertakes payment services activities, you should answer 'no'.
60B	This question should only be answered if you answered 'yes' to Element 59B. The format of the date entered should be dd/mm/yyyy.

Safeguarding of client assets

61B - 65B	Tick the relevant box(es) to identify the method(s) used by the firm to safeguard client assets. At least one method must be selected.
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Number of agents

66B Insert the number of agents in the UK

(i.e. sole traders/partnerships/companies) that undertake payments services activities under your firm's registration.