

# Chapter 4

## Periodic fees

## 4.1 Introduction

### Application

**4.1.1** **R** This chapter applies to every *person* set out in **FEES 1.1.2R (2)**.

**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*;
- (3) a *fee-paying electronic money issuer*;
- (4) a *recognised investment exchange*; and
- (5) a *data reporting services provider* (other than an *incoming data reporting services provider*).

### Purpose

**4.1.2** **G** The purpose of this chapter is to set out the requirements on *firms* and others to pay periodic fees and transaction reporting fees in certain circumstances.

### Background

**4.1.3** **G** Most of the detail of the periodic fees that are payable by *firms* is set out in **FEES 4 Annexes 1A to 11BR**. **FEES 4 Annex 12 G** and **FEES 4 Annex 13G** provide guidance on the calculation of certain tariffs. Most of the provisions of the Annexes will vary from one *fee year* to another. Accordingly fresh **FEES 4 Annexes** will come into force, following consultation, for each *fee year*.

**4.1.4** **G**

- (1) The periodic fees for *collective investment schemes* reflect the estimated costs to the *FCA* of considering proposals to change *regulated collective investment schemes*, maintaining up to date records about them, and related policy work.
- (2) [deleted]
- (3) The periodic fees for *fee-paying payment service providers*, *fee-paying electronic money issuers*, *CBTL firms*, *data reporting service providers* (other than *incoming data reporting services providers* and *issuers of regulated covered bonds*) are set out in **FEES 4 Annex 11R**. This annex sets out

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the activity groups, tariff base, valuation dates and, where applicable, the flat fees due for these *firms*.

4.1.5 **G** The *Society of Lloyd's*, which has *permission*, has its own fee block.

4.1.6 **G** [deleted]

4.1.7 **G** In the case of periodic fees for *firms*, fees are calculated individually for each *firm*, but they may be paid on a *group* basis, if the *group* so wishes.

## 4.2 Obligation to pay periodic fees

### General

- 4.2.1** **R** A *person* shown in column (1) of the table in ■ FEES 4.2.11 R as the relevant fee payer must pay each periodic fee applicable to it, calculated in accordance with the provisions referred to in column (2) of the applicable table, as adjusted by any relevant provision in this chapter:
- (1) in full and without deduction (unless permitted or required by a provision in *FEES*); and
  - (2) on or before the date given in column (3) of that table, unless ■ FEES 4.2.10 R applies.
- 4.2.2** **G** A relevant fee payer will be required to pay a periodic fee for every year during which they have the status in column 1 of the table in ■ FEES 4.2.11 R (or in relation to collective investment schemes, for every year during which it is a regulated collective investment scheme) subject to any reductions or exemptions applicable under this chapter. If a *person* is the relevant fee payer for more than one status listed in column 1 of the table in ■ FEES 4.2.11 R (or in relation to collective investment schemes, the relevant fee payer for more than one regulated collective investment scheme) he will be required to pay a fee in relation to each.
- (2) [deleted]
- 4.2.2A** **G** A *recognised body* may also have obligations to pay fees to the *FCA* under other *rules* arising from legislation other than the *Act*. For example a *recognised body* may have an obligation to pay a fee as an approved operator of a relevant system under the Uncertificated Securities Regulations 1995 (SI 1995/3272).
- 4.2.3** **G** The *FCA* will issue invoices at least 30 *days* before the dates on which payments fall due under ■ FEES 4.2.1 R.
- 4.2.4** **R**
- Method of payment**
- (1) A periodic fee must be paid using either direct debit, credit transfer (BACS/CHAPS), cheque, Maestro, Visa Debit or by credit card (Visa/

Mastercard only).

(2) [deleted]

4.2.4A **R** The FCA does not specify a method of payment for a *recognised body* or a *designated professional body*.

4.2.5 **G** The FCA expects a *recognised body* or a *designated professional body* will generally pay their respective fees by electronic credit transfer.

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

4.2.6 **R** [deleted]

4.2.7 **R** [deleted]

4.2.7A **G** [deleted]

4.2.7B **R** [deleted]

4.2.7C **G** [deleted]

4.2.7D **R** [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 or if not provided at that time, the valuation provided subsequently.
- (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) Identify the tariff rate or rates which will be relevant to the *firm* as a result of its new or extended *permission*; and then

- (2) apply the formula  $(A+B+C) \times D$ , where:
- A = the amount arrived at by applying the tariff rates to the *firm's* projected valuation for the first twelve *months* of its new business, as provided by it in accordance with FEES 4.2.7ER;
- B = the A.0 minimum fee, unless already paid;
- C = any fee that becomes due in AP.0 following the calculation of A; and
- 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*  $\div 12$ .

#### 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

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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:

- (a) the projected valuation for the first twelve *months* of its new business that it provided in accordance with ■ FEES 4.2.7ER; or
- (b) an annualised figure based on actual data provided by 30 April in the *fee year* following obtaining its new or extended *permission*.

If the annualised tariff base figure provided under (b) 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 the new or extended *permission* was obtained up to the *firm's* financial year end or 31 March (whichever is sooner) of its first *fee year*, calculated according to the relevant *rules*; and

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

Where the measure is not cumulative (e.g. the number of traders for fee-block A10), the *firm* must use the figure as at the *firm's* financial year end or 31 March (whichever is sooner) of its first *fee year*, calculated in accordance with the relevant *rules*. If trading has not commenced by the applicable date the figure is nil.

#### 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

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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 the valuation date specified in ■ FEES 4 Annex 1R Part 5 (e.g. 31 December for A10). Table A sets out the reporting requirements for the key fee-blocks when full actual data is not available:

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

Fee-block	Tariff base	Calculation where trading data are not available
A1. Deposit acceptors	Average MELS for October - December	Use data available at 31 December or, if trading has not commenced by 31 December, use nil.
A2. Home finance providers and administrators	Number of relevant contracts entered into or being administered in the twelve months up to 31 December	Apply the formula $(A \div B) \times 12$ to arrive at an annualised figure.
A3. Insurers - general	Gross written premium for fees purposes (GWP) for the financial year ended in the calendar year ending 31 December and best estimate liabilities for fees purposes (BEL) valued at the end of the financial year	GWP – apply the formula $(A \div B) \times 12$ to arrive at an annualised figure.  BEL – use data at valuation date or, if trading has not commenced by then, use nil.
A4. Insurers - life	Gross written premium for fees purposes (GWP) for the financial year ended in the	

	calendar year ending 31 December and best estimate liabilities for fees purposes (BEL) valued at the end of the financial year	
A5. Managing agents at Lloyd's	Active capacity in respect of the underwriting year at the beginning of the period to which the fee relates	Not applicable.
A6. The Society of Lloyd's	Bespoke fee	Not applicable.
A7. Portfolio managers	Funds under management valued at 31 December	Use data as at 31 December or, if trading has not commenced by 31 December, use nil.
A9. Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes	Annual gross income for the financial year ended in the calendar year ending 31 December	Apply the formula $(A \div B) \times 12$ to arrive at an annualised figure.
A10. Firms dealing as principal	Number of traders as at 31 December	Use data as at 31 December or, if trading has not commenced by 31 December, use nil.
A13. Advisors, arrangers, dealers or brokers	Annual income for the financial year ended in the calendar year ending 31 December	Apply the formula $(A \div B) \times 12$ to arrive at the annualised figure
A14. Corporate finance advisers		
A18. Home finance providers, advisers and arrangers		
A19. General insurance distribution		
A21. Firms holding cli	The highest amount of	The highest amount of

ent money or assets, or both	client money and the highest amount of <i>custody assets</i> held over the 12 months ending 31 December	client money and/or <i>custody assets</i> over the period between the date of <i>authorisation</i> and 31 December or, if trading has not started, use nil.
B. Market operators, MTF operators and OTF operators	Flat fee	Not applicable.
B. Service companies	Annual income for the financial year ended in the calendar year ending 31 December	Apply the formula $(A \div B) \times 12$ to arrive at the annualised figure.
B. Regulated benchmark administrators	Annual income for the financial year ended in the calendar year ending 31 December	Apply the formula $(A \div B) \times 12$ to arrive at the annualised figure.
B. Recognised investment exchanges	Annual income for the financial year ended in the calendar year ending 31 December	Apply the formula $(A \div B) \times 12$ to arrive at the annualised figure.
B. Recognised auction platforms	Flat fee	Not applicable.
B. Recognised overseas investment exchanges	Flat fee	Not applicable.
CC1. Credit-related regulated activities with limited permission	Annual income for the financial year ended in the calendar year ending 31 December	Apply the formula $(A \div B) \times 12$ to arrive at an annualised figure.
CC2. Credit related regulated activities		
G.2 Payment services institutions – deposit acceptors	See A1 deposit acceptors	
G.3. Large payment services institutions	Relevant income	Apply the formula $(A \div B) \times 12$ to arrive at an annualised figure.
G.4 Small payment institutions	Flat fee	Not applicable.
G.5 Other payment institutions	Relevant income	Apply the formula $(A \div B) \times 12$ to arrive at an annualised figure.
G.10 Large electronic money institutions	Average outstanding e-money over 12 months ending 31 December	Average over the period from authorisation to 31 December.
G.11 Small electronic money institutions	Flat fee	Not applicable.
G.15 Issuer of regulated covered bonds	Value as at 31 December	Not applicable.
G.20 Consumer buy-to-let (CBTL) lender	Flat fee	Not applicable.
G.21 CBTL adviser and arranger		

**4.2.8** **R** In relation to an *incoming EEA firm* or an *incoming Treaty firm* the modification provisions of **■ FEES 4.2.7 R** apply only in relation to the relevant *regulated activities* of the *firm*, which are *passported activities* or *Treaty activities* and which are carried on in the *United Kingdom*, and which are not provided on a *cross border services* basis. For *payment services* and *electronic money* issuance, the adjustment only applies to the business to which the calculation made in **■ FEES 4.3.12A R** relates.

### Fee payers ceasing to hold relevant status or reducing the scope of their permission after start of relevant period

**4.2.9** **G** The *FCA* will not refund periodic fees if, after the start of the period to which they relate:

- (1) a fee payer ceases to have the status set out in column (1) of the table in **■ FEES 4.2.11 R**; or
- (2) a *firm* reduces its *permission* or *payment services* activities so that it then falls out of the fee-block previously applied to it;

(but see **■ FEES 2.3** (Relieving Provisions) and **■ FEES 4.3.13 R** (Firms Applying to Cancel or Vary Permission Before Start of Period)).

### Extension of Time

**4.2.10** **R** A *person* need not pay a periodic fee on the date on which it is due under the relevant provision in **■ FEES 4.2.1 R**, if:

- (1) that date falls during a period during which circumstances of the sort set out in **■ GEN 1.3.2 R** (Emergencies) exist, and that *person* has reasonable grounds to believe that those circumstances impair its ability to pay the fee, in which case he must pay it on or before the fifth *business day* after the end of that period; or
- (2) unless **■ FEES 4.3.6R (3)**, **■ FEES 4.3.6R (4)** or **■ FEES 4.3.6R (4A)** (Time and method for payment) applies, that date would otherwise fall on or before the 30th *day* after the date on which the *FCA* (in its own capacity or in its capacity as collection agent for the *PRA*) has sent written notification to that *person* of the fee payable on that date, in which case he must pay on or before the 30th *day* after the date on which the *FCA* sends the notification.

**4.2.11** **R** Table of periodic fees payable to the *FCA*

1 Fee payer	2 Fee payable	3 Due date	4 Events occurring during the period leading to modified periodic fee
<p>Any <i>firm</i> (except an <i>AIFM qualifier</i>, <i>ICVC</i> or a <i>UCITS qualifier</i>)</p>	<p>(1) Unless (2) applies, as specified in FEES 4.3.1 R in relation to FEES 4 Annex 2AR and FEES 4 Annex 11 R.</p> <p>(2) Where a <i>firm</i> is paying a <i>ring-fencing implementation fee</i>, as specified in FEES 4 Annex 2BR.</p>	<p>(1) Unless (2) or (3) apply, on or before the relevant dates specified in FEES 4.3.6 R.</p> <p>(2) Unless (3) applies, if an event specified in column 4 occurs during the course of a <i>fee year</i>, 30 days after the occurrence of that event, or if later the dates specified in FEES 4.3.6 R.</p> <p>(3) Where the <i>permission</i> is for <i>operating a multilateral trading facility</i> or <i>operating an organised trading facility</i>, the date specified in FEES 4 Annex 10R (Periodic fees for MTF and OTF operators).</p>	<p><i>Firm</i> receives <i>permission</i>, or becomes authorised or registered under the <i>Payment Services Regulations</i>, article 8 of the <i>MCD Order</i>, the <i>DRS Regulations</i> or the <i>Electronic Money Regulations</i>; or <i>firm</i> extends <i>permission</i> or its <i>payment service</i> activities</p>
<p>Persons who hold a certificate issued by the FCA under article 54 of the <i>Regulated Activities Order</i> (Advice given in newspapers etc.)</p>	<p>£1,128</p>	<p>(1) Unless (2) applies, on or before 1 August or, if later, within 30 days of the date of the invoice</p> <p>(2) If an event in column 4 occurs during the course of a <i>fee year</i>, 30 days after the occurrence of that event</p>	<p>Certificate issued to <i>person</i> by FCA under article 54 of the <i>Regulated Activities Order</i></p>
<p>Any <i>manager</i> of an <i>AUT</i>;</p> <p>Any <i>authorised fund manager</i> of an <i>authorised contractual scheme</i>;</p>	<p>In relation to each unit trust the amount specified in part 1 of FEES 4 Annex 4</p> <p>In relation to each <i>authorised contractual scheme</i> the amount specified in part 1 of FEES 4 Annex 4</p>	<p>(1) Unless (2) applies, on or before 1 August or, if later, within 30 days of the date of the invoice</p> <p>(2) If an event in column 4 occurs during the course of a <i>fee year</i>, 30 days after the occurrence of that event</p>	<p><i>Authorisation order</i> is made in relation to the relevant <i>scheme</i></p>

1 Fee payer	2 Fee payable	3 Due date	4 Events occurring during the period leading to modified periodic fee
Any ACD of an ICVC; and	In relation to each ICVC, the amount specified in part 1 of FEES 4 Annex 4		4 Events occurring during the period leading to modified periodic fee
<i>Persons who, under the constitution or founding arrangements of a recognised scheme, are responsible for the management of the property held for or within the scheme;</i>	In relation to each recognised scheme the amount specified in part 1 of FEES 4 Annex 4	The relevant scheme becomes a recognised scheme	Not applicable
<i>AIFM of a UK ELTIF</i>	In relation to each ELTIF the amount specified in part 1 of FEES 4 Annex 4	(1) Unless (2) applies, on or before 1 August or, if later, within 30 days of the date of the invoice.  (2) If an event in column 4 occurs during the course of a fee year, 30 days after the occurrence of that event.	The ELTIF is authorised by the FCA under the ELTIF regulation
<i>Designated professional body</i>	FEES 4 Annex 5	On or before the relevant dates specified in FEES 4.3.6 R	Not applicable
<i>UK recognised body</i>	FEES 4 Annex 6, part 1 for a UK RIE ; and  FEES 4 Annex 6 R, part 1A for a UK RIE that is also an RAP	(1) On or before the relevant dates specified in FEES 4.3.6 R  (2) If the event in column 4 occurs during the course of a fee year, 30 days after the occurrence of that event	<i>Recognition order</i> is made.  The modified periodic fee is specified in FEES 4 Annex 6 R, Part 1and (in the case of an RAP) Part 1A.
ROIE	FEES 4 Annex 6, part 2	(1) On or before the relevant dates specified in FEES 4.3.6 R	<i>Recognition order</i> is made.  The modified periodic fee is

1 Fee payer	2 Fee payable	3 Due date	4 Events occurring during the period leading to modified periodic fee
A listed issuer (in LR) of shares and certificates representing certain securities.	FEES 4 Annex 14R	(2) If the event in column 4 occurs during the course of a fee year, 30 days after the occurrence of that event. Within 30 days of the date of the invoice	specified in FEES 4 Annex 6, Part 2.  Listed issuer (in LR) becomes subject to listing rules
A sponsor	FEES 4 Annex 14R	Within 30 days of the date of the invoice	Approval of a sponsor
All non-listed issuers (in DTR) of shares and certificates representing certain securities.	FEES 4 Annex 14R	Within 30 days of the date of the invoice	Non-listed issuer (in DTR) becomes subject to disclosure requirements and transparency rules
Any primary information provider	FEES 4 Annex 14R	Within 30 days of the date of the invoice	A person is approved as a primary information provider
All firms reporting transactions in securities derivatives to the FCA in accordance with SUP 17, and market operators who provide facilities for trading in securities derivatives.	FEES 4 Annex 9 R	Within 30 days of the date of the invoice	Not applicable
Any issuer of a regulated covered bond.	1 R	(1) Unless (2) applies, on or before the relevant dates specified in FEES 4.3.6 R  (2) If an event specified in column 4 occurs during the course of a fee year, 30 days after the occurrence of that event or, if later,	A person becomes registered as an issuer of a regulated covered bond

1 Fee payer	2 Fee payable	3 Due date	4 Events occurring during the period leading to modified periodic fee
<p>(i) An <i>AIFM</i> (other than a <i>UK AIFM</i> or an <i>EEA AIFM</i> with a branch in the <i>UK</i>) which has notified the <i>FCA</i> of its intention to market an <i>AIF</i> in the <i>UK</i> under regulation 57 of the <i>AIFMD UK regulation</i> and which has not ceased to market that <i>AIF</i> in the <i>UK</i> as at 1 April of the current <i>fee year</i>.</p> <p>(ii) An <i>AIFM</i> which has notified the <i>FCA</i> of its intention to market an <i>AIF</i> in the <i>UK</i> under regulation 58 or 59 of the <i>AIFMD UK regulation</i> and which has not ceased to market that <i>AIF</i> in the <i>UK</i> as at 1 April of the current <i>fee year</i>.</p> <p><i>A small registered UK AIFM</i></p> <p><i>A third country legal representative</i></p>	<p>For each notification made by the <i>AIFM</i> of the kind specified in part 2 of FEES 4 Annex 4, the amount specified in part 2 of FEES 4 Annex 4</p> <p>The basic fee contained in part 3 of FEES 4 Annex 4</p> <p>The tariff specified in FEES 4 Annex 15R</p>	<p>the dates specified in FEES 4.3.6 R</p> <p>(1) Unless (2) applies, on or before 1 August, or, if later, within 30 days of the date of the invoice</p> <p>(2) If an event in column 4 occurs during the course of a financial year, 30 days after the occurrence of that event</p> <p>Payable in accordance with FEES 4.3.6R</p>	<p>The <i>FCA</i> receives a notification to market in the <i>UK</i></p> <p>The <i>AIFM</i> is registered by the <i>FCA</i> under regulation 10 of the <i>AIFMD UK regulation</i>. [deleted]</p> <p>Not applicable</p>

1 Fee payer	2 Fee payable	3 Due date	4 Events occurring during the period leading to modified periodic fee
A benchmark endorser	The tariff specified in FEES 4 Annex 15R	Payable in accordance with FEES 4.3.6R	Not applicable

**Note:** *Sponsors* on the list of approved *sponsors* as at 1 April each year will be liable for the full year's annual fee unless ■ FEES 4.3.13 R applies.

4.2.11A **R**

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

**4.3.1** **R** The periodic fee payable by a *firm* (except an *AIFM qualifier*, *ICVC* or a *UCITS qualifier*) is:

- (1) each periodic fee applicable to it calculated in accordance with
  - FEES 4.3.3 R, using information obtained in accordance with
  - FEES 4.4; plus
- (1A) any periodic fee applicable to it calculated in accordance with
  - FEES 4.3.3A R using information relating to its *UK* business obtained in accordance with ■ FEES 4.4 (or by other means in the case of the Bank of England); less
- (2) any deductions from the periodic fee specified in Part 2 of
  - FEES 4 Annex 2AR or Part 7 of ■ FEES 4 Annex 11R.

**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 whether it is issuing *electronic money*, and on the amount of business it conducts in each category (tariff base). The fee-blocks and tariffs are identified in ■ FEES 4 Annex 1AR (and guidance on calculating certain of the tariffs is at ■ FEES 4 Annex 12 G and ■ FEES 4 Annex 13G) while ■ FEES 4 Annex 2AR sets out the tariff rates for the relevant *fee year*. In the case of *firms* that provide *payment services* and/or issue *electronic money*, the relevant fee blocks, tariffs and rates are set out in ■ FEES 4 Annex 11R.
- (2) *Incoming EEA firms*, *incoming Treaty firms*, *EEA authorised payment institutions* and *EEA authorised electronic money institutions* receive a discount to reflect the reduced scope of the *appropriate regulator's* responsibilities in respect of them. The level of the discount varies from fee-block to fee-block, according to the division of responsibilities between the *appropriate regulator* and *Home state regulators* for *firms* in each fee-block (see ■ FEES 4.3.11 G, ■ FEES 4.3.12 R and ■ FEES 4.3.12A R).

**Calculation of periodic fee (except in relation to the Society of Lloyd's, fee-paying payment service providers, CBTL firms, fee-paying electronic money issuers and data reporting services providers )**

4.3.3

**R** The periodic fee referred to in ■ FEES 4.3.1 R is (except in relation to the *Society, fee-paying payment service providers, CBTL firms, fee-paying electronic money issuers and data reporting services providers*) calculated as follows:

- (1) identify each of the tariffs set out in Part 1 of ■ FEES 4 Annex 2AR which apply to the business of the *firm* for the period specified in that annex;
- (2) for each of the applicable tariffs, calculate the sum payable in relation to the business of the *firm* for that period;
- (3) add together the amounts calculated under (2);
- (4) work out whether an A.0, or , CC.0 minimum fee is payable under Part 2 of ■ FEES 4 Annex 2AR and if so how much (except that that minimum fee is not payable again by a *firm* whose *permission* is extended if the fee was already payable before the extension);
- (4A) work out whether an AP.0 FCA prudential fee is payable under Part 2 of ■ FEES 4 Annex 2AR and if so how much;
- (4B) [deleted]
- (5) add together the amounts calculated under (3), (4) and (4A) ; and
- (6) apply any applicable payment charge specified in ■ FEES 4.2.4 R, provided that:
  - (a) for payment by direct debit, successful collection of the amount due is made at the first attempt by the *FCA* (in its own capacity and, if applicable, in its capacity as collection agent for the *PRA*); or
  - (b) for payment by credit transfer, the amount due is received by the *FCA* (in its own capacity and, if applicable, in its capacity as collection agent for the *PRA*) on or before the due date.

[Note: Transitional provisions apply to ■ FEES 4.3.3R for *firms* in activity groups A.3 and A.4 – see ■ FEES TP 13]

**Calculation of periodic fee for fee-paying payment service providers, CBTL firms, data reporting services providers (other than incoming data reporting services providers) and fee-paying electronic money issuers**

4.3.3A

**R** The periodic fee referred to in ■ FEES 4.3.1 R in relation to *fee-paying payment service providers, CBTL firms , data reporting services providers (other than incoming data reporting services providers) and fee-paying electronic money issuers* is calculated in accordance with ■ FEES 4 Annex 11 R.

**Modification for firms with new or extended permissions**

- 4.3.4 **G**
- (1) A *firm* which becomes authorised or registered during the course of a *fee year* will be required to pay a proportion of the periodic fee which reflects the proportion of the year for which it will have a *permission* or the right to provide particular *payment services* or the right to issue *electronic money*- see ■ FEES 4.2.5 G and ■ FEES 4.2.6 R.
  - (2) Similarly a *firm* which extends its *permission* or its right to provide particular *payment services* so that its business then falls within additional fee blocks will be required to pay a further periodic fee under this section for those additional fee blocks, but discounted to reflect the proportion of the year for which the *firm* has the extended permission or *payment services* activity - see ■ FEES 4.2.6 R and ■ FEES 4.2.7 R.
  - (3) These provisions apply (with some changes) to *incoming EEA firms*, *incoming Treaty firms*, *EEA authorised payment institutions* and *EEA authorised electronic money institutions*.
  - (4) These provisions do not apply to a *firm's* periodic fees in relation to its *permission* for *operating a multilateral trading facility* obtained from the *FCA* during the course of a *fee year*.

**Amount payable by the Society of Lloyd's**

- 4.3.5 **R**
- The periodic fee referred to in ■ FEES 4.3.1 R in relation to the *Society* is specified against its name in ■ FEES 4 Annex 2AR .

**Time of payment**

- 4.3.6 **R**
- (1) [deleted]
  - (1A) [deleted]
  - (1B) [deleted]
  - (1C) If a *person* meets either of the conditions in (1D) it must pay the *FCA* the fee in (1E).
  - (1D) A *person* meets the conditions referred to in (1C) if:
    - (a) its periodic fee for the previous *fee year* was at least £50,000 and it is:
      - (i) an *FCA-authorised person*; or
      - (ii) a *designated professional body*; or
      - (iii) a *recognised investment exchange*; or
      - (iv) a *regulated covered bond issuer*; or
    - (b) it is a *PRA-authorised person* and its combined *FCA* and *PRA* periodic fees for the previous *fee year* were at least £50,000.
  - (1E) The fee in (1C) is:
    - (a) an amount equal to 50% of the *FCA* periodic fee payable for the previous *fee year* by:

- (i) 1 April; or
  - (ii) if later, within 30 days of the date of the invoice, in the *fee year* to which the sum due under ■ FEES 4.2.1R relates; and
- (b) the balance of the *FCA* periodic fee due for the current *fee year* by:
- (i) 1 September; or
  - (ii) if later, within 30 days of the date of the invoice, in the *fee year* to which that sum relates.

[**Note:** If the *firm* is a *PRA-authorized person* that meets the condition at ■ FEES 4.3.6R(1)(D)(b), the *firm* will also pay its *PRA* periodic fees in two tranches as specified in the Fees Part of the *PRA Rulebook* . The *FCA*, acting as the *PRA*'s collection agent, will collect these fees.]

- (2) If the *firm's, designated professional body's, recognised investment exchange's, or regulated covered bond issuer's* periodic fee for the previous *fee year* was less than £50,000, it must pay the periodic fee due in full by 1 August or, if later, within 30 days of the date of the invoice in the *fee year* to which that sum relates.
- (3) If a *firm* has applied to cancel its *Part 4A permission* in the way set out in ■ SUP 6.4.5 D (Cancellation of permission), or its status as a *payment institution* under regulation 10 of the *Payment Services Regulations* (Cancellation of authorisation) or as regulation 10 is applied by regulation 14 of the *Payment Services Regulations* (Supplementary provisions), or its status as an *electronic money issuer* under regulation 10 of the *Electronic Money Regulations* (Cancellation of authorisation) or as regulation 10 is applied by regulation 15 of the *Electronic Money Regulations* (Supplementary provisions), or its registration as a *CBTL firm* under article 13(c) of the *MCD Order* or its authorisation as a *data reporting services provider* under regulation 11 of the *DRS Regulations*, then (1) and (2) do not apply but it must pay the total amount due when the application is made.
- (4) If the *FCA* has exercised its *own-initiative powers* to cancel a *firm's Part 4A permission*, then (1) and (2) do not apply but the *firm* must pay the total amount due immediately before the cancellation becomes effective.
- (4A) If the *FCA* has cancelled a *firm's* authorisation or registration under regulation 10 of the *Payment Services Regulations* or regulation 10 of the *Electronic Money Regulations* or its registration under regulation 10 as applied by regulation 14 of the *Payment Services Regulations* or its registration under regulation 10 as applied by regulation 15 of the *Electronic Money Regulations*, or its registration under article 13 (except under article 13(c)) of the *MCD Order* , or its authorisation as a *data reporting services provider* under regulation 11 or 12 of the *DRS Regulations*, then (1) and (2) do not apply but the *firm* must pay the total amount due immediately before the cancellation becomes effective.
- (5) [deleted]
- (5A) [deleted]

(6) Paragraphs (1) and (2) do not apply to any periodic fee in relation to a *firm's permission for operating a multilateral trading facility or operating an organised trading facility* and such a fee is not taken into account for the purposes of the split in (1). Instead any fee for this *permission* is payable on the date specified in ■ FEES 4 Annex 10 (Periodic fees for MTF and OTF operators).

4.3.6A **R**

### Groups of firms

4.3.7 **R**

A *firm* which is a member of a *group* may pay all of the amounts due from other *firms* in the same *group* under ■ FEES 4.2.1 R, if:

- (1) it notifies the *FCA* (in its own capacity and, if applicable, in its capacity as collection agent for the *PRA*) in writing of the name of each other *firm* within the *group* for which it will pay; and
- (2) it pays the fees, in accordance with this chapter, as a single amount as if that were the amount required from the *firm* under ■ FEES 4.2.1 R.

4.3.8 **G**

A notification under ■ FEES 4.3.7R (1) should be made in accordance with ■ SUP 15.7 (Form and method of notification).

4.3.9 **G**

If the payment made does not satisfy in full the periodic fees payable by all of the members of the *group* notified to the *FCA* under ■ FEES 4.3.7 R, the *FCA* (in its own capacity and, if applicable, in its capacity as collection agent for the *PRA*) will apply the sum received among the *firms* which have been identified in the notification given under ■ FEES 4.3.7R (1) in proportion to the amounts due from them. Each *firm* will remain responsible for the payment of the outstanding balance attributable to it.

4.3.10 **G**

If a *firm* pays its fees through an agent outside the scope of ■ FEES 4.3.7 R, the *firm* is responsible for ensuring that the *FCA* (in its own capacity and, if applicable, in its capacity as collection agent for the *PRA*) is informed that the sum being paid is for that *firm's* periodic fees.

### Incoming EEA firms, incoming Treaty firms, EEA authorised payment institutions and EEA authorised electronic money institutions

4.3.11 **G**

The *FCA* recognises that its responsibilities in respect of an *incoming EEA firm*, an *incoming Treaty firm*, an *EEA authorised payment institution* or an *EEA authorised electronic money institution* are reduced compared with a *firm* which is incorporated in the *United Kingdom*.

Accordingly the periodic fees which would otherwise be applicable to *incoming EEA firms*, *incoming Treaty firms*, *EEA authorised payment institutions* and *EEA authorised electronic money institutions* are reduced.

- 4.3.12** **R** For an *incoming EEA firm*, (excluding *MTF* and *OTF* operators), or an *incoming Treaty firm*, the calculation required by **■ FEES 4.3.3 R** is modified as follows:
- (1) the tariffs set out in Part 1 of **■ FEES 4 Annex 2AR** are applied only to the *regulated activities* of the *firm* which are carried on in the *United Kingdom*; and
  - (2) those tariffs are modified in accordance with Part 3 of **■ FEES 4 Annex 2AR**.

- 4.3.12A** **R** For:
- (-1) (a) a *full credit institution* which is a *fee-paying payment service provider* and an *EEA firm*; or
  - (b) a *full credit institution* which is a *fee-paying electronic money issuer* and an *EEA firm*; or
  - (c) an *EEA authorised payment institution*; or
  - (d) an *EEA authorised electronic money institution*;
- the calculation required by **■ FEES 4.3.3A R** is modified as follows:
- (1) the tariffs set out in Part 5 of **■ FEES 4 Annex 11** are only applied to the *payment services* or *electronic money issuance* of the *firm* carried on from an establishment in the *United Kingdom*, including any *payment services* carried on through any of its *agents* established in the *United Kingdom*; and
  - (2) those tariffs are modified in accordance with Part 7 of **■ FEES 4 Annex 11**.

**Firms Applying to Cancel or Vary Permission Before Start of Period**

- 4.3.13** **R**
- (1) If:
    - (a) a *firm*:
      - (i) makes an application to vary its *permission* (by reducing its scope), or cancel it, in the way set out in **■ SUP 6.3.15D(3)** (Variation of permission) and **■ SUP 6.4.5D** (Cancellation of permission); or
      - (ii) applies to vary (by reducing its scope) or cancel its authorisation or registration (regulation 8 and 10(1) of the *Payment Services Regulations* including as applied by regulation 14 of the *Payment Services Regulations*); or
      - (iii) applies to cancel its authorisation or registration (regulation 10 and 12 of the *Electronic Money Regulations* including as applied by regulation 15 of the *Electronic Money Regulations*); or
      - (iv) applies for revocation of its registration under article 13(c) of the *MCD Order*; or

(v) applies to vary (by reducing its scope) or cancel its authorisation as a *data reporting services provider* under regulation 11 and 12 of the *DRS Regulations*; or

- (aa) an *issuer* makes an application for de-listing; or
- (ab) a *sponsor* notifies the *FCA* of its intention to be removed from the list of approved *sponsors*; and
- (b) the *firm, issuer* or *sponsor* makes the application or notification referred to in (a), (aa) or (ab) respectively, before the start of the *fee year* to which the fee relates;

■ FEES 4.2.1 R applies to the *firm* as if the relevant variation or cancellation of the *firm's permission* or authorisation or registration under the *Payment Services Regulations, MCD Order, DRS Regulations* or the *Electronic Money Regulations*, de-listing or removal from the list of approved *sponsors*, took effect immediately before the start of the *fee year* to which the fee relates.

- (2) But (1) does not apply if, due to the continuing nature of the business, the variation, cancellation, de-listing or removal is not to take effect on or before 30 June of the *fee year* to which the fee relates.

#### 4.3.13A R

4.3.14 G The due dates for payment of periodic fees are modified by ■ FEES 4.3.6R(3), ■ FEES 4.3.6R(4) and ■ FEES 4.3.6R(4A) respectively where:

- (1) a *firm* has applied to cancel its:
  - (a) *Part 4A permission*; or
  - (b) its authorisation or registration under the *Payment Services Regulations* or the *Electronic Money Regulations*; or
  - (c) its registration as a *CBTL firm* under article 13(c) of the *MCD Order*; or
  - (d) authorisation under regulation 11 of the *DRS Regulations*; or
- (2) the *FCA* has exercised its:
  - (a) *own-initiative powers* to cancel a *firm's Part 4A permission*; or
  - (b) powers under regulation 10 (Cancellation of authorisation), including as applied by regulation 14 (Supplementary provisions) of the *Payment Services Regulations* to cancel a *firm's* authorisation or registration under the *Payment Services Regulations*; or
  - (c) powers under regulation 10 (Cancellation of authorisation), including as applied by regulation 15 (Supplementary provisions) of the *Electronic Money Regulations* or regulation 11 of the *DRS Regulations*; or
  - (d) powers under article 13 (Revocation of registration), excluding article 13(c), of the *MCD Order*.

**Firms acquiring businesses from other firms**

- 4.3.15 **R** [deleted]
- 4.3.16 **R** (1) [deleted]  
(2) [deleted]  
(3) [deleted]
- 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).

## 4.4 Information on which fees are calculated

- 4.4.1** **R** A *firm* (other than the *Society* or an *MTF* or *OTF* operator in relation to its *MTF* or *OTF* business) must notify to the *FCA* (in its own capacity and, if applicable, in its capacity as collection agent for the *PRA*) the value (as at the valuation date specified in Part 5 of ■ FEES 4 Annex 1AR) of each element of business on which the periodic fee payable by the *firm* is to be calculated.
- 4.4.2** **R** A *firm* (other than the *Society*) must send to the *FCA* (in its own capacity and, if applicable, in its capacity as collection agent for the *PRA*) in writing the information required under ■ FEES 4.4.1 R as soon as reasonably practicable, and in any event within two *months*, after the date specified as the valuation date in Part 5 of ■ FEES 4 Annex 1AR in relation to fees payable to the *FCA* (or ■ FEES 4.2.7B R where applicable) unless ■ FEES 4.4.2AR applies.
- 4.4.2A** **R** If a *firm* is a UK Solvency II firm, an *incoming EEA firm* or an *incoming Treaty firm* in activity group A.3 or A.4 and the *PRA* or the *FCA* has either:
- (1) not received the necessary tariff data on a timely basis in line with Part 3 and 5 of ■ FEES 4 Annex 1AR; or
  - (2) deemed the tariff data received to be incomplete or insufficiently reliable, by reference to a specific *firm* or across all or part of the activity group,
- the *FCA* may use tariff data from the previous reporting period for the periodic fees calculation.
- 4.4.2B** **R** For *firms* in activity group A.3 and A.4, if the data source specified in the applicable tariff base in Part 3 of ■ FEES 4 Annex 1AR is not available to the *PRA* or *FCA* for any reason and the same data is available to the *PRA* or *FCA* from an alternative source, the *FCA* may use that alternative source to calculate the tariff rates under ■ FEES 4 Annex 2AR.
- 4.4.3** **R** To the extent that a *firm* has provided the information required by this section as part of its compliance with another provision of the *Handbook*, it is deemed to have complied with the provisions of this section.
- 4.4.4** **G** In most cases a *firm* will provide the information required by this section as part of its compliance with the provisions of *SUP*. To the extent that the *FCA* does not obtain sufficient, or sufficiently detailed, information it may seek

this by using the general information gathering powers (see ■ SUP 2 (Information gathering by the FCA or PRA on its own initiative)).

**4.4.5** **R** For an *incoming EEA firm* or an *incoming Treaty firm*, the information required under ■ FEES 4.4 is limited to the *regulated activities* of the *firm* which are carried on in the *United Kingdom*, except those provided on a *cross border services* basis.

**4.4.6** **R** The obligations of a *firm* to supply information as set out in ■ FEES 4.4.1 R and ■ FEES 4.4.2 R do not apply in respect of any of its *payment services* business.

**Information relating to payment services and the issuance of electronic money**

**4.4.7** **D** A *fee-paying payment service provider* and a *fee-paying electronic money issuer* must notify to the *FCA* the value (as at the valuation date specified in Part 4 of ■ FEES 4 Annex 11) of each element of business on which the periodic fee (other than a flat fee) payable by the *firm* under ■ 1 R is to be calculated, including any *payment services* carried on by its *agents* from an establishment in the *United Kingdom*.

**4.4.8** **D** A *firm* must send to the *FCA* in writing the information required under ■ FEES 4.4.7 D as soon as reasonably practicable, and in any event within two *months*, after the date specified as the valuation date in Part 4 of ■ FEES 4 Annex 11.

**4.4.9** **D** To the extent that a *firm* has provided the information required by ■ FEES 4.4.7 D to the *FCA* as part of its compliance with another provision of the *Handbook*, it is deemed to have complied with the provisions of that direction.



## FCA activity groups, tariff bases and valuation dates

### Part 1

This table shows how the *FCA* links the *regulated activities* for which a *firm* has *permission* to activity groups (fee-blocks). A *firm* can use the table to identify which fee-blocks it falls into based on its *permission*.

Activity group	Fee payer falls in the activity group if:
<b>A.1 Deposit acceptors</b>	its <i>permission</i> includes <i>accepting deposits</i> or <i>operating a dormant account fund</i> <b>BUT DOES NOT</b> include either of the following: <i>effecting contracts of insurance;</i> <i>carrying out contracts of insurance.</i>
<b>A.2 Home finance providers and administrators</b>	its <i>permission</i> includes a <i>regulated activity</i> within one or more of the following: <i>entering into a home finance transaction; or</i> <i>administering a home finance transaction; or agreeing to carry on a regulated activity which is within either of the above.</i>
<b>A.3 Insurers - general and UK ISPVs</b>	its <i>permission</i> includes one or more of the following: - <i>effecting contracts of insurance;</i> - <i>carrying out contracts of insurance;</i> in respect of <i>specified investments</i> that are: - <i>general insurance contracts; or</i> - <i>long-term insurance contracts other than life policies</i> <b>OR</b> it has <i>permission</i> to carry on <i>insurance risk transformation</i> .
<b>A.4 Insurers - life</b>	its <i>permission</i> includes one or more of the following: - <i>effecting contracts of insurance;</i> - <i>carrying out contracts of insurance;</i> in respect of <i>specified investments</i> including <i>life policies;</i> - <i>entering as provider into a funeral plan contract.</i>
<b>A.5 Managing agents at Lloyd's</b>	its <i>permission</i> includes <i>managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's</i> .
<b>A.6 The Society of Lloyd's</b>	it is the <i>Society of Lloyd's</i>

#### Note for authorised professional firms:

Generally, for fee-blocks A.7 to A.19 below, only those *regulated activities* that are not limited to *non-mainstream regulated activities* should be taken into account in determining which fee-block(s) fee-payers belong to for the purpose of charging periodic fees. However, in the case that all the *regulated activity* within a *firm permission* are limited to *non-mainstream regulated activities*, then

that *firms* will be allocated to fee-block A.13 alone. This does not prevent a fee being payable by an *authorised professional firm* under FEES 3.2.7 R and/or FEES 3.2.7A R(c) where it applies to vary its *Part 4A permission* such that it would normally be allocated to fee-block(s) other than A.13 if the variation was granted.

**A.7 Portfolio managers** (1) its *permission* includes *managing investments* (a *firm* falling within this category is a class (1) *firm*);

OR

(2) its *permission* includes

**ONLY** either one or both of:

*safeguarding and administering of investments (without arranging); and*

*arranging safeguarding and administration of assets* (a *firm* falling within this category is a class (2) *firm*);

OR

(3) the *firm* is a *venture capital firm* (a *firm* falling within this category is a class (3) *firm* if it is not a class (1) or (2) *firm*).

OR

(4) its *permission* includes *managing an AIF* or *managing a UCITS* (a class 4 *firm*)

Note:

**Class (1) firms** are subdivided into three classes:

- **class (1)A**, where the funds managed by the *firm* belong to one or more *occupational pension schemes*;

- **class (1)B**, where:

(a) the *firm* is not a class (1)A *firm*; and

(b) the *firm* permission includes **NEITHER** of the following:

*safeguarding and administering investments (without arranging);*

*arranging safeguarding and administration of assets; and* (c) the *firm* **EITHER**:

has a *requirement* that prohibits the *firm* from holding or controlling *client money*, or both; **OR**

if it does not have such a *requirement*, **only** holds or controls *client money* (or both), arising from an agreement under which *commission* is rebated to a *client*; and

- **class (1)C**, where the *firm* is not within class (1)A or class (1)B.

**A.9 Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes**

(1) its *permission*:

(a) includes one or more of the following:

*managing an AIF;*

*managing a UCITS;*

*acting as trustee or depositary of an AIF;*

*acting as trustee or depositary of a UCITS; establishing, operating or winding up a collective investment scheme;*

*establishing, operating or winding up a personal pension scheme or a stakeholder pension scheme* (but only if the *firm* does not fall within activity group A1 or A4);

**AND**

(b) **PROVIDED** the *firm* is NOT one of the following:

OR

a *corporate finance advisory firm*;

**A.10 Firms dealing as principal**

a *firm* in which the above activities are limited to carrying out *corporate finance business*;

a *venture capital firm*;

a *firm* which would be a *venture capital firm* but for the inclusion of *managing an AIF* on its *permission*; but only where the *firm* is *managing an AIF* exclusively in respect of *AIFs* which only invest in *venture capital investments*.

**OR**

(2) if the fee-payer has none of the *regulated activities* above within its *permission*, but ALL the remaining *regulated activities* in its *permission* are limited to carrying out trustee activities.

its *permission* includes:

(a) *dealing in investments as principal*; and/or

(b) *bidding in emissions auctions*;

**BUT NOT** if one or more of the following apply:

the *firm* is acting exclusively as a matched principal broker;

the above activity is limited either to *establishing, operating or winding up a collective investment scheme, establishing, operating or winding up a personal pension scheme* or a *stakeholder pension scheme*, or to carrying out *depository activities*;

the *firm* is a *corporate finance advisory firm*;

the above activity is otherwise limited to carrying out *corporate finance business*;

the *firm* is subject to a *limitation* to the effect that the *firm*, in carrying on this *regulated activity*, is limited to entering into transactions in a manner which, if the *firm* was an *unauthorised person*, would come within article 16 of the *Regulated Activities Order* (*Dealing in contractually based investments*);

the above activity is limited to not acting as a *market maker*;

the *firm* is an *oil market participant, energy market participant* or a local (except where the *firm* is *bidding in emissions auctions*);

its *permission* includes either:

- *effecting contracts of insurance*; or

- *carrying out contracts of insurance*.

**A.13 Advisors, arrangers, dealers or brokers**

(1) it is an *authorised professional firm* and **ALL** the *regulated activities* in its *permission* are limited to non-mainstream regulated activities (a *firm* falling within this category is a *class (1) firm*);

**OR**

(2) its *permission*:

(a) includes one or more of the following:

(i) in relation to one or more *designated investments*:

*dealing in investments as agent*;

*arranging (bringing about) deals in investments*;

*making arrangements with a view to transactions in investments*;

*dealing as principal in investments* where the activity is carried on as a matched principal broker, *oil market participant, energy market participant* or *local*;

*advising on investments (except P2P agreements)*

(except *pension transfers* and *pension opt-outs*);

*giving basic advice on a stakeholder product*;

advising on pension transfers and pension opt-outs;  
 advising on syndicate participation at Lloyd's;  
 (ii) advising on P2P agreements;  
 (iii) in relation to a structured deposit:  
 dealing in investments as agent; or  
 arranging (bringing about deals) in investments;  
 or making arrangements with a view to transactions in investments; or  
 advising on investments (except P2P agreements); or  
 advising on investments (except pension transfers and pension opt-outs);  
 (b) **BUT NONE** of the following:  
 effecting contracts of insurance; or  
 carrying out contracts of insurance;  
**AND(c) PROVIDED** the fee-payer is **NOT** any of the following:  
 a corporate finance advisory firm;  
 a firm for whom all of the applicable activities above are otherwise limited to carrying out corporate finance business;  
 a firm for whom all the applicable activities above are limited to carrying out venture capital business;  
 a firm for whom all the applicable activities above are limited to acting as a residual CIS operator;  
 a firm for whom all the applicable activities above are limited to acting as trustee or depositary of an AIF and/or acting as trustee or depositary of a UCITS;  
 a service company.  
 A firm falling within (2) and not (1) is a class 2 firm.

**A.14 Corporate finance advisers**

the firm is carrying on corporate finance business **PROVIDED** the fee-payer is **NOT** a venture capital firm.

**A.18 Home finance providers, advisers and arrangers**

its permission includes a regulated activity within one or more of the following:  
 entering into a home finance transaction; or  
 arranging (bringing about) a home finance transaction ; or  
 making arrangements with a view to a home finance transaction; or  
 advising on a home finance transaction; or  
 agreeing to carry on a regulated activity which is within any of the above.

**A.19 General insurance mediation**

its permission includes one or more of the following in relation to a non-investment insurance contract:  
 dealing in investments as agent; or  
 arranging (bringing about) deals in investments; or  
 making arrangements with a view to transactions in investments; or  
 assisting in the administration and performance of a contract of insurance; or  
 advising on investments; or  
 agreeing to carry on a regulated activity which is within any of the above.

**A.21 Firms**

(1) It is a firm carrying on a regulated activity defined in fee-block A.13;

<b>holding client money or assets, or both</b>	<p><b>AND EITHER OR BOTH:</b></p> <p>(2A) It is a <i>firm</i> to which the <i>client money rules</i> apply</p> <p><b>AND/OR</b></p> <p>(2B) Its <i>permissions</i> includes <i>safeguarding and administration of assets (without arranging)</i></p> <p><b>UNLESS</b></p> <p>CASS does not apply to that firm in accordance with CASS 1.2</p>
<b>B. Service companies</b>	it is a <i>service company</i> .
<b>B. MTF and OTF operators</b>	its <i>permission</i> includes <i>operating a multilateral trading facility</i> or operating an organised trading facility.
<b>B. Regulated benchmark administrators</b>	it has a <i>Part 4A permission</i> to carry on the <i>regulated activity</i> of <i>administering a benchmark</i> .
<b>B. Recognised investment exchanges</b>	it is a <i>recognised investment exchange</i> .
<b>B. Recognised auction platforms</b>	it is a <i>recognised auction platform</i> .
<b>B. Recognised overseas investment exchanges</b>	it is a <i>recognised overseas investment exchange</i> .
<b>CC1. Credit-related regulated activities with limited permission</b>	<p>it carries on <i>credit-related regulated activities</i>; and</p> <p>it has a <i>limited permission</i>; and</p> <p>it is not a <i>not-for-profit debt advice body</i>; and</p> <p>it is not a <i>credit union</i> or <i>community finance organisation</i> with annual income as defined in FEES 4 Annex 11B R of less than £250,000.</p>
<b>CC2. Credit-related regulated activities</b>	<p>it carries on <i>credit-related regulated activities</i>; and</p> <p>it does not have a <i>limited permission</i>; and</p> <p>it is not a <i>not-for-profit debt advice body</i>; and</p> <p>it is not a <i>credit union</i> or <i>community finance organisation</i> with annual income as defined in FEES 4 Annex 11B R of less than £250,000.</p>
<b>CMC.</b>	it is a <i>claims management company</i> .

## Part 2

This table sets out the activity groups (fee blocks) in relation to (i) the minimum fees payable to the FCA and (ii) the prudential fee payable to the FCA.

Activity group	Fee payer falls into the fee-block if
A.0 FCA minimum fee	(1) it is in at least one of the fee blocks under Part 1; and (2) it is not: (a) a UK ISPV; or (b) a firm whose only permission is operating a dormant fund account; or (c) a firm exclusively carrying on credit-related regulated activities.
AP.0 FCA prudential fee	(1) it is an FCA authorised person other than an FCA authorised person exclusively carrying on credit-related regulated activities; and (2) the periodic fee it pays to the FCA is not limited to the A.0 FCA minimum fee.

Part 3

This table indicates the tariff base for each fee-block set out in Part 1.

The tariff base in this Part is the means by which the FCA measures the amount of business conducted by a firm for the purposes of calculating the annual periodic fees payable to the FCA by that firm.

Activity group	Tariff base
A.1	<p><b>MODIFIED ELIGIBLE LIABILITIES</b></p> <p>For banks and building societies:</p> <p><b>Item B of Form ELS (Note (1)):</b></p> $(1 + 2 + 3 + 4 + 0.6*5 + 6 - 8 - 9A - 9B - 10A - 10B - 10C - 11A - 11B - 0.6*12) + (1/3)*(F1 + F2 + F3 + F4 + 0.6*F5 + F6 - F8 - F9A - F9B - F10A - F10B - F10C - F11A - F11B - 0.6*F12)$ <p>- 13M</p> <p><b>Notes:</b></p> <p>(1) All references in the above formula are to entries on Form ELS (that is, the Eligible Liabilities Return completed to provide information by banks and building societies to the Bank of England as required by the Bank of England Act 1998).</p> <p>(2) The figures reported on the Form ELS relate to business conducted out of offices in the United Kingdom.</p> <p>For credit unions:</p> <p>Deposits with the credit union (share capital)</p> <p><b>LESS</b></p> <p>the credit union's bank deposits (investments + cash at bank)</p> <p><b>Note:</b></p> <p>Only United Kingdom business is relevant for calculating credit unions' MELs.</p> <p><b>Note:</b></p> <p>For a dormant account fund operator the tariff base is not relevant and the flat fee in FEES 4 Annex 2A R is payable.</p>
A.2	<p><b>NUMBER OF HOME FINANCE TRANSACTIONS ENTERED INTO AND ADMINISTERED</b></p> <p>The number of newhome finance transactions entered into;</p> <p><b>AND</b></p> <p>The number of home finance transactions being administered:</p> <p>(a) multiplied by 0.05 for firms with permission for administering a home finance transaction but not permission for entering into a home finance transaction; or</p>

(b) by 0.5 for all other *firms*.

**Notes:**

(1)[deleted]

(2) For the measure of the number of contracts being administered, each charge counts as one contract, irrespective of the number of loans involved.

(3) *Home finance transactions* administered include those that the *firm* administers on behalf of other *firms*.

**A.3**

**GROSS WRITTEN PREMIUM FOR FEES PURPOSES AND BEST ESTIMATE LIABILITIES FOR FEES PURPOSES**

Gross written premium for fees purposes means:

(1) for UK Solvency II firms, a *firm's* gross written premium as reported to the *PRA*, being the total of items entered under row codes R0110, R0120 and R0130, as expressed in column code C0200 where this column is completed for those row codes of the annual quantitative reporting template S.05.01.01;

(2) for *incoming EEA firms* or *incoming Treaty firms*, a *firm's* gross written premium as reported to their *Home State regulator*, being the total of items entered under row codes R0110, R0120 and R0130, as expressed in column code C0200 where this column is completed for those row codes, of the annual quantitative reporting template S.05.01.01 but only in relation to the *regulated activities* of the *firm* which are carried on in the *United Kingdom*, (except those provided on a *cross border services* basis); and

(3) for *non-directive firms*, a *firm's* gross premium written as reported to the *PRA* under item 11 of form 11, or where this is not reported because the *firm* is a *Swiss general insurer* or holds a relevant *waiver* given by the *PRA* under the *PRA Rulebook*, the entry at sheet 1, line 1, column 1, of form 20A, or where the *firm* is a *friendly society*, the income and expenditure account entry for gross premium written or contributions as income receivable, as appropriate under the Friendly Societies (Accounts and Related Provisions) Regulation 1994 (SI 1994/1983).

**AND**

Best estimate liabilities for fees purposes means:

(1) for UK Solvency II firms, a *firm's* best estimate liabilities as reported to the *PRA*, being the sum of items entered under row codes R0010, R0370, R0380, R0410 and R0420, column code C0180, of the annual quantitative reporting template S17.01.01; plus the sum of items entered under row codes R0010, R0030, column codes C0090, C0140 and C0190, of the annual quantitative reporting template S12.01.01;

(2) for *incoming EEA firms* or *incoming Treaty firms*, a *firm's* best estimate liabilities as reported to their *Home State regulator*, being the sum of items entered under row codes R0010, R0370, R0380, R0410 and R0420, column code C0180, of the annual quantitative reporting template S17.01.01; plus the sum of items entered under row codes R0010, R0030, column codes C0090, C0140 and C0190, of the annual quantitative reporting template S12.01.01 but only in relation to the *regulated activities* of the *firm* which are carried on in the *United Kingdom*, except those provided on a *cross border services* basis; and

(3) for *non-directive firms*, a *firm's* total gross technical provisions as reported to the *PRA* under item 19 of form 15, or where this is not reported because the *firm* is a *marine mutual*, item 29 of form M2, or where the *firm* is a *friendly society*, the balance sheet entry C3 'claims outstanding' where this entry is required under the Friendly Societies (Accounts and Related Provisions) Regulations 1994 (SI 1994/1983); and otherwise zero.

'Annual quantitative reporting template' has the meaning given in Fees Chapter 1 Application and Definitions of the *PRA Rulebook*.

'Corporate pension business' has the meaning given in Fees Chapter 1 Application and Definitions of the *PRA Rulebook*.

'UK Solvency II firm' has the meaning given in Insurance General Application 2 of the *PRA Rulebook*.

**Notes:**

(1) The recovery of the *FCA's* annual funding requirement allocated to the A.3 fee-block will be weighted:

- (a) 90% from gross written premium for fees purposes; and
- (b) 10% from best estimate liabilities for fees purposes.

(2) This tariff base (A.3 fee-block) does not include gross written premium for fees purposes and best estimate liabilities for fees purposes on which a *composite firm* reports data relevant for fee-block A.4.

(3) Where any figure used in the calculation of this tariff base is a negative number, it shall instead be deemed to be zero.

(4) For *UK ISPVs* this tariff base is not relevant and a flat fee set out in [FEES 4 Annex 2AR](#) is payable.

**A.4**

**GROSS WRITTEN PREMIUM FOR FEES PURPOSES AND BEST ESTIMATE LIABILITIES FOR FEES PURPOSES (see [FEES 4 Annex 12 G](#))**

Gross written premium for fees purposes means:

(1) for UK Solvency II firms, a *firm's* gross written premium as reported to the *PRA*, being the item entered under row code R1410, column code C0300 of the annual quantitative reporting template S05.01.01 minus corporate pension business as reported to the *PRA* under the annual quantitative reporting template S14.01.01; and

(2) for *incoming EEA firms* or *incoming Treaty firms*, a *firm's* gross written premium as reported to their *Home State regulator*, being the item entered under row code R1410, column code C0300 of the annual quantitative reporting template S05.01.01 minus corporate pension business as reported to the *PRA* under the annual quantitative reporting template S14.01.01 but only in relation to the *regulated activities* of the firm which are carried on in the *United Kingdom*, except those provided on a *cross border services* basis.

**AND**

Best estimate liabilities for fees purposes means:

(1) for UK Solvency II firms, a *firm's* best estimate liabilities as reported to the *PRA*, being the sum of items entered under row codes R0010 and R0030, column codes C0150 and C0210 minus the sum of items entered under row codes R0010 and R0030, column codes C0090, C0140 and C0190 of the annual quantitative reporting template S12.01.01; minus corporate pension business reported under the annual quantitative reporting template S14.01.01; and

(2) for *incoming EEA firms* or *incoming Treaty firms*, a *firm's* best estimate liabilities as reported to their *Home State regulator*, being the sum of items entered under row codes R0010 and R0030, column codes C0150 and C0210 minus the sum of items entered under row codes R0010 and R0030, column codes C0090, C0140 and C0190 of the annual quantitative reporting template S12.01.01; minus corporate pension business reported under the annual quantitative reporting template S14.01.01 but only in relation to the *regulated activities* of the firm which are carried on in the *United Kingdom*, except those provided on a *cross border services* basis.

'Annual quantitative reporting template' has the meaning given in Fees Chapter 1 Application and Definitions of the *PRA Rulebook*.

'Corporate pension business' has the meaning given in Fees Chapter 1 Application and Definitions of the *PRA Rulebook*.

'UK Solvency II firm' has the meaning given in Insurance General Application 2 of the *PRA Rulebook*.

**Notes:**

(1) The recovery of the FCA's annual funding requirement allocated to the A.4 fee-block will be weighted:

- (a) 75% from gross written premium for fees purposes; and
- (b) 25% from best estimate liabilities for fees purposes.

(2) For *non-directive firms*, including *non-directive composite firms* to the extent that they come within the A.4 fee block, the tariff base is not relevant to the level of fees due and only the minimum fee as specified in Part 2(b) of FEES 4 Annex 2AR is payable.

(3) Where any figure used in the calculation of this tariff base is a negative number, it shall instead be deemed to be zero.

#### A.5 ACTIVE CAPACITY

The capacity of the *syndicate(s)* under management in the year in question. This includes the capacity for *syndicate(s)* that are not writing new business, but have not been closed off in the year in question.

A.6 Not applicable.

#### A.7 FUNDS UNDER MANAGEMENT (FuM)

The total value, in pounds sterling, of all assets (see note (a) below) in portfolios which the *firm* manages, on a discretionary basis (see note (b) below), in accordance with its terms of business, less:

a) funds covered by the exclusion contained in article 38 (Attorneys) of the *Regulated Activities Order*;

(b) funds covered by the exclusion contained in article 66(3) (Trustees, nominees and personal representatives) of the *Regulated Activities Order*;

(c) funds covered by the exclusion contained in article 68(6) (Sale of goods or supply of services) of the *Regulated Activities Order*;

(d) funds covered by the exclusion contained in article 69(5) (Groups and joint enterprises) of the *Regulated Activities Order*; and

(e) the value of those parts of the managed portfolios in respect of which the responsibility for the discretionary management has been formally delegated to another *firm* (and which *firm* will include the value of the assets in question in its own FuM total); any such deduction should identify the *firm* to which management responsibility has been delegated.

#### Notes on FuM

(a) Except for funds under management where the *fund* is an *AIF*, for the purposes of calculating the value of funds under management, assets means all assets that consist of or include any *investment* which is a *designated investment* or those assets in respect of which the arrangements for their management are such that the assets may consist of or include such *investments*, and either the assets have at any time since 29 April 1988 done so or the arrangements have at any time (whether before or after that date) been held out as arrangements under which the assets would do so.

(aa) for funds under management, where the *fund* is an *AIF*, assets means all assets or property of any description of the *fund*.

(b) Assets managed by the *firm* on a discretionary basis exclude the *firm's* own assets. Assets managed on a non-discretionary basis, being assets that the *firm* has a contractual duty to keep under continuous review but in respect of which prior specific consent of the *client* must be obtained for proposed transactions, are also excluded as this activity is covered in those charged to fees in activity group A.13.

(c) In respect of *collective investment schemes*, assets means the total value of the assets of the scheme.

(d) For an *OPS firm*, the FuM should also be reduced by the value of the assets held as a result of a decision taken in accordance with article 4(6) of The Financial Services and Markets Act 2000 (Carrying on Regulated Activities by Way of Business) Order 2001 (investments in *collective investment scheme* or *bodies corporate* which have as

their primary purpose the acquisition, directly, or indirectly, of relevant investments, as defined in that article).

(e) Only assets that are managed from an establishment maintained by the *firm* in the *United Kingdom* are relevant.

(f) If the *firm* is managing an overlay portfolio of *derivative* instruments and the underlying assets are managed by itself or a *firm* within the same *group* that has not reported them separately to the *FCA*, or by a *firm* outside its *group*, then it should calculate the value of the *derivatives* and other assets as prescribed in the *guidance* in FSA038 in SUP 16 Annex 25.

If the underlying assets are managed by another *firm* within the same *group* who has reported their value separately to the *FCA*, then to avoid double-counting within the *group*, the calculation must be restricted to the exposure of the overlay.

## A.9

**GROSS INCOME**(1) For *AIFMs* (excluding *internally managed AIFs*), *management companies*, *operators* (including *ACDs* and *authorised fund managers* of *unit trusts* or *authorised contractual schemes* but excluding *operators* of a *personal pension scheme* or a *stakeholder pension scheme*) and *residual CIS operators*

gross income from the activity relating to fee-block A.9 is defined as:

the amount of the annual charge on investments in the *fund* received or receivable in the latest accounting period (this is calculated as a % of funds invested, typically 1% p.a.);

**PLUS(a)**

the front-end or exit charge levied on sales or redemptions of *collective investment schemes* (typically 4-5% of sales/redemptions) in that same accounting period; and

(b) any amount the *firm* would have levied as such a charge but for a business decision to waive, discount or rebate etc. that charge;

**PLUS**

any additional initial or management charges levied through a product wrapper such as an *ISA*;

**BUT EXCLUDING** box management profits.

(2) For *depositories* (including *trustees of collective investment schemes* and *ICVC* or *ACS depositories*):

The amount of the annual charge levied on investments in *funds* for which they act as *depository* (typically a % of the total funds for which they act as *depository*). (3)

For *operators* of a *personal pension scheme* or a *stakeholder pension scheme* gross income from the activity relating to fee block A.9 is defined as:

The amount of the charges levied on the *personal pension scheme* or *stakeholder pension scheme* for which they act as *operator*:

including up-front charges, fund related charges, transaction related charges and periodic charges; but

excluding charges made to an investor in respect of third party suppliers; for example, charges for stock broking, borrowing, banking services and charges for arranging third party legal services, surveys or environmental screening in connection with property.

**Note:**

Only the gross income corresponding to *United Kingdom* business is relevant.

(4) *Internally managed AIFs* must use a proxy for gross income for the activities relating to fee block A.9. This is the total value of funds under management (as defined in fee block A.7) multiplied by 0.01.

**NUMBER OF TRADERS**

**A.10**

Any *employee* or agent, who:

ordinarily acts within the *United Kingdom* on behalf of an *authorised person* liable to pay fees to the *FCA* in its fee-block A.10 (firms dealing as principal); and who, as part of their duties in relation to those activities of the *authorised person*, commits the *firm* in market dealings or in transactions in *securities* or in other *specified investments* in the course of *regulated activities*.

But not any *employees* or agents who work solely in the *firm's MTF* operation.

A *firm* may, as an option, report *employees* or agents as full-time equivalents (FTE), taking account of any part-time staff. In calculating the FTE, *firms* must take into account the total hours *employees* or agents have contracted to work for the *firm* and not the time *employees* or agents devote to the *dealing in investments as principal* and *bidding in emissions auctions* functions set out in fee-block A.10. Any figures using the FTE calculation to be recorded to one decimal place, rounded down to the nearest decimal place.

**A.13****ANNUAL INCOME**

Annual income as defined in FEES 4 Annex 11A R

**A.14****ANNUAL INCOME**

Annual income as defined in FEES 4 Annex 11A R.

**A.18**

Annual income as defined in FEES 4 Annex 11A

**A.19**

Annual income as defined in FEES 4 Annex 11A

**A.21****CLIENT MONEY/ASSETS HELD:**

A value in pound sterling equal to:

Highest total amount of *client money* held by the *firm* during the 12 months ending 31 December before the relevant *fee year*

**PLUS**

Highest total value of *safe custody assets* held by the *firm* during the 12 months ending 31 December before the relevant *fee year*

**B. Service companies****ANNUAL INCOME**

Annual income as defined in FEES 4 Annex 11AR.

**B. MTF and OTF operators****SUPERVISORY CATEGORY**

The general supervisory category to which the *MTF* or *OTF* operator was assigned as at the start of the relevant *fee year*.

**B. Regulated benchmark administrators**

Annual income as defined in FEES 4 Annex 11AR.

**B. Recognised investment exchanges**

Annual income as defined in FEES 4 Annex 11AR.

**B. Recognised auction platforms**

Not applicable.

**B. Recognised overseas**

Not applicable.

**investment exchanges**

**CC1. Credit-related regulated activities with limited permission** Annual income as defined in FEES 4 Annex 11B R.

**CC2. Credit-related regulated activities** Annual income as defined in FEES 4 Annex 11B R.

**CMC.** Annual turnover as defined in FEES 4 Annex 11AR.

**Part 4**

This table indicates the tariff base for each fee block set out in Part 2.

The tariff base in this Part is the means by which the FCA measures the amount of business conducted by a *firm* for the purposes of calculating the annual periodic fees payable to the FCA by that *firm*.

Activity Group	Tariff base
A.0	Not applicable because the minimum fee is a specified amount.
AP.0	The total periodic fees payable as a result of fee blocks A.2 and A.7 to A.19 in Part 1 of FEES 4 Annex 2A R excluding any periodic fee for <i>operating a dormant fund account</i> .

**Part 5**

This table indicates the valuation date for each fee-block. A *firm* can calculate its tariff data in respect of fees payable to the FCA by applying the tariff bases set out in Part 3 with reference to the valuation dates shown in this table.

Activity group	Valuation date
<p>IN THIS TABLE, REFERENCES TO SPECIFIC DATES OR MONTHS ARE REFERENCES TO THE LATEST ONE OCCURRING BEFORE THE START OF THE PERIOD TO WHICH THE FEE APPLIES, UNLESS OTHERWISE SPECIFIED - E.G. FOR 2013/14 FEES (1 APRIL 2013 TO 31 MARCH 2014), A REFERENCE TO DECEMBER MEANS DECEMBER 2012.</p> <p>Where a <i>firm's</i> tariff data is in a currency other than sterling, it should be converted into sterling at the exchange rate prevailing on the relevant valuation date.</p>	
<b>A.1</b>	<p><b>For banks:</b></p> <p>Modified eligible liabilities (MELs), valued at:</p> <p>for a <i>firm</i> which reports monthly, the average of the MELs for October, November and December;</p> <p>for a <i>firm</i> which reports quarterly, the MELs for December. For <i>credit unions</i>:</p> <p><b>For credit unions:</b></p> <p>MELs, valued at December or as disclosed by the most recent annual return made prior to that date.</p> <p><b>For building societies:</b></p> <p>MELs, valued at the average of the MELs for October, November and December.</p>
<b>A.2</b>	<p>Number of mortgages, <i>home purchase plans</i>, <i>home reversion plans</i> and <i>regulated sale and rent back agreements</i> entered into in the twelve months ending 31 December.</p> <p><b>AND</b></p>

	Number of mortgages, <i>home purchase plans</i> , <i>home reversion plans</i> and <i>regulated sale and rent back agreements</i> being administered on 31 December.
A.3	The <i>firm's</i> gross written premium for fees purposes and its best estimate liabilities for fees purposes for the <i>firm's</i> financial year which ends in the calendar year to 31 December prior to commencement of the <i>fee year</i> .
A.4	For UK Solvency II firms, including <i>composite</i> UK Solvency II <i>firms</i> to the extent that they are required to report data used for this tariff base, the <i>firm's</i> gross written premium for fees purposes and its best estimate liabilities for fees purposes, for the <i>firm's</i> financial year which ends in the calendar year to 31 December prior to commencement of the <i>fee year</i> .
A.5	Active capacity (AC), in respect of the Underwriting Year (as reported to the Society of Lloyd's) which is current at the beginning of the period to which the fee relates.  [Note: this is the Underwriting Year which is already in progress at the start of the fee period - e.g. for 2013/14 fees, the fee period will begin on 1 April 2013, which is in the 2013 Underwriting Year, so the AC for that Underwriting Year is the relevant measure.]
A.6	Not applicable.
A.7	Funds under management (FuM), valued at 31 December.
A.9	Annual gross income (GI) for the financial year ended in the calendar year ending 31 December.
A.10	Number of traders as at 31 December.
A.13	Annual income for the financial year ended in the calendar year ending 31 December.
A.14	Annual income for the financial year ended in the calendar year ending 31 December.
A.18	Annual income (AI) for the financial year ended in the calendar year ending 31 December.
A.19	Annual income (AI) for the financial year ended in the calendar year ending 31 December.
A.21	In respect of <i>client money</i> , the highest amount of <i>client money</i> held over the 12 months ending 31 December before the relevant <i>fee year</i> .  In respect of <i>safe custody assets</i> , the highest amount of <i>safe custody assets</i> held over the 12 months ending 31 December before the relevant <i>fee year</i> .
B. Service companies	Annual income for the financial year ended in the calendar year ending 31 December.
B. MTF and OTF operators	The start of the relevant <i>fee year</i> .
B. Regulated benchmark administrators	Annual income for the financial year ended in the calendar year ending 31 December.
B. Recognised investment exchanges	Annual income for the financial year ended in the calendar year ending 31 December.
B. Recognised auction platforms	Not applicable.
B. Recognised overseas	Not applicable.

**investment  
exchanges**

**CC1. Credit-related regulated activities with limited permission** Annual income for the financial year ended in the calendar year ending 31 December.

**CC2. Credit-related regulated activities** Annual income for the financial year ended in the calendar year ending 31 December.

**CMC.** Annual turnover for the financial year ended in the calendar year ending 31 December.

## FCA Fee rates and EEA/Treaty firm modifications for the period from 1 April 2019 to 31 March 2020

### Part 1

This table shows the tariff rates applicable to each of the fee blocks set out in Part 1 of FEES 4 Annex 1A R.

- (1) For each activity group specified in the table below, the fee is the total of the sums payable for each of the tariff bands applicable to the *firm's* business, calculated by multiplying the value of the *firm's* tariff base by the rate applicable to each tranche of the tariff base, as indicated.
- (2) A *firm* may apply the relevant tariff bases and rates to 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 Part 3 of FEES 4 Annex 1A R 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.
- (3) For a *firm* which has not complied with FEES 4.4.2R (Information on which fees are calculated) for this period:
  - (a) the fee is calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by the factor of 1.10; and
  - (b) an additional fee of £250 is payable, unless the *firm* is a PRA-*authorised person* in which case an additional fee of £125 is payable instead.
  - (c) [deleted]

Activity group	Fee payable
A.1	Band width (£million of Modified Eligible Liabilities (MELs))
	Fee (£/£m or part £m of MELs)
	General Periodic fee
	>10 - 140 14.683
	>140 - 630 14.683
	>630 - 1,580 14.683
	>1,580 - 13,400 18.354
	>13,400 24.227
	The tariff rates in A.1 are not relevant for the <i>permissions</i> relating to <i>operating a dormant account fund</i> . Instead a flat fee of £6,242 is payable in respect of these <i>permissions</i> .
A.2	Band width (No. of mortgages and/or home finance transactions)
	Fee (£/mortgage)
	>50 2.473
A.3	Gross written premium for fees purposes (GWP)
	Periodic fee
	Band Width ( £million of GWP)
	Fee (£/m or part £m of GWP)

	>0.5	337.16
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	General Periodic fee
	Band Width ( £million of BEL)	Fee (£/£m or part £m of BEL)
	>1	18.48
	For <i>UK ISPVs</i> the tariff rates are not relevant and a flat fee of £485 is payable in respect of each <i>FCA</i> financial year (the 12 <i>months</i> ending 31 March).	
A.4	Gross written premium for fees purposes (GWP)	General Periodic fee
	Band Width ( £million of GWP)	Fee (£/£m or part £m of GWP)
	>1	262.78
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	General Periodic fee
	Band Width ( £million of BEL)	Fee (£/£m or part £m of BEL)
	>1	8.25
A.5	Band Width ( £million of Active Capacity (AC))	Fee (£/£m or part £m of AC)
	>50	7.13
A.6	Flat fee (£)	344,067
A.7	For class 1(C), (2) , (3) and (4) <i>firms</i> :	
	Band Width (£million of Funds under Management (FuM))	Fee (£/£m or part £m of FuM)
	>10	5.696
	For class 1(B) <i>firms</i> : the fee calculated as for class 1(C) <i>firms</i> above, less 15%. For class 1(A) <i>firms</i> : the fee calculated as for class 1(C) <i>firms</i> above, less 50%.	
A.9	Band Width ( £million of Gross Income (GI))	Fee (£/£m or part £m of GI)
	>1	815.25
A.10	Band Width (No. of traders)	Fee (£/person)
	>1	5,487.30
	For <i>firms</i> carrying on <i>auction regulation bidding</i> , the fee in A.10 is calculated as above less 20% for each trader that carries on <i>auction regulation bidding</i> but not <i>MiFID business bidding</i> or <i>dealing in investments as principal</i> .	
A.13	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	2.597
A.14	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	1.631
A.18	Band Width ( £ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	11.04
A.19	Band Width ( £ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	1.61
A.21	<i>Client money</i>	
	Band Width (£ <i>client money</i> ) (CM) held	Fee (£/£ millions or part £ million of CM)

	less than £1 million	115.30
	an amount equal to or greater than £1 million but less than or equal to £1 billion	86.48
	more than £1 billion	57.65
	PLUS	
	<i>Safe custody assets</i>	
	Band Width (£ safe custody assets) (CA) held	Fee (£/£ millions or part £ million of CA)
	less than £10 million	0.43
	an amount equal to or greater than £10 million and less than or equal to £100 billion	0.33
	more than £100 billion	0.22
B. Service Companies	Band Width	Fee (£)
	Annual income up to and including £100,000	1,110.00
	<b>PLUS:</b>	
	Band width	Fee (£/£thousand or part £ thousand of income)
	Annual income over £100,000	2.57
B. Regulated benchmark administrators	Band width	Fee (£)
	Annual income up to and including 100,000	1,128
	<b>PLUS:</b>	
	Band width	Fee (£/£ thousand or part £ thousand of income)
	Annual income over 100,000	2.0408
B. Recognised investment exchanges	Band width	Fee (£)
	Annual income up to and including £10,000,000	103,000
	<b>PLUS:</b>	
	Band width	Fee (£/£ thousand or part £ thousand of income)
	Annual income over £10,000,000	4.91
B. Recognised auction platforms		55,143.00
B. Recognised overseas investment exchanges		63,061.00
B. MTF and OTF operators	As set out in FEES 4 Annex 10R (Periodic fees for MTF and OTF operators).	
CC1. Credit-related regulated activities	Band Width (£ thousands of annual income (AI))	Fee (£)

with limited permission		
	0 - 10	104
	>10 - 50	261
	>50 - 100	416
	>100	520
	<b>PLUS:</b>	
		Fee (£/£ thousand or part £ thousand of AI)
	>250	0.40
CC2. Credit-related regulated activities	Band Width (£ thousands of annual income (AI))	Fee (£)
	0 - 50	312
	>50 - 100	520
	>100	1,040
	<b>PLUS:</b>	
		Fee (£/£ thousand or part £ thousand of AI)
	>250	1.30
CMC.	Band width (£ thousands of annual turnover)	Fee (£) for 2019/20
	0-50	500
	50-100	1,000
	>100	13 per £ thousand or part per £ thousand

## Part 2

The tables below show the tariff rates (minimum fees) applicable to each of the fee blocks set out in Part 2 of FEES 4 Annex 1A R.

Part 2(a) shows the tariff rates (minimum fees) payable to the FCA by FCA-*authorised persons* and Part 2(b) shows the tariff rates (minimum fees) payable to the FCA by PRA-*authorised persons*.

[**Note:** PRA-*authorised persons* will also pay minimum fees to the PRA as set out in Chapter 3 of the Fees Part of the PRA Rulebook.]

Part 2(a) tariff rates (minimum fees) payable to the FCA by FCA-*authorised persons*

A.0	(1)	£1,128 unless it is a <i>community finance organisation</i> with a tariff base of:
	(a)	up to and including 3 mortgages and/or <i>home finance transactions</i> , in which case a minimum fee of £173 is payable; or
	(b)	more than 3 but no more than 10 mortgages and/or <i>home finance transactions</i> , in which case a minimum fee of £585 is payable; or
	(c)	more than 10 but no more than 50 mortgages and/or <i>home finance transactions</i> , in which case a minimum fee of £1,084 is payable.
	(2)	
		[deleted]
	(3)	
		[deleted]

	[deleted]
	(4) [deleted]
AP.0	Periodic fees payable under fee blocks A.2, A.7 to A.19 and A. 21 in Part 1 multiplied by rate £0.1093

**Part 2(b) tariff rates (minimum fees) payable to the FCA by PRA-authorized persons**

A.0	(1)	£563 unless:
		(a) It is a <i>credit union</i> that meets the conditions in (2), in which case the minimum fee payable is as set out in (2);
		(b) it is a <i>non-directive friendly society</i> that falls into the A.3 activity group but not the A.4 activity group and has, for that activity, 0.5 million or less in gross written premium for fees purposes and holds best estimate liabilities for fees purposes of 1.0 million or less, in which case the minimum fee payable is £242; or
		(c) it is a <i>non-directive friendly society</i> that falls into the A.4 activity group but not the A.3 activity group and has, for that activity, written 1.0 million or less in gross written premium for fees purposes and holds best estimate liabilities for fees purposes of 1.0 million or less, in which case the minimum fee payable is £242; or
		(d) it is a <i>non-directive friendly society</i> that falls into the A.3 and A.4 activity groups and meets the conditions in (3)(a) and (3)(b), in which case the minimum fee payable is £242.
	(2)	The conditions referred to in (1)(a) are that the <i>credit union</i> has a tariff base (Modified Eligible Liabilities) of:
		(a) 0 to 0.5million, in which case a minimum fee of £90 is payable; or
		(b) greater than 0.5million but less than 2.0million, in which case a minimum fee of £304 is payable.
	(3)	The conditions referred to in (1)(d) are that:

(a)

the *non-directive friendly society* falls into the A.3 activity group and has, for that activity, 0.5 million or less in gross written premium for fees purposes and holds best estimate liabilities for fees purposes of 1.0 million or less;

(b)

the *non-directive friendly society* falls into the A.4 activity group and has, for that activity, written 1.0 million or less in gross written premium for fees purposes and holds best estimate liabilities for fees purposes of 1.0 million or less.

The figures for gross written premium for fees purposes and best estimate liabilities for fees purposes are the same as used for Part 1 of this Annex.

## Part 3

This table shows the modifications to fee tariffs that apply in respect of the *FCA* to *incoming EEA firms* and *incoming Treaty firms* which have established branches in the UK.

Activity Group	Percentage deducted from the tariff payable under Part 1 applicable to the <i>firm</i>
A.1	10%
A.3	10%
A.4	10%
A.7	10%
A.9	10%
A.10	In relation to each trader that carries on <i>auction regulation bidding</i> but not <i>MiFID business bidding</i> or <i>dealing in investments as principal</i> , 100%. In relation to all other traders, 10%.
A.13	10%
A.18	10%
A.19	50%
B. MTF and OTF operators	Not applicable
AP.0	100%
Note 1	The modifications to fee tariffs payable by an <i>incoming EEA firm</i> or an <i>incoming Treaty firm</i> which has established a branch in the UK apply only in relation to the relevant <i>regulated activities</i> of the firm which are passported activities or <i>Treaty</i> activities and which are carried on in the <i>UK</i> .
Note 2	The <i>FCA</i> minimum fee described in Part 2 of FEES 4 Annex 2A R applies in full and the modifications in this Part do not apply to it.

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**PRA fee rates and EEA/Treaty firm modifications for the period from 1 March 2014 to 28 February 2015**



## Ring-Fencing Implementation Fee

In the *fee year* starting 1 April 2018 and subsequent *fee years*:

- (1) The FCA will charge a *ring-fencing implementation fee* to recover the annual cost to the FCA, as determined by the FCA, of implementing *ring-fencing*.
- (2) All *firms* in a *ring-fencing fees group* are subject to *ring-fencing implementation fees*. The FCA may require that a single *firm* in a *ring-fencing fees group* pay all of the applicable *ring-fencing implementation fees*.
- (3) In each *fee year* the FCA will allocate to each *ring-fencing fees group* the proportion referred to in (4) of the cost referred to in (1). An amount reflecting this proportion will be the total *fee* payable by the *firms* within the *ring-fencing fees group*.
- (4) The proportion was determined by the FCA for the 2018/19 *fee year* in accordance with the following formula (all figures are rounded to the nearest whole number):

$$[(X + Y) \div 2] \%$$

where

$$X = [\text{core deposits (ring-fencing fees group)} \div \text{core deposits (all ring-fencing fees groups)}] \times 100$$

and

$$Y = [\text{assets outside expected RFB subgroup (ring-fencing fees group)} \div \text{assets outside expected RFB subgroups (all ring fencing fees groups)}] \times 100$$

- (5) The following are not required to pay the *fee* set out below if a *ring-fencing implementation fee* is payable by that *person* or another *firm* in the applicant's *ring-fencing fees group*:

Fee payer	Fee
(a) a <i>firm</i> that applies for a <i>Part 4A permission</i> and/or a <i>variation of a Part 4A permission</i> as a result of <i>ring-fencing</i>	an application fee under FEES 3.2.7R Part 1(1)(a) or (p)
(b) an <i>issuer</i> that applies for registration of a <i>regulated covered bond</i> as a result of <i>ring-fencing</i>	an application fee under FEES 3.2.7R Part 1(1)(zm)
(c) an <i>issuer</i> that proposes to make a material change to the contractual terms of a <i>regulated covered bond</i> under RCB 3.5.4D as a result of <i>ring-fencing</i>	an application fee under FEES 3.2.7R Part 1(1)(zn)



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**Fees relating to the direct reporting of transactions to the FCA under SUP 17A for the period 1 April 2017 to 31 March 2018 [deleted]**



## Periodic fees in relation to collective investment schemes, AIFs marketed in the UK, small registered UK AIFMs and money market funds payable for the period 1 April 2018 to 31 March 2019

### Part 1 - Periodic fees payable

Scheme type	Basic fee (£)	Total funds/sub-funds aggregate	Fund factor	Fee (£)
ICVC, AUT, ACS, UK ELTIFs, Money market funds with effect from 21 July 2018	386	1-2	1	386
		3-6	2.5	965
		7-15	5	1,930
		16-50	11	4,246
		>50	22	8,492
Section 264 of the Act, schemes other than non-EEA AIFs recognised under section 272 of the Act,	1,570	1-2	1	1,570
Non-EEA AIFs recognised under section 272 of the Act		3-6	2.5	3,925
		7-15	5	7,850
		16-50	11	17,270
		>50	22	34,540

Fees are charged according to the number of funds or *sub-funds* operated by a *firm* as at 31 March preceding the relevant *fee year*. Where a new *collective investment scheme* becomes authorised during a *fee year*, fees are charged according to the number of funds or *sub-funds* operated by a *firm* as at the date of authorisation. Where more than one fund or *sub-fund* is operated, the number of funds (not including the *umbrella* or parent fund) produces a 'fund factor' in accordance with the table above, which is then applied to a basic fee to produce one total fee per *operator*. Fund factors are applied per *operator* rather than per *scheme* so that the fees relate to the number of funds rather than the number of *schemes*. This means that, for example, an *authorised fund manager* of three *schemes* pays the same as an *operator* or *authorised fund manager* of one *scheme* with three *sub-funds* (as only the *sub-funds* are counted).

*Schemes* set up under section 264 of the Act are charged according to the number of funds or *sub-funds* which a *firm* is operating and *marketing* into the UK as at 31 March immediately before the start of the period to which the fee applies. For example, for 2010/11 fees a reference to 31 March means 31 March 2010.

Part 2 - Periodic fees for AIFs marketed in the UK, following a notification to the FCA under regulation 57, 58 or 59 of the AIFMD UK regulation

Kind of notification	Fee per AIF (£)
Notification under regulation 57 of the AIFMD UK regulation	323

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Kind of notification	Fee per AIF (£)
Notification under regulation 58 of the AIFMD <i>UK regulation</i>	225
Notification under regulation 59 of the AIFMD <i>UK regulation</i>	323

Part 3 - Periodic fees paid by *small registered UK AIFMs*

The annual fee for *small registered UK AIFMs* is £637

## Periodic fees for designated professional bodies payable in relation to the period 1 April 2018 to 31 March 2019

Table of fees payable by Designated Professional Bodies

Name of Designated Professional Body	Amount payable (£)
The Law Society of England & Wales	90,070
The Law Society of Scotland	15,260
The Law Society of Northern Ireland	13,830
The Institute of Actuaries	10,120
The Institute of Chartered Accountants in England and Wales	36,000
The Institute of Chartered Accountants of Scotland	11,350
The Institute of Chartered Accountants in Ireland	14,840
The Association of Chartered Certified Accountants	18,800
The Council for Licensed Conveyancers	11,790
Royal Institution of Chartered Surveyors	15,270

### Note

The *Financial Services Register* includes details of exempt professional firms carrying out insurance distribution activity.



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**Periodic fees for recognised investment exchanges, and recognised auction platforms payable in relation to the period 1 April 2016 to 31 March 2017**

[deleted]



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**Periodic fees in relation to the Listing Rules for the period 1 April 2015 to 31 March 2016 [deleted]**



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**Periodic fees in relation to the Disclosure and Transparency Rules for the period 1 April 2015 to 31 March 2016 [deleted]**



## Periodic fees for MTF operators payable in relation to the period 1 April 2018 to 31 March 2019

General supervisory category of MTF or OTF operator (see Note below)	Fee payable (£)	Due date
		(i) 1 August 2018; or (ii) 30 days from the date of the invoice in the case of a <i>firm</i> which receives <i>permission</i> to be <i>operating a multilateral trading facility</i> or to be <i>operating an organised trading facility</i> or whose <i>permission</i> is extended to include either activity in the course of the relevant financial year.
MTF or OTF operator has a named individual fixed portfolio supervisor	292,501	
All other MTF or OTF operators (i.e. those supervised by a team of flexible portfolio supervisors) [deleted]	27,584	
an EEA firm	0	

Note: subject to FEES 4.3.13 R, this table applies to all MTF or OTF operators with *permission* to operate an MTF or OTF as at 1 April of the applicable *fee year*; irrespective of whether, and if so when, their *permission* to operate an MTF or OTF was subsequently cancelled during that *fee year*.



## Periodic fees in respect of payment services, electronic money issuance, regulated covered bonds, CBTL business, data reporting services and third party verifiers in relation to the period 1 April 2019 to 31 March 2020

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 *data reporting services providers* (other than *incoming data reporting services providers*) under the *DRS Regulations*.

### Part 1 - Method for calculating the fee for fee-paying payment service providers

- (1) The periodic fee for *fee-paying payment service providers* is calculated by identifying the relevant activity group under Part 2 and then adding the minimum fee to an additional fee calculated by multiplying the tariff base identified in Part 3 of FEES 4 Annex 11 by the appropriate rates applying to each tranche of the tariff base as indicated in the table at Part 5. For *small payment institutions* and *small electronic money institutions* the tariff rates are not relevant and a flat fee is payable.
- (2) A *fee-paying payment service provider* may apply the relevant tariff bases and rates to 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 Part 3 of FEES 4 Annex 11 is 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.
- (3) For a *fee-paying payment service provider* which is required to comply with FEES 4.4.9 D (Information on which fees are calculated) and has not done so for this period:
  - (a) the fee is calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by the factor of 1.10; and
  - (b) an additional administrative fee of £250 is payable.
  - (c) [deleted]

### Part 1A - Method for calculating the fee for fee-paying electronic money issuers

- (1) The periodic fee for *fee-paying electronic money issuers* is calculated by identifying the relevant activity group under Part 2A and then multiplying the tariff base identified in Part 3 of 1 R by the appropriate rates applying to each tranche of the tariff base as indicated in the table at Part 5. For *small electronic money institutions*, the tariff rates are not relevant and a flat fee is payable.
- (2) A *fee-paying electronic money issuer* may apply the relevant tariff bases and rates to 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 Part 3 of 1 R is 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.

- (3) For a *fee-paying electronic money issuer* which is required to comply with FEES 4.4 (Information on which fees are calculated) and has not done so for this period:
- (a) the fee is calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by the factor of 1.10; and
  - (b) an additional administrative fee of £250 is payable.
  - (c) [deleted]

Part 1B - Method for calculating the periodic fee where the firm is both a fee-paying payment service provider and a fee-paying electronic money issuer

Add the fee calculated under Part 1 to the fee calculated under Part 1A.

Part 1C - Method for calculating the fee for an issuer of a regulated covered bond

The issuance of *regulated covered bonds* by *issuers* is linked to activity group G.15 in this annex. The periodic fees for *issuers* of *regulated covered bonds* is calculated by multiplying the tariff base relevant to G.15 in Part 3 of 1 R by the appropriate rates applying to each tranche of the tariff base as indicated in the table at Part 5.

Part 2 - Activity groups relevant to fee-paying payment service providers

This table shows how the *payment services* performed by *fee-paying payment service providers* are linked to activity groups (fee-blocks). A *fee-paying payment service provider* can use the table to identify which fee-blocks it falls into based on its authorisation or registration.

**Activity group**

**Fee payer falls into this activity group if:**

G.2 Certain deposit acceptors

it is a *fee-paying payment service provider* not falling within any of the other fee-blocks in this table

G.3 Large payment institutions and *registered account information service providers*

it is a *fee-paying payment service provider* that is an *authorised payment institution*, an *EEA authorised payment institution*, a *registered account information service provider*, an *EEA registered account information service provider*, the Post Office Limited or a *fee-paying electronic money issuer* (except if it is a *small electronic money institution*)

G.4 Small payment institutions

it is a *fee-paying payment service provider* that is a *small payment institution* or a *small electronic money institution*

G.5 - Other institutions

it is the Bank of England or a government department or local authority that provides *payment services* other than when carrying out functions of a public nature.

Part 2A - Activity groups relevant to fee-paying electronic money issuers

This table shows how the *electronic money* issuance by *fee-paying electronic money issuers* is linked to activity groups ('fee-blocks'). A *fee-paying electronic money issuer* can use the table to identify which fee-blocks it falls into based on its authorisation, registration or *permission*, as applicable.

**Activity group**

**Fee payer falls into this activity group if:**

G.10 Large *electronic money institutions*

it is a *fee-paying electronic money issuer* (except if it is a *small electronic money institution*)

G.11 *Small electronic money institutions* - it is a *small electronic money institution*

Part 2B – Activity groups relevant to *CBTL firms*

This table shows how *CBTL business* carried on by *CBTL firms* is linked to activity groups ('fee-blocks'). A *CBTL firm* can use the table to identify which fee-blocks it falls into based on its registration

Activity Group	Fee payer falls into this activity group if
G.20 <i>CBTL lender</i>	It is a <i>CBTL lender</i> and does not have <i>permission</i> to carry out any <i>regulated activities</i>
G.21 <i>CBTL arranger</i> and <i>CBTL adviser</i>	it is a <i>CBTL arranger</i> or a <i>CBTL adviser</i> and does not have <i>permission</i> to carry out any <i>regulated activities</i>

Part 2C – Activity group relevant to *data reporting services providers*

Activity Group	Fee payer falls into this group if:
G.25 <i>DRSP</i>	it is a <i>data reporting services provider</i> (other than an <i>incoming data reporting services provider</i> ).

Part 2D – Activity group relevant to *third party verifiers*

Activity Group	Fee payer falls into this group if:
G.26 <i>TPV</i>	it is a <i>third party verifier</i> .

Part 3

This table indicates the tariff base for each fee-block. The tariff base is the means by which the *FCA* measures the amount of business conducted by *fee-paying payment service providers, fee-paying electronic money issuers, CBTL firms, data reporting services providers* (other than *incoming data reporting services providers*), *firms* registered under the *Money Laundering Regulations, issuers of regulated covered bonds* and *third party verifiers*.

Activity Group	Tariff base
G.2	<b>MODIFIED ELIGIBLE LIABILITIES</b> 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 2 R</i> .
G.3	<b>RELEVANT INCOME</b> This is the sum of the following elements of the <i>firm's UK business</i> : Interest income Interest expenses Gross commissions and fees received Gross other operating income calculated in the same manner as the relevant indicator referred to in paragraph 10(3) of Schedule 3 to the <i>Payment Services Regulations</i> . For the Post Office Limited only, Relevant Income relates only to its <i>payment services</i> business.
G.4	Not applicable.
G.5	As in G.3 and Relevant Income only relates to <i>payment services</i> business.

G.10	Average outstanding electronic money as defined under regulation 2(1) of the <i>Electronic Money Regulations</i> .  This is the average total amount of financial liabilities related to <i>electronic money</i> in issue at the end of each calendar day over the preceding twelve calendar months (which is the period ending on the date set out under Part 4), calculated on the first calendar day of each calendar month and applied for that calendar month (£million).
G.11	Not applicable.
G.15	<i>Regulated covered bonds</i> issued in the 12 months ending on the valuation date and valued as at the valuation date.
G.20	Not applicable
G.21	Not applicable
G.25	Not applicable
G.26 TPV	Not applicable

#### Part 4 - Valuation period

This table indicates the valuation date for each fee-block. A *fee-paying payment service provider*, *fee-paying electronic money issuer*, a *regulated covered bond issuer* and a *third party verifier* 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

In this table, reference to specific dates or months are references to the latest one occurring before the start of the period to which the fee applies e.g. for 2010/11 fees (1 April 2010 to 31 March 2011), a reference to December means December 2009.

Where the tariff data of a *fee-paying payment service provider* or a *fee-paying electronic money issuer* is in a currency other than sterling, it must be converted into sterling at the exchange rate prevailing on the relevant valuation date.

G.2	For <i>banks</i> and <i>building societies</i> as in FEES 4 Annex 1 Part 3.
G.3	Relevant income for the financial year ended in the calendar year ending 31 December.
G.4	Not relevant.
G.5	Relevant income for the twelve months ending 31 December.
G.10	31 December.
G.11	Not relevant.
G.15	(1) The last day of the financial quarter during which the <i>issuer</i> became registered as an <i>issuer</i> in the <i>FCA</i> financial year (the 12 months ending 31 March).  (2) For subsequent <i>FCA</i> financial years, 31 December unless (3) applies.  (3) If the issuer became registered as an <i>issuer</i> between 1 January and 31 March inclusive, 31 March in respect of the <i>FCA</i> financial year immediately following the <i>FCA</i> financial year during which it became registered and 31 December in respect of all further <i>FCA</i> financial years.

G.26 TPV	A reference to a financial quarter in this box means any of the following periods: 1 April to 30 June inclusive, 1 July to 30 September inclusive, 1 October to 31 December inclusive or 1 January to 31 March inclusive.	
	Not relevant	
Part 5 - Tariff rates		
<b>Activity group</b>	<b>Fee payable in relation to 2018/19</b>	
G.2	Minimum fee (£)	515
	£ million or part £m of Modified Eligible Liabilities (MELS)	Fee (£/£m or part £m of MELS)
	> 0.1	0.5390
G.3	Minimum fee (£)	515
	£ thousands or part thousand of Relevant Income	Fee (£/£thousand or part £thousand of Relevant Income)
	> 100	0.3625
G.4	Flat fee (£)	515
G.5	As in G.3	
G.10	Minimum fee (£)	1,692
	£million or part m of average outstanding electronic money (AOEM)	Fee (£/£m, or part £m of AOEM)
	>5.0	80.00
G.11	Flat fee (£)	1,128
G.15	Minimum fee for the first registered <i>programme</i> (£)	79,184
	Minimum fee for all subsequent registered <i>programmes</i>	75% of minimum fee for first registered <i>programme</i>
	£million or part £m of <i>regulated covered bonds</i> issued in the 12 months ending on the valuation date.	Fee (£/£m or part £m of <i>regulated covered bonds</i> issued in the 12 months ending on the valuation date)
	>0.00	11.80
	For the purposes of calculating fees, any <i>regulated covered bonds</i> denominated in a currency other than sterling must be converted into sterling at the applicable exchange rate set out below.	
	Where an exchange rate hedging agreement was entered into in connection with the issuance of <i>regulated covered bonds</i> denominated in a currency other than sterling, the applicable exchange rate for those <i>regulated cover bonds</i> is the exchange rate stipulated in the exchange rate hedging agreement.	
	An exchange rate hedging agreement is any agreement entered into to hedge the market risk relating to fluctuations in exchange rates.	
	In all other cases, the applicable exchange rate is the daily spot rate available on the Bank of England's Statistical Interactive Database (the Bank of England exchange rate) applying on the valuation date. If the valuation date is not a <i>business day</i> , then the applicable exchange rate is the Bank of England exchange rate applying on the first <i>business day</i> following the valuation date.	

G.20	Flat fee (£)	416
G.21	Flat fee (£)	208
G.25	Flat fee (£) for first <i>data reporting service</i> plus 50% flat fee for each additional <i>data reporting service</i> for which the <i>data reporting services provider</i> (other than an incoming <i>data reporting services provider</i> ) has authorisation.	25,750
G.26 TPV		250

Part 7 - This table shows the modifications to fee tariffs that apply to *EEA authorised payment institutions*, *EEA authorised electronic money institutions*, and *full credit institutions* that are *EEA firms*.

Activity group	Percentage deducted from the tariff payable under Part 5 applicable to the firm	Minimum amount payable
G.2	40%	
G.3	40%	
G.10	40%	

## Definition of annual income for the purposes of calculating fees in fee blocks A.13, A.14, A.18, A.19 and B. Service Companies, Recognised Investment Exchanges, Regulated Benchmark Administrators and Claims Management Companies

### Annual income definition

#### General definition for all relevant fee-blocks (other than where the firm is an operator of a Recognised Investment Exchange, a Benchmark Administrator or a Claims Management Company)

"Annual income" for a particular fee block (the "relevant fee block") is the gross inflow of economic benefits (i.e. cash, receivables and other assets) recognised in the *firm's* accounts during the reporting year in respect of, or in relation to, the provision in the UK of the *regulated activities* specified in FEES 4 Annex 1A R Part 1 as belonging to the relevant fee block .

The figure should be reported for the relevant fee block without netting off the operating costs or business expenses, but including:

(a) all brokerages, *commissions*, *fees*, and other related income (for example, administration *charges*, *overrides*, profit shares etc) due to the *firm* in respect of, or in relation to, the provision in the UK of the *regulated activities* specified in FEES 4 Annex 1A R Part 1 as belonging to the relevant fee block and which the *firm* has not rebated to *clients* or passed on to other *authorised firms* (for example, where there is a commission chain).

PLUS:

(b) any ongoing *commission* from previous business received by the *firm* during the reporting year.

PLUS:

(c) the "fair value" of any goods or services the *firm* provided to *clients*. This is the *commission equivalent* or an estimate of the amount the *firm* would otherwise have received for any *regulated activity* under (a) above, but for which it has made a business decision to waive or discount its charges.

#### Definition for Recognised Investment Exchanges

"Annual income" for a *recognised investment exchange* is the gross inflow of economic benefits (i.e. cash, receivables and other assets) recognised in the *firm's* accounts during the reporting year in respect of, or in relation to activities that comprise a necessary part of an exchange's business as an investment exchange. This should include all revenues the *firm* derives from operating *multilateral trading facilities* and *organised trading facilities*.

For the purposes of calculating annual income of the *recognised investment exchange* include amounts received in relation to the operation of its markets; access to those markets; the submission, management and execution of orders; quotes or transactions on those markets; the supply of pre-and post- trade transparency information about those markets; fees for *admission to trading* or listing; membership of connectivity charges; fees for order execution or management; trade reporting; market data and any other relevant revenue streams.

#### Where the firm is a Regulated Benchmark Administrator

"Annual income" for a *regulated benchmark administrator* is the gross inflow of economic benefits (i.e. cash, receivables and other assets) recognised in the *firm's* accounts during the reporting year in respect of, or in relation to activities in the UK that comprise a necessary part of its business as a *regulated benchmark administrator*.

Where the sales and marketing of a benchmark are undertaken by a separate legal entity, the *regulated benchmark administrator* is responsible for identifying the relevant income and reporting it to

**Annual income definition**

us as its own income. To avoid double counting, the *regulated benchmark administrator* should report only the income from sales in the *UK* and exclude any amount paid to it from that income to pay for its expenses as a *regulated benchmark administrator*.

**Where the firm's regulated activities are carried on by an appointed representative of the firm**

The *firm's* annual income must include income received by an *appointed representative* carrying a *regulated activity* in a relevant fee block on behalf of the *firm*.

The *appointed representative's* annual income must be calculated in the same way as the *firm's*. However, to avoid double counting, the *appointed representative's* annual income must not include any income also recognised in the *firm's* accounts, including income recognised as a result of a commission sharing arrangement with the *appointed representative*.

**Where the relevant fee-block is fee-block A.18**

For the purposes of calculating annual income for fee-block A.18, also include the following:

(d) for any *home finance mediation activity* carried out by the *firm* for which it receives payment from the lender or provider on a basis other than that in (a), the value of all new mortgage advances and amounts provided under other *home finance transactions* resulting from that activity multiplied by 0.004;

PLUS:

(e) if the *firm* is a *home finance provider*, the value of all new mortgage advances and amounts provided under other *home finance transactions* which are *regulated mortgage contracts*, *home purchase plans*, *home reversion plans* or *regulated sale and rent back mediation activity*, multiplied by 0.004m, excluding mortgage advances and *home finance transactions* which result from *home finance mediation activity* carried on by another *firm*, where payment has been made by the *home finance provider* to that other *firm* under (a);

PLUS:

(f) for *firms* whose *permission* includes *administering regulated mortgage contracts*, but not entering into a *regulated mortgage contract* and *firms* whose *permission* includes *administering a home finance transaction* but not entering into a *home finance transaction*, and in either case whose *permission* does not include *advising on a home finance transaction*, the relevant amounts are multiplied by 0.15.

**Where the relevant fee-block is fee-block A.19**

For the purposes of calculating annual income for fee-block A.19, also include the following:

(g) in relation to any activities in (a), for any *insurance distribution activity* carried out by the *firm* for which it receives payment from the *insurer* on a basis other than that in (a), the amount of *premiums* receivable on its *contracts of insurance* multiplied by 0.07;

PLUS:

(h) if the *firm* is an *insurer* in relation to the activities in (a), the amount of *premiums* receivable on its *contracts of insurance* multiplied by 0.07, excluding those *contracts of insurance* which:

- result from *insurance distribution activity* by another *firm*, where payment has been made by the *insurer* to the *firm* under (a); or

- are not *general insurance contracts* or *pure protection contracts*.

AND

(i) for the purposes of calculating annual income for fee-block A.19:

- the provision in the *UK* of the *regulated activities* specified in FEES 4 Annex 1A Part 1 as belonging to the relevant fee block includes the provision of activities that would have been *insurance distribution activity* in relation to *general insurance contracts* or *pure protection contracts* if they had been carried on after 13 January 2005 or, in relation to *connected travel insurance contracts*, from 1 January 2009; - a reference to a "*firm*" includes a reference to any *person*, including a *connected travel*

**Annual income definition**

*insurance intermediary*, who carried on activities which would be *insurance distribution activity* (in respect of *general insurance contracts* or *pure protection contracts*) if they had been carried on after 13 January 2005 or, in relation to *connected travel insurance contracts*, from 1 January 2009. Guidance on the interpretation of this definition is presented in FEES 4 Annex 13 G.

**Where the firm is a Claims Management Company (fee-block claims management company)**

Income is defined as turnover.

“Turnover” means the sum of the amounts paid to, or received by, an authorised *claims management company* in respect of *regulated claims management activities* in *Great Britain*, including:

- (j) charges, commission, the share of any compensation, fees and subscriptions;
- (k) the monetary value of any services received by the *claims management company* where it makes no payment for those services or where the payment received is worth less than the monetary value of the services; and
- (l) the monetary value of any advertising in respect of the *claims management company* that it has not paid for out of funds referred to in sub-paragraphs (j) and (k).



## Definition of annual income for the purposes of calculating fees in fee blocks CC1 and CC2

### (1) Annual income definition for *credit related regulated activities*

“Annual income” is the gross inflow of economic benefits (i.e. cash, receivables and other assets) recognised in the *firm's* accounts during the reporting year in respect of, or in relation to, the provision in the UK of the *regulated activities* specified in FEES 4 Annex 1AR Part 1 as belonging to fee-blocks CC1 or CC2 as applicable.

The figure should be reported without netting off the operating costs or business expenses, but including:

(a) all interest received on loans, brokerages, *commissions, fees*, and other related income (for example, administration *charges, overrides, profit shares* etc) due to the *firm* in respect of, or in relation to, the provision in the UK of the *credit-related regulated activities* specified in FEES 4 Annex 1AR Part 1 as belonging to fee-blocks CC1 and CC2 and which the *firm* has not rebated to *clients* or passed on to other authorised firms (for example, where there is a commission chain).

(aa) In the case of *consumer hire agreements*, interest should be calculated as the total revenue over the period of the lease minus depreciation of the asset over the same period. Where depreciation is not recorded in the accounts and a *firm* uses its own internal conventions for calculating depreciation, it must be ready on request to demonstrate that its methodology uses straight-line depreciation or an alternative depreciation method in line with the UK Financial Reporting Standard (FRS 102) or *International Accounting Standards (IAS)*. In the absence of internal conventions for calculating depreciation, the assumption should be made that the asset depreciates to zero over the period (or minimum period) of the lease, or (if no period is specified) over a reasonable period.

Plus:

(b) any ongoing *commission* from previous business received by the *firm* during the reporting year.

(ba) any vouchers, reward cards or other benefits staff have received from other *firms* as recompense for making introductions as a *credit broker*.

Plus:

(c) the “fair value” of any goods or services the *firm* provided to *clients*. This is an estimate of the amount the *firm* would otherwise have received for any *regulated activity* under (a) above, but for which it has made a business decision to waive or discount its charges.

Plus:

(d) [deleted]

Or

(e) The figure must be reported using the proxy measure of annual income if the *firm* receives no annual income of the type in 1(a) to (c) and meets the criteria in (2).

### (2) Proxy measure of annual income

(a) A *firm* that receives no annual income of the type in 1(a) to (c) must report its annual income using the proxy measure in (b) if:

(i) its main business is to sell goods or supply services, and is not to carry on a credit activity in 2(a)(ii) or 2(a)(iii);

and

(ii) it carries on:

(aa) *credit broking* in relation to *credit agreements*, except for *credit broking* in relation to buy-to-let mortgages; or

(bb) *entering into a regulated credit agreement as lender*;

or

(iii) it carries on:

(aa) *credit broking* in relation to *consumer hire agreements*; or

(bb) *entering into a regulated consumer hire agreement as owner*.

(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 *firm's accounting reference date*.

(iv) any proxy income should be calculated on the basis of the Bank of England base rate in force at the time of submission.

**(3) Where the firm's regulated activities are being carried on by an appointed representative of the firm**

The *firm's* annual income must include income received by an *appointed representative* carrying a *regulated activity* in a relevant fee block on behalf of the *firm*.

The *appointed representative's* annual income must be calculated in the same way as the *firm's*. However, to avoid double counting, the *appointed representative's* annual income must not include any income also recognised in the *firm's* accounts, including income recognised as a result of a commission sharing arrangement with the *appointed representative*.

Guidance on the interpretation of this definition is presented in Table 2 of FEES 4 Annex 13 G.

## Guidance on the calculation of tariffs set out in FEES 4 Annex 1AR Part 3

The following table sets out *guidance* on how a *firm* should calculate tariffs for fee-block A.4.

### Gross written premium for fees purposes (GWP) and Best estimate liabilities for fees purposes (BEL) - calculation of new regular premium business

(1) 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 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 4.3.17R explains in whose tariff base it should be included.

(2) Best estimate liabilities for fees purposes should take account of all of A's business, including all new business transferred from B.



## Guidance on the calculation of tariffs set out in FEES 4 Annex 1AR Part 3

Table 1

The following table sets out *guidance* on how a *firm* should calculate tariffs for fee blocks A.13, A.14, A.18, A.19 and B. Service Companies, Recognised Investment Exchanges, Regulated Benchmark Administrators and Claims Management Companies.

Calculating and apportioning annual income - FEES 4 Annex 11AR

### Calculating annual income

Defining relevant income streams

- (1) The *firm* should refer to the fee-block definitions in FEES 4 Annex 1AR, Part 1 to decide which particular income streams should be taken into account when calculating its annual income for the purposes of fee-blocks A.13, A.14, A.18, A.19 and B. Service Companies, Recognised Investment Exchanges and Benchmark Administrators.
- (2) For the avoidance of doubt, the only income streams reportable for a relevant fee-block are those income streams which relate to a *regulated activity* listed in that fee-block. Income streams that do not relate to a *regulated activity* listed in the relevant fee-block should not be reported. *Service companies*, operators of *recognised investment exchanges* and *regulated benchmark administrators* should report the income relating to each of these activities, excluding income from any other activities in the B fee-block on which they pay FCA fees. Operators of *recognised investment exchanges* should include all income derived from operating *multi-lateral trading facilities* and *organised trading facilities*.  
  
Under FEES 4 Annex 11AR, where the sales and marketing of a benchmark are undertaken by a separate legal entity within the same *group*, the income generated as a result is also deemed to relate to the *regulated activity* carried on by the *benchmark administrator* and so should be reported to the FCA by the *benchmark administrator* as its own income (for fees setting purposes).  
  
*Firms* should exclude from the calculation of their annual income for any particular fee-block all income directly derived from the performance of *regulated activities* belonging to other fee-blocks. For example:
  - (a) interest from loans made in the course of providing or administering home finance (A.2) should be excluded from commission earned from arranging home finance agreements (A18);
  - (b) premium interest from carrying out or effecting life insurance contracts (A.3), income from managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyds (A.5) should be excluded from commissions for arranging general insurance (A.19);
  - (c) income from managing investments, collective investment schemes or pensions schemes (A.7 or A.9) or income from operating multi-lateral trading facilities (FEES 4 Annex 10R) should be ex-

cluded from income derived from investment intermediation (A.13) or operating a *recognised investment exchange* or administering a *specified benchmark*.

- (3) *Firms* should only include revenue streams that relate to *regulated activities* which are carried on 'in the *United Kingdom*'. In many cases, it will be quite straightforward to identify where an activity is carried on. But when there is a cross-border element, for example because a client is outside the *United Kingdom* or because some other element of the activity happens outside the *United Kingdom*, the question may arise as to where the activity is carried on. PERG 2.4 generally and PERG 4.11 regarding activities relating to *regulated mortgage contracts*, PERG 5.12 regarding activities relating to *insurance distribution activities* and PERG 14.6 regarding *home reversion plans* and *home purchase plans* describe the legislation that is relevant to this question and gives the *FCA's* views on various scenarios.

#### Reporting period

- (4) Except for *claims management companies*, the "reporting year" is the *firm's* financial year end during the calendar year prior to the *FCA fee year*. This *fee year* starts on 1 April. This is specified in part 5 of FEES 4 Annex 1A.

- (5) The income that should be included is the income that was recognised in the accounts of the relevant reporting year. This means that some income due may not be reported until the following year because it has not yet been recognised in the accounts, while other income may be carried forward from previous years.

#### Fair value

- (6) Except in relation to fee-block A.18 and A.19 where one or more of paragraphs (d) to (f) or (g) to (i) of FEES 4 Annex 11A apply, the *firm* should report a "fair value" price for any services for which it has made a business decision not to charge to *clients*.

We consider fair value to refer to the amount at which goods or services could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced or liquidation sale.

For example, where a *firm* has forgone or discounted the *commission* or *fee* would actually have charged but for the business decision to grant a discount in a particular case or on a temporary basis, it should report the amount it would have otherwise have charged for providing equivalent activities.

In the case of *home finance mediation* in fee-block A.18 and general insurance intermediation in fee-block A.19 where one or more of paragraphs (e) to (f) or (g) to (i) of FEES 4 Annex 11A apply, instead of asking for firms to estimate fair value, certain ratios are prescribed in FEES 4 Annex 11BR where the *client* is not charged directly for the service provided.

#### Inclusions

- (7) Annual income should include:

- (a) all amounts due to the *firm* arising out of the *regulated activities* referred to in the relevant fee block for which the *firm* holds *permission*, including regular *charges* and instalments due to the *firm* during the reporting year;

	(b)	any payment from a parent to facilitate the discounting or forgoing of any amounts that would otherwise be charged in full to a <i>client</i> , to the extent that the payment exceeds the "fair value" price reported in accordance with paragraph (6) above;
	(c)	(i) amounts earned by a <i>firm's appointed representative</i> when carrying on a <i>regulated activity</i> for the <i>firm</i> to which FEES 4 Annex 11A applies; and  (ii) amounts earned by a <i>person</i> who will become the <i>firm's appointed representative</i> immediately after <i>authorisation</i> ;
	(d)	administrative charges and any interest from income related to the <i>regulated activities</i> specified in the relevant fee block.
(8)	Additional inclusions in respect of fee-block A.18:	
	(a)	a <i>firm</i> must include in paragraph (a) any survey and booking fees due to it in respect of <i>home finance mediation activity</i> .
Prohibited deductions		
(9)	Deductions should not be made for:	
	(a)	bad debts;
	(b)	customer benefits such as cash rewards, complimentary travel insurance, air miles vouchers etc.;
	(c)	items such as general business expenses (e.g. employees' salaries and overheads);
	(d)	finances or penalties levied against the <i>firm</i> ;
	(e)	commission a <i>firm</i> pays another party to arrange a transaction with a <i>client</i> unless it receives a <i>fee</i> in respect of the same transaction;
	(f)	the difference (if positive) between the fee payable by a <i>firm</i> to another party for arranging a transaction and the amount payable to the <i>firm</i> by the end <i>client</i> in respect of that transaction (here, the <i>firm</i> must net any excess payable by the end <i>client</i> to zero);
	(g)	payments made to <i>clients</i> by way of redress.

## Exclusions

(10)

The following should be excluded from the calculation of annual income:

- (a) To avoid double-counting, amounts which have been passed on to other *firms* may be excluded from the calculation of annual income, for example, where there is a commission chain. Transfers of income to other *firms* may be especially common within *groups* where, to present a single interface to *clients*, all amounts due to the *group* may be collected by one *firm* for subsequent redistribution to other *firms* within the group. It is for *groups* themselves to decide the most convenient way to report such annual income - i.e. whether the *firm* which receives the full amount should declare that full amount, or whether each *firm* in the *group* should report its separate distribution.
- (b) Any payment from a parent to facilitate the discounting or forgoing of any amount that would otherwise be charged in full to a *client* should be excluded to the extent that the payment does not exceed or equal the "fair value" price reported in accordance with paragraph (6) above.
- (c) Rebates to *customers* and *fees* or *commissions* passed onto other *firms* should be excluded.
- (d) *Authorised professional firms* should exclude the income from *non-mainstream regulated activities*. They may estimate the proportion of their business that is derived from those activities and split the income from individual invoices accordingly.
- (e) For the avoidance of doubt, income relating to or in respect of an activity is not part of annual income for the purposes of the definition in FEES 4 Annex 11A to the extent that the activity benefits from the exclusion in article 69 of the Financial Services and Markets Act 2000 (Regulated Activities Order) 2001 (Groups and joint enterprises). *Firms* should refer to the *guidance* on the application

of this exclusion is contained in PERG 2.9.

### Apportioning annual income

Where a *firm* cannot separate its income on the basis of activities, it may apportion the income on the basis of the proportionate split of business that the *firm* otherwise undertakes. For instance:

- (1) If a *firm* receives annual income from a platform-based business it may report this in line with a wider breakdown of its activities.
- (2) A *firm* providing corporate finance advice which does not maintain records of the split between *regulated activities* and non-regulated activities for individual cases may calculate that regulated business accounts for a certain proportion of its business overall and apply that as a multiplier across its income.
- (3) A *firm* may allocate ongoing *commission* from previous business on the basis of the type of *firm* it receives the *commission* from. This avoids tracking back legacy business which may no longer match the provider's current business model.
- (4) An *authorised professional firm* may estimate the proportion of its business that is derived from *regulated activity* and split its income for individual invoices accordingly.
- (5) If a *firm* has invested income from *regulated activities*, then any interest received should be reported as income, in proportion to the volume of regulated business it undertakes to avoid tracking back old payments.
- (6) *Firms'* systems ought to be able to distinguish *UK* from non-*UK* business to establish which conduct of business regime it was conducted under. If, however, they do not relate the figures back to income streams for the specific *regulated activities* in a particular fee-block then the *firm* may make a proportionate split as described above, calculating its regulated *UK* income on the basis of the overall split between *UK* and overseas income.
- (7) It is for individual *firms* to determine how they should calculate the appropriate split of income. The *FCA* is not prescriptive about the methodology. It requires only that:
  - (a) the approach should be proportionate - the *FCA* is looking for *firms* to make their best efforts to estimate the split;
  - (b) the *firm* must be able on request to provide a sound and clearly expressed rationale for its approach - for example, if all invoices were analysed over a particular period, the *firm* should be able to justify the period as representative of its business across the year;
  - (c) the methodology should be objective - for example, based on random sampling of invoices or random stratified sampling;
  - (d) the *firm* must on request be able to provide an audit trail which demonstrates that the choice of methodology was properly considered at an appropriate level or in the appropriate forums within the *firm*,

and the decision periodically reviewed at the same level or in an equivalent forum.

Table 2

The following table sets out *guidance* on how a *firm* should calculate tariffs for fee blocks CC.1 and CC.2.

### Calculating and apportioning annual income - FEES 4 Annex 11BR

#### Calculating annual income

##### Defining relevant income streams

- (1) *Firms* should report the total income from the *credit-related regulated activities* for which they have *permission*.
- (2) *Firms* should only include revenue streams that relate to *regulated activities* which are carried on 'in the *United Kingdom*'. In many cases, it will be quite straightforward to identify where an activity is carried on. But when there is a cross-border element, for example because a client is outside the *United Kingdom* or because some other element of the activity happens outside the *United Kingdom*, the question may arise as to where the activity is carried on. PERG 2.4 describes the legislation that is relevant to this question.

##### Reporting period

- (3) The "reporting year" is the *firm's* financial year end during the calendar year prior to the *FCA fee year*. This *fee year* starts on 1 April. This is specified in part 5 of FEES 4 Annex 1A.
- (4) The income that should be included is the income that was recognised in the accounts of the relevant reporting year. This means that some income due may not be reported until the following year because it has not yet been recognised in the accounts, while other income may be carried forward from previous years.

##### Fair value

- (5) The *firm* should report a "fair value" price for any services for which it has made a business decision not to charge to *clients*. We consider fair value to refer to the amount at which goods or services could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced or liquidation sale.
- Some examples where fair value may be relevant in the context of consumer credit are:
- (a) "Imputed interest": where a loan has been provided interest-free or at a discounted rate, the charge should be rounded up to the prevailing rate normally chargeable to a *client* with a similar credit rating;
- (b) "Commission-equivalent" or "fee-equivalent": where a *firm* has foregone or discounted the *commission* or *fee* it would actually have charged but for the business decision to grant a discount in a particular case or on a temporary basis, it should report the amount it would otherwise have charged for providing equivalent *credit-related regulated activity*.
- (6) *Firms* should not estimate a fair value where:
- (a) there is a statutory prohibition on charging interest (such as bankruptcy debts); or
- (b) they have reduced or suspended their normal charging structure because the debtor is unable to meet contractual repayments

and an alternative repayment arrangement has been agreed with the creditor; or

(c) they have made a "borrower-lender-supplier" agreement to allow a customer to pay the cash price of goods or services in instalments - any penalties or interest charged where the customer is in default should be declared as income.

(6A)

[deleted]

(6B)

Proxy measure of annual income FEES 4 Annex 11BR(2)

FEES 4 Annex 11BR(2) sets out the proxy measure of annual income for a *firm* defined in FEES 4 Annex 11BR(1)(e). An example of what a *firm* would report as a proxy measure of annual income is provided below:

If a *firm* enters into a *regulated credit agreement as lender*:

(a) providing a gross loan amount of £1,000;

(b) to enable a *customer* to purchase goods from it priced at £1,000; and

(c) the Bank of England base rate on the final day of the *firm's accounting reference date* is 0.5%;

the *firm* should report:  $(5\% + 0.5\%) \times (£1000) = £55$

(Historic Bank of England base rates (currently known as the Official Bank Rate) are available here: <http://www.bankofengland.co.uk/statistics/Documents/rates/baserate.pdf>)

Inclusions

(7)

Annual income should include:

- (a) all amounts due to the *firm* arising out of *credit-related regulated activities* for which the *firm* holds *permission*, including regular *charges* and instalments due to the *firm* during the reporting year;
- (b) income received in relation to the provision of current account overdrafts interest charges, arrangement fees and credit cards charges;
- (c) any payment from a parent to facilitate the discounting or forgoing of any amounts that would otherwise be charged in full to a *client*, to the extent that the payment exceeds the "fair value" price reported in accordance with paragraph (5) above;
- (d) (i) amounts earned by the *firm's appointed representatives* when carrying on a regulated activity for the *firm* to which FEES 4 Annex 11B R applies; and

Prohibited deductions

(8)

Deductions should not be made for:

- (a) bad debts;
- (b) customer benefits such as cash rewards, complimentary travel insurance, air miles vouchers etc;
- (c) items such as general business expenses (eg, employees' salaries and overheads);
- (d) fines or penalties levied against the *firm*;
- (e) commission a *firm* pays to another party to arrange a transaction with a *client* unless it receives a *fee* in respect of the same transaction;
- (f) the difference (if positive) between the fee payable by a *firm* to another party for arranging a transaction and the amount payable to the *firm* by the end *client* in respect of that transaction (here, the firm must net any excess payable by the end client to zero);
- (g) payments to *clients* made by way of redress; and
- (h) commission or fees clawed back by a third party *firm* in subsequent years, for example because a *client* introduced by a *credit broker* to a *lender* repays a loan early or defaults.

(ii) amounts earned by a *person* who will become the *firm's appointed representative* immediately after *authorisation*; and administrative charges and any interest from income related to its *credit-related regulated activity*.

Exclusions

(9)

The following should be excluded from the calculation of annual income:

- (a) Any income arising from business which is not a *credit-related regulated activity*.
- (b) (i) Repayments of principal lent by the *firm* in the course of it carrying on a *credit-related regulated activity* and (ii) sums received by the *firm* in exchange for the rights to principal owed to the *firm* where the principal was lent by the

- firm* in the course of carrying on a *credit-related regulated activity* and where the rights are not sold at a premium to the value of the principal outstanding, should not be included. By the same token, the money a *firm* has received for the purpose of lending on to consumers as principal (e.g. money raised through wholesale borrowing, grant-aid, intra-group transfers, etc) should not be treated as income.
- (c) On the same principle, the income on debt purchase is the difference between the price paid for the purchased book and the amount collected.
- (d) To avoid double-counting, amounts which have been passed on to other *firms* carrying on *credit-related regulated activity* may be excluded from the calculation of annual income, for example where there is a commission chain. Transfers of income to other *firms* may be particularly common within *groups* where, to present a single interface to *clients*, all amounts due to the *group* may be collected by one *firm* for subsequent redistribution to other *firms* within the *group*. It is for *groups* themselves to decide the most convenient way to report such annual income, ie whether the *firm* which receives the full amount should declare that full amount or whether each *firm* in the *group* should report its separate distribution.
- (e) Any payment from a parent to facilitate the discounting or forgoing of any amount that would otherwise be charged in full to a *client* should be excluded to the extent that the payment does not exceed or equal the "fair value" price reported in accordance with paragraph (6) above.
- (f) Rebates to *customers* and *fees* or *commissions* passed onto other *firms* should be excluded.
- (g) The costs of wholesale funding should be excluded from the calculation - ie interest payments

- on money borrowed in order to lend on to customers.
- (h) If the total income a *firm* reports to us in one year includes an estimate for potential income which had been recognised in the accounts but not in practice received, and which has subsequently been written off as a bad debt, the amount may be deducted from the following year's reported income.
- (i) Any debit backs deducted from an intermediary by a lender where a customer settles the loan early or defaults.
- (j) *Authorised professional firms* should exclude the income from *non-mainstream regulated activities*. They may estimate the proportion of their business that is derived from those activities and split the income from individual invoices accordingly.
- (k) For the avoidance of doubt, income relating to operating current accounts and debit card transactions should be excluded except where the income relates to the provision of overdrafts (see paragraph (6)(c) above).
- (l) For the avoidance of doubt, income relating to or in respect of an activity is not part of annual income to the extent that the activity benefits from the exclusion in article 69 of the Financial Services and Markets Act 2000 (Regulated Activities Order) 2001 (Groups and joint enterprises). *Firms* should refer to the *guidance* on the application of this exclusion is contained in PERG 2.9.
- (m) Where a *consumer hire agreement* is open ended, its term should be taken as the period over which depreciation is calculated to zero. If the agreement is in practice terminated before depreciation reaches zero, the residual value may not be subtracted from the revenue. Where an agreement ends before depreciation reaches zero, but is subsequently renewed, the residual value of the asset should determine its cost at the beginning of the new agree

ment and depreciation recalculated accordingly. For example, if the cost of the asset at the start of the original agreement was £500 and depreciation was 80%, then its residual value carried forward to the new agreement would be £100. If the asset was assumed to depreciate to zero during the original agreement, then there is no residual value to carry forward and the income for the second agreement would be the total revenue from the lease.

### Apportioning annual income

Where a *firm* cannot separate its income on the basis of *credit-related regulated activities*, it may apportion the income on the basis of the proportionate split of business that the *firm* otherwise undertakes. Examples are outlined below.

- (1) If a *firm* receives annual income from a platform-based business it may report this in line with a wider breakdown of its activities.
- (2) A *firm* may allocate ongoing *commission* from previous business on the basis of the type of *firm* it receives the *commission* from. This avoids tracking back legacy business which may no longer match the provider's current business model.
- (3) If a *firm* has invested income from *credit-related regulated activities*, then any interest received should be reported as income, in proportion to the volume of business relating to *credit-related regulated activities* it undertakes to avoid tracking back old payments.
- (4) *Firms'* systems ought to be able to distinguish *UK* from non-*UK* business to establish which conduct of business regime it was conducted under. However, if, a *firm* has a mix of business and its systems do not relate the figures back to the income streams from *credit-related regulated activities*, then it may make a proportionate split as described above, calculating its regulated *UK* income on the basis of the overall split between *UK* and non-*UK* income.
- (5) An *authorised professional firm* may estimate the proportion of its business that is derived from *regulated activity* and split its income for individual invoices accordingly.
- (6) It is for individual *firms* to determine how they should calculate the appropriate split of income. The *FCA* is not prescriptive about the methodology. It requires only that:
  - (a) the approach should be proportionate - the *FCA* is looking for *firms* to make their best efforts to estimate the split;
  - (b) the *firm* must be able on request to provide a sound and clearly expressed rationale for its approach - for example, if all invoices were analysed over a particular period, the *firm* should be able to justify the period as representative of its business across the year;

(c)

the methodology should be objective - for example, based on random sampling of invoices or random stratified sampling; and

(d)

the *firm* must on request be able to provide an audit trail which demonstrates that the choice of methodology was properly considered at an appropriate level or in the appropriate forums within the *firm*, and the decision periodically reviewed at the same level or in an equivalent forum.

## UKLA periodic fees for the period from 1 April 2018 to 31 March 2019

Part 1 Base fee		
Activity group or invoice code (Note 1)	Description	Base fee payable (£)
E.1	Discontinued	
E.2	Premium listed issuer	<i>A listed issuer of equity shares and certificates representing shares with a premium listing (see Note 2)</i> 5,355
E.3	Standard listed issuer	<i>A listed issuer of shares and certificates representing certain securities with a standard listing and not with a premium listing (see Note 2)</i> 20,285
E.4	Discontinued	
E.5	Discontinued	
E.6	Non-listed issuer (in DTR)	<i>A non-listed issuer (in DTR)</i> 0
E.7	Primary information provider	<i>A primary information provider</i> 16,920
ES.01	Sponsor	<i>A sponsor (see Note 3)</i> 28,190
Notes		
Note 1	The 'E' activity groups are codes that appear on FCA invoices for periodic fees.	
Note 2	<p><i>A listed issuer of shares and certificates representing certain securities</i> need not pay periodic fees if the following conditions apply:</p> <p>(1) the <i>listed issuer</i>, or a related entity, has already paid a periodic fee in respect of the period concerned; or</p> <p>(2) the <i>listed issuer</i> is subject to <i>listing rules</i> as a result of a <i>reverse takeover</i>; or</p> <p>(3) the <i>listed issuer</i> is a newly formed entity, created as a result of a restructuring.</p>	
Note 3	In the case of approval of a <i>sponsor</i> following a change of legal status in accordance with FEES 3 Annex 1R Part 7, the balance of the fees otherwise due from the original <i>sponsor</i> is due from the <i>sponsor</i> that is a result of the change of legal status.	
Part 2 Variable fee additional to base fee		
Activity Group	Market capitalisation as at the last <i>business day</i> of the November prior to the <i>fee-year</i> in which the fee is payable in £million	Fee payable in £per £million or £part million

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E.2	Premium listed issuer (as described in Part 1)	0 - 100	0
		> 100 - 250	27.457725
		> 250 – 1,000	10.594000
		> 1,000 – 5,000	6.521042
		> 5,000 – 25,000	0.159068
		> 25,000	0.051391

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### Fees relating to the recognition of benchmark administrators and the endorsement of benchmarks for the period 1 April 2018 to 31 March 2019

Activity group	Fee payable
<i>A third country legal representative</i>	12,500
<i>A benchmark endorser</i>	7,500

