

Temporary Permissions Regime (TPR) and Financial Service Contracts Regime
(FSCR) – periodic fees

Chapter 4A

Temporary Permissions
Regime (TPR) and Financial
Service Contracts Regime
(FSCR) – periodic fees



4A.1 Introduction

Application

4A.1.1 **R** This chapter applies to *TP persons*.

Purpose

4A.1.2 **G** The purpose of this chapter is to set out the requirements on *TP persons* to pay periodic fees. For the avoidance of doubt, the definition of *TP persons* includes *supervised run-off firms* but not *CRO firms*. Only **■** FEES 4A.2.1R and **■** FEES 4A Annex 4R apply to *CRO firms*.

4A.1.3 **G** The detail of the special project fees payable by certain *TP persons* and *CRO firms* is set out in **■** FEES 4A Annex 3R and **■** FEES 4A Annex 4R respectively.

4A.2 Obligation to pay periodic fees

4A.2.1 **R** A *TP person* must pay periodic fees applicable to it:

- (1) in full and without deduction by 1 August or, if later, within 30 days of the *fee year* to which the sum relates, unless modified by **■ FEES 4A.2.2R**; and
- (2) in accordance with the *rules* in this chapter.

A *TP person* or a *CRO firm* must pay any special project fees applicable to it under **■ FEES 4A Annex 3R** or **■ FEES 4A Annex 4R** respectively.

4A.2.2 **R** If a *TP firm's* periodic fee for the previous financial year was at least £50,000, the *TP firm* must pay:

- (1) an amount equal to 50% of the periodic fee payable for the previous year, by 1 April (or if later, within 30 days of the date of the invoice) in the *financial year* to which the sum due under **■ FEES 4A.2.1R** relates; and
- (2) the balance of the periodic fee due for the current *financial year* by 1 September (or if later, within 30 days of the date of the invoice) in the *financial year* to which that sum relates.

Calculation of periodic fees for TP persons, excluding TPR funds

4A.2.3 **R** Periodic fees for *TP persons*, excluding *TPR funds*, are calculated as follows:

- (1) identify each of the activity groups set out in Parts 1, 3 and 4 of **■ FEES 4A Annex 1R** that apply to the business of the *TP person* (excluding *TPR funds*) for the relevant period (for this purpose, the activity groups under **■ FEES 4A Annex 1R** are defined in accordance with Part 1 of **■ FEES 4 Annex 1AR** and Part 2 of **■ FEES 4 Annex 11R**);
- (2) calculate the size of the *TP person's* tariff base for the activity groups identified under (1) using:
 - (a) the tariff base calculations in Part 3 of **■ FEES 4 Annex 1AR** and Part 3 of **■ FEES 4 Annex 11R** (including only business undertaken from a *branch* in the UK); and
 - (b) the valuation date requirements in Part 5 of **■ FEES 4 Annex 1AR** and Part 4 of **■ FEES 4 Annex 11R**;

- (3) multiply the value of the *TP person's* tariff base by the rate applicable to each band of tariff base under ■ FEES 4A Annex 1R;
- (4) work out whether a minimum fee is payable under Part 2 of ■ FEES 4A Annex 1R and if so how much;
- (5) add together the fixed sums, as set out in the tables in Parts 1, 3 and 4 of ■ FEES 4A Annex 1R, applicable to each band identified under (1);
- (6) add together the amounts in (3), (4), and (5); and
- (7) the amount in (6) is the amount of periodic fees payable by the *TP person*.

4A.2.4 **R** For the purposes of ■ FEES 4A.2.3R:

- (1) a *TP person* may apply the relevant tariff bases and rates to its non-UK business, as well as to its UK business, if:
 - (a) it has reasonable grounds for believing that the costs of identifying the *TP person's* UK business separately from its non-UK business in the way described in Part 3 of ■ FEES 4 Annex 1AR and Part 3 of ■ FEES 4 Annex 11R 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 4A.2.5R, or, if earlier, at the time it pays the fees concerned.
- (2) for a *TP person* which has not complied with ■ FEES 4A.2.5R for this period, the periodic fee is calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by the factor of 1.10.

Information on which TP person's periodic fees are calculated

4A.2.5 **R** A *TP person*, excluding *TPR funds*, 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 and Part 4 of ■ FEES 4 Annex 11R) of each element of business on which the periodic fee payable by the *TP person* is to be calculated.

4A.2.6 **R** A *TP person* 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 4A.2.3R 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 and Part 4 of ■ FEES 4 Annex 11R in relation to fees payable to the FCA.

4A.2.7 **R** For a *TP person* which has not complied with ■ FEES 4A.2.6R for the period covered by ■ FEES 4A Annex 1R:

- (1) 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

(2) an additional fee of £250 is payable, unless the *TP person* also pays periodic fees under the *PRA Rulebook* in which case an additional fee of £125 is payable instead.

4A.2.8 **R** If a *TP person*, other than a *TPR fund*, is subject to *Solvency II Directive* 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 *TP person* 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.

Periodic fees commencement

4A.2.9 **R** Periodic fees payable by *TP persons* under ■ FEES 4A.2.1R relate to the whole of any fee year and are due for payment from the commencement of the fee year unless the modification in ■ FEES 4A.2.9AR applies. Any payment made under ■ FEES 4A.2.1R is not refundable.

4A.2.9A **R** Where a *CRO firm* becomes a *supervised run-off firm*, the periodic fee payable under ■ FEES 4A.2.1R will be pro-rated over the remaining number of calendar *months* of the *fee year* that it is a *supervised run-off firm*.

Periodic fees for TPR funds

4A.2.10 **R** Periodic fees for *TPR funds* are set out in ■ FEES 4A Annex 2R.

FEES 4 rules incorporated into FEES 4A by cross-reference

4A.2.11 **G** The *FCA Handbook* provisions relating to the periodic fees for *TP persons* including *supervised run-off firms* in ■ FEES 4A are meant to follow closely the provisions relating to the general provisions under ■ FEES 4. For brevity, not all of the provisions in ■ FEES 4 are set out again in ■ FEES 4A. In some cases, certain ■ FEES 4 rules are applied to the payment of the periodic fees for *TP persons* by individual rules in ■ FEES 4A. The rest are set out in the table in ■ FEES 4A.2.13R.

4A.2.12 **R** The ■ FEES 2 and ■ FEES 4 *rules* set out in the table in ■ FEES 4A.2.13R and any other *rules* in ■ FEES 4 included in ■ FEES 4A by cross-reference apply to the periodic fees for *TP persons* in the same way as they apply to periodic fees payable under ■ FEES 4.

4A.2.13 **R** Table of rules in ■ FEES 4 that also apply to ■ FEES 4A to the extent that in ■ FEES 4 they apply to fees payable to the *FCA*

FEES 4 rules in- corporated into FEES 4A	Description	Applicable to <i>TP</i> persons other than <i>TPR funds</i>	Applicable to <i>TPR</i> <i>funds</i>
FEES 4.2.4R	Method of payment	Yes	Yes
FEES 4.2.10R	Extension of time	Yes	Yes
FEES 4.3.7R	Groups of <i>firms</i>	Yes	Yes
FEES 4.3.17R	<i>Firms</i> acquiring business from other <i>firms</i>	Yes	Yes

TP persons periodic fees for the period from 1 April 2019 to 31 March 2020

Part 1

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 [tbc]
	>140 - 630 [tbc]
	>630 – 1,580 [tbc]
	>1,580 – 13,400 [tbc]
	>13,400 [tbc]
A.2	Band Width (no. of mortgages and/or home finance transactions) Fee (£/mortgage)
	>50 [tbc]
A.3	Gross written premium for fees purposes (GWP) Periodic fee
	Band Width (£ million of GPI) Fee (£/£m or part £m of GWP)
	>0.5 [tbc]
	PLUS
	Best estimate liabilities for fees purposes (BEL) General Periodic fee
	Band Width (£ million of BEL) Fee (£/£m or part £m of BEL)
	>1 [tbc]
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 [tbc]
	PLUS
	Best estimate liabilities for fees purposes General Periodic fee
	Band Width (£ million of BEL) Fee (£/£m or part £m of BEL)
	>1 [tbc]
A.7	For class 1(C), (2), (3) and (4) firms: Band Width (£ million of Funds under Management (FuM)) Fee (£/£m of part £m of FuM)
	>10 [tbc]
	Class 1 (C) firms are defined in FEES 4 Annex 1A
A.9	Band Width (£ million of Gross Income (GI)) Fee (£/£m of part £m of GI)

Activity group	Fee payable
A.110	>1 Band Width (no. of traders) [tbc] Fee (£/trader)
A.13	>1 [tbc] For class (2) firms Band Width (£ thousands of annual income (AI)) Fee (£/£ thousand or part £ thousand of AI) >100 [tbc] For a <i>professional firm</i> in A.13 the fee is calculated as above less 10%.
A.14	Band Width (£ thousands of annual income (AI)) Fee (£/£ thousand or part £ thousand of AI) > 100 [tbc]
A.18	Band Width (£ thousands of annual income (AI)) Fee (£/£ thousand or part £ thousand of AI) > 100 [tbc]
A.19	Band Width (£ thousands of Annual Income (AI)) Fee (£/£ thousand or part £ thousand of AI) >100 [tbc] more than £100 billion [tbc]
CC.2	Band Width (£ thousands of annual income (AI)) Fee (£) 0 - 50 [tbc] >50 - 100 [tbc] >100 [tbc] PLUS: Fee (£/£ thousand or part £ thousand of AI) >250 [tbc]

Part 2

The table below shows the tariff rates (minimum fees) applicable to each of the fee blocks set out in Part 1 of ■ FEES 4A Annex 1R other than fee-block CC2.

Activity group	Fee payable
A.0	£[tbc] unless it is a <i>TP firm</i> that also pays minimum fees set out in the PRA Rulebook, in which case it is £[tbc].

Part 3

TA PI firm or TA RAISP firm

Activity group	Fee payable
G.2	Minimum fee (£) [tbc] £ million or part £ million of Modified Eligible Liabilities (MELs) Fee (£/£m or part £m of MELs) >0.1 [tbc] > 10 - 140 [tbc]
G.3	Minimum fee (£) [tbc] £ thousands or part £ thousand of Relevant Income Fee (£/£thousand or part £ thousand of Relevant Income) >100 [tbc]

Part 4

TA EMI firm

Activity group	Fee payable
G.10	Minimum fee (£) [tbc]
	£ million or part £ million of average outstanding electronic money (AOEM) Fee (£/£m or part £m of AOEM)
	>5.0 [tbc]

TPR funds periodic fees for the period from 1 April 2019 to 31 March 2020

Part 1

Scheme type	Basic fee (£)	Total funds/sub-funds aggregate	Fee (£)
<i>EEA UCITS</i> scheme recognised under Part 6 of The Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2018	[tbc]	1-2	[tbc]
		3-6	[tbc]
		7-15	[tbc]
		16-50	[tbc]
		>50	[tbc]
Note:			
Schemes are charged according to the number of funds or sub-funds which a TP firm is operating and marketing in the UK as at 31 March immediately before the start of the period to which the fee applies. For example, for 2019/20 fees a reference to 31 March means 31 March 2019.			

Part 2

Scheme type	Fee (£)
<i>EEA AIF, EuVECA, EuSEF, or EEA ELTIF</i> which may be marketed in the UK under Part 9A of The Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2018	0

Special Project Fee for restructuring

- R (1) The Special Project Fee for restructuring (the SPFR) is only payable by a *TP firm* or *TA PI firm* in one of the following categories:
- (a) if it is in any of the A fee-blocks (as defined in Part 1 of FEES 4 Annex 1AR); or
 - (b) if it is in fee-block G.3 (as defined in FEES 4 Annex 11R).
- R (2) The SPFR becomes payable by a *TP firm* or *TA PI firm* falling into (1)(a) or (b) if it engages in, or prepares to engage in, activity which involves it undertaking or making arrangements with a view to any of the following:
- (a) raising additional capital; or
 - (b) a significant restructuring of the *TP firm* or *TA PI firm* or the *group* to which it belongs, including:
 - (i) mergers or acquisitions;
 - (ii) reorganising the *TP firm's* or *TA PI firm's* *group* structure;
 - (iv) a significant change to the *TP firm's* or *TA PI firm's* business model; and
 - (v) a significant internal change programme.
- R (3) No SPFR is payable under (2) if the transaction only involves the *TP firm* or *TA PI firm* seeking to raise capital within the *group* to which it belongs.
- R (4) Where the transaction in (2) involves raising capital outside the *TP firm* or *TA PI firm* to which the *TP firm* or *TA PI firm* belongs, any SPFR in relation to that transaction is only payable by the largest *TP firm* or *TA PI firm* in that *group*. The largest *firm* is the one that pays the highest periodic fee in the *fee year* in which the bill is raised. For the purpose of the calculation in (9), all time spent and fees and disbursements incurred in relation to the *group* are added together.
- R (5) The definition of *group* is limited for the purposes of calculating the SPFR to *parent undertakings* and their *subsidiary undertakings*.
- R (6) The *FCA* will levy its own SPFR separate to any levy issued by the *PRA*, and this may be in relation to the same event or circumstance.
- R (7) No SPFR is payable to the *FCA*:
- (a) if the amount calculated in accordance with (8) in relation to the regulatory work conducted by the *FCA* totals less than £25,000 in the case of a *TP firm* in fee-blocks A.1 or A.3 or A.4, or £50,000 in the case of a *TP firm* in any of the other A fee-blocks; or
 - (b) for time spent giving *guidance* to the *TP firm* or *TA PI firm* in relation to the same matter if the *FCA* has charged that *TP firm* or *TA PI firm* for that *guidance*.
- R (8) The SPFR for the *FCA* is calculated as follows:
- (a) Determine the number of hours, or part of an hour, taken by the *FCA* in relation to regulatory work conducted as a consequence of the activities referred to in (2).
 - (b) Next, multiply the applicable rate in the table at (11) by the number of hours or part hours obtained under (a).

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	(c)	Then add any fees and disbursements invoiced to the <i>FCA</i> by any <i>person</i> in respect of services performed by that <i>person</i> for the <i>FCA</i> in relation to assisting the <i>FCA</i> in performing the regulatory work referred to in (a).												
	(d)	The resulting figure is the fee.												
	(e)	The number of hours or part hours referred to in (a) are the number of hours or part hours as recorded on the <i>FCA's</i> systems in relation to the regulatory work referred to in (a).												
R	(9)	The first column in the table at (10) sets out the relevant pay grades of those employed by the <i>FCA</i> and the second column sets out the hourly rates chargeable in respect of those pay grades.												
R	(10)	Table of <i>FCA</i> hourly rates:												
		<table border="0"> <thead> <tr> <th style="text-align: left;">FCA pay grade</th> <th style="text-align: right;">Hourly rate (£)</th> </tr> </thead> <tbody> <tr> <td>Administrator</td> <td style="text-align: right;">45</td> </tr> <tr> <td>Associate</td> <td style="text-align: right;">75</td> </tr> <tr> <td>Technical Specialist</td> <td style="text-align: right;">130</td> </tr> <tr> <td>Manager</td> <td style="text-align: right;">145</td> </tr> <tr> <td>Any other person employed by the <i>FCA</i></td> <td style="text-align: right;">255</td> </tr> </tbody> </table>	FCA pay grade	Hourly rate (£)	Administrator	45	Associate	75	Technical Specialist	130	Manager	145	Any other person employed by the <i>FCA</i>	255
FCA pay grade	Hourly rate (£)													
Administrator	45													
Associate	75													
Technical Specialist	130													
Manager	145													
Any other person employed by the <i>FCA</i>	255													
G	(11)	The obligation to pay the SPFR is ongoing. Accordingly, there is no limitation on the number of times that the <i>FCA</i> may invoice a <i>TP firm</i> or <i>TA PI firm</i> for the SPFR in relation to the same events or circumstances referred to in (2). If the <i>FCA</i> does so, there is a single floor under (7)(a) and not a separate one for each instalment.												
G	(12)	If the SPFR is payable, the full amount calculated under (8) is payable, and not just the excess over £50,000 or £25,000.												

Special Project Fee for contractual run-off firms

- R (1) The Special Project Fee for contractual run-off firms (the SPFCRO) is only payable by a *CRO firm*.
- R (2) The SPFCRO is payable to recover the cost of the activities the *FCA* undertakes to carry out its functions under regulation 47 of the *EU Exit Passport Regulations*.
- R (3) The *FCA* will levy its own SPFCRO separate to any levy issued by the *PRA*, and this may be in relation to the same event or circumstance.
- R (4) No SPFCRO is payable to the *FCA* if the amount calculated in accordance with (5) in relation to the activities carried out by the *FCA* totals less than £5,000.
- R (5) The SPFCRO for the *FCA* is calculated as follows:
- (a) Determine the number of hours, or part of an hour, taken by the *FCA* in relation to the activities undertaken as a consequence of carrying out its functions referred to in (2).
 - (b) Next, multiply the applicable rate in the table at (7) by the number of hours or part hours obtained under (a).
 - (c) Then add any fees and disbursements invoiced to the *FCA* by any *person* in respect of services performed by that *person* for the *FCA* in relation to assisting the *FCA* in performing the activities referred to in (a).
 - (d) The resulting figure is the fee.
 - (e) The number of hours or part hours referred to in (a) are the number of hours or part hours as recorded on the *FCA*'s systems in relation to the activities referred to in (a).
- R (6) The first column in the table at (7) sets out the relevant pay grades of those employed by the *FCA* and the second column sets out the hourly rates chargeable in respect of those pay grades.
- R (7) Table of *FCA* hourly rates:
- | FCA pay grade | Hourly rate (£) |
|---|-----------------|
| Administrator | 45 |
| Associate | 75 |
| Technical Specialist | 130 |
| Manager | 145 |
| Any other person employed by the <i>FCA</i> | 255 |
- G (8) The obligation to pay the SPFCRO is ongoing. Accordingly, there is no limitation on the number of times that the *FCA* may invoice a *CRO firm* for the SPFCRO in relation to the same activities or circumstances referred to in (2). If the *FCA* does so, there is a single floor under (4) and not a separate one for each instalment.
- G (9) If the SPFCRO is payable, the full amount calculated under (5) is payable, and not just the excess over £5,000.

