

Chapter 6

Financial Services Compensation Scheme Funding

6.4 Management expenses

Obligation on participant firm to pay

- 6.4.1 **R** A *participant firm* must pay to the *FSCS* a share of each *management expenses levy*.

Limit on management expenses

- 6.4.2 **R** The total of all *management expenses levies* (taken together with the management expenses levies under the *PRA Rulebook*) attributable to a particular period of the *compensation scheme* may not exceed the limit applicable to that period set out in ■ FEES 6 Annex 1 R.

Participant firm's share

- 6.4.3 **R** A *participant firm's* share of a *management expenses levy* consists of one or more of: (1) a share of a *base costs levy* and (2) a share of a *specific costs levy*.
- 6.4.4 **R** The *FSCS* must ensure that each *participant firm's* share of a *management expenses levy* separately identifies the *firm's* share of the *base costs levy* and *specific costs levy*.

Base costs levy

- 6.4.5 **R** Subject to ■ FEES 6.3.22 R, the *FSCS* must calculate a *participant firm's* share of a *base costs levy* by:
- (1) for *recognised investment exchanges*, providing for £1,000 per *RIE* for each *financial year* of the *compensation scheme* (other than in the *financial year* in which the *recognised investment exchange* becomes a *participant firm*, when its share is nil);
 - (2) for other *participant firms*:
 - (a) identifying the *base costs* which the *FSCS* has incurred, or expects to incur, in the relevant *financial year* of the *compensation scheme*, but has not yet levied and allocating 50% of those *base costs* (less any contribution to be made by *recognised investment exchanges* under (1)) as the sum to be levied on participants in all the activity groups listed in ■ FEES 4 Annex 1AR;
 - (b) calculating the amount of the *participant firm's regulatory costs* as a proportion of the total *regulatory costs* relating to all

participant firms (other than recognised investment exchanges) for the relevant financial year; and
(c) applying the proportion calculated in (b) to the sum in (a).

6.4.5A G [deleted]

6.4.5B G The *FCA* and the *PRA* each allocate 50% of the *base costs* in a given *financial year* of the *compensation scheme* in accordance with their respective rules.

Specific costs levy
.....

6.4.6A R The *FSCS* must allocate, and calculate a *participant firm's share of*, a *specific costs levy* in the same way as for a *compensation costs levy* (see ■ FEES 6.5).

(1) [deleted]

(2) [deleted]

6.4.7A R [deleted]

6.4.8 R [deleted]

6.4.9 G [deleted]

6.4.10 G [deleted]

6.4.10A R [deleted]

6.4.10B G [deleted]

6.4.11 R [deleted]

6.4.12 R [deleted]