

Chapter 6

Financial Services Compensation Scheme Funding

6.5A The retail pool

Allocation of compensation costs levies and specific costs levies through the retail pool

6.5A.1 R The FSCS must allocate a *compensation costs levy* or *specific costs levy*, which has been allocated to the *retail pool* (under ■ FEES 6.5.2-AR(2) or ■ FEES 6.4.6AR):

- (1) to *classes* whose *levy limit* has not been reached as at the date of the levy;
- (2) in proportion to the relative sizes of the *levy limits* of the *classes* in (1) and up to those *levy limits*; and
- (3) in accordance with the table in ■ FEES 6 Annex 2R; and
- (4) a *class's* share of a levy allocated to the *retail pool* must be distributed amongst any *categories* within that *class* in proportion to the unused *levy limits* for those *categories* and up to those *levy limits*: see ■ FEES 6 Annex 2R.

6.5A.2 R [deleted]

6.5A.3 G [deleted]

How levy limits affect allocation to classes in the retail pool

6.5A.4 R The calculation of the relative sizes of the *levy limit* (for the purpose of ■ FEES 6.5A.1R(2)) is based on the original *levy limits* for the *classes* (as set out in ■ FEES 6 Annex 2R) and not the remaining capacity in each *class*.

6.5A.5 R When the FSCS allocates excess *compensation costs levies* or *specific costs levies* under ■ FEES 6.5A.1 R or any levy imposed under ■ FEES 6.5.2-AAR(4), a *class* to which part of the excess is allocated (a "receiving class") may, as a result of that allocation, itself reach its limit. In that case, the FSCS must apply ■ FEES 6.5A.1 R or ■ FEES 6.5.2-AAR so that any resulting excess levy beyond the limit of the receiving class is allocated amongst the remaining *classes* whose limits have not been reached, to the exclusion of the receiving *class*. This process is repeated until the *compensation costs levy* or *specific*

costs /levy has been met in full or the limits of all *classes* have been exhausted.

6.5A.6 **R** [deleted]

6.5A.7 **R** [deleted]