

Chapter 7B

The DA levy

7B.2 The DA levy

Obligation to pay DA levy

7B.2.1

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A *firm* must pay the *DA levy* applicable to it:

- (1) in full and without deduction (unless permitted or required by a provision in *FEES*); and
- (2) by 1 August or, if later, within 30 days of the date of the invoice in the *fee year* to which that sum relates.

7B.2.1A

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Schedule 6A to the *Act* sets out a procedure to enable the *FCA* to cancel or vary the *Part 4A permission* of a *person* who it appears to the *FCA* is not carrying on a *regulated activity*. Paragraph 5 of that schedule sets out a procedure for annulment of cancellation or variation of *Part 4A permission* in specified circumstances. Where the *FCA* grants an application for annulment, paragraph 6 of Schedule 6A sets out its effect. In particular, the cancellation or variation of *Part 4A permission* is treated as if it had never taken place. As a result of the effect of annulment under Schedule 6A, the *DA levy* in relation to the period during which the *person's Part 4A permission* was cancelled or varied applies to the *person*.

7B.2.1B

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Where the *FCA* grants a *person's* application for annulment of a cancellation or variation of *Part 4A permission* under Schedule 6A to the *Act* and the *person* falls within ■ FEES 7B.2.1R and the annulment takes effect after 1 August or after the invoice referred to in ■ FEES 7B.2.1R(2) has been issued, then the date for payment referred to in ■ FEES 7B.2.1R(2) does not apply, but the *person* must pay the *DA levy* applicable to it in full and without deduction, on the date on which the annulment takes effect.

Calculation of DA levy

7B.2.2

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The *DA levy* is calculated as follows:

- (1) identify each of the activity groups set out in Part 1 of ■ FEES 7B Annex 1R that apply to the business of the *firm* for the relevant period (for this purpose, the activity groups under ■ FEES 7B Annex 1R are defined in that Annex or in accordance with Part 1 of ■ FEES 4 Annex 1AR);
- (2) for each of those activity groups, calculate the amount payable in the way set out in ■ FEES 7B.2.3R;
- (3) add each of the amounts calculated under (2);

- (4) modify the result as indicated by the table in ■ FEES 4.2.7ER, ■ FEES 4.2.7FR, ■ FEES 4.2.7GR, ■ FEES 4.2.7HR, ■ FEES 4.2.7IR, ■ FEES 4.2.7JG and ■ FEES 4.2.7KR (if applicable);
- (5) apply any applicable payment charge specified in ■ FEES 4.2.4R to the amount in (4), provided that:
 - (a) for payment by direct debit, successful collection of the amount due is made at the first attempt by the *FCA*; or
 - (b) for payment by credit transfer, the amount due is received by the *FCA* on or before the due date; and
- (6) make the calculations using information obtained in accordance with Part 3 of ■ FEES 7B Annex 1R in the case of Part 2 of that Annex.

7B.2.3 **R** The amount payable by a *firm* with respect to a particular activity group is calculated as follows:

- (1) calculate the size of the *firm's* tariff base for that activity group using:
 - (a) the tariff base calculations in Part 2 of ■ FEES 7B Annex 1R; and
 - (b) the valuation date requirements in Part 3 of ■ FEES 7B Annex 1R;
- (2) the amount payable in (1) is the amount payable by the *firm* with respect to that activity group.

7B.2.4 **R** For the purposes of ■ FEES 7B.2.3R:

- (1) a *firm* 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 *firm's* UK business separately from its non-UK business in the way described in Part 2 of ■ FEES 7B Annex 1R 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;
- (2) for a *firm* which has not complied with ■ FEES 4.4.2R (information on which fees are calculated) or ■ FEES 4.4.8D (Information relating to payment services and the issuance of electronic money) for this period, the *DA levy* is calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by the factor of 1.10.

FEES 4 rules incorporated into FEES 7B by cross-reference

7B.2.5 **G** The *FCA Handbook* provisions relating to the *DA levy* are meant to follow closely the provisions relating to the payment of periodic fees under ■ FEES 4.3.1R. In the interests of brevity, not all of these provisions are set out again in ■ FEES 7B. In some cases, certain ■ FEES 4 rules are applied to the payment of the *DA levy* by individual *rules* in ■ FEES 7B. The rest are set out in the table in ■ FEES 7B.2.7R.

7B.2.6 R The *rules* set out in the table in ■ FEES 7B.2.7R, and any other *rules* in ■ FEES 4 included in ■ FEES 7B by cross-reference, apply to the *DA levy* in the same way as they apply to periodic fees payable under ■ FEES 4.3.1R.

7B.2.7 R Table of rules in ■ FEES 4 that also apply to ■ FEES 7B to the extent that in ■ FEES 4 they apply to fees payable to the *FCA*

FEES 4 rules incorporated into FEES 7B	Description
FEES 4.2.7ER	Modifications for persons becoming subject to periodic fees during the course of a <i>fee year</i>
FEES 4.2.7FR	Calculating the fee in the <i>firm's</i> first year of <i>authorisation</i>
FEES 4.2.7GR	Calculating fees in the second fee year where the <i>firm</i> received <i>permission</i> between 1 January and 31 March in its first fee year
FEES 4.2.7HR to FEES 4.2.7KR	Calculating all other fees in the second and subsequent years of <i>authorisation</i> where a full year of tariff data is not available
FEES 4.2.10R	Extension of time
FEES 4.2.11R (first entry only)	Due date and changes in <i>permission</i> for periodic fees
FEES 4.3.7R	Groups of <i>firms</i>
FEES 4.3.13R	<i>Firms</i> applying to cancel or vary <i>permission</i> before start of period
FEES 4.3.17R	<i>Firms</i> acquiring businesses from other <i>firms</i>
FEES 4.4.1R to FEES 4.4.6AR	Information on which fees are calculated

7B.2.8 D ■ FEES 4.4.7D to ■ FEES 4.4.9D (Information relating to payment services and the issuance of electronic money) also apply to ■ FEES 7B.

7B.2.9 G References in a ■ FEES 4 *rule* incorporated into ■ FEES 7B by cross-reference to a periodic fee should be read as being to the *DA levy*. References in a ■ FEES 4 *rule* incorporated into ■ FEES 7B to *market operators, service companies, MTF operators, investment exchanges, or designated professional bodies* should be disregarded.

7B.2.10 G In some cases, a ■ FEES 4 *rule* incorporated into ■ FEES 7B in the manner set out in ■ FEES 7B.2.5G will refer to another *rule* in ■ FEES 4 that has not been individually incorporated into ■ FEES 7B. Such a reference should be read as being to the corresponding provision in ■ FEES 7B. The main examples are set out in ■ FEES 7B.2.11G.

7B.2.11 G Table of ■ FEES 4 rules that correspond to ■ FEES 7B rules

FEES 4 rules	Corresponding FEES 7B rules
FEES 4.2.1R	FEES 7B.2.1R
FEES 4.3.1R	FEES 7B.2.2R

FEES 4 rules	Corresponding FEES 7B rules
FEES 4.3.3R	FEES 7B.2.2R
FEES 4.3.3AR	FEES 7B.2.2R

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