

# Appendix 1

## Unauthorised Mutuals Registration Fees Rules

### 1.1 Introduction

#### Application

**App 1.1.1** **R** These rules apply to every:

- (1) ■ registered society;
- (2) ■ sponsoring body;
- (3) *person* who submits a proposal for the registration of a ■ registered society.

- App 1.1.2** **G**
- (1) The purpose of these rules is to set out the requirements for registered societies and sponsoring bodies to pay periodic and application fees which, together, will provide the funding for the *FCA's* functions in respect of the registrant-only fee block (Category F).
  - (2) This set of rules is in respect of the registration functions relating to registered societies transferred to the *FCA* by section 50 of the Financial Services Act 2012, other than friendly societies authorised under section 31 of the *Act*.

#### Background

**App 1.1.3** **G** Most of the detail of the periodic fees which will be payable by ■ registered societies is set out in ■ Annex 1R to these rules, the provisions of which will vary from one financial year to another. Accordingly, a revised ■ Annex 1R will come into force, following consultation, for each financial year. Most of the detail of the application fees which will be payable by ■ registered societies and ■ sponsoring bodies is set out in ■ FEES App 1 Annex 1A, the provisions of which may not change each year.

- App 1.1.4** **G** ■ FEES App 1 Annex 2 to these rules contains further information on the fees applicable to ■ registered societies under these rules.
- App 1.1.5** **G** The periodic fee set for ■ registered societies is a tiered fee, which is payable annually. The amount payable is dependent upon the ■ R declared by the ■ registered society in the most recent ■ R required to be filed with the FCA.
- App 1.1.6** **G** The application fee payable to register a new society is a tiered fee: the amount payable for registration of a new society is dependent on whether the rules are based on a free draft or on ■ model rules. Further, where ■ model rules are used in the case of the registration of a new society other than a credit union, then the number of amendments made to the ■ model rules will affect the fee. The application fee payable by a ■ sponsoring body for a new set of ■ model rules is a flat fee.
- App 1.1.7** **G** In these rules:
- (1) an "R" in the margin or heading indicates that the provision is a rule, which creates binding obligations;
  - (2) a "G" in the margin or heading indicates that the provision is guidance, which is designed to throw light on a particular aspect of these rules, but which is not binding nor an exhaustive description of a *person's* obligations.

### Glossary of definitions

- App 1.1.8** **R** In these rules, an expression in italics has the meaning given in ■ Annex 4R.

## 1.2 Periodic Fees

### General

- App 1.2.1** **R** A ■ registered society must pay to the FCA, in full and without deduction, the periodic fee applicable to it under ■ Annex 1R for a financial year during which, or part of which, the society is registered, except as provided for in ■ 1.2.5 R and ■ 1.2.6 R.
- App 1.2.2** **R** [deleted]

### Methods of payment

- App 1.2.3** **R** A ■ registered society must pay its periodic fee by one of the methods specified in ■ Annex 1R.

**Due dates**

**App 1.2.4 R** A ■ registered society must pay a periodic fee on or before the relevant due date for payment specified in ■ Annex 1R for the relevant year.

**Exceptions**

**App 1.2.5 R** A ■ registered society is not required to pay the periodic fee for the financial year in which it is first registered.

**App 1.2.5A R** A ■ registered society which has not been required to file an ■ R before the commencement of a given fee year must pay the lowest periodic fee for a ■ registered society specified in ■ Annex 1R for that year.

**App 1.2.5B R** If a ■ registered society fails to file an ■ R by the date it is required to be filed:

- (1) the ■ R used to determine the amount of the periodic fee payable by the ■ registered society will be that shown in the ■ R last filed with the FCA or its predecessor; and
- (2) the ■ registered society must pay an administrative fee equal to the lower of the periodic fee payable by the ■ registered society under ■ Annex 1R for that year, and £250.

**App 1.2.6 R** If a ■ registered society ceases to be a ■ registered society on or after 1 April in a particular financial year, but before an invoice for the periodic fee payable under ■ 1.2.1 R for the financial year in which the society ceases to be a ■ registered society has been issued by the FCA, the periodic fee payable by that ■ registered society under ■ 1.2.1 R is the amount of the periodic fee under ■ Annex 1R for the immediately preceding financial year.

**App 1.2.7 R** [deleted]

**Extension of time**

**App 1.2.8 R** A ■ registered society need not pay a periodic fee on the date which it is due under the relevant provision in these rules, if:

- (1) that date falls during a period during which circumstances of the sort set out in ■ R(Emergencies) exist, and that ■ registered society has reasonable grounds to believe that those circumstances impair its ability to pay the fee, in which case it must pay on or before the fifth *business day* after the end of that period; or
- (2) that date would otherwise fall on or before the 30th *day* after the date on which the FCA has sent written notification to that ■ registered society of the fee payable on that date, in which case it must pay on or before the 30th *day* after the date on which the FCA sends the notification.

**Late payment**

**App 1.2.9** **R** If a ■ registered society does not pay the total amount of a periodic fee or a fee payable under 1.4.2R on the date on which it is due under the relevant provisions of these rules, that ■ registered society must pay an additional amount as follows:

- (1) if the fee is not paid in full before the due date, an administrative fee of £250; plus
- (2) if the fee is not paid in full before the end of 15 days after the due date, interest on any unpaid part of the fee at the rate of 5% per annum above the Official Bank Rate from time to time in force, accruing on a daily basis from the date on which the amount concerned became due.

**App 1.2.10** **G** The *FCA* expects to issue invoices for periodic fees at least 30 days before the date on which they fall due. Accordingly, it will generally be the case that a ■ registered society will have at least 30 days from the issue of the invoice before an administrative fee becomes payable, and at least 45 days before any interest becomes payable.

**App 1.2.11** **G** If a ■ sponsoring body does not pay the required periodic fee for a set of by the due date, the rules will cease to be ■ model rules and applications for the registration of societies that use the rules will be charged by the *FCA* as if the rules were a free draft.

**Amending model rules**

**App 1.2.12** **G** If a ■ sponsoring body wishes to change a set of ■ model rules, it should supply a copy to the *FCA* indicating the proposed changes. No application fee is payable for such changes.

**Refunds**

**App 1.2.13** **G** The *FCA* will not refund periodic fees in any circumstances.

**1.3 Application Fees****General**

**App 1.3.1** **R** A person who submits to the *FCA* a proposal for the registration of a society must pay to the *FCA*, in full and without deduction, the fee specified for the type of application under ■ Annex 1AR.

**App 1.3.2** **R** A ■ sponsoring body wishing a set of rules to become ■ model rules for the first time must pay to the *FCA*, in full and without deduction, the application fee specified in ■ FEES App 1 Annex 1A.

**Method of payment**

**App 1.3.3** **R** Application fees must be paid by the method specified in **■ FEES App 1 Annex 1A**.

**Due dates**

**App 1.3.4** **R** A *person* making an application or submitting a proposal for the registration of a society must pay the application fee on, or before, making the application.

**App 1.3.5** **R** A **■ sponsoring body** must pay the application fee for a new set of **■ model rules** on or before making the application.

**App 1.3.6** **G** The *FCA* may require the fee to be paid by the *person* making the application before the *FCA* undertakes any preliminary consideration of the proposed application or rules.

**Refunds**

**App 1.3.7** **G** The *FCA* will not refund application fees under any circumstances.

**App 1.3.8** **G** Paragraph 1.3.7G applies also in the case of applications that are not proceeded with where a fee has been paid in advance.

**1 Annex 1 Periodic fees payable for the period 1 April 2017 to 31 March 2018****R Part 1 Periodic fee payable by Registered Societies (on 30 June 2017)**

This fee is not payable by a *credit union*.

Transaction	Total assets (£'000s)	Amount payable (£)
Periodic fee	0 to 50	65
	> 50 to 100	125
	> 100 to 250	205
	> 250 to 1,000	265
	> 1,000	480

**Part 2 Methods of payment of periodic fees**

A periodic fee must be paid using either direct debit, Maestro, Visa Debit, credit transfer (BACS/CHAPS), cheque, switch or by credit card (Visa/Mastercard only). Any payment by permitted credit card must include an additional 2% of the sum paid.

## 1 Annex 1A Application Fees payable

**R** Part 1 Application fees payable to register a new society other than a credit union

Transaction	Amount payable (£)
Application using model rules without any amendment to the model	40
Application using model rules with between 1 and 6 amendments to the model	120
Application using model rules with between 7 and 10 amendments to the model	350
Application using model rules with 11 or more amendments to the model, or using free draft rules	950

**Part 2 Application fees payable by sponsoring bodies**

This fee is not payable by sponsoring bodies in respect of the model rules of credit unions.

Transaction	Amount payable (£)
Application for a new set of model rules	950

**Part 3 Method of payment of application fees**

Payment method	Additional amount or discount applicable
Cheque	None

## 1 Annex 2 Further information on fees

<b>G</b>	<b>Purpose</b>
1	The purpose of this annex is to set out further information on fees applicable to registered societies which form the registrant-only fee block (Category F).
	<b>Background</b>
2	Paragraph 23 of Schedule 1ZA to the Act enables the FCA to charge fees to cover its expenses in carrying out its functions.
3	The fees payable by registered societies will vary from one financial year to another and will reflect the FCA's funding requirement for the registrant-only fee block.
4	For periodic fees, the key components of the fee mechanism are: <ol style="list-style-type: none"> <li>(1) a funding requirement derived from:               <ol style="list-style-type: none"> <li>(a) the FCA's financial management and reporting framework;</li> </ol> </li> </ol>

- (b) the FCA's budget;
  - (c) adjustments, as appropriate, for audited variances between budgeted and actual expenditure in the previous accounting year and reserves movements (in accordance with FCA's reserves policy);
  - (2) fee blocks, which are broad groupings of fee payers offering similar products and services and presenting broadly similar risks to the FCA's regulatory objectives;
  - (3) a costing system to allocate an appropriate part of the funding requirement to each fee block; and
  - (4) tariff bases, which, when combined with fee tariffs, allow the calculation of fees.
  - (5) The FCA defines fee blocks so that they will depend, for the most part, upon the regulated activities included in the permission held by firms, with a separate fee block for mutual societies which do not conduct regulated activities (registrants). By basing fee blocks on categories of business, the FCA aims to minimise cross-sector subsidies. The funding requirement for the registrant-only fee block will accordingly reflect only the cost of the registration function plus a share of corporate overheads. It will not include any indirect regulatory overheads.
- Recovery of fees**
- (6) Paragraph 23(8) of Schedule 1ZA to the Act permits the FCA to recover fees as a debt owed to the FCA and the FCA will consider court action for recovery through the civil courts.

## 1 Annex 3 Emergencies

- R** 1 R The FCA recognises that there may be occasions when, because of a particular emergency, a registered society may be unable to comply with a particular rule. The purpose of this annex is to provide appropriate relief from the consequences of contravention of a rule in those circumstances.
- (1) If any emergency arises which:
    - (a) could not have been avoided by the registered society taking all reasonable steps;
    - (b) makes it impracticable for a registered society to comply with a particular rule; and
    - (c) is outside the control of the registered society, its members and its employees;
 the registered society will not be in contravention of that rule to the extent that, in con-

	sequence of the emergency, compliance with that rule is impracticable.
(2)	Paragraph (1) applies only for so long as: <ul style="list-style-type: none"> <li>(a) the consequences of the emergency continue; and</li> <li>(b) the registered society can demonstrate that it is taking all practicable steps to deal with those consequences, to comply with the rule.</li> </ul>
(3)	A registered society must notify the FCA as soon as practicable of the emergency and of the steps it is taking or proposes to take to deal with the consequences of the emergency.
(4)	A registered society should continue to keep the FCA informed of the steps it is taking under 1.2.8(a)R. In the context of 1.2.8(a)R, an action is not practicable if it involves a registered society going to unreasonable lengths.

## 1 Annex 4 Glossary of definitions

**R** In these rules, an expression in italics has the meaning given below:

Expression	Definition
<i>Act</i>	The Financial Services and Markets Act 2000.
amendment to model rules	(In Annex 1R) any number of changes to a single numbered rule and its sub-clauses (however described) represents a single amendment to model rules; the provision of information in respect of a name, an address, or a number, or any text which is added to a model rule in a space specifically provided in the model rule for the addition of such text, will not be regarded as an amendment to model rules.
annual return	The annual return required to be submitted to the FCA under s.43 of the Friendly Societies Act 1974 or s.39 of the Industrial and Provident Societies Act 1965.
<i>business day</i>	In rule 1.2.8R, any day which is not a Saturday or a Sunday, Christmas Day, Good Friday or a bank holiday in that part of the United Kingdom in which the registered society has its registered office.
<i>day</i>	A period of 24 hours beginning at midnight.
<i>FCA</i>	The Financial Conduct Authority.
model rules	A set of rules:



	(a)	which a sponsoring body has provided to the <i>FCA</i> ;
	(b)	in relation to which the sponsoring body has paid all relevant fees due under these rules; and
	(c)	which complies with the provisions of the Industrial and Provident Societies Acts 1965 and 1967, the Friendly and Industrial and Provident Societies Act 1968 and the Friendly Societies Acts 1974 and 1992, as appropriate; or
	(d)	the Credit Unions Act 1979;
		(a list of <i>model rules</i> which satisfy (a) and (b) and, in the <i>FCA</i> 's view, satisfy (c), is available from the Mutual Societies Registration department at the <i>FCA</i> ).
person		(In accordance with the Interpretation Act 1978) any person, natural or legal, including a body of persons corporate or unincorporated.
registered society		A society registered under the Industrial & Provident Societies Acts, the Credit Unions Act 1979, the Superannuation and Other Trust Funds (Validation) Act 1927, or the Friendly Societies Act 1974; which is not authorised for the purposes of section 31 of the <i>Act</i> .
sponsoring body		A body which publishes, or which proposes to publish, <i>model rules</i> for registered societies.
total assets		The figure shown in the <i>annual return</i> against the heading 'Total Assets' or, where there is no such heading, the value of the gross assets shown in the balance sheet of the firm.

