

**FEES (MISCELLANEOUS) AND COMPENSATION FUNDING
INSTRUMENT 2005**

Powers exercised

A. The Financial Services Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):

- (1) section 138 (General rule-making power);
- (2) section 156 (General supplementary powers);
- (3) section 157(1) (Guidance);
- (4) section 213 (The compensation scheme);
- (5) section 214 (General);
- (6) section 223 (Management expenses);
- (7) section 234 (Industry funding); and
- (8) paragraph 17(1) of Schedule 1 (Fees).

B. The rule-making powers listed above are specified for the purpose of section 153(2) (Rule-making instruments) of the Act.

Commencement

C. This instrument comes into force on the 1 April 2005.

Amendments to the Handbook

D. The modules of the FSA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2) below:

| (1) | (2) |
|--|---------|
| Supervision manual (SUP) | Annex A |
| Dispute Resolution: Complaints sourcebook (DISP) | Annex B |
| Compensation sourcebook (COMP) | Annex C |
| Professional Firms sourcebook (PROF) | Annex D |

Citation

E. This instrument may be cited as the Fees (Miscellaneous) and Compensation Funding Instrument 2005.

By order of the Board
17 March 2005

Annex A

Amendments to the Supervision manual

In this Annex, underlining indicates new text and striking through indicates deleted text.

Failure to submit reports

16.3.14 ~~GR~~ If a *firm* does not submit a complete report by the date on which it is due in accordance with the *rules* in this chapter and any prescribed submission procedures, the *firm* must pay an administrative fee of £250.~~Failure to submit a report in accordance with the *rules* in this chapter may lead to the imposition of a financial penalty and other disciplinary sanctions (see *ENF* 13.5).~~

16.3.14A G Failure to submit a report in accordance with the *rules* in this chapter may also lead to the imposition of a financial penalty and other disciplinary sanctions (see *ENF* 13.5). If it appears to the *FSA* that, in the exceptional circumstances of a particular case, the payment of any fee would be inequitable, the *FSA* may reduce or remit all or part of the fee in question which would otherwise be payable (see *GEN* 3.3.3R).

...

SUP 20 Ann 2R

Part 1

...

- (3) ...
- (b) an additional administrative fee of ~~£500~~250 is payable (but not if it is already subject to an administrative fee under *DISP* 5.5.1R(5) or *COMP* 13.6.14R in respect of the same financial year); and
 - (c) the minimum total fee (including the administrative fee in (b)) is ~~£650~~400.

Annex B

Amendments to the Dispute Resolution: Complaints sourcebook

In this Annex underlining indicates new text and striking through indicates deleted text.

- 5.5.1 R (1) A *firm* must provide the *FSA* by the end of February each year (or, if the *firm* has become subject to the *Financial Ombudsman Service* part way through the *financial year*, by the date requested by the *FSA*) ...
- ...
- (5) If a *firm* does not submit a complete statement by the date on which it is due in accordance with this rule and any prescribed submission procedures:
- (a) the *firm* must pay an administrative fee of £250 (but not if it is already subject to an administrative fee under SUP 20 Annex 2R Part 1 or COMP 13.6.14R for the same *financial year*); and
- (b) the *general levy* and any *supplemental levy* will be calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by the factor of 1.10 (or, if a *firm* has become subject to the *Financial Ombudsman Service* part way through the *financial year*, on the basis of the information provided to *FSA* for the purposes of SUP 20.3.2R) or on any other reasonable basis, making such adjustments as seem appropriate in subsequent levies once the true figures are known.
- 5.5.1A G Failure to submit a statement in accordance with the rules in this chapter may also lead to the imposition of a financial penalty and other disciplinary sanctions (see ENF 13.5).
- ...
- 5.8.6 R If a *firm* or an *unauthorised person* does not pay a levy or case fee in full within 30 calendar *days* of the date when the invoice is issued, it must, from that date, pay an administrative fee of £250 plus interest on any unpaid part of the levy or fee at a rate of 5% over the Bank of England's repo rate, from time to time in force, accruing on a daily basis from the date on which the amount concerned became due ~~interest at 10% per annum for each day the unpaid part remains outstanding.~~

Annex C

Amendments to the Compensation sourcebook

In this Annex underlining indicates new text and striking through indicates deleted text.

13.6.11 R Unless exempt under *COMP* 13.3.1R, a *participant firm* must provide the *FSCS* by the end of February each year (or, if it has become a *participant firm* part way through the financial year, by the date requested by the *FSA*) ...

...

13.6.14 R ~~Where a *participant firm* does not provide the statement required by *COMP* 13.6.11R, the *FSCS* may assess the firm for its share of the *compensation costs levy* or the *specific costs levy* on any reasonable basis (including on the basis of the statement for the previous year),~~

If a *participant firm* does not submit a complete statement by the date on which it is due in accordance with *COMP* 13.6.11R and any prescribed submission procedures:

(1) the *firm* must pay an administrative fee of £250 (but not if it is already subject to an administrative fee under *SUP* 20 Annex 2R Part 1 or *DISP* 5.5.1R for the same financial year); and

(2) the *compensation costs levy* and any *specific costs levy* will be calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by the factor of 1.10 (or, if it has become a *participant firm* part way through a financial year, on the basis of the information provided to the *FSA* for the purposes of *SUP* 20.3.2R) or on any other reasonable basis, making such adjustments as seem appropriate in subsequent levies once the true figures are known.

...

13.8.4 R If a *participant firm* does not pay its share of a levy as required by *COMP* 13.8.3R, it must thereafter pay additional administrative fees of £250 plus interest based on any unpaid part of the levy the amount outstanding at a rate of 5% over the Bank of England's repo rate, from time to time in force, accruing on a daily basis from the date on which the payment was due.

Annex 1 — Management Expenses Levy Limit

1 This table belongs to *COMP* 13.5.2R

2 Table

| Period | Limit on total of all management expenses levies attributable to that period (£) |
|-------------------------------|--|
| ... | |
| 1 April 2004 to 31 March 2005 | £17,590,000 |
| 1 April 2005 to 31 March 2006 | £27,030,000 |

Annex D

Amendments to the Professional Firms sourcebook

In this Annex underlining indicates new text and striking through indicates deleted text.

PROF 6 Ann 2R - Fees payable for an order under section 326(1) of the Financial Services and Markets Act 2000

| | | |
|--|----------------------------------|------------------------------------|
| Any <i>person</i> seeking an order under section 326(1) of the <i>Act</i> (Designation of professional bodies) | £ 5,000 <u>10,000</u> | 30 days after the order is granted |
|--|----------------------------------|------------------------------------|