

FEES (CFEB LEVY) INSTRUMENT 2010

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 156 (General supplementary powers);
 - (2) section 157 (Guidance); and
 - (3) paragraph 12 of Part 2 (Funding) of Schedule 1A (Further provision about the consumer financial education body).
- 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 1 June 2010.

Amendments to the Handbook

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Fees manual (FEES) is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the Fees (CFEB Levy) Instrument 2010.

By order of the Board
27 May 2010

Annex A

Amendments to the Glossary of definitions

Insert the following new definitions in the appropriate alphabetical position.

<i>CFEB</i>	<i>Consumer Financial Education Body Limited.</i>
<i>CFEB levy</i>	the levy payable to the <i>FSA</i> pursuant to <i>FEES</i> 7.2.1R by the <i>persons</i> listed in <i>FEES</i> 1.1.2R(5).
<i>Consumer Financial Education Body Limited</i>	the <i>body corporate</i> established by the <i>FSA</i> under section 6A(1) of the <i>Act</i> (Enhancing public understanding of financial matters etc).

Annex B

Amendments to the Fees manual (FEES)

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

1.1 Application and Purpose

- 1.1.1 G *FEES* applies to all *persons* required to pay a fee or levy under a provision of the *Handbook*. The purpose of this chapter is to set out to whom the *rules* and *guidance* in *FEES* apply. *FEES* 2 (General Provisions) contains general provisions which may apply to any type of fee payer. *FEES* 3 (Application, Notification and Vetting Fees) covers one-off fees payable on a particular event, for example various application fees (including those in relation to authorisation, variation of *Part IV permission*, *listing* and the Basel Capital Accord) and fees relating to certain notifications and document vetting requests. *FEES* 4 (Periodic fees) covers all periodic fees and transaction reporting fees. *FEES* 5 (Financial Ombudsman Service Funding) relates to *FOS* levies and case fees, and *FEES* 6 (Financial Services Compensation Scheme Funding) relates to the *FSCS* levy. *FEES* 7 relates to the *CFEB* levy.

Application

- 1.1.2 R This manual applies in the following way:

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(5) *FEES* 1, 2 and 7 apply to:

- (a) every person having a *Part IV permission*;
- (b) an incoming *EEA* firm;
- (c) an incoming *Treaty* firm;
- (d) the *Society*.

FEES 1, 2 and 7 do not apply to an incoming *EEA* firm or an incoming *Treaty* firm that has not established a branch in the United Kingdom.

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2 General Provisions

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- 2.1.4 G The purpose of this chapter is to set out the general provisions applicable to those who are required to pay fees or levies to the *FSA*, case fees to the *FOS*

Ltd or a share of the *FSCS* levy.

- 2.1.5 G Paragraph 17 of Schedule 1 to and section 99 of the *Act* and regulation 92 of the *Payment Services Regulations* enable the *FSA* to charge fees to cover its costs and expenses in carrying out its functions. The corresponding provisions for the *FSCS* levy, ~~and~~ *FOS* levies and case fees and *CFEB* levies are set out in *FEES* 6.1, ~~and~~ *FEES* 5.2 and *FEES* 7.1.4G respectively. *Fee-paying payment service providers* are not required to pay the *FSCS* levy but are liable for *FOS* levies.

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- 2.1.7 G The key components of the *FSA* fee mechanism (excluding the ~~FSCS~~ *FSCS* levy, ~~and the *FOS*~~ *FOS* levy and case fees, and the *CFEB* levy which are dealt with in *FEES* 5, ~~and~~ *FEES* 6 and *FEES* 7) are:

...

...

Late Payments

- 2.2.1 R If a *person* does not pay the total amount of a periodic fee (including fees relating to *transaction reports* to the *FSA* using the *FSA*'s Transaction Reporting System (see *SUP* 17)), *FOS* levy or case fee, or share of the *FSCS* levy or *CFEB* levy, before the end of the date on which it is due, under the relevant provision in *FEES* 4, 5, ~~or~~ 6, or 7, that *person* must pay an additional amount as follows:

- (1) if the fee was not paid in full before the end of the due date, an administrative fee of £250; plus
- (2) interest on any unpaid part of the fee at the rate of 5% per annum above 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.

- 2.2.2 G The *FSA*, (for periodic fees, *FOS* and *FSCS* levies and *CFEB* levies), and the *FOS Ltd* (for *FOS* case fees), expect to issue invoices at least 30 *days* before the date on which the relevant amounts fall due. *FOS* case fees are invoiced on a monthly basis. Accordingly it will generally be the case that a *person* will have at least 30 *days* from the issue of the invoice before an administrative fee becomes payable.

Recovery of Fees

- 2.2.3 G Paragraph 17(4) and paragraph 19B of Schedule 1 to and section 99(5) ~~to~~ of the *Act* permit the *FSA* to recover fees (including fees relating to *payment services* and, where relevant, *FOS* levies and *CFEB* levies), and section 213(6) permits the *FSCS* to recover shares of the *FSCS* levy payable, as a debt owed to the *FSA* and *FSCS* respectively, and the *FSA* and the *FSCS*, as relevant, will consider taking action for recovery (including interest) through

the civil courts. Also, the FOS Ltd (in respect of case fees) may take steps to recover any money owed to it (including interest).

- 2.2.4 G In addition, the *FSA* may be entitled to take regulatory action in relation to the non-payment of fees, ~~and FOS levies and CFEB levies~~. ~~The FSA~~ FSA may also take regulatory action in relation to the non-payment of *FOS* case fees or share of the *FSCS* levy, after reference of the matter to the FSA by the FOS Ltd or the FSCS respectively. What action (if any) that is taken by the *FSA* will be decided upon in the light of the particular circumstances of the case.

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- 2.3.1 R If it appears to the *FSA*, the *FSCS* (in relation to any *FSCS* levy only) or the FOS Ltd (in relation to any *FOS* case fee only), that in the exceptional circumstances of a particular case, the payment of any fee, *FSCS* levy, ~~or FOS levy or CFEB levy~~ would be inequitable, the *FSA*, the *FSCS* or the FOS Ltd, as relevant, may (unless *FEES* 2.3.2BR applies) reduce or remit all or part of the fee or levy in question which would otherwise be payable.

- 2.3.2 R If it appears to the *FSA*, the *FSCS* (in relation to any *FSCS* levy only) or the FOS Ltd (in relation to any *FOS* case fee only), that in the exceptional circumstances of a particular case to which *FEES* 2.3.1R does not apply, the retention by the *FSA*, the *FSCS*, ~~or the FOS Ltd or the CFEB~~, as relevant, of a fee, *FSCS* levy, ~~or FOS levy or CFEB levy~~ which has been paid would be inequitable, the *FSA*, the *FSCS*, ~~or the FOS Ltd or the CFEB~~, may (unless *FEES* 2.3.2BR applies) refund all or part of that fee or levy.

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- 2.4.1 R All fees payable or any stated hourly rate under *FEES* 3 (Application, notification and vetting fees), ~~and FEES 4 (Periodic fees) and FEES 7 (The CFEB levy)~~ are stated net of VAT. Where VAT is applicable this must also be included.

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Insert the following new chapter after *FEES* 6. The text is not underlined.

7 CFEB levies

7.1 Application and Purpose

Application

- 7.1.1 R This chapter applies to every *person* listed in *FEES* 1.1.2R(5).

Purpose

- 7.1.2 G The purpose of this chapter is to set out the requirements on the persons listed in *FEES* 7.1.1R to pay annual *CFEB levies* in order to establish and

fund the *CFEB*.

- 7.1.3 G Section 6A(1) of the *Act* (Enhancing public understanding of financial matters etc) requires the *FSA* to establish the *CFEB* in order to enhance:
- (1) the understanding and knowledge of members of the public of financial matters (including the UK financial system); and
 - (2) the ability of members of the public to manage their own financial affairs.
- 7.1.4 G Paragraph 12(1) of Part 2 of Schedule 1A to the *Act* enables the *FSA* to make *rules* requiring any *authorised persons* or *payment service providers* or class of *authorised persons* or class of *payment service providers* to pay to the *FSA* specified amounts or amounts calculated in a specified way in order to meet a proportion of:
- (1) the expenses incurred by the *FSA* in establishing the *CFEB*, whenever these were incurred; and
 - (2) the expenses incurred, or expected to be incurred, by the *CFEB* in connection with the discharge of the functions described in *FEES* 7.1.3G.
- 7.1.5 G *FEES* 7 sets out the *rules* referred to in *FEES* 7.1.4G.
- 7.1.6 G The *FSA* must have regard to other anticipated sources of funding of the costs described in *FEES* 7.1.4G when setting the *CFEB* levy.
- 7.1.7 G The amounts to be paid under the *CFEB* levy may include a component to cover the *FSA*'s expenses in collecting the payments.
- 7.1.8 G The *FSA* must pay to the *CFEB* the amounts that it receives under the *CFEB* levy apart from amounts in respect of its collection costs (which it may keep).
- 7.1.9 G Paragraph 7(1) of Part 1 of Schedule 1A to the *Act* requires the *CFEB* to adopt an annual budget which has been approved by the *FSA*.
- 7.1.10 G This chapter sets out the method by which the *CFEB* levy will be calculated. Details of the actual levy payable will vary from year to year, depending on the *CFEB*'s annual budget. These details are set out in *FEES* 7 Annex 1R. New details will be prepared and consulted on for each financial year.

7.2 The *CFEB* levy

Obligation to pay *CFEB* levy

- 7.2.1 R A *firm* must pay each *CFEB* levy applicable to it:

- (1) in full and without deduction (unless permitted or required by a provision in *FEES*); and
- (2) in accordance with the provisions of *FEES* 4.3.6R.

Calculation of CFEB levy

7.2.2 R The *CFEB* levy is calculated as follows:

- (1) identify each of the activity groups set out in Part 1 of *FEES* 7 Annex 1R that apply to the business of the *firm* for the relevant period (for this purpose, the activity groups are defined in accordance with Part 1 of *FEES* 4 Annex 1R);
- (2) for each of those activity groups, calculate the amount payable in the way set out in *FEES* 7.2.3R;
- (3) add the amounts calculated under (2);
- (4) work out whether a minimum fee is payable under Part 2 of *FEES* 7 Annex 1R and if so how much;
- (5) add together the amounts calculated under (3) and (4);
- (6) modify the result as indicated by the table in *FEES* 4.2.6R and *FEES* 4.2.7R (if applicable);
- (7) apply any applicable payment charge specified in *FEES* 4.2.4R to the amount in (6), provided that:
 - (a) for payment by direct debit, successful collection of the amount due is made at the first attempt by the *FSA*; or
 - (b) for payment by credit transfer, the amount due is received by the *FSA* on or before the due date;
- (8) make the calculations using information obtained in accordance with *FEES* 4.4.

7.2.3 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 the tariff base calculations in Part 2 of *FEES* 4 Annex 1R and the valuation date requirements in Part 3 of *FEES* 4 Annex 1R;
- (2) use the figure in (1) to calculate which of the bands set out in column 2 of the table in Part 1 of *FEES* 7 Annex 1R the *firm* falls into;
- (3) add together the fixed sums, as set out in column 3 of the table in Part 1 of *FEES* 7 Annex 1R, applicable to each band identified under

- (2);
- (4) the amount in (3) is the amount payable by the *firm* with respect to that activity group.
- 7.2.4 R For the purposes of *FEES* 7.2.3R:
- (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* 4 Annex 1R are disproportionate to the difference in fees payable; and
- (b) it notifies the *FSA* 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) for this period, the *CFEB* levy is calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by the factor of 1.10.
- 7.2.5 R The modifications in Part 3 of *FEES* 4 Annex 2R apply.
- Amount payable by the Society of Lloyd's
- 7.2.6 R The *CFEB* levy in relation to the *Society* is specified against its activity group in Part 1 of *FEES* 7 Annex 1R.
- FEES* 4 rules incorporated into *FEES* 7 by cross-reference
- 7.2.7 G The *Handbook* provisions relating to the *CFEB* 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* 7. In some cases, certain *FEES* 4 rules are applied to the payment of the *CFEB* levy by individual *rules* in *FEES* 7. The rest are set out in the table in *FEES* 7.2.9R.
- 7.2.8 R The *rules* set out in the table in *FEES* 7.2.9R and any other *rules* in *FEES* 4 included in *FEES* 7 by cross-reference apply to the *CFEB* levy in the same way as they apply to periodic fees payable under *FEES* 4.3.1R.

7.2.9 R Table of rules in FEES 4 that also apply to FEES 7

<i>FEES 4 rules incorporated into FEES 7</i>	Description
<i>FEES 4.2.4R</i>	Method of payment
<i>FEES 4.2.7BR</i>	Calculation of periodic fee and tariff base for a <i>firm's</i> second financial year
<i>FEES 4.2.8R</i>	How <i>FEES 4.2.7R</i> applies in relation to an <i>incoming EEA firm</i> or an <i>incoming Treaty firm</i>
<i>FEES 4.2.10R</i>	Extension of time
<i>FEES 4.2.11R</i> (first entry only)	Due date and changes in <i>permission</i> for periodic fees
<i>FEES 4.3.7 R</i>	Groups of <i>firms</i>
<i>FEES 4.3.13R</i>	<i>Firms</i> applying to cancel or vary permission before start of period
<i>FEES 4.3.15R</i>	<i>Firms</i> acquiring businesses from other <i>firms</i>
<i>FEES 4.4.1R to 4.4.6R</i>	Information on which fees are calculated

7.2.10 G References in a *FEES 4 rule* incorporated into *FEES 7* by cross-reference to a periodic fee should be read as being to the *CFEB levy*. References in a *FEES 4 rule* incorporated into *FEES 7* to *fee-paying payment service providers, market operators, service companies, MTF operators, investment exchanges, clearing houses, designated professional bodies* or Solvency 2 Implementation fees, Solvency 2 Implementation Flat fees, Solvency 2 Special Project fees and Solvency 2 Special Project Flat fees should be disregarded.

7.2.11 G In some cases, a *FEES 4 rule* incorporated into *FEES 7* in the manner set out in *FEES 7.2.7G* will refer to another *rule* in *FEES 4* that has not been individually incorporated into *FEES 7*. Such a reference should be read as being to the corresponding provision in *FEES 7*. The main examples are set out in *FEES 7.2.12G*.

7.2.12 G Table of FEES 4 rules that correspond to FEES 7 rules

<i>FEES 4 rules</i>	Corresponding <i>FEES 7</i> rules
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<i>FEES</i> 4.2.1R	<i>FEES</i> 7.2.1R
<i>FEES</i> 4.3.1R	<i>FEES</i> 7.2.2R
<i>FEES</i> 4.3.3R	<i>FEES</i> 7.2.2R
<i>FEES</i> 4.3.12R	<i>FEES</i> 7.2.5R
Part 1 of <i>FEES</i> 4 Annex 2R	Part 1 of <i>FEES</i> 7 Annex 1R

7 Annex 1 R CFEB levies for the period from 1 April 2010 to 31 March 2011

Part 1

This table shows the *CFEB levies* applicable to each activity group (fee-block)

Activity Group	<i>CFEB levy payable</i>	
A.1	Band Width (£ million of Modified Eligible Liabilities (MELs))	Fixed sum (£/£m or part £m of MELs)
	> 10 – 140	3.67
	> 140 – 630	3.67
	>630 – 1,580	3.67
	>1,580 – 13,400	3.67
	>13,400	3.67
	Note 1 For a <i>firm</i> in A.1 which has a limitation on its <i>permission</i> to the effect that it may <i>accept deposits</i> from <i>wholesale depositors</i> only, this levy is calculated as above less 30%.	
A.2	Band Width (no. of mortgages and/or <i>home finance transactions</i>)	Fixed sum (£/mortgage)
	>50 – 130	0.10
	>130 – 320	0.10
	>320 – 4,570	0.10

	>4, 570 – 37,500	0.10
	>37,500	0.10
A.3	Gross premium income (GPI)	
	Band Width (£ million of GPI)	Fixed sum (£/£m or part £m of GPI)
	>0.5 – 10.5	45.21
	>10.5 – 30	45.21
	>30 – 245	45.21
	>245 – 1, 900	45.21
	>1,900	45.21
	PLUS	
	Gross technical liabilities (GTL)	
	Band Width (£ million of GTL)	Fixed sum (£/£m or part £m of GTL)
	>1 – 12.5	2.29
	>12.5 – 70	2.29
	>70 – 384	2.29
	>384 – 3,750	2.29
	>3,750	2.29
A.4	Adjusted annual gross premium income (AGPI)	
	Band Width (£ million of AGPI)	Fixed sum (£/£m or part £m of AGPI)
	>1 – 5	56.32
	>5 – 40	56.32
	>40 – 260	56.32

	>260 – 4,000	56.32
	>4,000	56.32
	PLUS	
	Mathematical reserves (MR)	
	Band Width (£ million of MR)	Fixed sum (£/£m or part £m of MR)
	>1 – 20	1.23
	>20 – 270	1.23
	>270 – 7,000	1.23
	>7,000 – 45,000	1.23
	>45,000	1.23
A.5	Band Width (£ million of Active Capacity (AC))	Fixed sum (£/£m or part £m of AC)
	>50 – 150	4.25
	>150 – 250	4.25
	>250 – 500	4.25
	>500 – 1,000	4.25
	>1,000	4.25
A.6	Flat levy	£120,590
A.7	For class 1(C), (2) and (3) <i>firms</i> :	
	Band Width (£ million of Funds under Management (FuM))	Fixed sum (£/£m or part £m of FuM)
	>10 – 150	0.68
	>150 – 2,800	0.68
	>2,800 – 17,500	0.68

	>17,500 – 100,000	0.68
	>100,000	0.68
	For <i>class 1(B) firms</i> : the <i>fee</i> calculated as for <i>class 1(C) firms</i> above, less 15%.	
	For <i>class 1(A) firms</i> : the <i>fee</i> calculated as for <i>class 1(C) firms</i> above, less 50%.	
	<i>Class 1(A), (B) and (C) firms</i> are defined in <i>FEES 4, Annex 1R</i> .	
A.9	Band Width (£ million of Gross Income (GI))	Fixed sum (£/£m or part £m of GI)
	>1 – 4.5	83.19
	>4.5 – 17	83.19
	>17 – 145	83.19
	>145 – 50	83.19
	>750	83.19
A.10	Band Width (no. of traders)	Fixed sum (£/trader)
	2 – 3	253.40
	4 – 5	253.40
	6 – 30	253.40
	31 – 180	253.40
	>180	253.40
A.12	Band Width (no. of persons)	Fixed sum (£/person)
	2 – 5	33.90
	6 – 35	33.90
	36 – 175	33.90
	176 – 1,600	33.90
	>1,600	33.90

	For a <i>professional firm</i> in A.12 the fee is calculated as above less 10%.	
A.13	For class (2) firms	
	Band Width (no. of persons)	Fixed sum (£/person)
	2 – 3	102.10
	4 – 30	102.10
	31 – 300	102.10
	301 – 2,000	102.10
	>2,000	102.10
	For a <i>professional firm</i> in A.13 the fee is calculated as above less 10%.	
A.14	Band Width (no. of persons)	Fixed sum (£/person)
	2 – 4	106.11
	5 – 25	106.11
	26 – 80	106.11
	81 – 199	106.11
	>199	106.11
A.18	Band Width (£ thousands of Annual Income (AI))	Fixed sum (£/£ thousand or part £ thousand of AI)
	>100 – 180	0.85
	>180 – 1,000	0.85
	>1,000 – 12,500	0.85
	>12,500 – 50,000	0.85
	>50,000	0.85
A.19	Band Width (£ thousands of Annual Income (AI))	Fixed sum (£/£ thousand or part £ thousand of AI)
	>100 – 325	0.20

	>325 – 10,000	0.20
	>10,000 – 50,750	0.20
	>50,750 – 250,000	0.20
	>250,000	0.20

Part 2	
(1)	This Part sets out the minimum <i>CFEB levy</i> applicable to the <i>firms</i> specified in (3) below.
(2)	The minimum <i>CFEB levy</i> payable by any <i>firm</i> referred to in (3) is £10.
(3)	A <i>firm</i> is referred to in this paragraph if it falls within the following activity groups: A.1; A.2; A.3 (excluding <i>UK ISPVs</i>); A.4; A.5; A.7; A.9; A.10; A.12; A.13; A.14; A.18; and A.19.

FEES TP 1 Transitional Provisions

FEES TP 1.1

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional Provision	(5) Transitional Provision: dates in force	(6) Handbook provision: coming into force
...					
<u>7.</u>	<u>FEES 7</u>	<u>R</u>	<u>The information on which the 2010/2011 CFEB levy is based is the information supplied under FEES 4.4 in respect of the 2010/2011 FSA fee year</u>	<u>2010/2011 FSA fee year</u>	<u>Refer to column (5)</u>

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Schedule 4 Powers exercised

Sch 4.1G

The following powers and related provisions in or under the <i>Act</i> have been exercised by the <i>FSA</i> to make the <i>rules</i> in <i>FEES</i> :	
	...
	Paragraph 17 (Fees) of Schedule 1 (The Financial Services Authority)
	<u>Paragraph 12 of Part 2 (Funding) of Schedule 1A (Further provision about the consumer financial education body)</u>
	...