

FEES (CONSUMER FINANCIAL EDUCATION BODY LEVY) INSTRUMENT 2018

Powers exercised

- A. The Financial Conduct 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 137A (The FCA’s general rules);
 - (2) section 137T (General supplementary powers);
 - (3) section 139A (Power of the FCA to give guidance);
 - (4) paragraph 23 (Fees) in Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority); and
 - (5) paragraph 12 in Part 2 (Funding) of Schedule 1A (Further provision about the Consumer Financial Education Body).
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 1 April 2018.

Amendments to the Handbook

- D. The Fees manual (FEES) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Fees (Consumer Financial Education Body Levy) Instrument 2018.

By order of the Board
22 March 2018

Annex

Amendments to the Fees manual (FEES)

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

7 CFEB levies

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7.2 The CFEB levy

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Calculation of the 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* and Part 1 of *FEES 7 Annex 2R* that apply to the business of the *firm* for the relevant period (for this purpose, the activity groups under *FEES 7 Annex 1R* are defined in accordance with Part 1 of *FEES 4 Annex 1AR* and the activity groups under *FEES 7 Annex 2R* are defined in accordance with Part 1 of that Annex);

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- (6) modify the result as indicated by ~~the table in *FEES 4.2.6R* and *FEES 4.2.7R*~~ *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);

...

- (8) make the calculations using information obtained in accordance with *FEES 4.4* in the case of *FEES 7 Annex 1R* and Part 3 of *FEES 7 Annex 2R* in the case of Part 2 of that Annex.

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:
 - (a) the tariff base calculations in Part 3 of *FEES 4 Annex 1AR*, Part 3 of *FEES 4 Annex 11R* and ~~Part 3 of *FEES 7 Annex 1*~~ Part 2 of *FEES 7 Annex 2R*; and
 - (b) the valuation date requirements in Part 5 of *FEES 4 Annex 1AR*,

Part 3 of *FEES 4 Annex 11R* and Part 3 of *FEES 7 Annex 1 2R*;

- (2) use the figure in (1) to calculate which of the bands set out in ~~column 1 and 2~~ of the table in Part 1 of *FEES 7 Annex 1R* and Part 4 of *FEES 7 Annex 2R* the *firm* falls into;
- (3) add together the fixed sums, as set out in ~~columns 1 and 2~~ of the table in Part 1 of *FEES 7 Annex 1R* and Part 4 of *FEES 7 Annex 2R*, 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.

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- 7.2.9 R Table of rules in *FEES 4* that also apply to *FEES 7* to the extent that in *FEES 4* they apply to fees payable to the *FCA*

<i>FEES 4</i> rules incorporated into <i>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 4.2.7ER</i>	<u>Modifications for persons becoming subject to periodic fees during the course of a fee year</u>
<i>FEES 4.2.7FR</i>	<u>Calculating the <i>fee</i> in the <i>firm's</i> first year of <i>authorisation</i></u>
<i>FEES 4.2.7GR</i>	<u>Calculating <i>fees</i> 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</u>
<i>FEES 4.2.7HR</i> to <i>FEES 4.2.7KR</i>	<u>Calculating all other <i>fees</i> in the second and subsequent years of <i>authorisation</i> where a full year of tariff data is not available</u>
<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 4.3.7R</i>	Groups of <i>firms</i>
<i>FEES 4.3.13R</i>	<i>Firms</i> applying to cancel or vary <i>permission</i> before start of

	period
FEES 4.3.15R 4.3.17R	<i>Firms acquiring businesses from other firms</i>
FEES 4.4.1R to FEES 4.4.6R	Information on which fees are calculated

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7 Money advice CFEB levies levy for the period from 1 April 2017 2018 to 31 March 2018 2019

Annex 1R

Part 1

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

Activity Group group	The money advice CFEB levy payable			
	Column 1		Column 2	
A.1	Money advice levy		Debt advice levy	
			(see Part 3A and B)	
	Band Width (£ million of Modified Eligible Liabilities (MELs))	Fee (£/£m or part m of MELs)	Bandwidth (£ million of unsecured debt)	Fee (£/£m or part £m of unsecured debt)
	>10	1.172 [tbc]	≥0	174.98
				For a <i>credit union</i> no levy is payable on the first £250,000 of the tariff base calculated in accordance with Part 3 A and B of this Annex.

A.2	Money Advice levy		Debt advice levy	
			(see Part 3 C and D)	
	Band Width (no. of mortgages and/or <i>home finance transactions</i>)	Fee (£/mortgage)	Band width (£million of secured debt)	Fee (£/£m or part £m of secured debt)
>50	0.406 [tbc]	≥0	16.50	
...				
Notes				
(1) The definitions of fee-blocks G5 and G10 under Part 2 and Part 2A of <i>FEES 4 Annex 11R</i> are modified, for the purposes of <i>FEES 7</i> , so that they exclude the Bank of England, government departments, local authorities, municipal banks and the National Savings Bank.				
(2) The definitions of those fee-blocks are further amended to exclude <i>EEA firms</i> and those which hold a <i>Part 4A permission</i> .				

Part 2	
(1)	This Part sets out the minimum <u>money advice CFEB levy</u> applicable to the <i>firms</i> specified in (3) below.
(2)	The minimum <u>money advice CFEB levy</u> payable by any <i>firm</i> referred to in (3) is <u>£10</u> .
(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; A.19; G.3 and G.10.

Part 3	
(A)	The tariff base for column 2 in activity group A.1:

	<p>for credit unions:</p> <p>the total sterling value of all loans LESS total sterling value of any residential loans.</p> <p>for banks and building societies:</p> <p>the sterling value of all outstanding loans to individuals in the UK, excluding bridging loans and loans secured on dwellings and land.</p> <p>The firm must include:</p> <p>(a) any credit card lending;</p> <p>(b) any charge card lending, even if the outstanding balance has to be paid off in full at the end of each charging period; and</p> <p>(c) any other loans and advances to individuals that are not bridging loans or secured on dwellings or land;</p> <p>provided that the firm only includes data that it is required to include in entries 29DB3A3 and 29DB3A4 of Form BE (that is, the Additional Sectoral Details Return that is completed to provide information by banks and building societies to the Bank of England).</p>
(B)	<p>The valuation date for column 2 in activity group A.1 is the 31 December before the start of the period to which the fee applies or, if earlier, the date of the valuation as disclosed by the Form BE or other annual return made in the calendar year prior to the 31 December.</p>
(C)	<p>The tariff base for column 2 in activity group A.2 is the sterling value of any residential loans to individuals being the sum of gross unsecuritised and securitised balances (applying the definitions of unsecuritised balances and securitised balances set out in SECTION A: BALANCE SHEET of SUP 16 Annex 19B).</p>
(D)	<p>The valuation date for column 2 in activity group A.2 is the 31 December before the start of the period to which the fee applies or, if earlier, the date of the valuation as disclosed by the annual return made in the calendar year prior to the 31 December.</p>

After FEES 7 Annex 1R (Money advice CFEB levy for the period from 1 April 2018 to 31 March 2019) insert the following new Annex FEES 7 Annex 2R. The text is not underlined.

7 Annex 2R Debt advice CFEB levy for the period from 1 April 2018 to 31 March 2019

Part 1

This table shows how the FCA links the *regulated activities* for which a *firm* has permission to activity groups (fee-blocks). A *firm* can use the table to identify which fee-blocks it falls into based on its *permission* for the purposes of the debt advice CFEB levy applicable to each activity group (fee-block).

Activity group	Debt advice <i>CFEB</i> levy payer falls in the activity group if:
A.2 Home finance providers and administrators	It falls under activity group A.2 as defined in Part 1 of <i>FEES</i> 4 Annex 1AR.
CC.3 Consumer credit lending	<p>Its <i>permission</i> is in relation to the following regulated activities:</p> <ul style="list-style-type: none"> - <i>entering into a regulated credit agreement as lender</i> (article 60B(1) of the <i>Regulated Activities Order</i>); - <i>exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement</i> (article 60B(2) of the <i>Regulated Activities Order</i>); <p>which is carried on by way of business and relates to the following <i>specified investments</i>:</p> <ul style="list-style-type: none"> (a) a regulated credit agreement (excluding <i>high-cost short-term credit</i>, a <i>home credit loan agreement</i> and a <i>bill of sale loan agreement</i>); (b) <i>high-cost short-term credit</i>; (c) a <i>home credit loan agreement</i>; (d) a <i>bill of sale loan agreement</i>.

Part 2

This table indicates the tariff base for each fee-block set out in Part 1. The tariff base in this Part is the means by which the *FCA* measures the amount of business conducted by a *firm* for the purposes of calculating the debt advice *CFEB* levy payable to the *FCA* by that *firm*.

Activity group	Tariff base
A.2 Home finance providers and administrators	The sterling value of any residential loans to individuals being the sum of gross unsecuritised and securitised balances (applying the definitions of Unsecuritised balances and Securitised balances set out in Section A: Balance Sheet of <i>SUP</i> 16 Annex 19BG.)

CC.3 Consumer credit lending	<p>Value of lending in column A of <i>data item</i> CCR003 reported by <i>firms</i> under SUP 16 Annex 38AR, being the sum of <i>data elements</i> entered in rows:</p> <ul style="list-style-type: none"> - 1 Debt purchasing; - 2 Hire purchase/conditional sale agreements; - 3 Home credit loan agreements; - 4 Bill of sale loan agreements; - 5 Pawnbroking; - 6 High-cost short-term credit; - 11 Overdrafts; - 12 Other running-account credit; and - 8 Other lending.
Notes	
<p>(1) The tariff base for <i>authorised professional firms</i> that do not submit <i>data item</i> CCR003 under SUP 16 Annex 38AR is the same as set out above and should be reported to the <i>FCA</i> as required by FEES 4.4.1R and FEES 4.4.2R. The valuation date is in accordance with the CC.3 valuation date in Part 3.</p> <p>(2) The tariff base for an <i>incoming EEA firm</i> or an <i>incoming Treaty firm</i> is the same as set out above but limited to the <i>regulated activities</i> of the <i>firm</i> which are carried out in the <i>United Kingdom</i>, except those provided on a <i>cross border services</i> basis, and should be reported to the <i>FCA</i> as required by FEES 4.4.1R and FEES 4.4.2R. The valuation date is in accordance with the CC.3 valuation date in Part 3.</p>	

Part 3

This table indicates the valuation date for each fee-block. A *firm* can calculate its tariff data in respect of the debt advice *CFEB levy* payable to the *FCA* by that *firm*.

Activity group	Valuation date
A.2 Home finance providers and administrators	The 31 December before the start of the period to which the fee applies or, if earlier, the date of the valuation as disclosed by the annual return made in the calendar year prior to the 31 December.
CC.3 Consumer credit lending	Value of lending under Part 2 valued at the <i>firm's accounting reference date</i> in the calendar year ending 31 December occurring before the start of the period to which the debt advice <i>CFEB levy</i> applies.

Part 4

This table shows the tariff rates applicable to each of the fee-blocks set out in Part 1.

Activity group	Debt advice <i>CFEB</i> levy payable	
A.2 Home finance providers and administrators	Band width (£million of secured debt) >0	Fee (£/£m or part £m of secured debt) [tbc]
CC.3 Consumer credit lending	Band width (£million of value of lending) >0 (Note 1)	Fee (£/£m or part £m of value of lending) [tbc]
Note		
(1) <i>Credit unions</i> and <i>community finance organisations</i> do not pay any debt advice <i>CFEB</i> levy on the first £2,000,000 of value of lending.		