

FEES (MISCELLANEOUS AMENDMENTS) (No 15) INSTRUMENT 2020

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of:
- (1) the following powers and related provisions in or under the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137A (General rule-making power);
 - (b) section 137T (General supplementary powers);
 - (c) section 139A (Power of the FCA to give guidance);
 - (d) section 333T (Funding of action against illegal money lending);
 - (e) paragraph 23 (Fees) in Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority); and
 - (2) regulation 102 (Costs of Supervision) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692);
 - (3) regulation 28 (Application of Schedule 1ZA to the Act: penalties, fees and exemption from liability in damages) and 31 (Public list of proxy advisors) of the Proxy Advisors (Shareholders’ Rights) Regulations 2019 (2019/926);
 - (4) regulation 118 (Costs of supervision) of the Payment Services Regulations 2017 (2017/752); and
 - (5) regulation 59 (Costs of supervision) of the Electronic Money Regulations 2011 (SI 2011/99).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 1 April 2020, except for Part 2 of Annex B which comes into force on 31 March 2020.

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 (Miscellaneous Amendments) (No 15) Instrument 2020.

By order of the Board
27 February 2020

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text.

proxy advisor

(1) (Except for FEES 4.2) a legal person that analyses, on a professional and commercial basis, the corporate disclosure and, where relevant, other information of listed companies, with a view to informing investors' voting decisions by providing research, advice or voting recommendations that relate to the exercise of voting rights.

(2) (In FEES 4.2) a person as defined in regulation 2 of the *Proxy Advisors (Shareholders' Rights) Regulations 2019*.

Annex B

Amendments to the Fees manual (FEES)

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

Part 1

3 Application, Notification and Vetting Fees

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3 Annex 9 Special Project Fee for restructuring

- (1) R The Special Project Fee for restructuring (the SPFR) is only payable by a *person* in one of the following categories:
- (a) ~~if it is in~~ that *person* falls within any of the A₁, CC1, CC2 and CMC fee-blocks (as defined in Part 1 of FEES 4 Annex 1AR); or
 - (b) ~~if it is in~~ that *person* falls within fee-block G.3 ~~or G.10~~ (as defined in FEES 4 Annex 11R); or
 - (c) ~~if it is a recognised investment exchange; or~~
~~[deleted]~~
 - (d) [deleted]
 - (e) ~~if it is in~~ that *person* falls within any of the B fee-blocks (as defined in Part 1 of FEES 4 Annex 1AR).
- (2) R The SPFR becomes payable by a *person* falling into (1)(a) or (b) if it engages in, or prepares to engage in, activity which involves it undertaking or making arrangements with a view to any of the following:
- ...
- (b) ...
 - (v) a significant internal change programme.
 - (c) a scheme of arrangement under Part 26 of the Companies Act 2006 in respect of that *person*.

3 Annex 11G Guidance on fees due under FEES 3 Annex 1R, FEES 3 Annex 3R, FEES 3 Annex 8R, FEES 3 Annex 10R, FEES 3.2.7R(p), FEES 3.2.7R(s) and FEES 3.2.7AR 3.2.7R(ze)

The following table sets out *guidance* on how a *firm* liable to pay a fee under both *FEES 3.2.7R(s)* and *FEES 3.2.7R(ze)* for the same transaction should expect to be treated.

| | |
|-----|--|
| (1) | The transferor in <i>insurance business transfer schemes</i> is liable to pay the fee set out in <i>FEES 3.2.7R(s)</i> . However, it may also be liable to pay the Special Project Fee for restructuring set out in <i>FEES 3.2.7R(ze)</i> , calculated in accordance with <i>FEES 3 Annex 9</i> . It is possible then for a <i>firm</i> to have to pay two types of fees in respect of the same <i>insurance business transfer scheme</i> . |
| (2) | Where the situation described in (1) arises, the <i>FCA</i> will consider whether to reduce or remit a fee under <i>FEES 2.3 (Relieving Provisions)</i> . |

Part 1 This Part applies to the following:

(1)

- (a) *FCA-authorized persons, PRA-authorized persons* and *persons seeking to become FCA-authorized persons or PRA-authorized persons that pay application fees under FEES 3 Annex 1R, FEES 3 Annex 3R, FEES 3 Annex 8R and FEES 3 Annex 10R; or*
- (b) *a firm seeking a variation of its Part 4A permission which pays an application fee under FEES 3.2.7R(p).*

(2) The following table sets out *guidance* on how a *person* liable to pay both a fee mentioned in (1) above and also in *FEES 3.2.7R(ze)* for the same transaction, should expect to be treated.

| | |
|-----|--|
| (A) | The <i>person</i> is liable to pay the fees referred to in (1). However, it may also be liable to pay the Special Project Fee for restructuring set out in <i>FEES 3.2.7R(ze)</i> , calculated in accordance with <i>FEES 3 Annex 9</i> . It is possible then for a <i>person</i> to have to pay two types of fees in respect of the same application. |
| (B) | Where the situation described in (A) arises, the <i>FCA</i> will consider whether to reduce or remit a fee under <i>FEES 2.3 (Relieving Provisions)</i> . |

Part 2 The following table sets out *guidance* on how a *firm* is liable to pay a fee under both *FEES 3.2.7R(s)* and *FEES 3.2.7R(ze)* for the same transaction should expect to be treated.

- (1) The transferor in *insurance business transfer schemes* is liable to pay the fee set out in *FEES 3.2.7R(s)*. However, it may also be liable to pay the Special Project Fee for restructuring set out in *FEES 3.2.7R(ze)*, calculated in accordance with *FEES 3 Annex 9*. It is possible then for a *firm to have to pay two types of fees in respect of the same insurance business transfer scheme*.
- (2) Where the situation described in (1) arises, the *FCA* will consider whether to reduce or remit a fee under *FEES 2.3 (Relieving Provisions)*.

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4 Periodic fees

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4.2 Obligation to pay periodic fees

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4.2.3 G The *FCA* will issue invoices online at least 30 *days* before the dates on which payments fall due under *FEES 4.2.1R*.

4.2.3A R If, in response to a request from a fee payer, the *FCA* issues a paper invoice, an administration charge of £50 per year will be added to the fee otherwise payable.

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4.2.11 R Table of periodic fees payable to the *FCA*

| | | | |
|-----------------------------|---|---|---|
| 1 Fee payer | 2 Fee payable | 3 Due date | 4 Events occurring during the period leading to modified periodic fee |
| ... | | | |
| <i>A benchmark endorser</i> | The tariff specified in <i>FEES 4 Annex 15R</i> | Payable in accordance with <i>FEES 4.3.6R</i> | Not applicable |

| | | | |
|----------------------|---|--|-----------------------|
| <u>Proxy advisor</u> | <p>(1) <u>£5,000</u></p> <p>(2) For a <u>proxy advisor which is already trading on 1 April 2020</u>, the amount specified in (1) upon notifying the <u>FCA</u>.</p> <p>(3) For a <u>proxy advisor which starting trading after 1 April 2020</u>, the fee payable is <u>pro-rated in proportion to the months remaining in the financial year 1 April – 31 March</u>, including the month of notification.</p> | <p>(1) At the time of <u>notification</u></p> <p>(2) For a <u>proxy advisor which has already notified the FCA</u>, within <u>30 days of the date of the invoice</u></p> | <u>Not applicable</u> |
|----------------------|---|--|-----------------------|

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4 Annex 5R **Periodic fees for designated professional bodies payable in relation to the period 1 April 2019 to 31 March 2020: tariff base, valuation date and tariff rates**

Table of fees payable by Designated Professional Bodies

| Name of Designated Professional Body | Amount payable (£) |
|--------------------------------------|--------------------|
| The Law Society of England & Wales | 81,110 |
| The Law Society of Scotland | 15,030 |
| The Law Society of Northern Ireland | 15,140 |
| The Institute of Actuaries | 10,170 |

| | |
|---|--------|
| The Institute of Chartered Accountants in England and Wales | 43,700 |
| The Institute of Chartered Accountants of Scotland | 11,770 |
| The Institute of Chartered Accountants in Ireland | 6,580 |
| The Association of Chartered Certified Accountants | 21,400 |
| The Council for Licensed Conveyancers | 12,400 |
| Royal Institution of Chartered Surveyors | 16,950 |

Part 1

This table sets out the tariff base and valuation date for the *designated professional bodies* fee-block. The tariff base and valuation date in this Part is the means by which the FCA calculates the annual periodic fees payable by a *designated professional body* to the FCA.

| <u>Activity group</u> | <u>Fee payer falls in the activity group if:</u> | <u>Tariff base</u> | <u>Valuation date</u> |
|---|--|--|--|
| <i>D.1 Designated professional bodies</i> | <i>It is a designated professional body</i> | <i>Number of exempt professional firms regulated or supervised by a designated professional body</i> | <i>As at 31 December prior to the fee-year</i> |

Part 2

This table sets out the tariff rates applicable to *designated professional bodies*

| <u>Fee payable in relation to 2020/21</u> | <u>Amount payable</u> |
|--|---|
| <u>Minimum fee, payable by all designated professional bodies</u> | £[tbc] |
| <u>Variable fee, payable by designated professional bodies where the number of exempt professional firms regulated or supervised by a designated professional body is greater than 1</u> | £[tbc] multiplied by the total number of exempt professional firms in excess of 1 |

Note

The *Financial Services Register* includes details of *exempt professional firms* carrying out *insurance distribution activity*.

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**4 Annex
11AR** **Definition of annual income for the purposes of calculating fees in fee blocks A.13, A.14, A.18, A.19 and B. Service Companies, UK Recognised Investment Exchanges, Multilateral Trading Facilities, Organised Trading Facilities, Regulated Benchmark Administrators and Claims Management Companies**

Annual income definition

General definition for all relevant fee-blocks (other than where the firm is an operator of a UK Recognised Investment Exchange, a Multilateral Trading Facility, an Organised Trading Facility a Regulated Benchmark Administrator or a Claims Management Company)

“Annual income” for a particular fee block (the “relevant fee block”) is the gross inflow of economic benefits (i.e. cash, receivables and other assets) recognised in the *firm’s* accounts during the reporting year in respect of, or in relation to, the provision in the *UK* of the *regulated activities* specified in *FEES* 4 Annex 1AR Part 1 as belonging to the relevant fee block.

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Definition for UK Recognised Investment Exchanges

“Annual income” for a UK recognised investment exchange is the gross inflow of economic benefits (i.e. cash, receivables and other assets) recognised in the *firm’s* accounts during the reporting year in respect of, or in relation to activities that comprise a necessary part of an exchange’s business as an investment exchange. This should include all revenues the firm derives from operating *multilateral trading facilities* and *organised trading facilities*.

For the purposes of calculating annual income of the UK recognised investment exchange include amounts received in relation to the operation of its markets; access to those markets; the submission, management and execution of orders; quotes or transactions on those markets; the supply of pre-and post- trade transparency information about those markets; fees for *admission to trading* or listing; membership of connectivity charges; fees for order execution or management; trade reporting; market data and any other relevant revenue streams.

Definition for firms operating Multilateral Trading Facilities and Organised Trading Facilities

This refers to firms operating a multilateral trading facility or organised trading facility.

“Annual income” for an operator of a *multilateral trading facility* or *organised trading facility* is the gross inflow of economic benefits (i.e. cash, receivables and other assets) recognised in the *firm’s* accounts during the reporting year in respect of, or in relation to activities that comprise a necessary part of the *firm’s*

business as an operator of a *multilateral trading facility* or *organised trading facility*.

For the purposes of calculating annual income of the operator of a *multilateral trading facility* or *organised trading facility* include amounts received in relation to the operation of its markets; access to those markets; the submission, management and execution of orders; quotes or transactions on those markets; the supply of pre-and post-trade transparency information about those markets; fees for *admission to trading* or listing; membership of connectivity charges; fees for order execution or management; trade reporting; market data and any other relevant revenue streams.

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4 Annex 13G Guidance on the calculation of tariffs set out in FEES 4 Annex 1AR Part 3

Table 1

The following table sets out *guidance* on how a *firm* should calculate tariffs for fee blocks A.13, A.14, A.18, A.19 and B. Service Companies, Recognised Investment Exchanges, Multilateral Trading Facilities, Organised Trading Facilities, Regulated Benchmark Administrators and Claims Management Companies.

| | |
|--|--|
| Calculating and apportioning annual income - FEES 4 Annex 11AR | |
| Calculating annual income | |
| Defining relevant income streams | |
| (1) | The <i>firm</i> should refer to the fee-block definitions in FEES 4 Annex 1AR, Part 1 to decide which particular income streams should be taken into account when calculating its annual income for the purposes of fee-blocks A.13, A.14, A.18, A.19 and B. Service Companies, Recognised Investment Exchanges, <u>Multilateral Trading Facilities, Organised Trading Facilities</u> and Benchmark Administrators. ... |

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4 Annex 14R UKLA periodic fees for the period from 1 April ~~2019~~ 2020 to 31 March ~~2020~~ 2021

| Part 1 Base fee | | |
|---|--------------|----------------------|
| Activity group or invoice code (Note 1) | Description | Base fee payable (£) |
| E.1 | Discontinued | |

| | | | |
|-------|------------------------------|---|-------------------------|
| E.2 | Premium listed issuer | <i>A listed issuer of equity shares and certificates representing shares with a premium listing (see Note 2)</i> | 5,465 [tbc] |
| E.3 | Standard listed issuer | <i>A listed issuer of shares and certificates representing certain securities with a standard listing and not with a premium listing (see Note 2)</i> | 20,700 [tbc] |
| E.4 | Discontinued | | |
| E.5 | Discontinued | | |
| E.6 | Non-listed issuer (in DTR) | <i>A non-listed issuer (in DTR)</i> | 0 [tbc] |
| E.7 | Primary information provider | <i>A primary information provider</i> | 17,275 [tbc] |
| ES.01 | Sponsor | <i>A sponsor (see Note 3)</i> | 28,775 [tbc] |
| ... | | | |

| Part 2 Variable fee additional to base fee | | | |
|--|---|---|----------------------------|
| Activity Group | Market capitalisation as at the last <i>business day</i> of the November <u>September</u> prior to the <i>fee-year</i> in which the fee is payable in £million | Fee payable in £per £million or £part million | |
| E.2 | Premium listed issuer (as described in Part 1) | 0 - 100 | 0 [tbc] |
| | | > 100 - 250 | 28.803154 [tbc] |
| | | > 250 – 1,000 | 11.113106 [tbc] |
| | | > 1,000 – 5,000 | 6.840573 [tbc] |
| | | > 5,000 – 25,000 | 0.166862 [tbc] |
| | | > 25,000 | 0.053909 [tbc] |

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13 Illegal money lending levy

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13.2 The IML levy

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Calculation of the IML levy

13.2.3 R The *IML levy* is calculated as follows:

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- (6) modify the result as indicated by the tables in ~~*FEES 4.2.6R*~~ *4.2.7ER* (Modifications for persons becoming subject to periodic fees during the course of a *fee-year*), ~~and *FEES 4.2.7FR* (Calculating the fee in the firm’s first year of authorisation), *FEES 4.2.7GR* (Calculating fees in the second *fee-year* where the firm received permission between 1 January and 31 March in its first *fee-year*) and *FEES 4.2.7HR* to *FEES 4.2.7KR* (Calculating all other fees in the second and subsequent years of authorisation where a full year of tariff data is not available)~~ (if applicable);

...

13.2.9 R Table of rules in *FEES 4* that also apply to *FEES 13* to the extent that in *FEES 4* they apply to fees payable to the *FCA*.

| <i>FEES 4</i> rules incorporated into <i>FEES 13</i> | Description |
|---|--|
| ... | |
| <i>FEES 4.2.7GR</i> to <i>FEES 4.2.7KR</i> | Calculation of periodic fee and tariff base for a <i>firm’s</i> second <i>financial year</i> |
| ... | |

Part 2

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App 3 Fees payable by persons registered under the Money Laundering Regulations

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App 3.1 Fees for persons registered under the Money Laundering Regulations

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| | | | | |
|-----------|-----|-------------------|---|-----------------------------------|
| App 3.1.2 | (1) | Registration fee: | | |
| | | £100 | | |
| | (2) | Periodic fee: | | |
| | | Activity group | Fee-payer falls in the activity group if: | Fee payable in 2017/18 2019/20 |
| | | G.1 | it is registered with the <i>FCA</i> under the <i>Money Laundering Regulations</i> or any predecessor legislation | £438 <u>£460</u> |

[**Note:** Regulation 102 of the *Money Laundering Regulations*]