

FCA regulated fees and levies: rates proposals 2021/22

Consultation Paper

CP21/8**

April 2021

How to respond

We are asking for comments on this Consultation Paper (CP) by **25 May 2021**.

You can send them to us using the form on our website at:
www.fca.org.uk/cp21-08-response-form

Or in writing to:

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1 Summary

Why we are consulting

1.1 This Consultation Paper (CP) enables us to raise 2021/22 regulatory fees and levies to fund the:

- Financial Conduct Authority (FCA)
- Financial Ombudsman Service
- Money and Pensions Service (referred to in our FEES manual as the Single Financial Guidance Body (SFGB))
- Devolved Authorities
- Illegal money lending expenses of the Treasury

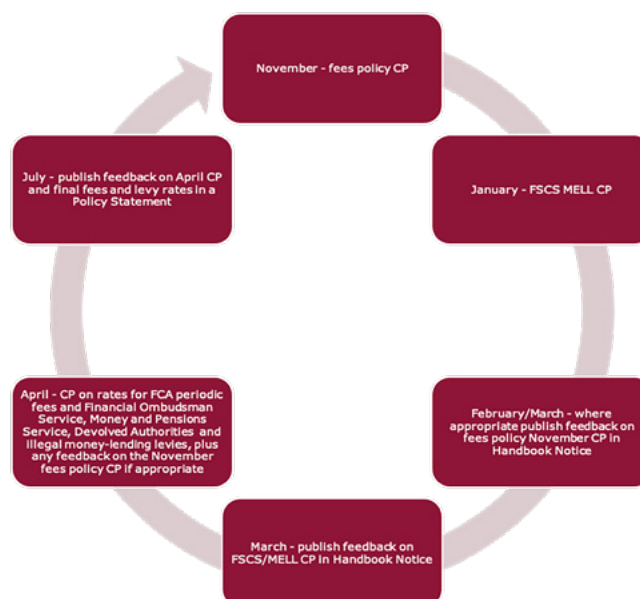
Who this applies to

1.2 All fee payers will be affected by this CP. Table 1.1 at the end of this chapter will help them identify which chapters relate to them.

1.3 This CP contains no material directly relevant to retail financial services consumers or consumer groups, although fees are indirectly met by financial services consumers.

The wider context of this consultation

1.4 Generally, our annual fees consultation follows this cycle:



- November - we consult on any changes to the policy on how we raise fees and levies. We give our feedback on the responses received in the following February/ March Handbook Notice or the April CP.
- January - we consult on the Financial Services Compensation Scheme (FSCS) management expenses levy limit (MELL). This is a joint consultation with the Prudential Regulation Authority (PRA). We give our feedback on responses in the March Handbook Notice.
- April - we consult on FCA periodic fees rates for the next financial year (1 April to 31 March) and any proposed changes to application fees or other fees. We also consult on the Financial Ombudsman Service general levy, Money and Pensions Service, Devolved Authorities and illegal money-lending levies for the next financial year.
- July - we publish our feedback on the responses received to the April CP together with final fees and levy rates in a policy statement.

What we want to change

FCA 2021/22 fees

- 1.5** The FCA's objectives include keeping financial markets functioning and protecting consumers. In setting our annual funding requirement (AFR) to meet challenges for the year ahead we have also recognised the challenges facing the financial services industry and the increases in the levies under the statutory Financial Services Compensation Scheme (FSCS).
- 1.6** We have acknowledged that the current cost of the FSCS levy for certain firms is too high, especially at a challenging time for all businesses. We are proactively taking action to tackle increasing regulatory costs through a stronger focus on firms and individuals who do not meet the required standards. This includes a firmer approach to firms applying for authorisation and making better use of data and intelligence to identify harm caused by authorised firms. In the specific area of consumer investments we are aiming to reduce the harm which consumers can suffer with a view to, in turn, reducing the redress liabilities which can give rise to FSCS claims in the longer term. We also want to work towards a system where firms which cause redress liabilities end up paying more of the bill before recourse is needed to the FSCS. This would be fairer and would further incentivise firms to achieve good outcomes for consumers. It would benefit firms of all sizes.
- 1.7** In real terms we, have maintained a broadly flat base ongoing regulatory activities (ORA) budget with a 2% increase to £559.5m. However, to continue to deliver on our new ORA responsibilities, including for claims management companies and credit rating agencies, we have rebased our ORA budget. The rebased ORA budget also reflects the proposed revised consumer credit minimum fees and the introduction of a fee payable by Principal firms for each of their appointed representatives, a total increase of £18.9m to £578.4m, representing a 5.5% increase over the 2020/21 base ORA.
- 1.8** We believe that small firms, who only pay a minimum fee, should make a contribution to the costs of regulating them that more fully reflects the costs associated with FCA authorisation and ongoing supervision. A firm which needs to be regulated by the FCA, even if that is for an ancillary part of its business, will recognise that regulatory approval

brings value but also specific and serious obligations. Current consumer credit minimum fees are as low as £106 and the proposed revised fees for 2021/22 is the first stage to bring greater alignment of these minimum fees with other authorised firms who currently pay a minimum fee of £1,151.

- 1.9** Principal firms are responsible for the activities of their appointed representatives (ARs). Our thematic reviews of the general insurance sector in 2016 and the investment management sector in 2019 identified significant shortcomings in principal firms' understanding of their regulatory responsibilities for their ARs. Failings included insufficient oversight of their ARs and inadequate controls over the regulated activities for which they have accepted responsibility. We are increasingly seeing more examples of failings through our supervisory and enforcement work. The range of harms varies considerably - from mis-selling to fraud – but they often stem from Principals' failure to oversee their ARs appropriately. The new fee will help fund further work to address these harms in whichever sector they occur.
- 1.10** We will be conducting a wider review of our fees structure, including all minimum fees, as part of our Transformation Programme and will consult on the resulting proposals. Our Transformation Programme is investing in systems and capabilities to enable better use of data and intelligence to regulate some 56,000 firms effectively and efficiently. We continue to recover the costs of our Transformation Programme at the same level as 2020/21.
- 1.11** In addition, we continue to recover at the same level the costs of the continuation of our consumer harm campaign. Scope change and EU withdrawal cost recovery has reduced from 2020/21.
- 1.12** Also, through our 2021/22 AFR we are proposing to recover our external legal costs in undertaking the business interruption insurance test case from insurers (other than those party to the case). Covid-19 led to widespread disruption and business closures resulting in substantial financial loss. Many customers made claims for these losses under their business interruption (BI) insurance policies. There was widespread concern about the lack of clarity and certainty for some customers making these claims, and the basis on which some firms were making decisions about claims. Our action in taking the test case is likely to have saved insurers and policyholders significant legal costs as well as bringing all parties, including the FCA, clarity on the issues much more quickly than would otherwise have been the case.
- 1.13** At £616.5m our 2021/22 overall Annual Funding Requirement (AFR) represents an increase of 4.5% over 2020/21.
- 1.14** The full breakdown of our AFR and allocation across fee-blocks is discussed in Chapter 2.

Fee-rates

- 1.15** Chapter 3 covers the proposed fee-rates for authorised firms in the A fee-blocks and CC1 and CC2 Consumer Credit fee-blocks and claims management companies fee-block. These account for 92% of our AFR. Tables 3.1 and 3.2 cover minimum and flat periodic fees. For firms large enough to trigger variable fees, Table 3.3 sets out the year-on-year movements in the draft 2021/22 fee rates for each fee-block. The draft fee rates take account of changes in the number of fee payers and tariff data from 2020/21. This is because these elements can have a significant effect on the fee rates firms' will pay when compared to the AFR allocated to particular fee-blocks set out in Table 2.3 in Chapter 2.

- 1.16** Chapter 4 covers proposed periodic fees for other bodies (B to J fee-blocks) and shows where fee rates differ significantly from the movement in the AFR allocations.
- 1.17** After taking into account rebates from retained financial penalties of £50.4m, total fees collected from fee payers in 2021/22 will reduce to £566.1m. We set out how we apply the financial penalty rebate in Chapter 5.
- 1.18** We include all proposed fee rates in the draft instrument in Appendix 1.

Covid-19 proposals

- 1.19** We continue to propose not to increase minimum fees by the 2% increase in our 2021/22 base ORA budget. We also kept minimum fees unchanged in 2020/21. Keeping minimum fees unchanged for 2021/22 will continue to help protect the smallest firms from the impact of Covid-19. The exception to this policy is consumer credit minimum fees pending a wider review of our fees structure under our Transformation Programme.
- 1.20** To help medium and smaller firms we are proposing to continue to extend the period for paying their fees by 2 months to 90 days. This means that 88% of firms will have until towards the end of 2021 to pay their fees and levies. Larger firms will be expected to pay their fees under the usual payment terms. Details are provided in Chapter 3.

Further FCA fees policy proposals

- 1.21** In Chapter 6, we consult on proposals to:
- avoid double payment of fees by UK data reporting service providers (DRSPs) which have been set up by former incoming DRSPs based in the European Economic Area (EEA)
 - reclassify the application fees for peer-to-peer lending from moderately complex to complex

Feedback on authorisation application fees

- 1.22** In Chapter 7 we provide the feedback and our response covering our consultation in [CP20/22](#) on revalorising and restructuring FCA application fees; on restructuring application fees for claims management companies (CMCs) and validation orders (VOs); and on introducing new charges for notifications under the senior managers regime (SMR) and controlled functions for appointed representatives (CF(AR)).

Funeral plans

- 1.23** In Chapter 8 we set out our proposals for charging application fees for funeral plan firms when they seek authorisation from us and the structure of periodic fees.

Financial Ombudsman Service general levy

- 1.24** In Chapter 9 we consult on allocating the Financial Ombudsman Service (the Ombudsman Service) general levy between industry blocks. The general levy applies to firms covered by the Compulsory Jurisdiction (CJ), and is raised and collected by the FCA. It is payable by all firms authorised or registered by us, including those that have not had any cases referred to the Ombudsman Service.

- 1.25** This year, the Ombudsman Service has asked us to recover £96m through the general levy. This is an increase of just over £12 million (14%) compared to last year (£84m). The levy of £96m is around 9% lower than the £106 million that the Ombudsman Service proposed in its consultation. The FCA approved the budget in line with its FSMA requirements.
- 1.26** The Ombudsman Service has also increased its case fee to £750 (an increase of £100 on the current case fee of £650). The details on the changes are covered in the Ombudsman Service's consultation and final plans and budget for 2021/22.

Money and Pensions Service levies

- 1.27** In Chapter 10, we consult on the rates at which we propose to charge our levies for the Money and Pensions Service (MaPS) in 2021/22. MaPS (previously called the Single Financial Guidance Body (SFGB)) came into operation on 1 January 2019 and took on the responsibilities of the Money Advice Service (MAS), Pension Wise and The Pensions Advisory Service (TPAS). MaPS is an arm's-length body sponsored by the Department of Work and Pensions (DWP) and is responsible for providing money and pensions guidance in the UK and debt advice in England.
- 1.28** The DWP has notified us that the total amount we must collect for MaPS in 2021/22 is £149.2m. This is made up of amounts for 3 separate levy components:
- £23.0m for money guidance in the UK
 - £94.6m for debt advice in England
 - £31.6m for pensions guidance in the UK
- 1.29** These figures will be adjusted when any underspends against the levies paid in 2020/21 have been confirmed.
- 1.30** For 2021/22 we propose to allocate MaPS funding to fee-blocks on the same basis as we did last year.

Devolved Authorities debt advice levy

- 1.31** In Chapter 11, we consult on the allocation of costs to fund debt advice delivered by the Devolved Authorities in Scotland, Wales and Northern Ireland in 2021/22.
- 1.32** Her Majesty's Treasury (the Treasury) has notified us that, for 2021/22, the total funding we must collect for the provision of debt advice in the Devolved Authorities is £14.0324m. We propose to allocate costs under the Devolved Authorities debt advice levy in the same proportion as we did last year.

Illegal money lending (IML) levy

- 1.33** The Treasury has notified us that their 2021/22 illegal money lending expenses will be £6.5m (£6.2m in 2020/21). This is an estimate and may be revised when the IML levy rates are finalised in June 2021. We set out the IML levy rates to recover this amount from consumer credit firms in Chapter 12.

Fee payers should know that we calculate the draft fee rates and levies in Appendix 1 using estimated fee payer populations and tariff data. This means that final periodic fee rates and levies for 2021/22, which will be made by our Board in June 2021, could vary from those in this CP.

Equality and diversity implications

- 1.34** Overall, we do not think that the proposals in this CP adversely impact any of the groups with protected characteristics under the Equality Act 2010. We will continue to consider the equality and diversity implications of the proposals during the consultation period, and will revisit them when publishing the final rules. In the meantime, we welcome your comments on any equality and diversity considerations you believe may arise.

Next steps

What you need to do next

- 1.35** We want to know what you think of our proposed:
- FCA 2021/22 periodic fee rates, further FCA fees policy proposals and proposals for authorisation application fees and periodic fees structure for funeral plan firms
 - 2021/22 Financial Ombudsman Service, Money and Pensions Service, Devolved Authorities and illegal money lending levies
- 1.36** Please send us your comments by **25 May 2021**.

How to respond

- 1.37** Use the online response form on our website or write to us at the address on page 2.

What will we do

- 1.38** We provide a Fees Calculator facility on our website to enable firms to calculate their periodic fees for the forthcoming year. This will be based on the draft FCA periodic fees and the Financial Ombudsman Service, Money and Pensions Service, Devolved Authorities and illegal money lending levy consultative rates in Appendix 1 of this CP.
- 1.39** The fees calculator will also cover Prudential Regulation Authority (where applicable) fees and indicative FSCS levies. The Fees Calculator for 2021/22 fees and levies will be available for firms to use from 20th April 2021.
- 1.40** We will consider your comments on our proposals and, subject to FCA Board approval in June 2021, plan to publish a policy statement in July, which will include our feedback on your comments and the final rules.

- 1.41** Certain fee payers have been invoiced from February 2021 for 'on-account' payments. Other firms will be invoiced from July 2021, on the basis of the new fees and levies.

Table 1.1: Fee payers affected by the 2021/22 fees and levies rates proposals in this CP

Issue	Fee payers affected	Chapter
FCA		
Periodic fee rates	Authorised firms: the 'A' and 'CC' (consumer credit) fee blocks; and Claims Management Companies	2 and 3
	All fee payers except authorised firms – fee-blocks B to J	2 and 4
Applying financial penalties and revising the Financial Penalty Scheme	Fee payers listed in Table 5.1 in Chapter 5	5
Further FCA fees policy proposals		
To avoid double payment of fees by UK data reporting service providers (DRSPs) which have been set up by former incoming DRSPs based in the European Economic Area (EEA)	Incoming EEA DRSPs which have notified us that they intend to provide a service in the UK under the deemed authorisations regime	6
To reclassify the application fees for peer-to-peer lending from moderately complex to complex	Any firm which is considering applying to undertake peer-to-peer lending	
Feedback on authorisation application fees		
Our response to feedback on our proposals for revised authorisation application fees consulted on in CP20/22	Persons considering making applications for authorisation and their advisors	7
Funeral plans		
Application fees for FP firms from 1 September 2021 and structure of periodic fees	Any firm already trading, or considering trading, in the funeral plans market	8
Financial Ombudsman Service		
General levy rates	Firms subject to the Financial Ombudsman Service general levy	9
Money and Pensions Service		
Money guidance levy	Firms subject to money advice levies – authorised firms, payment institutions and electronic money issuers Consumer credit firms in the CC1(limited permission) and CC2(full permission) fee-blocks	10
Debt advice levy	Firms subject to debt advice levies – firms in fee-blocks A.2 (home finance providers and administrators) and CC3 (consumer credit lending)	
Pensions guidance levy	Firms in the following fee blocks: A.4 insurers – life A.7 portfolio managers A.9 managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes A.13 advisors, arrangers, dealers or brokers	
Devolved Authorities debt advice levy		
Devolved Authorities debt advice levy	Firms subject to debt advice levies – firms in fee-blocks A.2 (home finance providers and administrators) and CC3 (consumer credit lending)	11

Issue	Fee payers affected	Chapter
Illegal money lending levy		
Recovering the Treasury's expenses for tackling illegal money lending	All firms with credit-related permissions	12

2 FCA annual funding requirement and allocation to fee-blocks

2.1 In this chapter, we set out our annual funding requirement (AFR) for 2021/22 and the allocations to fee-blocks.

2.2 Our AFR enables us to undertake the functions to deliver our statutory objectives. Our strategic objective is to ensure that the relevant markets function well and our operational objectives are to:

- protect consumers - we secure an appropriate degree of protection for consumers
- protect financial markets - we protect and enhance the integrity of the UK financial system
- promote competition - we promote effective competition in the interests of consumers

2.3 Our AFR is recovered through periodic fees, paid annually by all fee-payers.

AFR

2.4 The proposed 2021/22 AFR, including special fees and scope change recoveries is £616.5m, an increase of £26.6m (4.5%) over 2020/21. This is made up of a broadly flat in real terms base ongoing regulatory activities (ORA) budget and additional charges to reflect new fees and changes to responsibilities of £18.9m giving a rebased ORA budget of £578.4m representing a 5.5% increase over the 2020/21 base ORA. Table 2.1 shows the breakdown of our 2021/21 AFR compared with that for 2020/21 and the impact of estimated financial penalty rebates.

Table 2.1: 2020/21 AFR breakdown

	2021/22 £m	2020/21 £m	Movement	
			£m	%
Base Ongoing regulatory activities (ORA) budget	559.5	548.5	11.0	2.0%
ORA new responsibilities	3.4	-	3.4	-
Principal firms - appointed representatives fee	10.0		10.0	
Consumer credit revised minimum fees	5.0		5.0	
Money Laundering Regulations (MLRs) revised flat fee	0.5		0.5	
Rebased ORA budget	578.4	548.5	29.9	5.5%
Scope change recovery	8.3	14.1	-5.8	-41.1%
EU withdrawal costs	10.0	15.0	-5.0	-33.3%
Transformation Programme	10.0	10.0	0.0	0.0%
Consumer harm campaign	2.3	2.3	0.0	0.0%
Business interruption insurance special fee	7.5	-	7.5	-
AFR recovery	616.5	589.9	26.6	4.5%
Financial penalty rebate (i)	(50.4)	(51.9)	1.5	
Fees payable	566.1	538.0	28.1	5.2%

Note:

(i) The £50.4m rebate in 2021/22 represents an estimate of the 2020/21 financial penalties we can retain to cover 2020/21 enforcement costs.

- 2.5** We must pay all the financial penalties we receive to the Exchequer (net of certain enforcement costs incurred in generating these penalties) in the same year. Any retained penalties are used to reduce our fees in the following year, other than for the fees levied on the penalty payers themselves.
- 2.6** We currently estimate the financial penalty rebate to be £50.4m in 2021/22 (£51.9m in 2020/21). Taking into account this rebate, the overall total fees collected from fee payers in 2021/22 will be reduced by £50.4m to £566.1m.
- 2.7** We set out how we will apply the financial penalty rebate across fee payers in Chapter 5.

AFR allocation across fee-blocks

- 2.8** Our policy for allocating the AFR across fee-blocks is to maintain an even distribution of increases/decreases except where individual fee-blocks have had material and explainable exceptions ('allocation by exception').
- 2.9** The allocations by exception to the overall 4.5% increase in the 2021/22 AFR relate to:
- Rebasing of ORA covering – ORA new regulatory responsibilities, Principal firms appointed representatives fee, consumer credit revised minimum fees and Money Laundering Regulations (MLRs) revised flat periodic fee, and
 - Scope change, EU Withdrawal, transformation programme, consumer harm campaign costs and the business interruption (BI) insurance special fee.
- 2.10** These allocations by exceptions are reflected in the overall allocations of the 2021/22 £616.5m AFR breakdown set out in Table 2.3 at the end of this chapter.

ORA new responsibilities and scope change

- 2.11** The breakdown of the 2021/22 £8.3m scope change and £3.4m ORA new responsibilities costs are set out in Table 2.2.

Table 2.2: Breakdown of 2021/22 scope change and ORA new responsibilities' cost

Scope change £m	ORA new responsibilities £m	Scope change
4.4	-	Senior Managers and Certification Regime – continuation of the recovery commenced in 2020/21 (see paragraphs 2.12 to 2.15 below)
1.9	-	EU Benchmarks - first recovery (see paragraphs 2.16 to 2.18 below)
1.1	1.2	Credit Rating Agencies - first recovery (see paragraphs 2.19 to 2.21below)
0.5	0.5	Trade Repositories – first recovery (see paragraphs 2.19 to 2.21below)
0.4		Securitisation Repositories - first recovery (see paragraphs 2.19 to 2.21below)
-	1.7	Claims Management Companies – first recovery (see paragraphs 2.22 to 2.25 below)
8.3	3.4	Total

Senior Managers and Certification Regime

- 2.12** The Senior Managers and Certification Regime (SM&CR) replaced the Approved Persons Regime, changing how people working in financial services are regulated. Broadly speaking, firms covered by the SM&CR that are dual-regulated by the FCA and the Prudential Regulation Authority (PRA) are divided into 2 categories:
- SM&CR banking firms – deposit takers that include banks, building societies and credit unions
 - SM&CR insurance firms – include general and life insurers, the Society of Lloyd's and their managing agents
- 2.13** The SM&CR scope change costs for the banking firms have already been recovered from the A.1 Deposit acceptors fee-block (includes banks, building societies and credit unions) over fee-years 2016/17 to 2018/19.
- 2.14** We are proposing that the £4.4m SM&CR 2021/22 scope change costs are allocated proportionately across the fee-blocks that include SM&CR insurance firms and the solo-regulated fee-blocks that include fee-payers that are 'firms' as defined in the FCA's Handbook. This is because the SM&CR only applies to 'firms'. Table 2.3 notes all the fee-blocks which include SM&CR insurance firms and FCA solo-regulated fee-blocks which contain fee-payers that are 'firms' and so are also subject to the SM&CR.
- 2.15** This is the same allocation basis used to recover the £7.2m 2020/21 SM&CR scope change costs.

EU Benchmarks

- 2.16** On 1 January 2018, the EU Benchmark Regulation (BMR) took full effect. This replaced the previous UK regulatory regime that captured 8 benchmarks that were specified by the Treasury and significantly widened the scope of benchmark regulation across the EU.
- 2.17** UK firms involved in benchmark administration were required to submit their applications to become regulated benchmark administrators (RBAs) by 1 January 2020. RBAs are a sub-set of the 'B' fee-block (market infrastructure providers). We deferred the recovery of the EU Benchmarks scope change costs until we had a full population of RBAs and had validated the income (tariff data) they report from these activities used to calculate their RBA periodic fees. This was completed during 2020/21.
- 2.18** For 2021/22 we propose to allocate the £1.9m scope change costs to the RBA sub-set of the 'B' fee-block. We recovered £1.9m AFR from RBAs in 2020/21. The recovery of the scope change costs will represent a 100% increase in the 2021/22 AFR allocation to the RBA sub-set fee-block. We believe the full recovery of the scope change costs in 2021/22 is sustainable for this group of fee-payers.

Credit Rating Agencies, Trade Repositories and Securitisation Repositories (SRs)

- 2.19** On the 31 December 2020, the UK became the regulatory authority for UK Credit Rating Agencies (CRAs), Trade Repositories (TRs) and Securitisation Repositories (SRs) following the UK's withdrawal from the EU and the end of the implementation period. Through previous consultation we established a new 'J' fee-block to recover the scope

change costs and ongoing regulatory costs for these new responsibilities. We are proposing that:

- The CRA £1.1m scope change and £1.2m ORA new regulatory responsibilities costs are allocated to the CRA J.1 sub-set of the 'J' fee-block.
- The TR £0.5m scope change costs are allocated to the combined J.2 TR and J.3 SR sub-set fee-blocks together with the £0.5m new ongoing costs for both TRs and SRs. We consult on combining the J.2 and J.3 fee-blocks in Chapter 4 of this consultation paper (CP).

2.20 In the case of the £0.4m SR scope change costs we are proposing that these are recovered from the fee-blocks that include firms that are involved in securitisation markets:

- banks, insurers and investment firms are the main originators of securitised products
- advisers, arrangers, dealers and brokers as they operate the market in the buying and selling of securitisation products and advise on investments, including in some cases advising on and arranging the securitisation of investments
- corporate finance advisers as they may advise their clients on securitisations

2.21 The relevant fee-blocks are noted in Table 2.3 and the £0.4m SR scope change costs have been allocated proportionately across those fee-blocks. This is the same basis of allocation we used to recover the related Securitisation Regulation £0.6m set-up costs in 2019/20 as set out in Chapter 2 of [CP19/16](#) (April 2019).

Claims management companies

2.22 Responsibility for claims management regulation passed from the Claims Management Regulator to the FCA on 1 April 2019 under the Financial Guidance and Claims Act 2018. This has brought within our scope a new business sector and a new group of firms - claims management companies (CMCs).

2.23 For 2019/20 we consulted on the allocation of £7.1m CMC scope change costs which were allocated to a new CMC fee-block. CMCs that wanted to continue trading from 1 April 2019 had to register for temporary permission. Registration for temporary permission opened on 1 January 2019 and closed on 31 March 2019. Firms that registered with us were required to pay their 2019/20 periodic fees at the same time as they registered.

2.24 For 2020/21 we consulted on the allocation of the remaining £2.7m scope change costs to the CMC fee-block.

2.25 For 2021/22 we are proposing to commence recovering the ORA new regulatory responsibilities costs of £1.7m from the CMC fee-block.

Principal firms appointed representatives fee

2.26 We are proposing a new flat periodic fee to be levied on Principal firms payable on each of their appointed representatives (ARs).

- 2.27** An appointed representative (AR) is a firm or person who carries on regulated activity on behalf, and under the responsibility, of an authorised firm. This authorised firm is known as the AR's 'principal' and is responsible for the activities of the AR, including ensuring it complies with our rules. Firms and individuals may want to be an AR for a range of reasons. These include being able to undertake regulated activities without the need to get FCA authorisation in their own right.
- 2.28** Our thematic reviews of the general insurance sector in 2016 and the investment management sector in 2019 identified significant shortcomings in principal firms' understanding of their regulatory responsibilities for their ARs. Failings included insufficient oversight of their ARs and inadequate controls over the regulated activities for which they have accepted responsibility.
- 2.29** We highlighted the risks we see in the principal/AR model in our Perimeter Report 2019/20 – and noted that these can vary from sector to sector.
- 2.30** Traditionally, most ARs used the delegated permissions of their principal to sell mainstream products and services – and this generally continues to be the case. However, we are now seeing ARs being used in a more diverse range of business models and sectors, including asset management and wholesale activities. Currently approximately half of all principals have just one AR. These developments in the use of the AR regime have increased the range of potential harms to consumers.
- 2.31** We are increasingly seeing more examples of failings through our supervisory and enforcement work. The range of harms varies considerably – from mis-selling to fraud – but they often stem from principals' failure to oversee their ARs appropriately.
- 2.32** Our recent Call for Input on Consumer Investments asked for views on how the AR regime is working in practice in the investment sector. We received a range of views, many of which raised concerns over the AR regime. Respondents argued that ARs drove significant consumer harm and the regulatory disparity between authorised firms and ARs was a source of confusion and harm for consumers.
- 2.33** We have concluded that we need to do further work at our gateway for authorisations, and in supervision and policy, to address the harms in whichever sector they occur. This will include work to determine whether we should consider rules, or legislative, changes.
- 2.34** Our work programme will include:
- Undertake greater engagement with, and scrutiny of, firms as they appoint ARs. This will apply both to new applicants and already authorised firms. Our aim will be to understand how the AR fits into the firm's business model and we will assess whether the firm has appropriate systems and controls to oversee the AR.
 - Using a data-led approach, we will undertake proactive supervision of principal firms that may pose a higher-risk of harm. We will use our full range of supervision and enforcement tools to reduce the risks we identify.
 - Carry out a range of targeted supervision activity in sectors, or portfolios, where we consider that the AR regime is a particular driver of harm.
 - Undertake analysis, informed by the work above, to determine whether policy interventions, such as rule changes, are required to reduce the harm posed by the AR regime. This could include making recommendations to the Treasury for changes in the legislative regime.

- 2.35** We propose setting this new flat fee at £250 which would raise additional funding of c.£10m which has been incorporated into the 2021/22 AFR breakdown in Table 2.1. We have allocated the £10m to a new fee-block (A.22) as incorporated in the AFR allocation breakdown in Table 2.3. Further details of how the new fee will be applied are set out in Chapter 3.

Consumer Credit revised minimum fees

- 2.36** We believe that small firms, who only pay a minimum fee, should make a contribution to the costs of regulating them that more fully reflects the costs associated with FCA authorisation and ongoing supervision. A firm which needs to be regulated by the FCA, even if that is for an ancillary part of its business, will recognise that regulatory approval brings value but also specific and serious obligations. Current consumer credit minimum fees are as low as £106 and the proposed revised fees for 2021/22 is the first stage to bring greater alignment of these minimum fees with other authorised firms who currently pay a minimum fee of £1,151.
- 2.37** Consumer credit minimum fees currently range from £106 to £530 for limited permission firms (CC.1 fee-block) and £318 to £1,061 for full permission firms (CC.2 fee-block). The lower range for limited permission firms was intended to reflect that their consumer credit regulated business is ancillary to their mainstream non-financial services related business.
- 2.38** The current consumer credit minimum fee structure was designed to transition consumer credit firms from regulation by the Office of Fair Trading (OFT) to the FCA which commenced from 2013/14. The OFT charged fees covering a 5-year period: £435 (£87 p.a.) for sole traders; and £1,075 (£215 p.a.) for all others, with no link to their size of business. This was substantially below the £1,000 minimum fee paid by other authorised firms in the 'A' fee-block at the time.
- 2.39** In 2020/21 we recovered £8.1m, around 16% of the £52.3m AFR allocated to the consumer credit fee-blocks (CC.1 and CC.2) from the 33,962 consumer credit firms that only pay minimum fees (95% of the total 35,884 consumer credit firms). These firms have been sheltered from the recovery of the £60m consumer credit scope change costs completed in 2020/21 which was funded by the 10% of firms, medium and larger size firms, that pay variable fee-rates in addition to minimum fees.
- 2.40** The 33,962 consumer credit firms that only pay a minimum fee represent 61% of the c.56,000 firms we regulate. We are proposing revised consumer credit minimum fees of £250, £500 and £750 for limited permission firms and £750, £1,000 and £1,151 for full permission firms.
- 2.41** We expect the revised fees will raise additional funding of c.£5m which has been incorporated into the 2021/22 AFR breakdown in Table 2.1. We have allocated the £5m to the CC.1 and CC.2 fee-blocks within the AFR allocation breakdown Table 2.3.
- 2.42** This is the first stage to bring greater alignment of consumer credit minimum fees with other authorised firms in the 'A' fee-blocks where the minimum fee is currently £1,151. As discussed in paragraph 2.69 we are proposing to continue to maintain the 'A' fee-block minimum fee at £1,151 as part of our proposed Covid-19 concessions.

2.43 We will be conducting a wider review of our fees structure, including all minimum fees, as part of our Transformation Programme and will consult on the resulting proposals.

2.44 A breakdown of the revised consumer credit minimum fees is detailed in Chapter 3.

Money Laundering Regulations revised flat periodic fee

2.45 Authorised firms contribute to our costs of supervising them in relation to the Money Laundering Regulations (MLRs) through the periodic fees that they pay for having permission to undertake the regulated activities covered by the fee-blocks they are in.

2.46 Other businesses that do not carry out FCA authorised business but are subject to the MLRs can register with the FCA. We are proposing to revise the flat periodic fee for these fee-payers from the £400 base line set in 2007. This will increase this fee from the current £469 to £1,000. The additional funding of £0.5m has been incorporated into the 2021/22 AFR breakdown in Table 2.1. It has also been incorporated into the £8.1m AFR allocation to the G fee-block in the AFR allocation breakdown Table 2.3. The G fee-block covers several other sub-set fee-blocks which will not be affected by this increase.

EU withdrawal costs

2.47 We have identified total post-EU withdrawal costs of £10m for 2021/22 covering ongoing work following the end of the transition period.

2.48 We propose allocating the £10m costs across the fee-blocks that include banks (A.1 fee-block), insurers (A.3, A.4, A.5 and A.6 fee-blocks), fund managers (A.7 fee-block) and proprietary traders (fee-block A.10). We believe that the types of firms in these fee-blocks continue to be most likely to have been affected by EU withdrawal. This is the same allocation basis we used for each year from 2017/18 to 2020/21.

Transformation programme

2.49 To support our transformation programme, we are investing £30m over 3 years recovering £10m each year from 2020/21 to 2022/23.

2.50 Since launching Our Mission in 2017 we have improved how we work. However, we must continually adapt and raise our standards as the world in which we regulate changes. Our plans for our own transformation are ambitious and will fundamentally change the way we work, as well as helping us become a more efficient and effective regulator.

2.51 Our role is to work in the public interest to protect the UK's financial system. To ensure that we continue to deliver this we need to think differently about how we act as a regulator. We need to change the way that we work, including how we prioritise and deliver outcomes, how we use data and technology, what capabilities we need to be fit for the future and how we work with our global partners. We will also need to make full use of our regulatory toolkit.

- 2.52** We recovered £10m in 2020/21 which was allocated proportionately across all fee-blocks as the programme impacts on the way we work across the organisation. This does not impact minimum or flat fees. We propose that the £10m recovery for 2021/22 is allocated on the same basis.

Consumer harm campaign

- 2.53** In Chapter 7 of CP20/06 (April 2020), we consulted on proposals to undertake a consumer harm campaign over the next 5 years and how we proposed to recover the £2.3m funding costs for the first year, 2020/21.
- 2.54** Two of our operational objectives; consumer protection and market integrity, are intrinsically linked. When markets are fair, transparent and working well, consumers have more trust in the financial system, which enables all firms to thrive.
- 2.55** We recognised that markets change and evolve quickly – the greatest source of harm today, may be less acute in the future. To ensure that the overall campaign reflects the dynamic nature of markets, we will review and assess where the greatest and most acute areas of harm exist and adjust our campaign to address them. We will do this by continuously monitoring industry intelligence, consumer contacts to our consumer helpline and feedback on the campaign messaging.
- 2.56** We therefore proposed to allocate the £2.3m 2020/21 funding proportionately across all fee-blocks. This reflected that the campaign is designed to enhance integrity in the financial system as well as protect consumers from harm and so will benefit all sectors.
- 2.57** The consumer harm campaign 2021/22 funding costs are the same as 2020/21 and we propose to allocate them on the same basis.

Business interruption insurance special fee

- 2.58** Covid-19 led to widespread disruption and business closures resulting in substantial financial loss. Many customers made claims for these losses under their business interruption (BI) insurance policies. There was widespread concern about the lack of clarity and certainty for some customers making these claims, and the basis on which some firms were making decisions about claims.
- 2.59** The issues surrounding BI policies are complex and it was recognised that they had the potential to create ongoing uncertainty for all relevant parties. We sought clarification from the High Court as part of a test case, aimed at resolving the contractual uncertainty around the validity of many BI claims. We advanced arguments on behalf of policyholders in the public interest. The test case was based on a representative sample of policy wordings. The High Court's decision on the test case was subject to a leapfrog appeal to the Supreme Court.
- 2.60** The Supreme Court handed down its judgment on 15 January 2021 substantially allowing the FCA's appeals and dismissing the insurers' appeals. This means that many thousands of policyholders who have cover should now have their claims for coronavirus-related BI losses paid.

- 2.61** The judgments from the Courts provides policyholders and insurers with clarity about whether customers have cover and can make a valid claim and the amount due to policyholders.
- 2.62** The test case impacted on 61 insurers, covering approximately 700 policy types with approximately 370,000 policyholders. The scale, complexity, speed and novel nature of the case meant the FCA needed to engage experienced external insurance litigation solicitors, a team of experienced counsel and additional experts, including loss adjusters.
- 2.63** Our action in taking the test case is likely to have saved insurers and policyholders significant legal costs as well as bringing all parties clarity on the issues much more quickly than would otherwise have been the case. If we had not taken this action, insurers and policyholders would have had to resolve these disputes themselves through the courts, the Financial Ombudsman Service or other alternative dispute resolution processes, at considerable expense and over a protracted timescale.
- 2.64** We are proposing to recover the estimated £7.5m of external legal and other costs through a BI insurance special fee levied through the 2 fee-blocks that include insurers that write non-damage BI insurance. The insurers that write non-damage BI policies fall into the A.3 general insurers fee-block and the A.5 managing agents at Lloyd's fee block.
- 2.65** The special fee is being applied to the A.3 and A.5 fee blocks on the basis that the firms in these blocks are most likely to be affected by the judgments of the test case. While the test case focused on non-damage BI policies, and only a relatively small proportion of firms write these policies, the test case captured broader insurance concepts that are applicable across the general insurance sector. In particular, the causation arguments apply to proximate cause issues in insurance generally.
- 2.66** We are also proposing to exclude the 8 defendant insurers (plus 15 other insurance entities within their group). The special fee will therefore be applied to 295 insurers in the A.3 fee block and 50 managing agents at Lloyd's in the A.5. fee block.
- 2.67** The 8 defendant insurers to the test case have incurred significant internal and external costs on the test case already so we believe it is appropriate to exclude them, and entities in their wider group, from the fee. This is also consistent with the principle set out in the Framework Agreement (between the FCA and the defendant insurers) that each party would cover their own costs.
- 2.68** The estimated £7.5m test case legal and other costs have been allocated across the 2 fee-blocks in proportion to the overall AFR allocated to both fee-blocks: 99.1% to a sub-set of the A.3 general insurers fee-block and 0.9% to a sub-set of the A.5 managing agents at Lloyd's fee-block. These costs will be recovered from all the firms that pay variable fees in these sub-set fee-blocks except the 8 defendant firms and firms within their wider group. Firms paying the special project fee will see an increase in their overall insurer fees of an estimated 31% for those in A.3 and 34% for those in A.5. Small firms who only pay the minimum fee will see no increase.

Covid-19 proposals

- 2.69** In apportioning our AFR across fee-blocks we continued to propose not to increase minimum fees by the 2% increase in our 2021/22 baseline ORA budget. We also kept minimum fees unchanged in 2020/21. Keeping minimum fees unchanged for 2021/22 will continue to help protect the smallest firms from the impact of Covid-19. The exception to this policy is consumer credit minimum fees discussed under paragraphs 2.36 to 2.44.
- 2.70** To help medium and smaller firms we are proposing to continue to extend the period for paying their fees by 2 months to 90 days. This means that 88% of firms will have until towards the end of 2021 to pay their fees and levies. Larger firms will be expected to pay their fees under the usual payment terms.
- 2.71** Further details of these Covid-19 proposals are set out in Chapter 3.

Fee-block A.0 FCA minimum fee

- 2.72** Minimum fees are fixed amounts that each firm pays. The amount of AFR we recover from the A.0 FCA minimum fee fee-block depends on:
- the number of existing firms that remain authorised at the beginning of the fee year (1 April)
 - the number of new firms that become authorised during the forthcoming year
- 2.73** We propose to keep the 'A' fee-block minimum fee unchanged for a second year. The decrease of 1.6% in the AFR movement in Table 2.3 for the A.0 fee-block is due to the expected overall reduction in the population of firms paying this fee in 2021/22 compared to 2020/21.

Flat periodic fees

- 2.74** Flat periodic fees represent the whole fee paid by fee-payers in the applicable fee-blocks. In line with our policy for flat periodic fees we are proposing to increase these fees by 2% reflecting the increase in our baseline ORA for 2021/22. This is the same approach taken for 2020/21. The exception to this policy being the revised MLR flat periodic fee discussed under paragraphs 2.45 and 2.46.

Fee rates

- 2.75** In Chapter 3 we consult on the 2021/22 periodic fees for authorised firms to recover the AFR allocated to the other A fee-blocks, the CC1 and CC2 consumer credit fee-blocks and the claims management companies fee-block.
- 2.76** In Chapter 4 we consult on the 2021/22 periodic fees for other bodies to recover the AFR allocated to the B to J fee-blocks.

Table 2.3: 2021/22 AFR allocation across fee-blocks

AFR allocations to fee-blocks	(i)	Proposed 2021/22 £m	Actual 2020/21 £m	Movement over 2020/21
A.0 FCA minimum fee	Solo	21.0	21.4	-1.6%
AP.0 FCA prudential fee (ii)	Solo	17.9	17.5	2.2%
A.1 Deposit acceptors (d)	DR	79.0	78.8	0.2%
A.2 Home finance providers and administrators (d)	Solo	18.8	18.5	1.4%
A.3 Insurers – general (a) (d)	DR	28.4	28.6	-0.6%
A.3 Insurers – general (business interruption) (iv)		7.4	-	-
A.4 Insurers – life (a)	DR	47.7	48.0	-0.6%
A.5 Managing agents at Lloyd's (a) (d)	DR	0.2	0.2	-0.6%
A.5 Managing agents at Lloyd's (business interruption) (iv)		0.1	-	-
A.6 The Society of Lloyd's (a)	DR	0.4	0.4	-0.7%
A.7 Portfolio managers (b) (d)	Solo	49.0	49.3	-0.6%
A.9 Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes (b) (d)	Solo	12.5	12.4	0.8%
A.10 Firms dealing as principal (iii) (b)	Solo & DR	56.8	57.1	-0.6%
A.13 Advisors, arrangers, dealers or brokers (b) (d)	Solo	82.3	81.1	1.5%
A.14 Corporate finance advisers (b) (d)	Solo	15.0	14.8	1.5%
A.18 Home finance providers, advisers and arrangers (b)	Solo	18.4	18.2	1.3%
A.19 General insurance mediation (b)	Solo	30.4	30.0	1.3%
A.21 Firms holding client money or assets or both (b)	Solo	15.5	15.2	1.4%
A.22 Principal firms - Appointed Representatives	Solo	10.0	-	-
CC1. Consumer credit – limited permission	Solo	54.1	52.3	3.4%
CC2. Consumer credit – full permission (b)				
Claims Management Companies (b)	Solo	1.8	2.9	-36.8%
B. Recognised investment exchanges, recognised overseas investment exchanges, multilateral trading facilities, organised trading facilities, recognised auction platforms, service companies, regulated benchmark administrators, third-country legal representative, benchmark endorsers (c)	Solo	10.2	8.2	25.2%
C. Collective investment schemes	Solo	2.7	2.6	2.1%
D. Designated professional bodies and professional body supervisors	Solo	1.8	1.8	1.7%
E. Issuers and sponsors of securities	Solo	23.6	23.1	2.1%

AFR allocations to fee-blocks	(i)	Proposed 2021/22 £m	Actual 2020/21 £m	Movement over 2020/21
G. firms subject to: money laundering regulations; regulated covered bonds regulations; payment services regulations; electronic money regulations; firms undertaking consumer buy-to-let business; data reporting services providers; and third-party verification agents	Solo	8.1	7.5	8.0%
J.1 Credit rating agencies	Solo	2.3	-	-
J.2 Trade repositories and J.3 securitisation repositories	Solo	1.0	-	-
Total AFR		616.5	589.9	4.5%

Notes:

(i) Solo = FCA solo-regulated fee-block activities. DR = fee-block activities that are dual-regulated by the FCA for conduct purposes and the PRA for prudential purposes.

(ii) AP.0 FCA prudential fee-block is only recovered from FCA solo-regulated firms in proportion to the total periodic fees they pay through FCA solo-regulated fee-blocks.

(iii) Includes certain investment firms that have been designated by the PRA to be regulated by the PRA for prudential purposes. These designated firms do not pay fees in AP.0, but the remaining solo-regulated firms in A.10 do.

(iv) Business interruption insurance special fee – excludes the 8 defendant firms and firms within their wider group.

Senior Managers and Certification Regime (SM&CR) scope change costs discussed in paragraphs 2.12 to 2.15 in this chapter have been allocated proportionately across the fee-blocks noted in the above table:

(a) SM&CR insurance firms.

(b) Firms subject to SM&CR.

(c) Firms subject to SM&CR – only operators of multilateral trading facilities/organised trading facilities and service companies within the B fee-block.

Securitisation Repositories (SRs) £0.4m scope change costs discussed in paragraphs 2.20 and 2.21 of this chapter have been allocated proportionately across the fee-blocks noted (d) in the above table.

3 FCA periodic fees for authorised firms

(FEES 4 - Annex 2AR and FEES 4A Annex 1R draft rules in Appendix 1)

- 3.1** This chapter sets out our 2021/22 periodic fees proposals for authorised firms in the A fee-blocks, the CC1 and CC2 Consumer Credit fee-blocks and the claims management companies fee-block. These fee-blocks account for 92% of our 2021/22 annual funding requirement (AFR).
- 3.2** We discuss proposals for periodic fees payable by other bodies in Chapter 4.

Proposed minimum fees

- 3.3** Any firm that is authorised to carry out any of the regulated activities covered by the 'A' fee-blocks is subject to the A.0 minimum fee (except for A.6, which has one fee payer, the Society of Lloyd's). The CC1 and CC2 Consumer Credit fee-blocks have a separate structure of minimum fees, as does the claims management companies fee-block. Some firms that pay minimum fees in the CC1 and CC2 fee-blocks also pay the minimum fee under the A.0 fee-block.
- 3.4** The aim of minimum fees is to ensure that all authorised firms contribute to the cost of regulation, including small firms. It also aims to ensure that the minimum fee level is not too high, which would hinder competition, and not too low, which would prejudice existing fee payers.
- 3.5** Minimum fees are fixed amounts that each firm pays. Firms under the size threshold only pay the minimum fee. Firms above the threshold also pay variable fees, based on the measure of business that applies to a particular fee-block. The larger the fee payer, the more it contributes to the recovery of the AFR allocated to the fee-block.
- 3.6** As discussed in Chapter 2 we have continued to propose not to increase minimum fees by the 2% increase in our 2021/22 baseline ORA budget. We also kept minimum fees unchanged in 2020/21. Keeping minimum fees unchanged for 2021/22 will continue to help protect the smallest firms from the impact of Covid-19. The exception to this policy is consumer credit minimum fees.
- 3.7** We believe that small firms, who only pay a minimum fee, should make a contribution to the costs of regulating them that more fully reflects the costs associated with FCA authorisation and ongoing supervision. A firm which needs to be regulated by the FCA, even if that is for an ancillary part of its business, will recognise that regulatory approval brings value but also specific and serious obligations. Current consumer credit minimum fees are as low as £106 and the proposed revised fees for 2021/22 is the first stage to bring greater alignment of these minimum fees with other authorised firms who currently pay a minimum fee of £1,151.
- 3.8** Consumer credit minimum fees currently range from £106 to £530 for limited permission firms (CC.1 fee-block) and £318 to £1,061 for full permission firms (CC.2 fee-block). The lower range for limited permission firms was intended to reflect

that their consumer credit regulated business is ancillary to their mainstream non-financial services related business. As discussed in Chapter 2 we are proposing revised consumer credit minimum fees of £250, £500 and £750 for limited permission firms and £750, £1,000 and £1,151 for full permission firms. The detailed breakdown is given in Table 3.2. We expect the revised fees will raise an additional c.£5.0m which has been allocated to the consumer credit fee-blocks under the AFR allocations breakdown in Table 2.3 in Chapter 2.

- 3.9** This is the first stage to bring greater alignment of consumer credit minimum fees with other authorised firms in the 'A' fee-blocks where the minimum fee is currently £1,151. We will be conducting a wider review of our fees structure, including all minimum fees, as part of our Transformation Programme and will consult on the resulting proposals.
- 3.10** We recognise that financial intermediaries in the 'A' fee-block, who carry out consumer credit activities related to e.g. mortgage advice, will also be impacted by the revised consumer credit minimum fees. Under the wider review we will consider merging consumer credit and 'A' fee-block minimum fee structures so only one minimum fee is paid as is the case currently when a firm is in more than one 'A' fee-block.
- 3.11** Flat periodic fees represent the whole fee paid by fee-payers in the applicable fee-blocks. In line with our policy for flat periodic fees we propose to increase these fees by 2%, reflecting the increase in our baseline ORA for 2021/22 (as set out in Chapter 2). This is the same approach taken for 2020/21.
- 3.12** Tables 3.1 and 3.2 set out the proposed changes in minimum and flat fees.

Table 3.1 – Proposed 2021/22 A fee-block minimum and flat fees

	2020/21 fee	Increase	2021/22 fee
FCA solo-regulated firms	£1,151	£0	£1,151
Dual-regulated with the PRA firms	£574	£0	£574
Dual-regulated concessionary firms:			
smaller credit unions (depending on size)	£92 or £310	£0 or £0	£92 or £310
smaller friendly societies	£247	£0	£247
UK insurance special purpose vehicle (flat fee)	£505	£10	£515

Notes:

Firms in the 'A' fee-blocks include banks, building societies, credit unions, insurers, fund managers, and retail investment, mortgage and general insurance intermediaries. In total, we recover around 83% of our AFR from firms in the 'A' fee-block. Around 37% of 'A' fee-block firms are small enough to only pay the minimum fee.

2% increase has been rounded to the nearest £.

Table 3.2 – Proposed 2021/22 Consumer Credit (CC) and Claims Management Companies (CMC) fee-blocks minimum fees

Type of firm	Income band	2020/21 fee	Increase	2021/22 fee
CC1: Limited permission	Up to £10,000	£106	£144	£250
	Over £10,000 to £50,000	£266	£234	£500
	Over £50,000 to £100,000	£424	£76	£500
	Over £100,000 to £250,000	£530	£220	£750
CC2: Full permission	Up to £50,000	£318	£432	£750
	Over £50,000 to £100,000	£530	£470	£1,000
	Over £100,000 to £250,000	£1,061	£90	£1,151
Note: The Consumer Credit fee-blocks also include firms that pay the 'A' fee-block minimum fees. Around 95% of Consumer Credit firms are small enough to only pay minimum fees.				
CMC	Up to £50,000	£500	£0	£500
	Over £50,000 to £100,000	£1,000	£0	£1,000

Principal firms appointed representatives fees

- 3.13** In Chapter 2 we discussed our proposal to introduce a new flat periodic fee of £250 to be levied on Principal firms payable on each of their appointed representatives (ARs - including introducer appointed representatives). Here we set out our proposals for the cut-off points for when the Principal firm starts to pay the AR fee and when it stops paying the AR fee in any given fee-year.
- 3.14** Under the AR notification requirements (SUP 12.7) the Principal firm must notify the FCA that it has appointed a AR within 10 business days after the commencement of activities.
- 3.15** Under the AR notification requirements (SUP 12.8) the Principal firm must notify the FCA if the Principal firm or the AR notifies the other that it proposes to terminate the contract of appointment or to amend it so it no longer meets the requirements contained or referred to in SUP 12.5 (Contracts: required terms). For ease of reference here we will refer to the decision to terminate the contract of appointment and the decision to amend the contract as the decision to cease the AR appointment. The notification to cease the AR appointment must be submitted to the FCA no more than 10 business days after the date of the decision to cease the AR appointment.
- 3.16** ARs are included in the Financial Services Register which take account of these notifications. We are proposing that Principal firms will pay the AR periodic fee based on the number of their ARs included in the Financial Services Register on the first day of a fee-year. A fee-year starts on the 1 April.
- 3.17** The draft rules given effect to how the AR fee will operate are set out in FEES 4 Annex 1AR and FEES 4 Annex 2AR in Appendix 1 of this consultation paper (CP).

Proposed variable periodic fees

A fee-blocks

3.18 We recover the AFR allocated to the A fee-blocks on a 'straight line' basis. That is, in direct proportion to the size of permitted business that firms undertake in these fee blocks (unless subject to our moderation framework discussed below). So, firms should pay fees that change in line with the year-on-year allocations of our AFR, as set out in Table 2.3 in Chapter 2.

3.19 However, in some cases, movements in the allocations of our AFR in this Table at a fee-block level will be different from the movements in the draft fee rates in Appendix 1. This is due to annual changes in the number of fee payers and the level of tariff data in each fee block.

3.20 Table 3.3 sets out the number of fee payers and the total tariff data we have used to calculate the draft 2021/22 fee rates in Appendix 1. It then compares them to the data used to calculate 2020/21 fee rates, showing the level of year-on-year movements. To show the effect of this on the fees that firms will pay, compared to the movements in the allocations of our AFR, we also include the year-on-year movements in fee rates.

Table 3.3: Data used to estimate 2021/21 periodic fee rates for consultation

Fee-block	Tariff base	Number of firms in fee-blocks			Tariff data			
		2021/22 Estimated	2020/21 Actual (i)	Change	2021/22 Estimated	2020/21 Actual (i)	Change	Change in rates
A.1	Modified eligible liabilities	766	787	-2.7%	£3,615.9bn	£3,445.4bn	4.9%	-5.5%
A.2	Number of mortgages or other home finance transactions	466	473	-1.5%	£6.6m	£6.8m	-3.0%	3.4%
A.3	Gross written premium	312	315	-1.0%	£69.1bn	£72.2bn	-4.4%	-0.1% (ii)
	Best estimate liabilities				£124.9bn	£130.3bn	-4.1%	0.3% (ii)
A.4	Gross written premium	154	163	-5.5%	£155.7bn	£155.9bn	-0.1%	-1.1%
	Best estimate liabilities				£1,428.6bn	£1,429.5bn	-0.1%	-1.0%
A.5	Active capacity	56	56	0.0%	£34.5bn	£30.7bn	12.4%	-10.6% (ii)
A.7	Funds under management	2,871	2,889	-0.6%	£10,850.6bn	£10,217.5bn	6.2%	-6.4%
A.9	Gross income	1,400	1,401	-0.1%	£13.7bn	£14.2bn	-3.6%	5.9%
A.10	Traders	447	454	-1.5%	8,794	8,825	-0.4%	-0.6%
A.13	Annual income	12,301	12,342	-0.3%	£31.7bn	£29.6bn	7.1%	-8.6%
A.14	Annual income	781	790	-1.1%	£9.0bn	£9.1bn	-0.6%	2.0%

Fee-block	Tariff base	Number of firms in fee-blocks			Tariff data			
		2021/22 Estimated	2020/21 Actual (i)	Change	2021/22 Estimated	2020/21 Actual (i)	Change	Change in rates
A.18	Annual income	5,736	5,594	2.5%	£1.7bn	£1.9bn	-13.0%	4.1%
A.19	Annual income	13,057	12,875	1.4%	£18.1bn	£18.5bn	-2.2%	-0.9%
A.21	Client money Assets held	1,061	1,103	-3.8%	£190.1bn	£153.2bn	24.1%	-3.7%
					£15,742.6bn	£14,911.1bn	5.6%	-16.2%
CC1.	Annual income	22,453	22,329	0.6%	£2.3bn	£2.4bn	-3.2%	25.0%
CC2.	Annual income	13,431	13,286	1.1%	£26.5bn	£28.7bn	-7.7%	7.7%
CMC	Annual income	676	721	-6.2%	£491.0bn	£558.7m	-16.6%	-46.0%

Notes:

(i) 'Actual' refers to the data as set out in Table 2.3 of PS20/07, published in July 2020.

(ii) These movement figures do not reflect the impact of the business interruption insurance special fee. See paragraph 3.24 of this Chapter.

3.21 The data and fees for 2021/22 in Table 3.3 may change between now and June when we will calculate the final fee rates. This is because we calculated the draft fee rates based on the estimated population of fee payers as at 1 April 2021. In addition, we will not complete collecting and validating the tariff data until May/June.

Business interruption insurance special fee

3.22 In Chapter 2 we discussed our proposal to recover the estimated £7.5m of external legal and other costs for the business interruption (BI) insurance test case through a BI insurance special fee. The special fee will be levied through the A.3 general insurers fee-block and the A.5 managing agents at Lloyd's fee block. We also proposed to exclude the 8 defendant insurers (plus 15 other insurance entities within their group). The special fee will therefore be applied to 295 insurers in the A.3 fee block and 50 managing agents at Lloyd's in the A.5. fee block.

3.23 We include the BI insurance special fee-rates for each fee-block separately denoted in square brackets under FEES 4 Annex 2AR in Appendix 1 of this consultation paper (CP). We estimate that firms paying the special fee will see an increase in their overall insurer fees of 31% for those in A.3 and 34% for those in A.5. Small firms who only pay the minimum fee will see no increase.

Moderation framework

3.24 In exceptional cases, we apply our moderation framework. This framework allows our straight-line recovery policy to accommodate a targeted recovery of costs within a fee-block, as long as it can be justified. This moderation can be either side of the straight-line recovery. It is achieved by applying a premium or discount to the tariff data that measures the amount of permitted business that firms undertake within a moderated fee-block.

A.1 fee-block (Deposit acceptors)

3.25 The A.1 fee-block is an existing exception from straight-line recovery. Within this fee-block, firms who fall within the medium-high and high bands of our moderation framework pay a premium

fee rate. This reflects that we target our overall supervision at the high-impact, systemically important firms in this sector.

- 3.26** We apply a premium of 25% and 65% respectively to the fee rates for firms in the medium-high and high impact bands of the A.1 fee-block.

A.21 fee-block (firms holding client money or assets or both)

- 3.27** We use bandings within the A.21 fee block-based on the risk classifications we apply to firms in the Client Assets sourcebook (CASS). This enables us to match where we apply our resources to the fees we charge firms.

- 3.28** We set out the bandings and level of moderation that we have applied to the tariff data for both client money and assets held in Table 3.4. The result of our moderation is that the 2021/22 £15.5m AFR (see Table 2.3 in Chapter 2) is distributed as follows:

- CASS large firms 79.59%
- CASS medium firms 20.39%
- CASS small firms 0.02%

Table 3.4: Bandings and level of modification

Client money	CB01 CASS small firms	CB02 CASS medium firms	CB03 CASS large firms
Band width	0–1,000,000	>1,000,000–1,000,000,000	>1,000,000,000
Moderation	0%	-25%	-50%
Assets held	CB01 CASS small firms	CB02 CASS medium firms	CB03 CASS large firms
Band width	0–10,000,000	>10,000,000–100,000,000,000	>100,000,000,000
Moderation	0%	-25%	-50%

Economic Area (EEA) based firms

- 3.29** The UK left the European Union (EU) on 31 January 2020 and the transition period ended on 31 December 2020. The following arrangements are in place for EEA firms that passported into the UK before the end of the transition period on a branch or a cross-border services basis:

- Temporary Permissions Regime
- Supervised run-off
- Contractual run-off

Temporary Permissions Regime

- 3.30** The Temporary Permissions Regime (TPR) allows EEA firms who, before the end of the transition period, notified us that they wished to enter the TPR to continue to operate in the UK. In chapter 7 of CP18/29 (October 2018) we consulted on the basis that TPR firms will pay fees under the TPR. We provided feedback on responses to this consultation and published near final rules through Chapter 7 of PS19/05 (February 2019). The final made fees rules covering TPR firms were published in instrument [FCA 2019/36](#) (March 2019).

3.31 For periodic fees purposes:

- TPR firms have been allocated to the fee-blocks based on the equivalent UK regulated activities that applied to the passport they held at the point of entry to the regime.
- EEA branch firms in the TPR will remain in the fee-blocks that apply for fees calculation purposes at the point of entry to the regime.
- To reflect the changes in our supervisory responsibilities that began from the end of the transition period, EEA branch firms no longer receive a discount on their variable periodic fees. The only exception is that we continue to apply a 100% discount under the AP.0 FCA prudential fee-block. Service firms will pay the minimum periodic fee, when previously they paid no periodic fees.
- Periodic fees payable by firms in the TPR relate to the whole fee-year (1 April to 31 March) and are not refundable.

3.32 The 2021/22 periodic fee-rates for TPR firms are included in Appendix 1 of this CP under FEES 4A Annex 1R.

Supervised run-off and Contractual run-off

3.33 Supervised run-off (SRO) and Contractual run-off (CRO) will relate to firms with pre-existing contracts with UK customers at the end of the transition period:

- SRO firms include EEA branches and service firms with top-up permissions who did not notify us to enter TPR and TPR firms that do not apply for full authorisation or are unsuccessful in doing so.
- CRO firms are EEA services firms who did not notify us to enter the TPR.

3.34 In Chapter 3 of CP19/02 (January 2019) we consulted on the basis that SRO firms and CRO firms will pay fees from the end of the transition period. We provided feedback on responses to this consultation and published near final rules in Chapter 7 of PS19/05 (February 2019). We published the final made fees rules covering SRO and CRO firms in instrument FCA 2019/36 (March 2019);

3.35 From the end of the transition period SRO firms will pay periodic fees on the same basis as TPR firms. CRO firms will not pay any periodic fees. CRO firms will pay a Special Project Fee (SPF - FEES 4A Annex 3) in circumstances where we are required to undertake work exercising powers given to us under the Financial Services Contracts Regime (FSCR) Regulations. A SPF would only be charged where the costs of carrying out our functions exceed the £5,000 threshold for any individual firm.

3.36 Firms can be moved from SRO to CRO and vice versa. Where a firm is moved from SRO to CRO, the periodic fee payable by the firm while in the SRO relates to the whole of any fee-year (1 April to 31 March) and is not refundable. Where firms are moved from CRO to SRO, the SRO periodic fee payable will be prorated for the number of remaining months of that fee-year. There would be no refund of any CRO SPF due while the firm was in CRO.

3.37 The 2021/22 periodic fee-rates for SRO are the same as for TPR firms and are also included in Appendix 1 of this CP under FEES 4A Annex 1R.

Online fees calculator

- 3.38** We provide a Fees Calculator on our website to enable firms to calculate their periodic fees for the forthcoming year. This will be based on the draft FCA periodic fees and the Financial Ombudsman Service, Money and Pensions Service, Devolved Authorities and illegal money lending levy consultative rates in Appendix 1 of this CP.
- 3.39** The fees calculator will also cover applicable PRA fees and FSCS indicative levies. The Fees Calculator for 2021/22 fees and levies will be available for firms to use from 20th April 2021.
- 3.40** We will consider your comments on our proposals and, subject to FCA Board approval in June 2021, plan to publish a Policy Statement in July, which will include our feedback on your comments and the final rules.
- 3.41** Certain fee payers have been invoiced from February 2021 for 'on-account' payments. Other firms will be invoiced from July 2021, on the basis of the new fees and levies.

Covid-19 – extended payment terms

- 3.42** Given the impact of Covid-19, and to help medium and smaller firms, we are proposing to continue to extend the period for paying their fees by 2 months to 90 days. This means that 88% of firms will have until towards the end of 2021 to pay their fees and levies. We will expect larger firms to pay their fees under the usual payment terms.
- 3.43** We are categorising medium and smaller firms as those firms who will pay total fees and levies in 2021/22 of less than £10,000. This total includes all the fees and levies they pay to the FCA, PRA, the Financial Services Compensation Scheme, the Financial Ombudsman Service, Money and Pensions Service, Devolved Authorities, the Payment Systems Regulator, the Financial Reporting Council and under the illegal money lending levy.
- 3.44** For firms in the medium and smaller firms category, payment will be due within 90 days of the date of the invoice, instead of being due within 30 days of the date of the invoice.

Q1: Do you have any comments on the proposed FCA 2021/22 minimum fees and variable periodic fee rates for authorised firms?

Fee payers should know that we calculate the draft fee rates and levies in Appendix 1 using estimated fee payer populations and tariff data. This means that final periodic fee rates and levies for 2021/22, which will be made by our Board in June 2021, could vary from those in this CP.

4 FCA periodic fees for other bodies

4.1 This chapter sets out the proposed periodic fees for fee payers in fee-blocks:

- B – market infrastructure providers
- C – collective investment schemes
- D – designated professional bodies and professional body supervisors
- E – issuers and sponsors of securities
- G – firms subject to: money laundering regulations, regulated covered bonds regulations, payment services regulations, electronic money regulations, firms undertaking consumer buy-to-let business, data reporting services providers, third-party verification agents, and
- J – credit rating agencies, trade repositories and securitisation repositories

4.2 We discuss the proportion of the 2021/22 £616.5m annual funding requirement (AFR) allocated to fee-blocks B to J in Chapter 2. In this chapter, we only comment where year-on-year percentage movements for subsets of fee payers within the B to J fee-blocks are substantially different from the year-on-year movements in the overall fee-blocks set out in Table 2.3 of Chapter 2.

4.3 As discussed in Chapter 2 we have continued to propose not to increase minimum fees by the 2% increase in our 2021/22 baseline ORA budget. We also kept minimum fees unchanged in 2020/21. This will apply to firms in the B to J fee-blocks.

4.4 Flat periodic fees represent the whole fee paid by fee-payers in the applicable fee-blocks. In line with our policy for flat periodic fees, we propose to increase these fees by 2% reflecting the increase in our baseline ORA for 2021/22 (as set-out in Chapter 2). This is the same approach taken for 2020/21. The exception to a 2% increase is the rebasing of the flat fee paid by businesses registered with the FCA under the Money Laundering Regulations as proposed under paragraphs 4.27 and 4.28 of this chapter.

Covid-19 – extended payment terms

4.5 We propose that the extended payment terms discussed in Chapter 3 will also apply to firms and other fee-payers covered by this chapter.

Fee payers should know that we calculate the draft fee rates and levies in Appendix 1 using estimated fee payer populations and tariff data. This means that final periodic fee rates and levies for 2021/22, which will be made by our Board in June 2021, could vary from those in this CP.

Fee-block B: Market infrastructure providers

- 4.6** As set out in Chapter 2 the overall allocation of our 2021/22 AFR to the B fee-block is £10.2m, an increase of 25.2% from 2021/20. This reflects the 2% increase in our ORA baseline budget, the allocation of a proportion of the scope change costs for the Senior Managers and Certification Regime (SM&CR), transformation programme and the consumer harm campaign. It also reflects the recovery of £1.9m scope change costs from only the regulated benchmark administrators sub-set of the B fee-block. We will only recover SM&CR scope change costs from operators of Multilateral Trading Facilities (MTFs), Organised Trading Facilities (OTFs) and service companies.

Recognised investment exchanges (FEES 4 Annex 2AR Part 1 – draft rules in Appendix 1)

- 4.7** We set out the proposed 2021/22 fees for recognised investment exchanges (RIEs) in Table 4.1. We have increased the minimum fee for RIEs in line with the 2% increase in our ORA as we do not consider the level of minimum fee to represent that paid by the smallest fee-payers. The overall decrease in the variable fee-rate reflects the increase in income reported by RIEs.

Table 4.1: Proposed recognised investment exchanges fees

	Proposed 2021/22 fee (£)	Actual 2020/21 fee (£)	Variance
Annual income up to and including £10,000,000 (minimum fee)	109,304	107,161	2.0%
Annual income over £10,000,000 (£/£ thousand or part thousand of income)	3,660	3,969	-7.1%

Recognised auction platforms (FEES 4 Annex 2AR Part 1 - draft rules in Appendix 1)

- 4.8** We propose a 2021/22 flat fee of £58,266 for recognised auction platforms, an increase of 2% from £57,124 in 2021/20.

Recognised overseas investment exchanges (FEES 4 Annex 2AR Part 1 - draft rules in Appendix 1)

- 4.9** We propose a 2020/21 flat fee of £62,424 for recognised overseas investment exchanges (ROIEs), an increase of 2% from £61,200 in 2020/21.

Multilateral trading facilities and organised trading facilities (FEES 4 Annex 2AR Part 1 - draft rules in Appendix 1)

- 4.10** From 2021/22, we will recover the proportion of the B fee-block AFR allocated to firms operating multilateral trading facilities (MTFs) and organised trading facilities (OTFs) from individual MTFs and OTFs based on their annual income from undertaking these regulated activities. This follows a 3-staged consultation process, the third stage of which we consulted on in Chapter 4 of [CP20/02](#) (November 2019).
- 4.11** We provided our responses to the consultation feedback received in Chapter 3 of [Handbook Notice No 86](#) (March 2021).

4.12 The proposed fee-rates for 2021/22 are set-out in Table 4.2.

Table 4.2: Proposed MTF and OTF fees

	Proposed 2021/22 fee (£)
Annual income up to and including £100,000 (minimum fee)	1,151
Annual income over £100,000 (£/£ thousand or part thousand of income)	2.39

Service companies

(FEES 4 Annex 2AR Part 1 – draft rules in Appendix 1)

4.13 We set out the proposed 2021/22 fees for service companies in Table 4.3. The overall decrease in the variable fee-rate reflects the increase in income reported by service companies.

Table 4.3: Proposed service companies' fees

	Proposed 2021/22 fee (£)	Actual 2020/21 fee (£)	Variance
Income up to and including £100,000 (minimum fee)	1,132	1,132	0.0%
Income over £100,000 (£/£ thousand or part £ thousand of income)	1.20	1.31	-7.7%

Regulated benchmark administrators, third country legal representative, benchmark endorser

(FEES 4 Annex 2R Part 1 and FEES 4 Annex 15R – draft rules in Appendix 1)

4.14 The proposed 2021/22 periodic fees for regulated benchmark administrators (RBAs) are set out in Table 4.4. The overall decrease in the variable fee-rate reflects an increase in the number of RBA's and income they have reported.

Table 4.4: Proposed regulated benchmark administrators' fees

	Proposed 2021/22 fee (£)	Actual 2020/21 fee (£)	Variance
Income up to and including £100,000 (minimum fee)	1,151	1,151	0.0%
Income over £100,000 (£/£ thousand or part £ thousand of income)	0.632	1.179	-46.6%

4.15 We propose a 2021/22 flat fee for a third country legal representative of £13,571 and for a benchmark endorser of £7,959. This is an increase of 2% from £13,305 and £7,803 respectively in 2020/21.

Fee-block C: Collective investment schemes

(FEES 4 Annex 4R and FEES 4A Annex 2R - draft rules in Appendix 1)

4.16 We set out the proposed 2021/22 fees for collective investment schemes (CIS) in Tables 4.5 and 4.6. In the case of Table 4.5, the overall decrease in the variable fee-rate reflects an increase in the number of schemes.

- 4.17** We propose a 2021/22 flat fee of £676 for small registered UK Alternative Investment Fund Managers (AIFMs), an increase of 2% from £663 in 2020/21.

Table 4.5: Proposed CIS periodic fees

Scheme type	Basic fee (£)	Total aggregate number of funds/ sub-funds	Proposed 2021/22 fee rate (£)	Actual 2020/21 fee rate (£)	Variance
ICVC, AUT, ACS, UK LTIFs	362.00	1-2	362.00	363.50	-0.4%
		3-6	905.00	908.75	-0.4%
		7-15	1,810.00	1,817.50	-0.4%
		16-50	3,982.00	3,998.50	-0.4%
		>50	7,964.00	7,997.00	-0.4%
Non-UK AIFs recognised under section 272 of FSMA	1,473	1-2	1,473.00	1,478.50	-0.4%
		3-6	3,862.50	3,696.25	-0.4%
		7-15	7,365.00	7,392.50	-0.4%
		16-50	16,203.00	16,263.50	-0.4%
		>50	32,406.00	35,527.00	-0.4%

Table 4.6: Proposed CIS periodic fees

Kind of notification	Proposed 2021/22 fee per AIF (£)	Actual 2020/21 fee per AIF (£)	Variance
Notification under regulation 57 of the AIFMD UK regulation (flat fee)	344	337	2.0%
Notification under regulation 58 of the AIFMD UK regulation (flat fee)	240	235	2.0%
Notification under regulation 59 of the AIFMD UK regulation (flat fee)	344	337	2.0%

- 4.18** The UK left the European Union (EU) on 31 January 2020 and the transition period ended on 31 December 2020. The Temporary Permissions Regime (TPR) has been put in place to enable fund managers to continue to market their investment funds to investors in the UK. In Chapter 3 we discuss the consultations that were previously undertaken in preparation for the TPR. These included the basis that investment funds in the TPR would pay periodic fees aligned to the current structure for periodic fees.

- 4.19** The proposed 2021/22 TPR funds periodic fees are set out in Table 4.5A and Table 4.6A.

Table 4.5A: Proposed CIS periodic fees – TPR funds

Scheme type	Basic fee (£)	Total aggregate number of funds/ sub-funds	Proposed 2021/22 fee rate (£)
EEA UCITS scheme recognised under Part 6 of The Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2018	362.00	1-2	362.00
		3-6	905.00
		7-15	1,810.00
		16-50	3,982.00
		>50	7,964.00

Table 4.6A: Proposed CIS periodic fees – TPR funds

Scheme type	Proposed 2021/22 fee (£)
EEA AIF, EuVECA, EuSEF, or EEA ELTIF which may be marketed in the UK under Part 9A of The Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2018	344

Fee-block D: Designated professional bodies and professional body supervisors

Designated professional bodies

(FEES 4 Annex 5R - draft rules in Appendix 1)

- 4.20** We calculate periodic fees for designated professional bodies (DPBs) based on the number of exempt professional firms in each body. Each DPB currently pays £10,000 (minimum fee) for its first exempt professional firm. We then recover the remaining amount of our annual funding requirement allocated to the D.1 fee-block in proportion to the number of exempt professional firms reported by each DPB (variable fee).
- 4.21** We set out the proposed 2021/22 minimum fee and variable fee for DPBs in Table 4.7. We propose that the minimum fee remains unchanged from 2020/21, as is the case with other minimum fees.
- 4.22** The 2021/22 variable fee variance reflects that the increase in the AFR allocation to the DPB sub-set of the D fee-block is only recovered through the variable fee as the minimum fee is unchanged from 2020/21.

Table 4.7: Proposed DPB periodic fees

DPB	Proposed 2021/22 fee (£)	Actual 2020/21 fee (£)	Variance
Minimum fee, payable by all DPBs	10,000	10,000	0.0%
Variable fee, payable by DPBs where the number of exempt professional firms (EPFs) regulated or supervised by a DPB is greater than 1	£16.31*	£15.86*	2.8%

* multiplied by the total number EPFs in excess of 1

Professional body supervisors

(FEES App 2 Annex 2 Part 3)

- 4.23** We set out the proposed 2021/22 fees for professional body supervisors in Table 4.8.
- 4.24** We propose that the minimum fee remains unchanged from 2020/21, as is the case with other minimum fees.
- 4.25** The overall decrease in the variable fee-rate reflects an increase in the number of supervised individuals.

Table 4.8: Proposed professional body supervisor fees

	Proposed 2021/22 fee (£)	Actual 2020/21 fee (£)	Variance
Minimum fee	5,000	5,000	0.0%
Variable fee, payable by professional body supervisors, where the number of supervised individuals is 6,000 or more	32.83*	37.45*	-12.3%
*multiplied by the total number of supervised individuals in excess of the threshold of 6,000			

Fee-block E: Issuers and sponsors of securities

(FEES 4 Annex 14 R - draft rules in Appendix 1)

- 4.26** The proposed 2021/22 fees for issuers and sponsors of securities are set out in Tables 4.9 and 4.10. Base fees have increased by 2%. The overall increase in the variable fee-rate reflects a decrease in market capitalisation.

Table 4.9: Base fees

Activity group or invoice code	Proposed 2021/22 fee (£)	Actual 2020/21 fee (£)	Variance
E.2 Premium listed issuer	5,686	5,574	2.0%
E.3 Standard listed issuer	21,536	21,114	2.0%
E.6 Non-listed issuer (i)	0	0	0.0%
E.7 Primary information provider	17,973	17,621	2.0%
ES.01 Sponsor	29,938	29,351	2.0%

Notes: 2% increase in base fee has been rounded to the nearest £.

(i) Not needed at present but retained pending implementation of MiFID II

Table 4.10: Variable fee additional to base fees

Activity Group E.2	Proposed 2021/22	Actual 2020/21	Variance
£ million of market capitalisation	Fee rate (£)	Fee rate (£)	
0–100	0	0	n/a
>100–250	37.862869	32.981593	14.8%
>250–1,000	14.608611	12.725271	14.8%
>1,000–5,000	8.992199	7.832926	14.8%
>5,000–25,000	0.219346	0.191068	14.8%
>25,000	0.070866	0.061730	14.8%

Fee-block G

Firms subject to the Money Laundering Regulations

(FEES App 3.1.2 - draft rules in Appendix 1)

4.27 As discussed in Chapter 2 we are proposing to revise the flat fee for businesses that are registered with the FCA under the Money Laundering Regulations from the baseline set in 2007.

4.28 We propose a 2021/22 flat fee of £1,000 (£469 in 2020/21).

Fee-block G: Firms subject to the Payment Services Regulations

(FEES 4 Annex 11R and FEES 4A Annex 1R draft rules in Appendix 1)

4.29 We set out the proposed 2021/22 payment services fees in Tables 4.12 and 4.13 (firms in G.2, G.3 and G.5 fee-blocks). We also propose that the flat fee for small payment institutions in the G.4 fee-block should be £545, an increase of 2% from £536 in 2020/21.

4.30 We propose that the G.2 minimum fee remains unchanged from 2020/21, as is the case with other minimum fees. The G.2 variable fee-rate decrease reflects an increase in modified eligible liabilities tariff data reported.

4.31 We propose that the G.3 and G.5 minimum fee remains unchanged from 2020/21, as is the case with other minimum fees. The G.3 and G.5 variable fee-rate decrease reflects an increase in relevant income tariff data reported.

Table 4.12: Certain deposit acceptors (includes banks and building societies) (G.2 fee-block)

	Proposed 2021/22	Actual 2020/21	Variance
Minimum fee (£)	525	525	0.0%
£ millions or part £ millions of modified eligible liabilities (MELs)	Fee rate		
	Proposed 2021/22	Actual 2020/21	Variance
>0.1	0.555	0.5873	-5.5%

Table 4.13: Large payment institutions and other institutions (G.3 and G.5 fee-blocks)

	Proposed 2021/22	Actual 2020/21	Variance
Minimum fee (£)	525	525	0.0%
£ thousands or part £ thousands of relevant income	Fee rate		
	Proposed 2021/22	Actual 2020/21	Variance
>100	0.373	0.39482	-5.5%

- 4.32** The UK left the European Union (EU) on 31 January 2020 and the transition period ended on 31 December 2020. The Temporary Permissions Regime (TPR) has been put in place to enable European Economic Area (EEA) payment services firms to continue to operate in the UK. In Chapter 3 we discuss the consultations that were previously undertaken in preparation for the TPR. These included the basis that EEA payment services with branches in the UK will no longer receive any fees discounts and service firms will pay minimum periodic fees, when previously they paid no periodic fees.
- 4.33** The proposed 2021/22 TPR payment services periodic fees are set out in Table 4.12A and Table 4.13A.

Table 4.12A: Temporary permission deposit acceptors (G.2 fee-block)

Proposed 2021/22 periodic fees (£)	
Minimum fee	525
£ million or part £ million of Modified Eligible Liabilities (MELs)	Fee (£/£m or part £m of MELs)
>0.1	0.555

Table 4.13A: Large temporary permission payment institutions (G.3 fee-block)

Proposed 2021/22 periodic fees (£)	
Minimum fee	525
£ thousands or part £ thousand of Relevant Income	Fee (£/£thousand or part £ thousand of Relevant Income)
>100	0.373

Fee-block G: Firms subject to the Electronic Money Regulations

(FEES 4 Annex 11R and FEES 4A Annex 1R draft rules in Appendix 1)

- 4.34** We set out the proposed 2021/22 fees for large electronic money institutions under the Electronic Money Regulations in Table 4.14. We propose that the minimum fee remains unchanged from 2020/21, as is the case with other minimum fees. The overall variable fee-rate decrease reflects an increase in average outstanding electronic money tariff data reported.

Table 4.14: Large electronic money institutions (Fee-block G.10)

	Proposed 2021/22	Actual 2020/21	Variance
Minimum fee	£1,726	£1,726	0.0%
£ millions or part £ millions of average outstanding electronic money			
>5.0	£40.50	£65.40	-38.1%

- 4.35** We propose a 2021/22 flat fee of £1,198 for small electronic money institutions, an increase of 2% from £1,174 in 2020/21 (Fee-block G.11).
- 4.36** The UK left the European Union (EU) on 31 January 2020 and the transition period ended on 31 December 2020. The Temporary Permissions Regime (TPR) has been put in place to enable European Economic Area (EEA) electronic money institution firms

to continue to operate in the UK. In Chapter 3 we discuss the consultations that were previously undertaken in preparation for the TPR. These included the basis that EEA electronic money institutions with branches in the UK will no longer receive any fees discounts and service firms will pay minimum periodic fees, when previously they paid no periodic fees.

- 4.37** The proposed 2021/22 TPR electronic money institutions periodic fees are set out in Table 4.13A.

Table 4.13A: Large temporary permission electronic money institution

Proposed 2021/22 periodic fees (£)	
Minimum fee	1,726
£ million or part £ million of average outstanding electronic money (AOEM)	Fee (£/£m or part £m of AOEM)
>5.0	40.50

Fee-block G: Firms subject to the Regulated Covered Bonds Regulations (Fee-block G.15)

(FEES 4 Annex 11R - draft rules in Appendix 1)

- 4.38** We recover the AFR allocated to the fee-block for firms that are subject to the Regulated Covered Bonds Regulations 2008 through 2 levels of flat minimum fees based on the number of registered programmes.
- 4.39** There is also a variable fee based on the number of issues made (market activity). The proportion recovered through the minimum fees is 90%, and 10% through the variable fee.
- 4.40** We set out the proposed 2021/22 fees in Table 4.15. The minimum fee has decreased by 17.6% and the variable fee increased by 94.4%. The variance is due to movements in the number of registered programmes and issues made during 2020/21 compared to the previous year.

Table 4.15: Proposed periodic fees

	Proposed 2021/22	Actual 2020/21	Variance
Minimum fee for the first registered programme	75,174	91,552	-17.9%
Minimum fee for all subsequent registered programmes	75% of first registered programme	75% of first registered programme	Unchanged
Variable periodic fee (£m or part £m of RCBs issued in the 12 months ending on valuation date)	13.83	7.14	93.7%

Fee-block G: Firms undertaking Consumer buy-to-let business (Fee-block G.20 and 21)

(FEES 4 Annex 11R - draft rules in Appendix 1)

- 4.41** We propose increasing the consumer buy-to-let flat fees by 2% as set out in Table 4.16.

Table 4.16: Consumer buy-to-let fees

	Proposed 2021/22 (£)	Actual 2020/21 (£)	Variance
G.20 - CBTL lenders	442	433	2.0%
G.21 - CBTL arrangers and advisers	220	216	2.0%

Fee-block G: Data reporting services providers (Fee-block G.25)

(FEES 4 Annex 11R - draft rules in Appendix 1)

- 4.42** We propose increasing the data reporting services providers flat fee by 2% as set out in Table 4.17.

Table 4.17: Data reporting services providers

	Proposed 2021/22 (£)	Actual 2020/21 (£)	Variance
G.25, Flat fee for first data reporting service plus 50% flat fee for each additional data reporting service for which the data reporting services provider has authorisation.	27,326	26,790	2.0%

Fee-block G: Third-party verification agents (Fee-block G.26)

(FEES 4 Annex 11R - draft rules in Appendix 1)

- 4.43** We propose a 2021/22 flat fee of £265 for third-party verification agents, an increase of 2% from £260 in 2020/21.

Fee-block J: Credit rating agencies, trade repositories and securitisation repositories

(FEES 4 Annex 16R – draft rules in Appendix 1)

- 4.44** On the 31 December 2020, the UK became the regulatory authority for UK Credit Rating Agencies (CRAs), Trade Repositories (TRs) and Securitisation Repositories (SRs) following the UK's withdrawal from the EU and the end of the implementation period. Through previous consultation we established a new 'J' fee-block to recover the scope change costs and ongoing regulatory costs for these new responsibilities.

4.45 In Chapter 2 we discuss the proposed allocation of our 2021/22 AFR to the three 'J' fee-blocks: J.1 CRAs; J.2 TRs; and J.3 SRs and combining the J.2 and J.3 fee-blocks. Table 4.18 sets out the resulting proposed fees for CRAs, TRs and SRs. The combination of the J.2 TRs and J.3 SRs fee-block is reflected in both having the same fee-rate for the applicable turnover covering both fee-blocks.

4.46 The previous consultations on the establishment of the 'J' fee-block and its structure were covered in:

- CP18/34 (November 2018) Chapter 2 for CRAs and TRs
- CP19/01 (January 2019) for SRs
- PS19/10 (March 2019) responses to feedback received for CRAs, TRs and SRs

Table 4.18: CRAs, TRs and SRs periodic fees

Proposed 2021/22 fee	
J.1 Credit rating agencies	
Registered credit rating agencies and third country certified credit rating agencies with applicable turnover of £8,994m (i) or less.	Exempt
Registered credit rating agencies with turnover above £8,994m (i)	£3.95 per £1k or part-£1k (applies to all turnover)
Certified credit rating agencies with turnover above £8,994m (i)	£5,396(ii)
J.2 Trade repositories	
Registered trade repositories	£19.88 per £1k or part-£1k, subject to a minimum payment of £26,982 (iii)
Recognised trade repositories	£4,497 (iv)
J.3 Securitisation repositories	
Registered securitisation repositories	£19.88 per £1k or part-£1k subject to a minimum payment of £26,982 (iii)

Notes:

- (i) Turnover thresholds updated in line with Euro/Sterling exchange rate as at 31 December 2020 (previous level £8,969m)
- (ii) Flat fee updated in line with Euro/Sterling exchange rate as at 31 December 2020 (previous level £5,381)
- (iii) Minimum payments updated in line with Euro/Sterling exchange rate as at 31 December 2020 (previous level £26,907)
- (iv) Flat fee updated in line with Euro/Sterling exchange rate as at 31 December 2020 (previous level £4,484)

Q2: Do you have any comments on the proposed FCA 2021/22 minimum fees and periodic fee rates for fee payers other than authorised firms?

5 Applying financial penalties

5.1 This chapter is relevant to all fee payers within the fee-blocks set out in Table 5.1

Financial Penalty Scheme

5.2 We must pay the financial penalties we get from firms to the Treasury; net of certain enforcement costs we have incurred in the financial year in which the penalties were received (retained penalties). Our Financial Penalty Scheme (FPS) sets out the basis for ensuring we apply the retained penalties for the benefit of firms (except the firms on which the financial penalties were imposed). We set out our current FPS in Annex 3.

Financial penalty rebates for 2021/22

5.3 We currently estimate the retained penalties for 2020/21 to be £50.4m (£51.9m in 2019/20). In Table 5.1 we set out the amount of the estimated retained penalties allocated to each fee-block, along with the estimated percentage rebates for the 2021/22 periodic fees paid by the firms in those fee-blocks. We will publish the final rebates in the July 2021 policy and feedback statement to this Consultation Paper.

Table 5.1: Draft schedule of application of 2020/21 retained penalties in 2021/22

Fee-block	Estimated 2020/21 retained penalties to be applied to benefit of fee-payers (£m)	Estimated rebate applied to 2021/22 fees
AP.0 FCA prudential	0.0	0.0%
A.1 Deposit acceptors	7.9	10.5%
A.2 Home finance providers and administrators	0.8	4.5%
A.3 Insurers – general	1.6	4.6%
A.4 Insurers – life	2.9	6.3%
A.5 Managing agents at Lloyd's	0.0	0.0%
A.6 The Society of Lloyd's	0.0	0.0%
A.7 Portfolio managers	11.7	25.0%
A.9 Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes	1.9	15.6%
A.10 Firms dealing as principal	6.4	11.8%
A.13 Advisory arrangers, dealers or brokers (not holding or controlling client money or assets, or both)	4.3	5.4%

Fee-block	Estimated 2020/21 retained penalties to be applied to benefit of fee-payers (£m)	Estimated rebate applied to 2021/22 fees
A.14 Corporate finance advisors	2.0	13.7%
A.18 Home finance providers, advisers and arrangers	3.3	18.6%
A.19 General insurance mediation	2.9	10.0%
A.21 Firms holding client money or assets or both	3.3	22.3%
B. Recognised investment exchanges, operators of multilateral trading facilities and recognised auction platforms (only)	0.0	0.0%
CC1 Consumer credit – limited permission	0.0	0.0%
CC2 Consumer credit – full permission	0.0	0.0%
E. Issuers and sponsors of securities	1.5	6.6%
G.1 Persons registered under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	0.0	0.0%
G.2, G.3, G.4, G.5 Firms under the Payment Services Regulations 2017	0.0	0.0%
G.10, G.11 Firms under the Electronic Money Regulations 2011	0.0	0.0%
G.20, G.21 Firms under the Mortgage Credit Directive Order 2015	0.0	0.0%
G.25 Firms under the Data Reporting Regulations 2017	0.0	0.0%
Total	50.4	

6 Further FCA fees policy proposals

6.1 In this chapter, we consult on proposals to:

- avoid double payment of fees by UK data reporting service providers (DRSPs) which have been set up by former incoming DRSPs based in the European Economic Area
- reclassify the application fees for peer-to-peer lending from moderately complex to complex

Data Reporting Service Providers (DRSPs) post-Brexit

(FEES 3.2.7R, FEES 4.1R, FEES 4 Annex 11R – draft rules in Appendix x)

- 6.2 DRSPs provide data reporting services for investment firms which are required to provide certain regulatory market data to the FCA. They connect to our Market Data Processor (MDP), paying a connection fee. Before the UK left the European Economic Area (EEA), they were able to operate across the EEA, regardless of where they were based, and so incoming EEA DRSPs used to connect to our MDP on payment of the appropriate fee. They did not pay annual FCA fees because they were supervised by their home-state regulators.
- 6.3 Now that the transition period has ended, incoming EEA DRSPs that have notified us within the required timeframe that they intend to provide a service in the UK under the deemed authorisations regime (as set out in regulation 12A of the Data Reporting Services Regulations 2017 (DRS Regs)) are able to provide a data reporting service in the UK until 31 December 2021, while they seek authorisation in the UK on a permanent basis under the DRS Regs. Incoming EEA DRSPs will have to set up UK entities or pass their services to UK affiliates if they want to continue to provide data reporting services within the UK. These entities have to apply to us for authorisation, paying the same application fee as UK DRSPs. Once we have authorised the UK entity, the incoming EEA DRSP will lose its deemed authorisation status.
- 6.4 We are consulting on a transitional provision (TP) to resolve an ambiguity in our rules as currently drafted:
- **Periodic fee:** Incoming EEA DRSPs will have to pay the periodic fee for 2021/22 if their UK entities have not been authorised by the time we issue invoices. The TP would ensure that a newly authorised UK DRSP will not be required to pay any further fee for 2021/22 if its predecessor has already paid in full. This brings them into line with FEES 4.3.17 which prevents double payment of periodic fees when a firm acquires business from another firm.
- 6.5 The draft instrument also makes minor drafting amendments arising out of Brexit – for example, removing redundant references to the EEA and incoming DRSPs.

Q3: Do you have any comments on our proposals to avoid double payment of fees by UK data reporting service providers (DRSPs) which have been set up by former incoming DRSPs based in the EEA?

Peer-to-peer lending application fees

(FEES 3 Annex 1 – draft rules in Appendix x)

- 6.6** We are proposing to increase to £10,000 the fee for firms applying to become peer-to-peer (P2P) lenders. An internal review has shown that P2P applications are more complex to assess than other credit related applications priced at the same level, with more internal engagement and additional governance procedures. These factors make their processing more expensive and so we propose to increase the contribution applicants make towards our costs.
- 6.7** P2P authorisation is currently charged as a 'moderately complex' application, with a fee of between £800 - £10,000 depending on the applicant's income. This does not reflect the level of assessment we carry out on P2P applications. A 'complex' charge of £1,000 - £15,000 would bring it into line with comparative application types, such as high cost short term credit, that require a similar level of assessment.
- 6.8** We have recently consulted on revalorising and restructuring FCA application fees and, as we explain in chapter 8 of this CP, we have decided to remove the income bandings from credit-related application fees. The moderately complex fee will become a category 5 flat fee of £5,000 in our new table of 10 pricing categories and complex will be category 6 at £10,000. The new pricing categories may come into effect by the time this consultation ends, bringing the P2P charge to category 6.

Q4: Do you have any comments on our proposal to reclassify the application fee for peer-to-peer lending from moderately complex to complex?

7 Feedback on authorisation application fees

- 7.1** We consulted in [CP20/22](#) on revalorising and restructuring FCA application fees; on restructuring application fees for claims management companies (CMCs) and validation orders (VOs); and on introducing new charges for notifications of changes in control (CiC) and notifications under the senior managers regime (SMR) and controlled functions for appointed representatives (CF(AR)).
- 7.2** We intend to proceed largely as consulted on, though deferring our proposals on CiCs, but at this stage we are only providing feedback, not making the rules. Since the great majority of application fees are paid online, we need to amend and test our systems before going live. We are using this CP as an opportunity to set out our feedback so that prospective applicants know as soon as possible what to expect, without having to wait until we make the rules later this year.

Application fees

- 7.3** We proposed to revalorise our application fees to take account of inflation and to condense more than 80 separate fees into 10 standard pricing categories. Going forward, we propose to revalorise application fees annually in line with the increase or decrease in the costs of our ongoing regulatory activities (ORA).
- 7.4** Most of our application fees have not changed since our predecessor, the Financial Services Authority (FSA), introduced them nearly 20 years ago. Inflation has subsequently eroded their value, leaving authorised firms paying an increasing proportion of our processing costs for applications for authorisation through their periodic fees. We also identified no less than 83 separate charges for FCA applications. We considered this to be confusing and so proposed to condense them into a simple table of 10 pricing categories. We grouped the charges into the 10 categories by, first, revalorising them in line with inflation from the date of their introduction; and then moving them up or down to the nearest pricing category. 49 charges increased, 23 stayed the same and 11 were reduced. Table 2.2 in [CP20/22](#) grouped the current fees into the pricing categories.
- 7.5** We estimated that the overall impact of our proposals would raise the contribution of applicants towards the cost of processing their applications from about a third to about two-thirds, reducing the balance we need to recover from existing firms. We felt this was a fairer apportionment in principle, though we warned that there would not be a large practical impact on existing fee-payers.
- 7.6** We took the opportunity to simplify 21 application fees which are based on the income of the applicant. This structure was originally introduced to protect small firms which were already trading when we took over their regulation. Income is a reasonable basis for charging a firm which is trading and has accounts to quote from but is less reliable for a new applicant working from estimates. We accordingly proposed removing the fee-bands derived from income and replacing them with flat-rate fees.

7.7 To avoid erosion through inflation in the future, we proposed to revalorise our fees annually in line with our budget for ongoing regulatory activities (ORA) – ie the cost of running the FCA.

Q1: *Do you have any comments on our proposals to revalorise application fees in line with inflation and create a simplified structure with a reduced number of pricing categories?*

Q2: *Do you have any comments on our proposals to remove income bandings from application fees?*

Q5: *Do you have any comments on our proposal to revalorise application and transaction charges annually in line with our budget for ongoing regulatory activities (ORA)?*

Feedback received

7.8 We received 18 responses.

7.9 There were no objections to the principle of revalorisation and general support for the rationale that applicants should make a larger contribution towards costs to reduce pressure on existing fee-payers. Some argued that we should have limited the increases to inflation, with one respondent saying we had 'over-protected' ourselves. Several suggested that the time was not right to raise prices as the economy starts to recover from the pandemic. It could act as a barrier to new start-ups, inhibiting recovery. Several made criticisms of the quality and timeliness of our services. They hoped to see corresponding increases in our efficiency in determining applications and an impact on periodic fees in the future.

7.10 Most responses welcomed the principle of simplifying our rules on application fees, though several said they were still unnecessarily complicated and hoped that simplifying the rules would be accompanied by a corresponding simplification of our processes. Several complained that rounding had led to inconsistencies, with some fees rising or falling disproportionately compared to others. Some criticised aspects of the existing structure of application fees.

7.11 Overall, there was support for removing price bands based on projected income. But several respondents pointed out that removing the income bands from credit-related application fees would inadvertently increase the fees for firms such as mortgage brokers who are required to take on restricted permissions for debt counselling and debt adjustment. These are considered complex under the current structure, with income-related charges of £1,000 - £15,000. We proposed instead a flat revalorised charge of £10,000 (category 6) for complex credit-related permissions. Mortgage brokers and other intermediaries receive no income from their restricted permissions, so fall into the bottom income band, paying £1,000. Their intermediary fee is £1,500 (rising to £2,500 (category 4) in the new structure) so, since applicants only pay for the most costly permission, they are not in practice charged for their restricted credit-related permissions. A flat-rate charge of £10,000 for the complex credit-related permission would raise the broker's fee more than we had intended.

- 7.12** Two respondents objected to removing the lower fee of £2,000 for cryptoasset businesses with projected incomes up to £250,000 which apply for registration under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR). They felt we should replace it with a reduced fee for less risky activities, or set further gradations based on income. Both contended that the full cryptoasset fee of £10,000 was already too high and compared unfavourably with the charge of £5,000 for payment services and electronic money institutions. Our processing costs should be lower because we are not regulating their conduct, while cryptoasset activities were also a lower MLR risk than other activities. One pointed out that we had originally proposed a fee of £5,000 but raised it to £10,000 to compensate for the introduction of the lower rate for smaller businesses. Our charge would inhibit innovative start-ups and discourage external investment into the UK. They also proposed that application fees should be refundable under certain circumstances.
- 7.13** We received no objections in principle to regular revalorisations of application fees to avoid having to undergo major exercises in the future. However some suggested using inflation rather than ORA and one said it would produce 'very un-round and therefore unmemorable' figures so should be less frequent - perhaps every 3 - 5 years.
- 7.14** One respondent asked that we consider raising the value of the special minimum fee tariff base thresholds applicable to credit unions for their periodic fees, currently £500,000 and £2m, which have not been revised since under the FSA. They stated that these values have been steadily eroded by inflation over time, but the unprecedented spike in deposits this year has rapidly taken what are still very small, community-based organisations into higher-bands and these thresholds no longer provide the relief that was intended when these concessions were introduced by the FSA, almost a decade ago.

Our response

The time is never perfect to increase fees. As we said in CP20/22 and some respondents confirmed, we believe FCA application fees are not in themselves significant barriers to entry compared with the wider costs of setting up a new business, including the costs of compliance. The fees are intended to recover costs that we have incurred. The revalorised charges would still recover only up to two-thirds of our costs, while the great majority of applicants will pay £10,000 or less, with the lowest fee at £250. The potential additional revenue of around £6m would mitigate periodic fees to some extent, but not until 2022/23 and the impact is likely to be small.

We kept the rounding process fair, with fees going up or down to the nearest pricing category, but we acknowledged in CP20/22 that this would affect some fees more than others. The only way to flatten out these disparities would be to increase the number of categories. There are arguments for having more or less categories than 10 but, short of reproducing the current structure, there will always be differential impacts on different fees, whatever adjustments we make. We will as ever keep the efficiency of our processes under review.

Consultations often draw out helpful technical observations and we appreciate the respondents who alerted us to the potential impact on

mortgage brokers and other applicants in a similar position. As a result, we have introduced the equivalent of a 'straightforward' charge for restricted credit-related permissions - i.e. new category 3 (£1,000). This is less than the mortgage broker's fee so maintains the status quo.

We addressed concerns about cryptoasset application fees when we responded to the original consultation in January 2020. As mentioned above, we do not believe FCA application fees are in themselves significant barriers to entry compared with the wider costs of setting up a new business. Removing the lower charge for smaller businesses will not affect businesses which were already trading when we took responsibility for cryptoasset supervision, since they had to apply by 10 January 2021. Given the increased money laundering and terrorist financing risks identified in the Government's National Risk Assessment (published in December 2020), as well as the risks we have identified during our assessment of applications, we have allocated increased resources to reduce money laundering and terrorist financing risks. As we explained in HN 86, we intended to start recovering our costs through periodic fees in 2021/22. However, because so few cryptoasset businesses have met the minimum standard for registration under the MLR, we have had to defer recovery until 2022/23 which will further increase the costs to be recovered from the businesses. We see no case for lowering the application fee and passing more costs to the cryptoasset businesses that successfully register with the FCA. It is a general principle that application fees are not refundable because it would be unreasonable for existing fee-payers to subsidise unsuccessful applicants by bearing the cost of refunding their fees.

It is true that annual revalorisations would produce unrounded charges. But the advantage of a routine annual exercise is that it will avoid the need for major changes every few years and will be reasonably predictable. The annual adjustments to periodic fees are based on ORA. ORA reflects the actual costs of the FCA so is preferable to an external figure like inflation and in theory could go down as well as up. Unrounded figures may be untidy, but they will more accurately reflect changes in our costs.

The current concessions for the smallest credit unions already mean that they pay either 84% or 46% lower minimum fees than other small and medium size credit unions. An increase in the level of the thresholds would result in higher variable fee-rates for small and medium size credit unions whose modified eligible liabilities (UK deposits) are above their thresholds. We therefore do not believe it is fair to increase the level of the thresholds for the smallest credit unions given the adverse impact on small and medium size credit unions.

Other fees

7.15 We proposed 2 adjustments to existing fees:

- While removing the lower fee of £1,200 for claims management companies (CMCs) with income up to £1m, we proposed a new category 4 charge of £2,500 for lead generators applying for the permission of seeking out people who may have a claim. These lower risk firms only undertake marketing activities and pass prospective leads to other CMCs or solicitors. This charge puts them in the same bracket as independent financial advisors and mortgage brokers. Lead generators who also seek the higher risk permission of 'advice, investigation or representation' will continue to pay the full £10,000 category 6 charge for CMC applications.
- We proposed to replace the £3,000 charge for validation orders (VOs) with structured charges based on the value of the agreements within each VO, ranging from category 3 (£1,000) for agreements up to £500,000 to category 7 (£25,000) for agreements above £7.5m. A VO enables a firm to enforce a debt legally when it has entered into a regulated credit agreement without holding the appropriate permission.

Q3: *Do you have any comments on our proposals to introduce a Category 4 fee of £2,500 for claims management companies that apply only for the permission of seeking out people who may have a claim and to restructure the charges for validation orders?*

Feedback received

7.16 We received no comments on VOs and 5 on CMCs. All supported the lower application fee for the lower risk activities but 3 respondents argued that we should take the same approach to periodic fees, setting lower charges for lower risk activities.

Our response

We were not consulting on periodic fees in this consultation and we do not intend to change their structure for CMCs. We have put all CMCs into a single fee-block for periodic fees. If we attempted to differentiate between the various CMC permissions, we would need to create several fee-blocks. As we explained in December 2018, when we introduced the fees structure for CMCs, our experience is that fee-payers benefit from sharing cost recovery with a larger population.

Introduction of new transaction charges

7.17 We consulted on introducing a category 2 charge of £500 for notifications of changes in control (CiC), and a category 1 charge of £250 for applications under the Senior Managers Regime (SMR) and by principal firms for Controlled Functions on behalf of their appointed representatives (CF(AR)).

Q4: *Do you have any comments on our proposals to introduce charges for changes in control and applications under the senior managers regime?*

Feedback received

- 7.18** We received no objections in principle to recovering the costs of transactions from applicants. However, almost all of the 21 respondents who commented criticised our current standards of service delivery, especially the length of time we take to make determinations. Several said we should not charge for these particular processes or introduce charges at this particular time, and that it would only be justifiable if firms could see a corresponding reduction in their periodic fees. One suggested setting a threshold for payment of the fee so that, for example, the first 10 applications were free.
- 7.19** Some suggested that we should not charge smaller firms and several credit unions and their representatives argued that they should be exempt from the new charges, given their special social objectives. Two respondents said that the SMR and CF(AR) regimes had transferred much of the cost of vetting individuals to firms, and so it was not reasonable to introduce charges. Given that SMR had been subject to a cost benefit analysis (CBA), it would have been useful to have factored these additional charges into it.
- 7.20** We also received detailed questions about how the charges would be applied in practice which we address below. We are taking into account comments received about our authorisations processes and procedures as part of our continuous review of internal management.

Our response

We have decided to defer introduction of the charge for CiC notifications. Cases are often initiated by email, and many different controllers can be involved in a single case at different times. We will explore options to determine who should pay, when and how. It is possible that integrating a fee-payment procedure to trigger a CiC notification might help to streamline the process and give both us and the applicant a clear signal that the statutory assessment period had begun.

We will proceed with the introduction of a category 1 charge under the SMR and CF(AR) as consulted on. We acknowledge the criticisms we have received of our service delivery and will continue to work towards improving and streamlining our processes and procedures. The revenues raised will be relatively small so, while sharing cost recovery is fairer in principle, it is unlikely to have a significant impact on periodic fees.

We do not accept that we have passed any costs to firms under the SMR. We expect firms to carry out thorough vetting of all their appointments, at whatever level, regardless of whether they are required to submit them to the regulator for review. The FCA role is to carry out a validation

exercise on the assumption that the applicant has made its best efforts to conduct due diligence on all of the candidates. We do not offer a vetting service. The CBA on SMR was conducted to assess the costs of scrutinising all of the relevant posts, including those already in place, and cost recovery was shared among the affected fee-payers. Now that the exercise is complete and we are dealing with ad hoc applications as they arise, it is fair for the applicants to pay rather than passing the costs to their competitors.

We offer many concessions to credit unions in recognition of their important social objectives and for that reason kept their fees out of the main revalorisation exercise. We agree that it would be consistent to exclude them from the new charges for the time being. We do not see a case for excluding other small firms from contributing towards the costs of processing.

We address below the detailed points that were put to us:

- We confirm that the charge will apply to applications under both the SMR and the CF(AR). Some respondents said we had not made it clear in the CP that these are separate regimes.
 - The charge will be triggered by submission of the long form A. The payment will be per form, regardless of the number of entities covered by the application. To avoid unnecessary payments, firms should take care not to make applications on the long form when they might have used the short one.
 - We have no plans at present to charge for other transactions such as those covered by the short form A, nor for variations or updates to existing holders' details, though we reserve the right to consult on new charges in the future.
 - We will not issue invoices for the SMR and CF(AR) fee. It will be paid online, when a firm submits its long form A. As with authorisation fees, payment would complete the application process. We therefore do not believe firms should have to amend their invoicing processes.
 - Our view is that starting to charge after firms have submitted a minimum number of applications would unnecessarily complicate and increase the cost of this process.
-

8 Funeral plans

(FEES 3 Annex 1, FEES 4 Annex 1A; Draft rules in Appendix 3)

8.1 This chapter sets out our proposals for FCA fees to recover our regulatory costs for firms that undertake the provision and distribution of pre-paid funeral plans. These activities will come into our regulation from 29 July 2022. We are consulting separately on our approach to regulation. We plan to open the authorisations gateway in September 2021 so that firms can start applying for authorisation. They need to ensure they are authorised before the regulation takes effect if they wish to continue trading. We are now consulting on 2 sets of fees:

- application fees
- periodic (i.e. annual) fees

8.2 Instead of being directly authorised by us, some firms prefer to be registered as appointed representatives (ARs) of other firms, known as principals, which engage with us as the regulator on their behalf. We believe a number of FP firms will opt for this model. ARs do not pay fees directly to the FCA. When principal firms apply for authorisation, they are not charged extra for registering ARs. After being authorised, they include their ARs' data in the reports they send us each year for the calculation of their periodic fees and so the fees they pay us cover the activities both of themselves and their ARs. Recovery of the ARs' shares of these payments is a matter of contractual agreement between them and their principals. Any firm considering acting as a principal should note that, in chapter 2 of this CP, we are proposing to introduce from this year an annual charge of £250 for each registered AR.

Application fees

8.3 When firms apply to be authorised by us, they pay a fee to contribute towards the costs of processing their applications. The balance of costs is recovered from existing firms through ongoing periodic fees. In setting the level of fees we assess the amount of work that will on average be involved in determining the applications. Where a firm applies for more than one permission, it pays only one fee - the highest of the relevant charges.

8.4 Firms already authorised by the FCA with Part 4A permissions normally pay only 50% of the application fee when they apply for a variation of permission (VoP) to undertake a new activity. This is because we have already established that they have satisfied our Threshold Conditions, reducing the processing work we have to undertake. We propose that any authorised firms which apply to become FP firms will benefit from the standard VoP discount.

8.5 Last November, we consulted on a simplified structure of fees for applications for FCA authorisation. We provide feedback on the comments we received in chapter 7 of this CP. In this chapter, we quote both the charge we are proposing for FP firms and the equivalent pricing category as consulted on in November.

8.6 We are proposing two application fees for FP firms:

- £10,000, equivalent to a proposed category 6 fee: application to enter into and carry out FP contracts as a provider;
- £2,500, equivalent to a proposed category 4 fee: (1) application limited to carrying out FP contracts as a provider but without permission to enter into contracts; or (2) making arrangements for entering into FP contracts as an intermediary.

8.7 When firms apply for a VoP that would also still leave them within their existing fee-block, they normally pay a smaller charge rather than the 50% fee described in paragraph 8.4 above. Under our consultation proposals, this will be a category 2 charge of £500. We are proposing in paragraph 8.13 to put all FP firms into a single fee-block. We propose that any FP firm seeking a VoP to take on the permissions of carrying out and entering into FP contracts as a full provider will pay 50% of the full fee - ie £5,000. Any FP firm seeking a VoP for the provider permission limited to carrying on FP contracts or the intermediary permission of making arrangements will pay the standard category 2 charge of £500. There is no charge for removing a permission - so a provider would not be charged if, after being authorised, it applied to limit its permission to carrying out contracts.

Delayed applications

8.8 Our previous experience of bringing new firms into our regulatory scope is that many do not submit their applications as soon as possible after the application gateway opens. Timely submission enables us to make cost-effective use of our resources so that we can conduct full and proper assessments of the applications to reach a determination whether or not to approve them. Delays in submission create resource implications for us. Applying patterns from previous new sector onboarding projects, we estimate that delays in submitting applications increase our costs by around 40%. To recover these costs, we are accordingly proposing to introduce a late application fee, uplifted by 40%, bringing the charges to £14,000 and £3,500 respectively. This will ensure that late applicants contribute directly towards the costs they are generating, rather than passing them on to be recovered through periodic fees from the wider body of firms, including those which applied on time.

8.9 These charges would be restricted to FP firms which were trading when the gateway opens on 1 September 2021 and which submit their applications after 1 November 2021. They would not affect new applicants, who would pay the normal fee whenever they apply.

8.10 If all firms now trading apply as we have requested by 1 November, we will not incur these additional costs, and the late application fee will not have to be charged.

Q5: Do you agree with our proposed application fees for authorisation?

Periodic fees

8.11 We will recover our ongoing costs through annual periodic fees. Our requirements for payment of periodic fees are set out in chapter 4 of the Fees manual. The key features are:

- Firms are required to provide the FCA with information annually to enable us to calculate fees (FEES 4.4.1R).
- Firms whose FCA fees were £50,000 or more in any year are charged an amount equivalent to half the previous year's fee in April, with the balance payable in September. All other firms are invoiced from July onwards (FEES 4.3.6R).
- Payments are due within 30 days of the date of the invoice. There is an administrative charge of £250 for late payment to cover our expenses in chasing firms and for firms which require paper invoices instead of taking advantage of our online facilities.
- The periodic fee for a firm which becomes subject to FCA regulation during the financial year is pro-rated to cover only the remaining months of the fee-year (FEES 4.2.7).
- When a firm cancels its permission during the financial year, it pays the fee for the full year (FEES 4.2.9G).

8.12 We use fee-blocks to link fee payers with similar permissions so that we can target cost recovery in the most effective way. Most FCA fee-blocks (and Financial Ombudsman Service industry blocks) are broad groupings of permissions. This keeps the structure simple and avoids firms with multiple permissions paying several sets of fees in different fee blocks. We propose to allocate all FP firms to a single new fee-block. We considered setting up separate fee blocks for different FP permissions, or for firms which limit their activity to a single permission, but concluded that this would have limited benefits and could unnecessarily complicate the structure. At present, we are proposing fee-block A23 for FP firms.

8.13 We allocate our regulatory and supervisory costs to each fee block and recover them through periodic fees (variable annual fees). We base them on a metric known as a 'tariff base', common to fee payers in the fee block. The tariff base is intended to be an objective, transparent and simple measure that can be consistently applied across the fee block to ensure a fair distribution of cost recovery. The most common tariff measure is income. Our experience is that most firms support income as a fair indicator of size and therefore market impact, and it can be reported consistently and easily from annual accounts. We accordingly propose to base FP fees on annual turnover.

8.14 The total amount we wish to recover from a fee block is known as the annual funding requirement (AFR) and is based on our operational costs. The fee rate is calculated by dividing the AFR by the total value of the tariff data reported by all the fee payers in the fee block. The intention is to distribute cost recovery within each fee block on the basis of the size of each fee payer according to its tariff data.

8.15 All firms in the FCA 'A' fee blocks also fall automatically into fee-block A.0, where they pay a minimum fee (£1,151 in 2020/21). They only pay variable fees in the other 'A' fee-blocks if their tariff-data takes them above a minimum threshold. Most fee-blocks with turnover as a tariff base have a threshold of £100,000 of regulated income and we are proposing the same for the FP fee-block. FP firms with turnover up to £100,000 will pay only the minimum fee in fee-block A.0. Those with turnover above the threshold will pay the A.0 fee plus the variable rate per £1,000 on their income above £100,000 in A23.

8.16 Variable fee-payers with incomes above the threshold and which are not 'dual regulated' both by us and the PRA also fall into fee-block AP.0, where they pay a prudential fee. This is to cover the costs of prudential regulation, for which dual

regulated firms pay a separate fee to the PRA. In 2020/21, the AP.0 fee-rate was the FCA fee multiplied by 0.10365.

8.17 Our general definition of income is set out in FEES 4 Annex 11A, with guidance in FEES 4 Annex 13 Part 1. We will add FP firms into those annexes. We are not at present aware of any special features of FP income which we should take into account but we would welcome comments. The key features of our definition of income are:

- Firms should report their total income without any deductions for business expenses such as staff and accommodation costs, etc. This helps to ensure consistency across all fee-payers. Firms which are unfamiliar with our approach sometimes argue we should allow deductions. This is because they are concerned that reporting higher incomes will result in higher fees. However, as explained in paragraph 8.14, we recover a fixed amount from each fee-block, so if all firms netted off their business expenses to report lower incomes, that would not reduce their fees. It would simply generate a higher fee rate per £1,000. Our experience is that gross income is a fairer measure as the more adjustments we allow, the greater the risk of inconsistent reporting.
- Businesses should take care that they only report income relating to the specific activities for which they have been authorised. This might be less than the income in their reported accounts if they conduct other types of business.
- Firms' accounts may not always distinguish FCA authorised business from other revenues. In these circumstances, we allow them to apportion their income to the business they undertake. We provide guidance on how to approach this in FEES 4 Annex 13 Part 1. A firm must be able if challenged to provide a sound and clearly expressed rationale for its approach e.g., if all invoices were analysed over a particular time period, it should be able to justify the period as representative of its business across the year. It must also be able to demonstrate corporate accountability by documenting how the methodology was developed and approved at an appropriate level within the company.
- We ask fee-payers to estimate the 'fair value' of services where they have taken business decisions not to charge clients or to discount their charges. The concept of fair value is common in accounting and firms should be familiar with it. We consider it to be the amount at which goods or services could be exchanged in an arm's length transaction between informed and willing parties, other than in a forced or liquidation sale. Fair value is important in the context of fees because it helps to ensure all firms declare their income on a comparable basis.

8.18 Once the new supervisory regime is in place, we will recover through periodic fees both the annual cost of supervision and the development and implementation costs we are already incurring ahead of taking on the responsibility. We will provide further details in our future fees CPs.

Q6: Do you have any comments on our proposals for variable periodic fees?

9 Financial Ombudsman Service general levy

(FEES 5 Annex 1R – draft rules in Appendix 1)

- 9.1** In this chapter, we consult on the 2021/22 general levy rates for firms in the Compulsory Jurisdiction (CJ) of the Financial Ombudsman Service (the Ombudsman Service). In Annex 4, we set out the proposed general levy rates for firms in each industry block and the draft instrument amending FEES chapter 5 is found at Appendix 1.

General Levy and Budgeting

- 9.2** The Ombudsman Service must budget separately for the CJ and the voluntary jurisdiction (VJ). Each of these jurisdictions is funded by a combination of annual fees (levies) and case fees as set out in FSMA section 234 and Schedule 17, paragraphs 9, 15 & 18.
- 9.3** Under the Financial Services and Markets Act 2000 (FSMA), the Ombudsman Service must, before the start of each financial year, adopt an annual budget which has been approved by the FCA. The Ombudsman Service presented its final budget for 2021/22 of £260.2m to the FCA Board in March 2021. This followed several months of discussion with the Board's Oversight Committee, which makes a recommendation to the FCA Board on the approval of the Ombudsman Service's budget. In 2020/21 the approved budget was £314.5m. The Ombudsman Service's consultation and final plans and budget for 2021/22 is published on the [Ombudsman Service's website](#).
- 9.4** The general levy only applies to firms covered by the CJ (see FEES 5.1), and the FCA raises and collects it under section 234 of FSMA. It is payable by all firms authorised or registered by us, including those that have not had any cases referred to the Ombudsman Service, unless they have claimed an exemption (DISP 1.1.12R) because they do not deal with eligible complainants (see DISP 2.7.3R). The Ombudsman Service collects a separate levy from businesses that have signed up to its VJ.
- 9.5** This year, the Ombudsman Service has asked us to recover £96m through the general levy. This is an increase of just over £12 million (14%) compared to last year (£84m). The levy of £96m is around 9% lower than the £106 million that the Ombudsman Service proposed in its [consultation](#). The FCA approved the budget in line with its FSMA requirements.
- 9.6** Case fees for both the CJ and the VJ are payable when the Ombudsman Service closes a case and subsequently invoices and collects these fees. This year the Ombudsman Service has increased case fees to £750, an increase of £100 from the current £650. Some case fees are collected via the group account case fee arrangement. This is an arrangement where the largest business groups eg Barclays, HSBC, Lloyds etc pay quarterly in advance based on the formula in our rules, taking into account historic volume trends and the service's budgeted activity.
- 9.7** The split between case fee and levy income for 2021/22 will be approximately 55:45. As set out in the [plans and budget consultation and final plans for 2021/22](#), the

Ombudsman Service anticipate that a levy set at £96m, together with a case fee of £750, will enable them to maintain price stability for the next three years, with no further increases to the levy or case fee.

- 9.8** We intend to make rules setting the general levy fee rates in June 2021, following this consultation.

CJ levy for 2021/22 – Apportionment among fee blocks

- 9.9** We have apportioned the CJ general levy in line with the Ombudsman Service's forecasts for the proportion of resources that it expects to devote to cases from firms in each industry block over the next financial year. We have allocated the total amount that needs to be collected from the industry across the respective industry blocks to produce the final tariff rate (see Table 9.1 below and Annex 4) which we use to determine the amount to be collected from firms within each industry block.

Table 9.1

Industry Block	Industry Block Description	Proposed levy as % of budget
I001	Deposit acceptors, home finance lenders and administrators	32.7%
I002	Insurers: general	14.9%
I003	The Society of Lloyds	0.1%
I004	Insurers: life	4.4%
I005	Fund managers	0.3%
I006	Operators, Trustees and Depositaries of collective investment schemes	0.0%
I007	Dealers as principal	0.0%
I008	Advisory arrangers, dealers or brokers (holding client money)	1.9%
I009	Advisory only firms and advisory, arrangers, dealers, or brokers (not holding client money)	1.9%
I010	Corporate finance advisors	0.0%
IA11	Authorised payment service providers	0.0%
IS11	Small payment institutions and small e-money issuers	0.0%
I013	Cash plan health providers	0.0%
I014	Credit unions	0.0%
I015	Friendly societies whose tax exempt business represents 95% or more of their total relevant business	0.0%
I016	Home finance lenders, advisers and arrangers	0.5%
I017	General insurance mediation	9.4%
IA18	Authorised electronic money institutions	0.0%
IS18	Small electronic money institutions	0.0%
I019	Consumer credit: limited	0.8%
IA19	Consumer credit: limited (not for profit)	0.0%
I020	Consumer Credit: full	32.3%
IR21	Consumer buy-to-let	0.0%
I022	Designated credit reference agencies	0.0%
I023	Designated finance platforms	0.0%

Industry Block	Industry Block Description	Proposed levy as % of budget
I024	Claims management companies	0.6%
		100.0%

- 9.10** Annex 4 sets out the proposed allocation of the CJ levy for 2021/22, with 2020/21 rates for comparison, within each industry block. There is a minimum levy in each industry block and the levy then increases in proportion to the amount of 'relevant business' (i.e. business done with private individuals, SMEs) that the firm does.
- 9.11** Individual firms can calculate the impact of the proposed fees and levies using our [online calculator](#).
- 9.12** The general tariff rates will be finalised in June 2021 for the 2021/22 fee period.

European Economic Area (EEA) based firms

- 9.13** The UK left the European Union (EU) on 31 January 2020 and the transition period ended on 31 December 2020. As discussed in Chapter 3 the Temporary Permissions Regime (TPR) is in place. EEA firms (UK based and service) in the TPR are included in the CJ of the Financial Ombudsman Service and our complaint handling rules apply.
- 9.14** EEA service firms in the TPR must pay the minimum fee-block levies set out in the rules or flat fees where these apply. They must also pay case fees which they were not previously required to pay. This means that consumers will continue to be able to refer their complaint to an alternative dispute resolution scheme.
- 9.15** For EEA service firms that were members of the VJ pre-exit, complaints (including post-exit complaints) about their pre-exit activities will continue to come under the VJ. If a firm wants to leave the VJ, it will continue to have to follow the Financial Ombudsman Service's process as set out in DISP 4.2.7R.

Covid-19 – extended payment terms

- 9.16** We are proposing that the extended payment terms discussed in Chapter 3 will also apply to firms that pay the Ombudsman Service general levy in 2021/22.

Q7: Do you have any comments on the proposed method of calculating the tariff rates for firms in each fee-block towards the CJ levy and our proposals for how the overall CJ levy should be apportioned?

Fee payers should know that we calculate the draft fee rates and levies in Appendix 1 using estimated fee payer populations and tariff data. This means that final periodic fee rates and levies for 2021/22, which will be made by our Board in June 2021, could vary from those in this CP.

10 Money and Pensions Service levies

(FEES 7A Annex 1R, 2R, 3R and FEES 7C Annex 1R, 2R, 3R – draft rules in Appendix 1)

- 10.1** In this chapter, we consult on the rates at which we propose to charge our levies for the Money and Pensions Service (MaPS) in 2021/22.
- 10.2** The Single Financial Guidance Body (SFGb) came into operation on 1 January 2019. It took on the responsibilities of the Money Advice Service (MAS), Pension Wise and The Pensions Advisory Service (TPAS). The SFGb was re-named MaPS by regulation in April 2019.
- 10.3** MaPS is responsible for providing money and pensions guidance in the UK and debt advice in England. It also has a strategic function to develop and coordinate a national strategy to improve financial capability, debt management and financial education for children and young people.
- 10.4** MaPS is an arm's length body sponsored by the Department for Work and Pensions (DWP). The FCA has no oversight role in respect of its budget, but we are responsible for collecting funding for MaPS to carry out its functions. Each year we must collect the amount notified to us by the DWP.
- 10.5** The DWP has notified us that the total amount we must collect for MaPS in 2021/22 is £149.2m. This is made up of amounts for 3 separate levy components:
- £23m for money guidance in the UK
 - £94.6m for debt advice in England
 - £31.6m for pensions guidance in the UK
- 10.6** The DWP has informed us that they will adjust these figures when any underspends against the levies paid in 2020/21 have been confirmed. The above costs include apportionment of MaPS' central costs and costs for other functions and progressing activities for the UK Strategy for Financial Wellbeing. The DWP has told us that MaPS will use the levy amount to continue the support needed in responding to the Covid-19 pandemic, new legislative activities and the ongoing development of the MaPS service.
- 10.7** For 2021/22 we propose to allocate MaPS costs to fee-blocks on the same basis we used last year. For money guidance, we have updated the allocation to reflect MaPS usage rates and strategic priorities, using the same formula we previously used for the Money Advice Service (MAS).

Funding for money guidance

- 10.8** MaPS provides money guidance across the UK. Currently, MaPS provides money guidance through the existing MAS brand, delivered through a website, printed material and a call centre, and by working with and influencing the financial services sector.

- 10.9** The DWP has notified us that the total budget amount we must collect for money guidance in 2021/22 is £23m. The DWP has informed us that this provides for a strong focus on normal business activities, ongoing support in response to the Covid-19 pandemic and coordinating the UK Strategy for Financial Wellbeing.
- 10.10** The budget figure of £23m is an estimate. It might be revised when we finalise rates in June 2021 and include adjustments for any underspend from the levies paid in 2020/21.

Allocation of costs for money guidance

- 10.11** We propose to allocate money guidance costs to firms using the same method as previous years, though this has been updated to reflect current MaPS usage rates and its strategic priorities. For the A.0 minimum fee fee-block we will allocate an amount based on the estimated number of firms that are authorised at the start of the fee-year. We will update that amount to reflect the actual number of authorised firms when we publish our policy statement in July 2021. We propose to maintain the minimum fee at £10 for 2021/22. The remaining fee-block costs will be based on the following equally-weighted components:
- how consumers use the 3 money guidance channels (web, telephone and web chat, and printed literature) weighted by the cost of each channel
 - strategic aims and outcomes mapped to fee-blocks
 - a levy based on our own allocation (the same weighting we use to calculate FCA fees)
- 10.12** Table 10.1 sets out how the allocation method applies across fee-blocks and the movement for each fee-block since last year.

Table 10.1: Proposed money guidance allocation method for 2021/22 by fee-block

Fee-block	Actual 2020/21 allocation £m	Proposed 2021/22 allocation £m	Movement
A.0 minimum fee	0.1	0.2	41.6%
A.1 deposit acceptors	3.4	4.2	23.5%
A.2 Home finance providers and administrators	2.9	4.2	46.6%
A.3 Insurers - general	1.6	2.2	35.6%
A.4 Insurers - life	2.3	2.9	26.7%
A.5 Lloyd's managing agents	0.0	0.0	0.0%
A.6 The Society of Lloyd's	0.0	0.0	0.0%
A.7 Portfolio managers	0.9	1.2	29.7%
A.9 Operators, trustees and depositaries of collective investment schemes etc	0.9	1.1	24.7%
A.10 Firms dealing as principal	1.0	1.3	29.9%
A.13 Advisers, arrangers, dealers or brokers	1.5	1.8	24.7%
A.14 Corporate finance advisers	0.2	0.2	27.0%
A.18 Home finance providers, advisers and arrangers	0.2	0.3	26.8%
A.19 General insurance mediation	0.5	0.6	21.0%
A.21 Firms holding client money or assets	0.2	0.3	27.0%

Fee-block	Actual 2020/21 allocation £m	Proposed 2021/22 allocation £m	Movement
CC1. Consumer credit – limited permission	1.0	1.3	27.2%
CC2. Consumer credit full permission	1.0	1.3	27.2%
G Firms covered by Payment Services Regulations 2017 (PSRs) and Electronic Money Regulations 2011 (EMRs)	0.1	0.1	29.6%
Total	17.7	23.0	-30.2%

10.13 We give draft levy rates for firms based on this allocation in Appendix 1.

10.14 Fee payers should be aware that the draft fee rates and levies in Appendix 1 are calculated using estimated fee-payer populations and tariff data. This means that the levy rates for 2021/22 which will be finalised in June 2021 might vary from those in this consultation paper.

Q8: Do you have any comments on the proposed 2021/22 rates for the MaPS money guidance levy?

Funding for debt advice in England

10.15 MaPS provides free-to-consumer debt advice in England through frontline commissioned partners. Before 2019, debt advice for the UK as a whole was commissioned by MAS. Now, debt advice for Scotland, Wales and Northern Ireland is commissioned by the Devolved Authorities. See chapter 11 for the Devolved Authorities debt advice levy.

10.16 The DWP has notified us that the amount required in 2021/22 for MaPS commissioned debt advice in England is £94.6m. The DWP has informed us that this will be used to increase the total number of people using the service. MaPS will also improve outcomes for clients by improving the quality of advice and allowing frontline advisors to have longer, more in-depth sessions with clients with complex needs. The DWP has confirmed this will fund over 1 million free-to-consumer debt advice sessions in England, as well as support the introduction of the new Breathing Space scheme which will go live from May 2021.

10.17 The DWP has informed us that MaPS will also continue to fund the administration of Debt Relief Orders (DROs) in England, allowing debt charities to focus their existing resources on initial debt advice. This will enable MaPS to deliver a more efficient and cost-effective process.

10.18 The budget figure of £94.6m is an estimate. It may be revised when we finalise rates in June 2021 and include adjustments for any underspend from the levies paid in 2021/22.

Allocation of debt advice costs for MaPS

- 10.19** We propose to allocate costs under the MaPS debt advice levy in the same proportion as allocated last year. Table 10.2 illustrates those allocations.
- 10.20** As stated in [Handbook Notice 82](#) (Nov 2020), we know that financial services firms are concerned about the recent levels of debt advice funding provided by the levy and we know the sector has concerns about the current funding model.
- 10.21** MaPS continues to work with the FCA and Government to monitor and understand the long-term impacts of Covid-19, as well as the capacity within the debt advice sector and the funding required to maintain adequate debt advice provision, especially for those who are vulnerable. We will publicly consult on any proposed changes to levies for financial services firms from this work. Any changes will require the consent of the Secretary of State for Work and Pensions and the Treasury.
- 10.22** Table 10.2 shows the current allocation between the 2 fee-blocks that contribute to the MaPS debt advice levy.

Table 10.2: Proposed allocation of 2021/22 debt advice funding to fee-blocks

MaPS debt advice levy	2021/22 allocation £m
A.2 Home finance providers and administrators	47.3
CC.3 Consumer credit lending	47.3
Total	94.6

- 10.23** We provide draft levy rates for firms based on this allocation in Appendix 1.
- 10.24** Fee payers should know that the draft fee rates and levies in Appendix 1 are calculated using estimated fee-payer populations and tariff data. This means that the levy rates for 2021/22 which will be finalised in June 2021 might vary from those in this consultation paper.

Q9: Do you have any comments on the proposed 2021/22 rates for the MaPS debt advice levy?

Funding for pensions guidance

- 10.25** MaPS currently provides impartial pensions guidance under the existing brand Pension Wise. The guidance aims to help consumers understand the greater flexibility they now have with their pension pots after the 2015 pension reforms. MaPS will continue to oversee the development of the independent pensions dashboards architecture as well as developing their own customer-facing pensions dashboard.
- 10.26** The DWP has notified us that the total budget amount we must collect for pensions guidance in 2021/22 is £31.6m. £5.3m of the total for pensions guidance is designated for the pensions dashboard.
- 10.27** The DWP has told us that this will fund 215,000 pension freedoms guidance sessions, as well as various investments and improvements. These include continuing to improve the customer journey, supporting the future focus on pensions for the UK

Strategy for Financial Wellbeing as well as the upcoming introduction of the stronger nudge to guidance for Pension Wise.

- 10.28** The budget figure of £31.6m is an estimate. It and might be revised when we finalise rates in June 2021 and include adjustments for any underspend from the levies paid in 2020/21.

Allocation of pensions guidance costs for MaPS

- 10.29** We propose to allocate costs across the 5 pensions guidance levy fee-blocks in the same proportions we used for Pension Wise last year. Table 10.3 illustrates those allocations.

Table 10.3: Proposed allocation of 2021/22 pensions guidance costs to fee-blocks

Pensions guidance levy fee-blocks £m		Proposed 2021/22		Actual 2020/21	
		%	£m	%	
A.1	Deposit acceptors	7.6	24%	8.1	24%
A.4	Insurers – life	7.6	24%	8.1	24%
A.7	Portfolio managers	7.6	24%	8.1	24%
A.9	Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes	5.1	16%	5.3	16%
A.13	Advisory arrangers, dealers and brokers	3.8	12%	4.0	12%
		31.6	100%	33.7	100%

- 10.30** We provide draft levy rates for firms based on this allocation in Appendix 1.

European Economic Area (EEA) based firms

- 10.31** The UK left the European Union (EU) on 31 January 2020 and the transition period ended on 31 December 2020. As discussed in Chapter 3 the Temporary Permissions Regime (TPR) is in place. Under the TPR EEA branch firms no longer receive a discount on their FCA variable periodic fees and service firms will pay the minimum periodic fee, when previously they paid no periodic fees. With regard to MaPS levies, EEA fees discounts were only applied to the money advice levy. EEA service firms will only pay minimum fees for the money advice levy as minimum fees do not apply to the debt advice or pensions guidance levies for any firm.

Covid-19 – extended payment terms

10.32 We are proposing that the extended payment terms discussed in Chapter 3 will also apply to firms that pay the MaPS levies in 2021/22.

Q10: Do you have any comments on the proposed 2021/22 rates for the MaPS pensions guidance levy?

Fee payers should know that we calculate the draft fee rates and levies in Appendix 1 using estimated fee payer populations and tariff data. This means that final periodic fee rates and levies for 2021/22, which will be made by our Board in June 2021, could vary from those in this CP.

11 Devolved Authorities levy

(FEES 7B Annex 1R and 7D Annex 1R – draft rules in Appendix 1)

- 11.1** In this chapter, we consult on the allocation of costs to fund debt advice provided through the Devolved Authorities in Scotland, Wales and Northern Ireland in 2021/22.
- 11.2** The Devolved Authorities are responsible for providing free-to-consumer debt advice in Scotland, Wales and Northern Ireland. Debt advice in England is provided by MaPS. See chapter 10 for the MaPS debt advice levy.

Funding for debt advice in the Devolved Authorities

- 11.3** The Treasury has notified us that, for 2021/22, the total funding we must collect for the provision of debt advice in the Devolved Authorities is £14.0324m.
- 11.4** The Treasury calculated the 2021/22 budget requirements for the Devolved Authorities using a funding formula based on population sizes and levels of over-indebtedness in Scotland, Wales and Northern Ireland. The allocations are adjusted by any underspends the Devolved Authorities reported from 2 years before. Table 11.1 shows the amounts to be collected for each Devolved Authority.

Table 11.1: Debt advice funding requirement by Devolved Authority for 2021/22

Devolved Authority	Funding requirement 2021/22 £m
Scottish Government	7.3788
Welsh Government	4.0678
Department for Communities	2.5858
Total	14.0324

- 11.5** The budget figure of £14.0324m is an estimate and might be revised when we finalise rates in June 2020

Allocation of debt advice costs for the Devolved Authorities

- 11.6** We propose to allocate costs under the Devolved Authorities debt advice levy in the same proportion as last year. Table 11.2 shows the allocation between the 2 fee-blocks that contribute to the Devolved Authorities debt advice levy.

Table 11.2: Proposed allocation of 2021/22 debt advice funding to fee-blocks

Devolved Authorities debt advice levy fee-block	Proposed 2021/22 £m
A.2 Home finance providers and administrators	7.0162
CC.3 Consumer credit lending	7.0162
Total	14.0324

11.7 We provide draft levy rates for firms based on this allocation in Appendix 1.

Covid-19 - extended payment terms

11.8 We propose that the extended payment terms we discuss in Chapter 3 will also apply to firms that pay the Devolved Authorities debt advice levy in 2021/22.

Q11: Do you have any comments on the proposed 2021/22 rates for the Devolved Authorities debt advice levy?

Fee payers should know that we calculate the draft fee rates and levies in Appendix 1 using estimated fee payer populations and tariff data. This means that final periodic fee rates and levies for 2021/22, which will be made by our Board in June 2021, could vary from those in this CP.

12 Illegal money lending levy

(FEES 13 Annex 1R and FEES 13A Annex 1R - draft rules in Appendix 1)

- 12.1** In this chapter, we set out the proposed 2021/22 illegal money lending (IML) levy rates.
- 12.2** The IML levy is raised to recover the Treasury's expenses in providing funding for the teams tackling illegal money lending. Section 333T of FSMA, introduced by the Bank of England and Financial Services Act 2016, gives us the responsibility to calculate the levy rates, collect the levy from firms and pay the revenues collected to the Treasury, after deducting our administration costs.
- 12.3** The Treasury has notified us that their 2021/22 illegal money lending expenses will be £6.5m (£6.2m in 2020/21), including FCA collection costs of £91,813 (£90,013 2020/21). This is an estimate and may be revised when the IML levy rates are finalised in June 2021. We set out the IML levy rates to recover this amount from consumer credit firms in Table 12.1.

Table 12.1: 2021/22 IML levy rates

Type of firm	Fee
CC1. Limited permission	£5.00 flat rate
CC2. Full permission	Up to £250,000 consumer credit income: £10 minimum levy
	Over £250,000 consumer credit income: £10 + £0.247 per £1,000

European Economic Area (EEA) based firms

- 12.4** The UK left the European Union (EU) on 31 January 2020 and the transition period ended on 31 December 2020. As discussed in Chapter 3 the Temporary Permissions Regime (TPR) is in place. Under the TPR EEA branch firms no longer receive a discount on their FCA variable periodic fees and service firms will pay the minimum periodic fee, when previously they paid no periodic fees. With regard to the IML levy, EEA fees discounts were not applied to the IML levy. EEA service firms will however pay the IML minimum fee of £10.

Covid-19 – extended payment terms

- 12.5** We propose that the extended payment terms that are discussed in Chapter 3 will also apply to firms that pay the illegal money lending levy in 2021/22.

Q12: Do you have any comments on the proposed 2021/22 illegal money lending (IML) levy rates?

Annex 1

Questions

- Q1:** Do you have any comments on the proposed FCA 2021/22 minimum fees and variable periodic fee rates for authorised firms?
- Q2:** Do you have any comments on the proposed FCA 2021/22 minimum fees and periodic fee rates for fee payers other than authorised firms?
- Q3:** Do you have any comments on our proposals to avoid double payment of fees by UK data reporting service providers (DRSPs) which have been set up by former incoming DRSPs base in the EEA?
- Q4:** Do you have any comments on our proposal to reclassify the application fee for peer-to-peer lending from moderately complex to complex?
- Q5:** Do you agree with our proposed application fees for authorisation?
- Q6:** Do you have any comments on our proposals for variable periodic fees?
- Q7:** Do you have any comments on the proposed method of calculating the tariff rates for firms in each fee-block towards the CJ levy and our proposals for how the overall CJ levy should be apportioned?
- Q8:** Do you have any comments on the proposed 2021/22 rates for the MaPS money guidance levy?
- Q9:** Do you have any comments on the proposed 2021/22 rates for the MaPS debt advice levy?
- Q10:** Do you have any comments on the proposed 2021/22 rates for the MaPS pensions guidance levy?
- Q11:** Do you have any comments on the proposed 2021/22 rates for the Devolved Authorities debt advice levy?
- Q12:** Do you have any comments on the proposed 2021/22 illegal money lending (IML) levy rates?

Annex 2

Compatibility statement

1. This annex explains our reasons for concluding that our proposals in this consultation are compatible with certain requirements under the Financial Services and Markets Act 2000 (FSMA). Under section 138I of FSMA, the FCA is exempt from the requirement to carry out and publish a cost benefit analysis regarding proposals for rules regarding FCA fees and levies for the Financial Ombudsman Service, the Money and Pensions Service (MaPS), the Devolved Authorities and the illegal money lending levy.
2. When consulting on new rules, we are required by section 138I(2)(d) FSMA to explain why we believe making the proposed rules is compatible with our strategic objective, advances one or more of our operational objectives, and has regard to the regulatory principles in s.3B FSMA. We are also required by s.138K(2) FSMA to state our opinion on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.
3. This annex also sets out our view of how the proposed rules are compatible with our duty to discharge our general functions (which include rule-making) in a way that promotes effective competition in the interests of consumers (s.1B(4)). This duty applies in so far as promoting competition is compatible with advancing our consumer protection and/or integrity objectives.
4. This annex further includes our assessment of the equality and diversity implications of these proposals.

Our objectives and regulatory principles

5. Our proposals set out in this consultation are not intended in themselves to advance our operational objectives. However, they will enable us to fund the activities we need to undertake in 2021/22 to meet our responsibilities under FSMA. Therefore, these proposals will indirectly advance our operational objectives of:
 - delivering consumer protection – securing an appropriate degree of protection for consumers
 - enhancing market integrity – protecting and enhancing the integrity of the UK financial system
 - building competitive markets – promoting effective competition in the interests of consumers
6. We also consider that these proposals are indirectly compatible with our strategic objective of ensuring that the relevant markets function well, because they will again enable us to fund the activities to meet it. For the purposes of our strategic objective, 'relevant markets' are defined by s.1F FSMA. In the rest of this annex, reference to objectives means both our strategic objective and operational objectives.
7. In the case of the Financial Ombudsman Service, the proposals in this consultation to raise the general levy to fund its activities in 2021/22 will indirectly meet its statutory

function of providing a scheme for the quick and informal resolution of disputes between financial services firms and their customers. The proper functioning of the Financial Ombudsman Service also helps us to meet our consumer protection objective.

8. The proposals for the MaPS and Devolved Authorities levies will enable us to meet our obligations under the Financial Guidance and Claims Act 2018. They will allow MaPS and the Devolved Authorities to carry out their functions which also helps us to meet our consumer protection objective.
9. In preparing the proposals set out in this consultation, we have had regard to the regulatory principles set out in s.3B FSMA. The most relevant regulatory principles are considered below:

The need to use our resources in the most efficient and economical way

- Our fee-raising proposals are set to recover our costs in carrying out our responsibilities under FSMA and associated legislation. We endeavour to carry out this work in the most efficient and economical way possible, concentrating on the areas of activity that pose the greatest risk to our objectives.
- Our annual funding requirement (AFR) for 2021/22 is £616.5m, an increase of £26.6m (4.5%) over 2020/21. Our AFR includes our ongoing regulatory activities (ORA) base budget costs. This is made up of a broadly flat in real terms base ongoing regulatory activities (ORA) budget and additional charges to reflect new fees and changes to responsibilities of £18.9m giving a rebased ORA budget of £578.4m representing a 5.5% increase over the 2020/21 base ORA. A breakdown of our 2021/22 AFR is provided in Chapter 2.
- The Financial Ombudsman Service is operationally independent, but accountable to us, which means that our resources are not directly involved in carrying out their activities. We are responsible in approving the Ombudsman Service budget, including its expenditure on resources and the split between levy and case fee.
- MaPS and the Devolved Authorities are operationally independent, and not accountable to us. Our resources are not directly involved in carrying out their activities.

The principle that a burden or restriction should be proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction

FCA

- The underlying rules for how we raise fees from fee-payers have been consulted on previously.
- Our fees are necessary for us to meet our objectives. As outlined above we take steps to use our resources in the most efficient and economic way, while delivering consumer protection, enhancing market integrity and building competitive markets, through our regulatory activities.
- In allocating our costs across the various fee-blocks we take account of the risks that the regulatory activities covered by each fee-block pose to our objectives. This also reflects the resources we apply to these activities.
- Our policy for allocating the AFR across fee-blocks is to maintain an even distribution of increases/decreases other than where for individual fee-blocks

there have been material and explainable exceptions (allocation by exception). The allocations by exception to the overall 4.5% increase in the 2021/22 AFR relate to:

- Rebasing of ORA covering – ORA new regulatory responsibilities, Principal firms appointed representatives fee, consumer credit revised minimum fees and Money Laundering Regulations (MLRs) revised flat periodic fee, and
 - Scope change, EU Withdrawal, transformation programme, consumer harm campaign costs and the business interruption (BI) insurance special fee.
- Targeting the recovery of scope change and new ORA responsibilities through allocation by exceptions cover:
 - Senior Managers and Certification Regime
 - EU Benchmarks
 - Credit Rating Agencies
 - Trade Repositories
 - Securitisation Repositories
 - Claims Management Companies
- We also target the recovery of our post-EU Withdrawal costs to the fee-blocks which include the firms most likely to have been impacted by EU withdrawal. As last year we are proposing to allocate the:
 - Transformation Programme costs proportionately across all fee-blocks reflecting that this work will impact on what we do across the organisation.
 - Consumer Harm Campaign costs proportionately across all fee-blocks reflecting that the campaign is designed to enhance integrity in the financial system as well as protect consumers from harm and so will benefit all sectors.
- We provide details of all the allocations by exception in Chapter 2 and set out the impact on all allocations across fee-blocks in Table 2.3.
 - In chapter 6, we propose a more realistic, higher application fee for peer-to-peer lending. This will target cost recovery more effectively on the relevant applicants.
 - Proposals in chapter 6 will ensure that EEA data reporting service providers are not charged twice when they set up UK entities as required following the departure of the UK from the EEA.
 - In chapter 8, we propose a higher application fee for funeral plan firms which submit late applications, to reduce the additional processing costs passed to firms which apply on time

The Financial Ombudsman Service

- Fees collected to fund the Financial Ombudsman Service enable it to carry out its statutory functions, broadly to provide access to an independent, quick and informal scheme for dispute resolution. The proper functioning of the Financial Ombudsman Service helps us to meet our consumer protection objective. The Financial Ombudsman Service's general levy is calculated using 'industry blocks', which are similar (but not identical) to our 'fee-blocks'. Each industry block has a minimum levy and, in most cases, the levy then increases in proportion to the amount of 'relevant business' (i.e. business done with private individuals, SMEs) each firm does. The proportion is called 'tariff rate'. The proportions in which the CJ levy are distributed across the fee-blocks are based on the Financial Ombudsman Service's forecasts for the proportion of resources it expects to devote in 2021/22 to cases from firms in each sector.

The Money and Pensions Service (MaPS)

- We are proposing to allocate the MaPS funding requirement to fee-blocks in the same proportions used in 2018/19 for the Money Advice Service and Pension Wise levies. We therefore believe that the proposed basis for recovering the 2021/22 MaPS funding requirement is proportionate.

The Devolved Authorities debt advice levy

- The Devolved Authorities are responsible for free-to-consumer debt advice in Scotland, Wales and Northern Ireland. We are proposing to allocate the Devolved Authorities funding requirement to fee-blocks in the same proportions used in 2018/19 for the Money Advice Service debt advice levy which covered the UK as a whole. We therefore believe that the proposed basis for recovering the 2021/22 Devolved Authorities funding requirement is proportionate.

Illegal money lending levy

- The illegal money lending levy mirrors our existing fees structure, avoiding the need to impose new data reporting requirements on firms.

The desirability of recognising differences, and objectives of, businesses carried on by different persons including mutual societies and other kinds of business organisation

- The allocation of our AFR in Chapter 2 recognises the differences in the nature of the businesses carried on by the different persons we regulate:
 - fee-blocks are defined by reference to related types of permitted business fee-payers can undertake
 - the proportion of our funding requirement allocated to each fee-block represents the resources we will apply to mitigate risks to our objectives
 - subject to minimum thresholds of size and minimum fees, fee-payers pay fees in each fee-block in line with the scale of the business they undertake in each fee-block
- The introduction of a flat periodic fee to be levied on Principal firms payable on each appointed representative (ARs) recognises the risks to our objectives that can arise from firms with ARs. The additional funding from this fee will help fund the work programme discussed in Chapter 2 which includes further work at our gateway for authorisations, and supervision and policy, to address the harms in which ever sector they occur.
- The allocation of the funding requirements of the MaPS and the Devolved Authorities recognises the differences in the nature of the businesses carried on by the different persons we regulate.
 - fee-blocks are defined by reference to related types of permitted business fee-payers can undertake
 - subject to minimum thresholds of size and minimum fees, fee-payers pay fees in each fee-block in line with the scale of the business they undertake in each fee-block
- In chapter 8, we propose a lower application fee for firms which apply for lower risk funeral plan activities.

The principle that we should exercise our functions as transparently as possible

- 10.** For transparency, the FCA, the Financial Ombudsman Service, MaPS and the Devolved Authorities set out each year an explanation of any changes in fees or levy rates and the key drivers of those changes. We also provide an online facility to help firms calculate their likely periodic fees or levies for the forthcoming year ([fees calculator](#)).
- 11.** The proposals set out in this CP enable us to fund the activities we need to undertake in 2021/22. These activities include taking action intended to minimise the extent to which it is possible for a business carried on: (i) by an authorised person or a recognised investment exchange; or (ii) in contravention of the general prohibition, to be used for a purpose connected with financial crime (as required by s.1B(5)(b) FSMA).

Expected effect on mutual societies

- 12.** We do not expect the proposals in this paper to have a significantly different impact on mutual societies. The impact of the fees and levy rates proposed for 2021/22 for the FCA, the Financial Ombudsman Service, the MaPS levies, the Devolved Authorities debt advice levy and the illegal money lending levy on authorised firms that are mutual societies is not significantly different from the impact on other authorised firms.

Compatibility with the duty to promote effective competition in the interests of consumers

- 13.** The proposals set out in this consultation enable us to fund the activities we need to undertake in 2021/22. These activities include meeting our duty to promote effective competition in the interests of consumers.
- 14.** Additionally, the levels of fees set for different types of firms support our objective of promoting effective competition. For example, the allocation of our AFR to fee-blocks on which the fee rates are based takes account of the aggregate riskiness of the sector they represent. The recovery of allocations within the fee-blocks is based on the size of business undertaken by the individual firms.
- 15.** The MaPS levies and the Devolved Authorities debt advice levy are raised from fee-blocks that carry on business relevant to the work of MaPS and the Devolved Authorities. We consider that our proposals on allocation of costs under these levies are reasonable until data from MaPs and the Devolved Authorities becomes available to justify a different allocation.

Annex 3

Financial Penalty Scheme

1. Paragraph 21 of Schedule 1ZA of the Financial Services and Markets Act 2000 (FSMA) (as amended by the 2012 Act and the Legal Aid, Sentencing and Punishment of Offenders Act 2012 (Referral Fees) Regulations 2013) sets out how we should treat the financial penalties we impose on regulated persons (firms).
2. The key requirements are set out below.
 - The financial penalties we receive must be paid to the Treasury net of certain enforcement costs incurred in the financial year in which the penalties were received. These enforcement costs, which are defined in the legislation and subject to a power of direction by the Treasury, represent the 'retained penalties'.
 - For retained penalties, we must prepare and operate a scheme (the Financial Penalty Scheme (FPS)) for ensuring that retained penalties are applied for the benefit of firms.
 - Firms that have become liable to pay any penalty to us in any financial year do not receive any benefit from any penalty imposed on any firm under the scheme in the following year.
3. Under our FPS we apply retained penalties, received in any financial year, as a rebate to the periodic fees paid in the following financial year by firms in the fee-blocks set out in Table A.
4. The total retained penalties from any financial year will be applied across these fee-blocks in proportion to the allocation of the enforcement budgeted costs for the following financial year. This will target the benefit from retained penalties to the fee-blocks that are paying for enforcement costs. The allocation of enforcement costs to fee-blocks will be as it was for 2013/14 other than where there has been a material and explainable exception (allocation by exception). Where such an allocation by exception has occurred the retained penalties in the following year will be applied to the revised baseline fee-blocks.
5. If financial penalties do not cover enforcement costs in any year the application of retained penalties to the baseline fee-blocks will not cover the enforcement costs allocated to them.
6. Enforcement costs are not allocated to the A.0 minimum fee fee-block. Therefore, retained penalties are not allocated to this fee-block.
7. The firms on which any penalty was imposed in a financial year will not receive any rebate to their periodic fees paid, for any retained penalties, in the following financial year.

8. Each year we publish a schedule setting out the:
- total retained penalties in the previous financial year
 - amount of retained penalties allocated to each fee-block, and
 - percentage rebate that will be applied in the following financial year to the periodic fees paid by the firms in those fee-blocks
9. A draft of this schedule is published in our annual fees rates CP in March; the final schedule is published in the subsequent policy and feedback statement to that consultation in June.

Table A: Financial Penalty Scheme – relevant fee-blocks

Fee-block
AP.0 FCA prudential
A.1 Deposit acceptors
A.2 Home finance providers and administrators
A.3 Insurers – general
A.4 Insurers – life
A.5 Managing agents at Lloyd's
A.6 The Society of Lloyd's
A.7 Portfolio managers
A.9 Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes
A.10 Firms dealing as principal
A.13 Advisory arrangers, dealers or brokers (not holding or controlling client money or assets, or both)
A.14 Corporate finance advisors
A.18 Home finance providers, advisers and arrangers
A.19 General insurance mediation
A.21 Firms holding client money or assets or both
B. Recognised investment exchanges, operators of multilateral trading facilities and recognised auction platforms (only)
CC1 Consumer credit – limited permission
CC2 Consumer credit – full permission
E. Issuers and sponsors of securities
G.1 persons registered under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
G.2, G.3, G.4, G.5 firms under the Payment Services Regulations 2017
G.10, G.11 firms under the Electronic Money Regulations 2011
G.20, G.21 firms under the Mortgage Credit Directive Order 2015
G.25 firms under the Data Reporting Regulations 2017

Annex 4

Financial Ombudsman Service general levy - overview and industry blocks

Industry Block	Description	Tariff Base	Consultation 2021/22 tariff rate (£)	Final 2020/21 tariff rate (£)	Consultation 2021/22 minimum levy per firm (£)	Final 2020/21 minimum levy per firm (£)	Consultation 2021/22 gross total	Final 2020/21 gross total	Consultation 2021/22 contribution by block	Final 2020/21 contribution by block
I001	Deposit acceptors, home finance lenders and administrators	Per relevant account	0.12010	0.15476	100	100	£31,373,170	£41,223,427	49.1%	39.0%
I002	Insurers: general	Per £1,000 of gross written premium income	0.4075	0.30170	100	100	£14,304,125	£10,667,401	12.7%	12.0%
I003	The Society of Lloyds	Flat Levy	N.A.	N.A.	94,255	78,130	£94,255	£76,525	0.1%	0.1%
I004	Insurers: life	Per £1,000 of gross written premium income	0.033	0.03550	130	130	£4,235,400	£4,640,891	5.5%	2.7%

Industry Block	Description	Tariff Base	Consultation 2021/22 tariff rate (£)	Final 2020/21 tariff rate (£)	Consultation 2021/22 minimum levy per firm (£)	Final 2020/21 minimum levy per firm (£)	Consultation 2021/22 gross total	Final 2020/21 gross total	Consultation 2021/22 contribution by block	Final 2020/21 contribution by block
1005	Fund managers	Flat Levy	N.A.	N.A.	210	210	£242,550	£232,899	0.3%	0.5%
1006	Operators, Trustees and Depositaries of collective investment schemes	Flat Levy	N.A.	N.A.	60	60	£32,460	£23,290	0.0%	0.1%
1007	Dealers as principal	Flat Levy	N.A.	N.A.	75	75	£19,500	£23,290	0.0%	0.1%
1008	Advisory arrangers, dealers or brokers (holding client money)	Per £1,000 of annual income	0.4560	0.24200	45	45	£1,839,300	£889,684	1.1%	1.4%

Industry Block	Description	Tariff Base	Consultation 2021/22 tariff rate (£)	Final 2020/21 tariff rate (£)	Consultation 2021/22 minimum levy per firm (£)	Final 2020/21 minimum levy per firm (£)	Consultation 2021/22 gross total	Final 2020/21 gross total	Consultation 2021/22 contribution by block	Final 2020/21 contribution by block
I009	Advisory only firms and advisory, arrangers, or dealers, or brokers (not holding client money)	Per £1,000 of annual income	0.485	0.1290	45	45	£1,839,300	£889,684	1.1%	1.4%
I010	Corporate finance advisors	Flat Levy	N.A.	N.A.	55	55	£17,710	£23,290	0.0%	0.1%
IA11	Authorised payment service providers	Per £1,000 of relevant Income	0.0039	0.00160	75	75	£47,718	£38,266	0.0%	0.1%
IS11	Small payment institutions and small e-money issuers	Flat Levy	N.A.	N.A.	35	35	£18,060	£23,290	0.0%	0.1%

Industry Block	Description	Tariff Base	Consultation 2021/22 tariff rate (£)	Final 2020/21 tariff rate (£)	Consultation 2021/22 minimum levy per firm (£)	Final 2020/21 minimum levy per firm (£)	Consultation 2021/22 gross total	Final 2020/21 gross total	Consultation 2021/22 contribution by block	Final 2020/21 contribution by block
I013	Cash plan health providers	Flat Levy	N.A.	N.A.	65	65	£650	£780	0.0%	0.0%
I014	Credit unions	Flat Levy	N.A.	N.A.	55	55	£24,035	£23,290	0.0%	0.1%
I015	Friendly societies whose tax exempt business represents 95% or more of their total relevant business	Flat Levy	N.A.	N.A.	65	65	£2,600	£3,640	0.0%	0.0%
I016	Home finance lenders, advisers and arrangers	Flat Levy	N.A.	N.A.	85	85	£470,815	£465,798	0.6%	1.0%

Industry Block	Description	Tariff Base	Consultation 2021/22 tariff rate (£)	Final 2020/21 tariff rate (£)	Consultation 2021/22 minimum levy per firm (£)	Final 2020/21 minimum levy per firm (£)	Consultation 2021/22 gross total	Final 2020/21 gross total	Consultation 2021/22 contribution by block	Final 2020/21 contribution by block
I017	General insurance mediation	Per £1,000 of relevant business annual income	1.3150	0.64200	100	100	£9,011,820	£7,462,398	8.9%	14.9%
IA18	Authorised electronic money institutions	Per £1,000 of average outstanding electronic money	0.0001	0.0001	40	40	£8,895	£3,354	0.0%	0.0%
IS18	Small electronic money institutions	Flat Levy	N.A.	N.A.	50	50	£1,448	£780	0.0%	0.0%
I019	Consumer credit: limited	Flat Levy	N.A.	N.A.	35	35	£782,390	£732,550	0.9%	1.6%

Industry Block	Description	Tariff Base	Consultation 2021/22 tariff rate (£)	Final 2020/21 tariff rate (£)	Consultation 2021/22 minimum levy per firm (£)	Final 2020/21 minimum levy per firm (£)	Consultation 2021/22 gross total	Final 2020/21 gross total	Consultation 2021/22 contribution by block	Final 2020/21 contribution by block
IA19	Consumer credit: limited (not for profit)	Flat Levy	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
IO20	Consumer Credit - Full	Per £1,000 of consumer Credit - Full Income	1.989 (on income over £250,000 plus minimum fee)	0.50 (on income over £250,000 plus minimum fee)	35	35	£31,033,800	£14,962,734	17.8%	20.0%
IR21	Consumer buy-to-let	Flat Levy	N.A.	N.A.	35	35	N.A.	N.A.	N.A.	N.A.
IO22	Designated credit reference agencies	Flat Levy	N.A.	N.A.	75	75	N.A.	N.A.	N.A.	N.A.

Industry Block	Description	Tariff Base	Consultation 2021/22 tariff rate (£)	Final 2020/21 tariff rate (£)	Consultation 2021/22 minimum levy per firm (£)	Final 2020/21 minimum levy per firm (£)	Consultation 2021/22 gross total	Final 2020/21 gross total	Consultation 2021/22 contribution by block	Final 2020/21 contribution by block
I023	Designated finance platforms	Flat Levy	N.A.	N.A.	75	75	N.A.	N.A.	N.A.	N.A.
I024	Claims management companies	Per £1,000 of relevant business Annual Income	1,300	2,280	50	50	£600,000	£1,492,738	1.8%	£0
Total - all blocks							£96,000,000	£83,900,000	100.0%	100.0%

Annex 5

Abbreviations used in this paper

Abbreviation	Description
AFR	Annual funding requirement
AIF	Alternative investment fund
AIFM	Alternative investment fund managers
APIs	Authorised payment institutions
AR	Appointed representative
CASS	Client Money Assets sourcebook
CF	Controlled function
CFOs	Community Finance Organisations
CiC	Change in control
CIS	Collective investment schemes
CJ	Compulsory jurisdiction
CMCs	Claims management companies
CP	Consultation Paper
DA	Devolved Authorities
DPB	Designated professional bodies
DRSP	Data reporting service provider
EEA	European Economic Area
EMI	Electronic money institution
EMR	Electronic money regulations
EU	European Union
FCA	Financial Conduct Authority
FEES	Fees manual
FG&C Bill	Financial Guidance and Claims Bill
FP	Funeral plan
FPS	Financial Penalty Scheme
FSA	Financial Services Authority
FSCS	Financial Services Compensation Scheme
FSMA	Financial Services and Markets Act
IML	Illegal money lending
MaPS	Money and Pensions Service
MiFID II	Markets in Financial Instruments Directive II
MLRs	Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
MDP	Market data processor

Abbreviation	Description
MTF	Multilateral trading facility
ORA	Ongoing regulatory activities
OTF	Organised trading facility
P2P	Peer-to-peer lending
PPI	Payment protection insurance
PRA	Prudential Regulation Authority
PS	Policy Statement
RAO	Regulated Activities Order
RBAs	Regulated Benchmark Administrators
RIE	Recognised investment exchange
RCB	Regulated covered bonds
SC	Service companies
SFGB	Single Financial Guidance Body
SMR	Senior managers regime
SMR&CR	Senior Managers and Certification Regime
SPF	Special project fee
UCITS	Undertakings for collective investment in transferable securities
UK	United Kingdom
UKLA	UK Listing Authority
VJ	Voluntary jurisdiction
VO	Validation order
VoP	Variation of permission

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Appendix 1

Periodic Fees (2021/22) and Other fees Instrument 2021 (draft rules)

PERIODIC FEES (2021/2022) AND OTHER FEES INSTRUMENT 2021

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the powers and related provisions in or under the following:
- (1) the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 73A (Part 6 Rules);
 - (b) section 137A (The FCA’s general rules);
 - (c) section 137SA (Rules to recover expenses relating to the single financial guidance body);
 - (d) section 137SB (Rules to recover debt advice expenses incurred by the devolved authorities);
 - (e) section 137T (General supplementary powers);
 - (f) section 139A (Power of the FCA to give guidance);
 - (g) section 234 (Industry funding);
 - (h) section 333T (Funding of action against illegal money lending);
 - (i) paragraph 23 (Fees) in Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority); and
 - (2) regulation 118 (Costs of supervision) of the Payment Services Regulations 2017 (SI 2017/752);
 - (3) regulation 59 (Costs of supervision) of the Electronic Money Regulations 2011 (SI 2011/99);
 - (4) paragraph 12K (Power to charge fees) of Part 1A of Schedule 3 and paragraph 35 (Power to charge fees) of Part 3 of Schedule 3 to the Electronic Money, Payment Services and Payment Systems (Amendment and Transitional Provisions) (EU Exit) Regulations 2018 (SI 2018/1201);
 - (5) regulation 46 of and paragraph 5 of Schedule 1 (Fees) to the Regulated Covered Bond Regulations 2008 (SI 2008/346);
 - (6) article 25 (Application of provisions of the Act to the FCA in respect of its supervision of consumer buy-to-let mortgage firms) of the Mortgage Credit Directive Order 2015 (SI 2015/910);
 - (7) regulation 40 (FCA: penalties, fees and exemption from liability in damages) of the Data Reporting Services Regulations 2017 (SI 2017/699);
 - (8) regulation 26 (FCA: penalties, fees and exemption from liability in damages) of the Financial Services and Markets Act 2000 (Benchmarks) Regulations 2018 (SI 2018/135);

- (9) paragraph 11 (Penalties and fees) of Schedule 1 and paragraph 4(7) of Schedule 2 to the Securitisation Regulations 2018 (SI 2018/1288);
 - (10) regulation 102 (Costs of supervision) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692);
 - (11) regulation 27 (Costs of supervision) of the Oversight of Professional Body Anti-Money Laundering and Counter Terrorist Financing Supervision Regulations 2017 (SI 2017/1301);
 - (12) regulations 206 (Meaning of "qualifying functions" in this Part) and 208 (Fees: Financial Conduct Authority) of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019 (SI 2019/632); and
 - (13) regulation 63 (power to charge fees) of the EEA Passport Rights (Amendment, etc. and Transitional Provisions) (EU Exit) Regulations 2018 (SI 2018/1149).
- B. The rule-making powers listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.
- C. As required by section 137SA(5) of the Act, the Secretary of State has consented to rules made under that section and, as required by section 137SB(5) of the Act, the Treasury has consented to rules made under that section.

Commencement

- D. This instrument comes into force on *[date]*.

Amendments to the Handbook

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

Notes

- F. In the Annex to this instrument, the “notes” (indicated by “*Editor’s Note*”, “*Note*” or “**Note**”) are included for the convenience of readers but do not form part of the legislative text.

Citation

- G. This instrument may be cited as the Periodic Fees (2021/2022) and Other Fees Instrument 2021.

By order of the Board

[*date*]

[*Editor's note:* (1) The FEES 4 Annex 2AR activity group A.3 and A.5 and the FEES 4A Annex 1R activity group A.3 fee rates in square brackets specifically relate to the recovery of the business interruption insurance costs referred to in Chapter 3 of CP21/8. (2) This instrument is drafted on the basis that instrument UK Emission Trading Scheme Instrument 2021, relating to recognised auction platforms under FEES 4 Annex 2AR, consulted on in CP21/6 comes into force before this instrument. (3) *The underlined text in FEES 5 re-makes text first made in Annex A of Exiting the European Union: Fees and Dispute Resolution: Complaints (Amendments) Instrument 2019 (FCA 2019/33, FOS 2019/3)*]

Annex

Amendments to the Fees manual (FEES)

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

4 Periodic fees

...

4.2 Obligation to pay periodic fees

...

4.2.11R 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>Persons who hold a certificate issued by the FCA under article 54 of the Regulated Activities Order (Advice given in newspapers etc.)</i>	£1,151	(1) Unless (2) applies, on or before 1 August or, if later, within 30 days of the date of the invoice. (2) If an event in column 4 occurs, during the course of a <i>fee year</i> , 30 days after the occurrence of that event.	Certificate issued to <i>person</i> by the FCA under article 54 of the <i>Regulated Activities Order</i>
...			

4 Annex FCA activity groups, tariff bases and valuation dates

1AR

Part 1 This table shows how the <i>FCA</i> links the <i>regulated activities</i> for which a <i>firm</i> has <i>permission</i> to activity groups (fee-blocks). A <i>firm</i> can use the table to identify which fee-blocks it falls into based on its <i>permission</i>.	
Activity group	Fee payer falls into the fee-block if
...	
<u>A.22 Principal firms - appointed representatives</u>	<u>it is a <i>firm</i> that has <i>permission</i> to undertake any <i>regulated activity</i> and has appointed one or more <i>appointed representatives</i>.</u>
...	
Part 3 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 <i>FCA</i> measures the amount of business conducted by a <i>firm</i> for the purposes of calculating the annual periodic fees payable to the <i>FCA</i> by that <i>firm</i>.	
Activity group	Tariff base
...	
<u>A.22</u>	<u>Number of <i>appointed representatives</i> appointed by the <i>firm</i>.</u> <u>Note: <i>appointed representatives</i> include <i>introducer appointed representatives</i>.</u>
...	
Part 5 This table indicates the valuation date for each fee-block. A <i>firm</i> can calculate its tariff data in respect of fees payable to the <i>FCA</i> by applying the tariff bases set out in Part 3 with reference to the valuation dates shown in this table.	
Activity group	Valuation date
...	
<u>A.22</u>	<u>Number of <i>appointed representatives</i> included in the <i>Financial Services Register</i> on the first day of a <i>fee year</i>.</u>

...	
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4 Annex 2AR FCA Fee rates for the period from 1 April 2020 2021 to 31 March 2021 2022

Part 1		
...		
Activity group,	Fee payable	
A.1	Band width (£million of Modified Eligible Liabilities (MELs))	Fee (£/£m or part £m of MELs)
		General Periodic fee
	>10 - 140	15.3105 <u>14.470</u>
	>140 - 630	15.3105 <u>14.470</u>
	>630 - 1,580	15.3105 <u>14.470</u>
	>1,580 - 13,400	19.138 <u>18.088</u>
	>13,400	25.262 <u>23.876</u>
	The tariff rates in A.1 are not relevant for the <i>permissions</i> relating to <i>operating a dormant account fund</i> . Instead a flat fee of £6,367 is payable in respect of these <i>permissions</i> .	
A.2	Band width (No. of mortgages and/or home finance transactions)	Fee (£/mortgage)
	>50	2.718 <u>2.81</u>
A.3	Gross written premium for fees purposes (GWP)	Periodic fee
	Band Width (£million of GWP)	Fee (£/m or part £m of GWP)
	>0.5	370.90 <u>370.62</u> <u>[111.47]</u>
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	General Periodic fee

	Band Width (£million of BEL)	Fee (£/£m or part £m of BEL)
	>1	22.73 <u>22.79</u> [7.03]
	For <i>UK ISPVs</i> the tariff rates are not relevant and a flat fee of £505 <u>£515</u> is payable in respect of each <i>FCA</i> financial year (the 12 months ending 31 March).	
A.4	Gross written premium for fees purposes (GWP)	General Periodic fee
	Band Width (£million of GWP)	Fee (£/£m or part £m of GWP)
	>1	186.02 <u>183.97</u>
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	General Periodic fee
	Band Width (£million of BEL)	Fee (£/£m or part £m of BEL)
	>1	13.51 <u>13.37</u>
A.5	Band Width (£million of Active Capacity (AC))	Fee (£/£m or part £m of AC)
	>50	8.0158 <u>7.17</u> [1.88]
A.6	Flat fee (£)	376,291.18 <u>373,766.69</u>
A.7	For class 1(C), (2), (3) and (4) <i>firms</i> :	
	Band Width (£million of Funds under Management (FuM))	Fee (£/£m or part £m of FuM)
	>10	5.0472 <u>4.724</u>
	For class 1(B) <i>firms</i> : the fee calculated as for class 1(C) <i>firms</i> above, less 15%. For class 1(A) <i>firms</i> : the fee calculated as for class 1(C) <i>firms</i> above, less 50%.	
A.9	Band Width (£million of Gross Income (GI))	Fee (£/£m or part £m of GI)

	>1	907.63 <u>961.50</u>
A.10	Band Width (No. of traders)	Fee (£/person)
	>1	6,805.33 <u>6,765.00</u>
	For <i>firms</i> carrying on <i>auction regulation bidding</i> , the fee in A.10 is calculated as above less 20% for each trader that carries on <i>auction regulation bidding</i> but not <i>MiFID business bidding</i> or <i>dealing in investments as principal</i> .	
A.13	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	2.8356 <u>2.592</u>
A.14	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	1.6524 <u>1.686</u>
A.18	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	10.598 <u>11.031</u>
A.19	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	1.693 <u>1.678</u>
A.21	<i>Client money</i>	
	Band Width (£ <i>client money</i>) (CM) held	Fee (£/£ millions or part £ million of CM)
	less than £1 million	123.719 <u>103.20</u>
	an amount equal to or greater than £1 million but less than or equal to £1 billion	92.79 <u>77.40</u>
	more than £1 billion	61.86 <u>51.60</u>
	PLUS	
	<i>Safe custody assets</i>	
	Band Width (£ <i>safe custody assets</i>) (CA) held	Fee (£/£ millions or part £ million of CA)

	less than £10 million	0.4641 <u>0.4450</u>
	an amount equal to or greater than £10 million and less than or equal to £100 billion	0.3481 <u>0.3338</u>
	more than £100 billion	0.2321 <u>0.2225</u>
<u>A.22</u>	<u>Band Width (No. of <i>appointed representatives</i>)</u>	<u>Fee (£/<i>appointed representative</i>)</u>
	<u>>0</u>	<u>250</u>
B. Service Companies	Band Width	Fee (£)
	Annual income up to and including £100,000	1,132
	PLUS:	
	Band width	Fee (£/£thousand or part £ thousand of income)
	Annual income over £100,000	1.31 <u>1.20</u>
B. Regulated benchmark administrators	Band width	Fee (£)
	Annual income up to and including £100,000	1,151
	PLUS:	
	Band width	Fee (£/£ thousand or part £ thousand of income)
	Annual income over 100,000	1.179 <u>0.632</u>
B. Recognised investment exchanges	Band width	Fee (£)
	Annual income up to and including £10,000,000	107,161 <u>109,304</u>
	PLUS:	
	Band width	Fee (£/£ thousand or part £_thousand of income)
	Annual income over £10,000,000	3.969 <u>3.660</u>

B. Recognised auction platforms	57,124 <u>58,266</u>	
B. Recognised overseas investment exchanges	61,200 <u>62,424</u> , except as provided below	
	Recognised overseas investment exchanges that are EEA market operators before IP completion day	No fee is payable in respect of any complete fee year beginning on or after 1 April 2018 and ending before IP completion day. For the fee year in which IP completion day occurs the fee payable is in accordance with the formula set out below: (The above fee ÷ 12) multiplied by the number of calendar months (inclusive) between the calendar month in which IP completion day occurs and the last calendar month of that fee year.
	Recognised overseas investment exchanges (including those that were EEA market operators immediately before IP completion day for fee years following the fee year in which IP completion day occurs)	60,000
B. MTF and OTF operators	Band width	Fee (£) for the period from 1 April 2021 to 31 March 2022
	Annual income up to and including £100,000	{the} <u>1,151</u>
	PLUS:	
	Band width	Fee (£/£ thousand or part £ thousand of income) for the period from 1

		April 2021 to 31 March 2022
	Annual income over £100,000	[tbc] <u>2.39</u>
CC1. Credit-related regulated activities with limited permission	Band Width (£ thousands of annual income (AI))	Fee (£)
	0 - 10	106 <u>250</u>
	>10 - 50	266 <u>500</u>
	>50 - 100	424 <u>500</u>
	>100	530 <u>750</u>
	PLUS:	
		Fee (£/£ thousand or part £ thousand of AI)
	>250	0.40167 <u>0.50</u>
CC2. Credit-related regulated activities	Band Width (£ thousands of annual income (AI))	Fee (£)
	0 - 50	318 <u>750</u>
	>50 - 100	530 <u>1,000</u>
	>100	1,061 <u>1,151</u>
	PLUS:	
		Fee (£/£ thousand or part £ thousand of AI)
	>250	1.30542 <u>1.40</u>
CMC.	Band width (£ thousands of annual turnover)	Fee (£) for 2020/21
	0-50	500
	50-100	1,000
	>100	5.0584 <u>2.73</u> per £ thousand or part per £ thousand

Notes	
1.	For the purposes of this table, “IP completion day” has the same meaning as in the European Union (Withdrawal Agreement) Act 2020 (see section 39(1) to (5) of that Act) and regulations made under that section.

Part 2
...

Part 2(a) tariff rates (minimum fees) payable to the FCA by FCA-authorised persons			
A.0	(1)	£1,151 unless it is a <i>community finance organisation</i> with a tariff base of:	
		(a)	up to and including 3 mortgages and/or <i>home finance transactions</i> , in which case a minimum fee of £176 is payable; or
		(b)	more than 3 but no more than 10 mortgages and/or <i>home finance transactions</i> , in which case a minimum fee of £597 is payable; or
		(c)	more than 10 but no more than 50 mortgages and/or <i>home finance transactions</i> , in which case a minimum fee of £1,106 is payable.
	...		
AP.0	Periodic fees payable under fee blocks A.2, A.7 to A.19 and A. 21 in Part 1 multiplied by rate £0.10365 <u>£0.10314</u>		

Part 2(b) tariff rates (minimum fees) payable to the FCA by PRA-authorised persons			
A.0	(1)	£574 unless:	
		(a)	It is a <i>credit union</i> that meets the conditions in (2), in which case the minimum fee payable is as set out in (2);

		(b)	it is a <i>non-directive friendly society</i> that falls into the A.3 activity group but not the A.4 activity group and has, for that activity, 0.5 million or less in gross written premium for fees purposes and holds best estimate liabilities for fees purposes of 1.0 million or less, in which case the minimum fee payable is £247; or
		(c)	it is a <i>non-directive friendly society</i> that falls into the A.4 activity group but not the A.3 activity group and has, for that activity, written 1.0 million or less in gross written premium for fees purposes and holds best estimate liabilities for fees purposes of 1.0 million or less, in which case the minimum fee payable is £247; or
		(d)	it is a <i>non-directive friendly society</i> that falls into the A.3 and A.4 activity groups and meets the conditions in (3)(a) and (3)(b), in which case the minimum fee payable is £247.
	(2)	The conditions referred to in (1)(a) are that the <i>credit union</i> has a tariff base (Modified Eligible Liabilities) of:	
		(a)	0 to 0.5million, in which case a minimum fee of £92 is payable; or
		(b)	greater than 0.5million but less than 2.0million, in which case a minimum fee of £310 is payable.
	(3)	The conditions referred to in (1)(d) are that:	
		(a)	the <i>non-directive friendly society</i> falls into the A.3 activity group and has, for that activity, 0.5 million or less in gross written premium for fees purposes and holds best estimate liabilities for fees purposes of 1.0 million or less;
		(b)	the <i>non-directive friendly society</i> falls into the A.4 activity group and has, for that activity, written 1.0 million or less in gross written premium for fees purposes and holds best estimate liabilities for fees purposes of 1.0 million or less.

	The figures for gross written premium for fees purposes and best estimate liabilities for fees purposes are the same as used for Part 1 of this Annex.
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4 Annex 4R Periodic fees in relation to collective investment schemes, AIFs marketed in the UK, small registered UK AIFMs and money market funds payable for the period 1 April ~~2020~~ 2021 to 31 March ~~2021~~ 2022

Part 1 – Periodic fees payable

Scheme type	Basic fee (£)	Total funds/sub-funds aggregate	Fund factor	Fee (£)
ICVC, AUT, ACS, LTIFs, Money market funds with effect from 21 July 2018	363.50	1-2	1	363.50 <u>362.00</u>
	<u>362.00</u>	3-6	2.5	908.75 <u>905.00</u>
		7-15	5	1,817.50 <u>1,810.00</u>
		16-50	11	3,998.50
		>50	22	3,982.00
				7,997.00 <u>7,964.00</u>
Non-UK AIFs recognised under section 272 of the Act	1,478.50	1-2	1	1,478.50 <u>1,473.00</u>
	0	3-6	2.5	3,696.25
	<u>1,473.00</u>	7-15	5	3,862.50
	<u>0</u>	16-50	11	7,392.50 <u>7,365.00</u>
		>50	22	16,263.50 <u>16,203.00</u>
				32,527.00 <u>32,406.00</u>

...

Part 2 - Periodic fees for AIFs marketed in the UK, following a notification to the FCA under regulation 57, 58 or 59 of the AIFMD UK regulation

Kind of notification	Fee per AIF (£)
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Notification under regulation 57 of the <i>AIFMD UK regulation</i>	337 <u>344</u>
Notification under regulation 58 of the <i>AIFMD UK regulation</i>	235 <u>240</u>
Notification under regulation 59 of the <i>AIFMD UK regulation</i>	337 <u>344</u>

Part 3 - Periodic fees paid by *small registered UK AIFMs*

The annual fee for *small registered UK AIFMs* is ~~£663~~ £676

4 Annex 5R Periodic fees for designated professional bodies: tariff base, valuation date and tariff rates

Part 1

...

Part 2

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

Fee payable in relation to 2020/21 <u>2021/22</u>	Amount payable
Minimum fee, payable by all <i>designated professional bodies</i>	£10,000
Variable fee, payable by <i>designated professional bodies</i> where the number of <i>exempt professional firms</i> regulated or supervised by a <i>designated professional body</i> is greater than 1	£15.86 <u>£16.31</u> multiplied by the total number of <i>exempt professional firms</i> in excess of 1

Note

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

...

4 Annex 11R Periodic fees in respect of payment services, electronic money issuance, regulated covered bonds, CBTL business, data reporting services and third party verifiers in relation to the period 1 April ~~2020~~ 2021 to 31 March ~~2021~~ 2022

This Annex sets out the periodic fees in respect of *payment services* carried on by *fee-paying payment service providers* under the *Payment Services Regulations* and electronic money issuance by *fee-paying electronic money issuers* under the *Electronic Money Regulations* and issuance of *regulated covered bonds* by issuers and *CBTL business* carried on by *CBTL firms* under the *MCD Order* and *data reporting services providers* (other than *incoming data reporting services providers*) under the *DRS Regulations*.

...

Part 5 - Tariff rates		
Activity group	Fee payable in relation to 2020/21 <u>2021/22</u>	
G.2	Minimum fee (£)	525
	£ million or part £m of Modified Eligible Liabilities (MELS)	Fee (£/£m or part £m of MELS)
	> 0.1	0.5873 <u>0.555</u>
G.3	Minimum fee (£)	525
	£ thousands or part £thousand of Relevant Income	Fee (£/£thousand or part £thousand of Relevant Income)
	> 100	0.39482 <u>0.373</u>
G.4	Flat fee (£)	536 <u>545</u>
G.5	As in G.3	
G.10	Minimum fee (£)	1,726
	£ million or part £m of average outstanding electronic money (AOEM)	Fee (£/£m, or part £m of AOEM)
	>5.0	65.40 <u>40.50</u>
G.11	Flat fee (£)	1,174 <u>1,198</u>
G.15	Minimum fee for the first registered programme (£)	91,552 <u>75,174</u>
	Minimum fee for all subsequent registered programmes	75% of minimum fee for first registered programme

	£ million or part £m of <i>regulated covered bonds</i> issued in the 12 months ending on the valuation date.	Fee (£/£m or part £m of <i>regulated covered bonds</i> issued in the 12 months ending on the valuation date)
	>0.00	7.14 <u>13.83</u>
	...	
G.20	Flat fee (£)	433 <u>442</u>
G.21	Flat fee (£)	216 <u>220</u>
G.25	Flat fee (£) for first <i>data reporting service</i> plus 50% flat fee for each additional <i>data reporting service</i> for which the <i>data reporting services provider</i> has authorisation.	26,790 <u>27,326</u>
G.26 TPV	Flat fee (£)	260 <u>265</u>
	...	

...

**4 Annex
14R**

UKLA periodic fees for the period from 1 April 2020 to 31 March 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>	5,574 <u>5,686</u>
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>	21,114 <u>21,536</u>
E.4	Discontinued		
E.5	Discontinued		

E.6	Non-listed issuer (in <i>DTR</i>)	<i>A non-listed issuer (in DTR)</i>	0
E.7	Primary information provider	<i>A primary information provider</i>	17,621 <u>17,973</u>
ES.01	Sponsor	<i>A sponsor (see Note 3)</i>	29,351 <u>29,938</u>

...

Part 2 Variable fee additional to base fee			
Activity Group		Market capitalisation as at the last <i>business day</i> of the September 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
		> 100 – 250	32.981593 <u>37.862869</u>
		> 250 – 1,000	12.725271 <u>14.608611</u>
		> 1,000 – 5,000	7.832926 <u>8.992199</u>
		> 5,000 – 25,000	0.191068 <u>0.219346</u>
		> 25,000	0.061730 <u>0.070866</u>

...

4 Annex 15R Fees relating to the recognition of benchmark administrators and the endorsement of benchmarks for the period 1 April 2019 2020 to 31 March 2020 2021

Activity group	Fee payable
<i>A third country legal representative</i>	£13,005 <u>£13,571</u>
<i>A benchmark endorser</i>	£7,803 <u>£7,959</u>

4 Annex 16R Periodic fees for credit rating agencies, trade repositories and securitisation repositories

This Annex sets out the periodic fees in respect of *credit rating agencies*, *trade repositories*, and *securitisation repositories*.

...

Part 4 – Tariff rates		
Fee block	Activity group	Fee payable in relation to the fee year 2021/2022
J.1	Registered <i>credit rating agencies</i> and third country certified credit rating agencies with applicable turnover of £8,969m <u>£8,994m</u> or less	Exempt
	Registered <i>credit rating agencies</i> with turnover above £8,969m <u>£8,994m</u>	£[the] <u>£3.95</u> per £1k or part-£1k (applies to all turnover)
	Certified <i>credit rating agencies</i> with turnover above £8,969m <u>£8,994m</u>	£5,381 <u>£5,396</u>
J.2	Registered <i>trade repositories</i>	£[the] <u>£19.88</u> per £1k or part-£1k, subject to a minimum payment of £26,907 <u>£26,982</u>
	Recognised <i>trade repositories</i>	£4,484 <u>£4,497</u>
J.3	Registered <i>securitisation repositories</i>	£[the] <u>£19.88</u> per £1k or part-£1k subject to a minimum payment of £26,907 <u>£26,982</u>

4A Temporary Permissions Regime (TPR) and Financial Service Contracts Regime (FSCR) – periodic fees

...

4A Annex 1R TP persons periodic fees for the period from 1 April ~~2019~~ 2021 to 31 March ~~2020~~ 2022

Part 1

Activity group	Fee payable
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A.1	Band Width (£ million of Modified Eligible Liabilities (MELs))	Fee (£/£m or part £m of MELs)
		General Periodic fee
	>10 - 140	{tbc} <u>14.470</u>
	>140 - 630	{tbc} <u>14.470</u>
	>630 – 1,580	{tbc} <u>14.470</u>
	>1,580 – 13,400	{tbc} <u>18.088</u>
	>13,400	{tbc} <u>23.876</u>
A.2	Band Width (no. of mortgages and/or <i>home finance transactions</i>)	Fee (£/mortgage)
	>50	{tbc} <u>2.81</u>
A.3	Gross written premium for fees purposes (GWP)	Periodic fee
	Band Width (£ million of GPI <u>GWP</u>)	Fee (£/£m or part £m of GWP)
	>0.5	{tbc} <u>370.62</u> <u>[111.47]</u>
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	General Periodic fee
	Band Width (£ million of BEL)	Fee (£/£m of part £m of BEL)
	>1	{tbc} <u>22.79</u> <u>[7.03]</u>
A.4	Gross written premium for fees purposes (GWP)	General Periodic fee
	Band Width (£ million of GWP)	Fee (£/£m or part £m of GWP)
	>1	{tbc} <u>183.97</u>
	PLUS	

	Best estimate liabilities for fees purposes	General Periodic fee
	Band Width (£ million of BEL)	Fee (£/£m or part £m of BEL)
	>1	{tbc} <u>13.37</u>
A.7	For class 1(C), (2), (3) and (4) <i>firms</i> :	
	Band Width (£ million of Funds under Management (FuM))	Fee (£/£m of part £m of FuM)
	>10	{tbc} <u>4.724</u>
	Class 1 (C) firms are defined in <i>FEES</i> 4 Annex 1A	
A.9	Band Width (£ million of Gross Income (GI))	Fee (£/£m of part £m of GI)
	>1	{tbc} <u>961.50</u>
A.110	Band Width (no. of traders)	Fee (£/trader)
	>1	{tbc} <u>6,765.00</u>
A.13	For class (2) firms	
	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	{tbc} <u>2.592</u>
	For a <i>professional firm</i> in A.13 the fee is calculated as above less 10%.	
A.14	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	> 100	{tbc} <u>1.686</u>
A.19	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	{tbc} <u>1.678</u>
	more than £100 billion	{tbc}
CC.2	Band Width (£ thousands of annual income (AI))	Fee (£)
	0 - 50	{tbc} <u>750</u>

	>50 - 100	{tbc} <u>1,000</u>
	>100	{tbc} <u>1,151</u>
	PLUS:	
		Fee (£/£ thousand or part £ thousand of AI)
	>250	{tbc} <u>1.40</u>

Part 2

The table below shows the tariff rates (minimum fees) applicable to each of the fee blocks set out in Part 1 of *FEES* 4A Annex 1R other than fee-block CC2.

Activity group	Fee payable
A.0	£{tbc} <u>£1,151</u> unless it is a <i>TP firm</i> that also pays minimum fees set out in the PRA Rulebook, in which case it is £{tbc} <u>£574</u> .

Part 3

TA PI firm or *TA RAISP firm*

Activity group	Fee payable	
G.2	Minimum fee (£)	{tbc} <u>525</u>
	£ million or part £ million of Modified Eligible Liabilities (MELs)	Fee (£/£m or part £m of MELs)
	>0.1	{tbc} <u>0.555</u>
	>10 <u>140</u>	{tbc}
G.3	Minimum fee (£)	{tbc} <u>525</u>
	£ thousands or part £ thousand of Relevant Income	Fee (£/£thousand or part £ thousand of Relevant Income)
	>100	{tbc} <u>0.373</u>

Part 4

TA EMI firms

Activity group	Fee payable	
G.10	Minimum fee (£)	{tbc} <u>1,726</u>
	£ million or part £ million of average outstanding electronic money (AOEM)	Fee (£/£m or part £m of AOEM)
	>5.0	{tbc} <u>40.50</u>

4A **TPR funds periodic fees for the period from 1 April ~~2019~~ 2021 to 31 March**
Annex **~~2020~~ 2022**
2R

Part 1			
Scheme type	Basic fee (£)	Total funds/sub-funds aggregate	Fee (£)
<i>EEA UCITS</i> scheme recognised under Part 6 of The Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2018	{tbc} <u>362.00</u>	1-2	{tbc} <u>362.00</u>
		3-6	{tbc} <u>905.00</u>
		7-15	{tbc} <u>1,810</u>
		16-50	{tbc} <u>3,982</u>
		>50	{tbc} <u>7,964</u>
Note: Schemes are charged according to the number of funds or sub-funds which a TP firm is operating and marketing in the UK as at 31 March immediately before the start of the period to which the fee applies. For example, for 2019/20 fees a reference to 31 March means 31 March 2019.			

Part 2

Scheme type	Fee (£)
<i>EEA AIF, EuVECA, EuSEF, or EEA ELIF</i> which may be marketed in the UK under Part 9A of The Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2018	0 <u>344</u>

...

5 Financial Ombudsman Service Funding

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5.1 Application and Purpose

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5.1.1C R This chapter applies to a *TP firm*. This rule demonstrates the contrary intention under GEN 2.2.26R.

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5.3 The general levy

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5.3.2A G When identifying the relevant *industry block(s)*, the *TP firm*, *TA EMI firm*, *TA PI firm* or *TA RAISP firm* must identify the activity (or activities) in FEES 5 Annex 1R that most closely matches that for which that *firm* is treated as having *Part 4A permission*.

...

5.4 Information requirement

5.4.1 R (1) A *firm* must provide the FCA 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 FCA) with a statement of:

- (a) the total amount of *relevant business* (measured in accordance with the appropriate tariff base(s)) which it conducted; or
- (b) in the case of *firms* in *industry blocks* 2 and 4, the gross written premium for fees purposes as defined in FEES 4 Annex 1AR (unless FEES 5.4.1R(1A) applies),

as at or in the year to 31 December of the previous year as appropriate, including only business undertaken from a *branch* or establishment in the UK in relation to the tariff base for each of the relevant *industry blocks* set out in FEES 5 Annex 1. Firms that do not carry out their business from a *branch* or establishment in the UK will pay the *minimum levy* for each tariff base.

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5 Annex 1R Annual General Levy Payable in Relation to the Compulsory Jurisdiction for 2020/21 2021/22

Introduction: annual budget

1. The *annual budget* for ~~2020/21~~ 2021/22 approved by the FCA is ~~£296.7m~~ £260.2m.

2. The total amount expected to be raised through the *general levy* in 2020/21 2021/22 will be ~~£83.9m~~ £96.0m.

Compulsory jurisdiction - general levy

Industry block	Tariff base	General levy payable by firm
1-Deposit acceptors, <i>home finance providers, home finance administrators</i> (excluding <i>firms</i> in block 14) and <i>dormant account fund operators</i>	Number of accounts relevant to the activities in <i>DISP</i> 2.6.1R as at 31 December In the case of <i>dormant account fund operators</i> , the tariff base is the number of eligible activated accounts (8).	£0.15476 <u>£0.12010</u> per relevant account, subject to a minimum levy of £100
2-Insurers - general (excluding <i>firms</i> in blocks 13 & 15)	Gross written premium for fees purposes (GWP) as defined in <i>FEES</i> 4 Annex 1AR; or Relevant gross written premium (RGWP) notified to the <i>FCA</i> under <i>FEES</i> 5.4.1R(1A)	£0.3017 <u>£0.4075</u> per £1,000 of GWP or RGWP, subject to a minimum levy of £100
3-The <i>Society</i> (of Lloyd's)	Not applicable	£78,130 <u>£94,256</u> to be allocated by the <i>Society</i>
4-Insurers - life (excluding <i>firms</i> in block 15)	Gross written premium for fees purposes (GWP) as defined in <i>FEES</i> 4 Annex 1AR; or Relevant gross written premium (RGWP) notified to the <i>FCA</i> under <i>FEES</i> 5.4.1R(1A)	£0.0355 <u>£0.033</u> per £1,000 of GWP or RGWP, subject to a minimum levy of £130
5. Portfolio managers (including those holding <i>client money/assets</i> and not holding <i>client money/assets</i>)	Flat fee	Levy of £210
6. Managers and depositaries of investment funds, and operators of	Flat fee	Levy of £60

collective investment schemes or pension schemes		
7-Dealers as principal	Flat fee	Levy of £75
8-Advisors, <i>arrangers</i> , dealers or brokers holding and controlling <i>client money</i> and/or assets	Annual income as defined in <i>FEES</i> 4 Annex 11A relating to <i>firm's relevant business</i> .	£0.242 <u>£0.4560</u> per £1,000 of annual income subject to a minimum fee of £45
9-Advisors, <i>arrangers</i> , dealers or brokers not holding and controlling <i>client money</i> and/or assets	Annual income as defined in <i>FEES</i> 4 Annex 11A relating to <i>firm's relevant business</i> .	£0.129 <u>£0.485</u> per £1,000 of annual income subject to a minimum fee of £45
10-Corporate finance advisers	Flat fee	Levy of £55
11-fee-paying payment service providers (but excluding <i>firms</i> in any other Industry block except Industry block 18)	For <i>authorised payment institutions, registered account information service providers, electronic money issuers</i> (except for <i>small electronic money institutions</i>), the Post Office Limited, the Bank of England, government departments and local authorities, and <u>TA EMI firms, TA PI firms and TA RAISP firms</u> , relevant income as described in <i>FEES</i> 4 Annex 11 Part 3	£0.0016 <u>£0.0039</u> per £1,000 of relevant income subject to a minimum levy of £75
	For <i>small payment institutions</i> and <i>small electronic money institutions</i> a flat fee	Levy of £35
13-Cash plan health providers	Flat fee	Levy of £65
14-Credit unions	Flat fee	Levy of £55
15-Friendly societies whose tax-exempt business represents 95% or	Flat fee	Levy of £65

more of their total relevant business		
16-Home finance providers, advisers and arrangers (excluding firms in blocks 13, 14 & 15)	Flat fee	Levy of £85
17 - General insurance distribution (excluding firms in blocks 13, 14 & 15)	Annual income (as defined in MIPRU 4.3) relating to firm's relevant business	£0.642 <u>£1.13150</u> per £1,000 of annual income (as defined in MIPRU 4.3) relating to firm's relevant business subject to a minimum levy of £100
18 - fee-paying electronic money issuers	For all fee-paying electronic money issuers except for small electronic money institutions, and TA EMI firms, average outstanding electronic money, as described in FEES 4 Annex 11 Part 3.	£0.0001 per £1,000 of average outstanding electronic money subject to a minimum levy of £40
	For small electronic money institutions, a flat fee	Levy of £50
19 - Credit-related regulated activities with limited permission	For not-for-profit debt advice bodies, a flat fee	Levy of £0
	For all other firms with limited permission, a flat fee	Levy of £35
20 - Credit-related regulated activities	Annual income as defined in FEES 4 Annex 11BR	Levy of £35 Plus £0.50 <u>£1.989</u> per £1,000 of annual income on income above £250,000
21 - CBTL firms that do not have permission to carry out any regulated activities	Flat fee	Levy of £35

22 - <i>designated credit reference agencies</i> (but excluding <i>firms</i> in any other <i>industry block</i>)	Flat fee	Levy of £75
23 – <i>designated finance platforms</i> (but excluding <i>firms</i> in any other <i>industry block</i>)	Flat fee	Levy of £75
24 <i>claims management companies</i>	Annual income	Levy of £50 plus £2.28 <u>£1.300</u> per £1,000 of annual income

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7A SFGB levies

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7A SFGB money advice levy for the period from 1 April ~~2020~~ 2021 to 31 March 2021 2022
Annex 1R

Part 1

This table shows the *SFGB money advice levy* applicable to each activity group (fee-block).

Activity group	SFGB money advice levy payable	
A.1	Band Width (£ million of Modified Eligible Liabilities (MELs))	Fee (£/£m or part £m of MELs)
	>10	0.994 <u>1.161</u>
A.2	Band Width (no. of mortgages and/or <i>home finance transactions</i>)	Fee (£/mortgage)
	>50	0.417 <u>0.632</u>

A.3	Gross written premium for fees purposes (GWP)	
	Band Width (£ million of GWP)	Fee (£/£m or part £m of GWP)
	>0.5	20.77 <u>28.74</u>
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	
	Band Width (£ million of BEL)	Fee (£/£m or part £m of BEL)
	>1	1.275 <u>1.76</u>
A.4	Gross written premium for fees purposes (GWP)	
	Band Width (£ million of GWP)	Fee (£/£m or part £m of GWP)
	>1	8.69 <u>11.02</u>
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	
	Band Width (£ million of BEL)	Fee (£/£m or part £m of BEL)
	>1	0.631 <u>0.80</u>
A.5	Band Width (£ million of Active Capacity (AC))	Fee (£/£m or part £m of AC)
	>50	0.00
A.6	Flat levy	0.00
A.7	For class 1(c), (2), (3) and (4) <i>firms</i> :	
	Band Width (£ million of Funds under Management (FuM))	Fee (£/£m or part £m of FuM)
	>10	0.093 <u>0.109</u>

	For class 1(B) <i>firms</i> : the fee calculated as for class 1(C) firms above, less 15%.	
	For class 1(A) <i>firms</i> : the fee calculated as for class 1(C) <i>firms</i> above, less 50%.	
	Class 1(A), (B) and (C) firms are defined in <i>FEES</i> 4 Annex 1AR.	
A.9	Band Width (£ million of Gross Income (GI))	Fee (£/£m of part £m of GI)
	>1	64.04 <u>80.26</u>
A.10	Band Width (no. of traders)	Fee (£/trader)
	>1	121.23 <u>155.82</u>
A.13	For class (2) firms	
	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	0.0511 <u>0.056</u>
	For a <i>professional firm</i> in A.13 the fee is calculated as above less 10%.	
A.14	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	0.0213 <u>0.0246</u>
A.18	Band Width (£ thousands of Annual Income (AI))	Fee ((£/£ thousand or part £ thousand of AI)
	>100	0.139 <u>0.176</u>
A.19	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	0.0257 <u>0.0305</u>
A.21	Band Width (£ <i>client money</i>) (CM) held	Fee (£/£ millions or part £m of CM)
	less than £1 million	1.602 <u>1.671</u>
	an amount equal to or greater than £1 million but less than or equal to £1 billion	1.202 <u>1.253</u>

	more than £1 billion	0.801 <u>0.836</u>
	PLUS	
	<i>Safe custody assets</i>	
	Band Width (£ <i>safe custody assets</i>) (CA) held	Fee (£/£ millions or part £m of CA)
	less than £10 million	0.0059 <u>0.0071</u>
	an amount equal to or greater than £10 million and less than or equal to £100 billion	0.0044 <u>0.0053</u>
	more than £100 billion	0.003 <u>0.0036</u>
G.3	Minimum fee (£)	10
	£ thousands or part £ thousand of Relevant Income	Fee (£/£thousand or part £ thousand of Relevant Income)
	>100	0.0155 <u>0.0239</u>
G.4	Flat fee (£)	10
G.10	Minimum fee (£)	10
	£ million or part £m of average outstanding electronic money (AOEM)	Fee (£/£m or part £m of AOEM)
	>5.0	2.28 <u>2.13</u>
G.11	Flat fee (£)	10
CC.1	Minimum fee (£)	10
	£ thousand of annual income (AI)	Fee (£/£ thousand or part £ thousand of AI)
	>250	0.058 <u>0.0689</u>
CC.2	Minimum fee (£)	10
	£ thousands of annual income (AI)	Fee (£/£ thousand or part £ thousand of AI)
	>250	0.058 <u>0.0689</u>
Notes		

(1) The definitions of fee-blocks G5 and G10 under Part 2 and Part 2A of *FEES* 4 Annex 11R are modified, for the purposes of *FEES* 7A 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 *EEA firms* and those which hold a *Part 4A permission*.

Part 2	
(1)	This part sets out the minimum <i>SFGB money advice levy</i> applicable to the <i>firms</i> specified in (3) below.
(2)	The minimum <i>SFGB money advice 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; A.19; G.3 and G.10.

7A **SFGB debt advice levy for the period from 1 April 2020 2021 to 31 March**
Annex **2021 2022**
2R

...

Part 4

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

Activity group	SFGB debt advice levy payable		
A.2 Home finance providers and administrators	Band width (£million of secured debt) >0	Fee (£/£m or part £m of secured debt) 22.12 <u>33.01</u>	Additional fee (£/£m or part £m of secured debt) 4.9655
CC.3 Consumer credit lending	Band width (£million of value of lending) >0 (Note 1)	Fee (£/£m or part £m of value of lending) 122.53 <u>184.53</u>	Additional fee (£/£m or part £m of value of lending) 27.51
Note			

(1) *Credit unions and community finance organisations* do not pay any *SFGB debt advice levy* on the first £2,000,000 of value of lending.

7A
Annex
3R

SFGB pensions guidance levy for the period 1 April ~~2020~~ 2021 to 31 March ~~2021~~ 2022

Activity group	SFGB pensions guidance levy payable	
A.1	Band width (£ million of modified eligible liabilities (MELs)) >10	Fee (£/£m or part £m of MELS) 2.35 <u>2.101</u>
A.4	Band width (£ million of gross written premium for fees purposes (GWP) >1	Fee (£/£m or part £m of GWP) 51.89 <u>48.84</u>
A.7	For class 1(B), 1 (C), (2) and (3) firms: Band width (£ million of funds under management (FuM)) >10	Fee (£/£m or part £m of FuM) 0.8075 <u>0.6864</u>
A.9	Band width (£ million of gross income (GI)) >1	Fee (£/£m or part £m of GI) 398.49 <u>375.97</u>
A.13	Band width (£ thousands of annual income (AI)) >100	Fee (£/£ thousand or part of £ thousand of AI) 0.1403 <u>0.1171</u>

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7B The DA levy

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7B DA levy for the period from 1 April 2020 2021 to 31 March 2021 2022**Annex
1R**

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Part 4

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

Activity group	DA levy payable		
A.2 Home finance providers and administrators	Band width (£million of secured debt) >0	Fee (£/£m or part £m of secured debt) 3.294 <u>4.897</u>	Additional fee (£/£m or part £m of secured debt) -0.73
CC.3 Consumer credit lending	Band width (£million of value of lending) >0 (Note 1)	Fee (£/£m or part £m of value of lending) 18.25 <u>27.38</u>	Additional fee (£/£m or part £m of value of lending) 4.042
Notes: (1) <i>Credit unions and community finance organisations</i> do not pay any DA levy on the first £2,000,000 of value of lending. (2) The additional fee in column 4 must be paid in addition to the fee in column 3.			

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7C Temporary Permissions Regime (TPR) and Financial Service Contracts Regime (FSCR) – Single Financial Guidance Body Levy

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7C **TPR SFGB money advice levy for the period from 1 April ~~2019~~ 2021 to 31**
Annex **March ~~2020~~ 2022**
1R

This table shows the *TPR SFGB money advice levy* applicable to each activity group (fee-block).

Activity group	TPR SFGB money advice levy payable	
Part 1 <i>TP firms</i>		
A.1	Band Width (£ million of Modified Eligible Liabilities (MELs))	Fee (£/£m or part £m of MELs)
	>10	{tbc} <u>1.161</u>
A.2	Band Width (no. of mortgages and/or <i>home finance transactions</i>)	Fee (£/mortgage)
	>50	{tbc} <u>0.632</u>
A.3	Gross written premium for fees purposes (GWP)	
	Band Width (£ million of GWP)	Fee (£/£m or part £m of GWP)
	>0.5	{tbc} <u>28.74</u>
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	
	Band Width (£ million of BEL)	Fee (£/£m of part £m of BEL)
	>1	{tbc} <u>1.76</u>
A.4	Gross written premium for fees purposes (GWP)	
	Band Width (£ million of GWP)	Fee (£/£m or part £m of GWP)
	>1	{tbc} <u>11.02</u>
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	

	Band Width (£ million of BEL)	Fee (£/£m or part £m of BEL)
	>1	{tbe} <u>0.80</u>
A.7	For class 1(c), (2), (3) and (4) <i>firms</i> :	
	Band Width (£ million of Funds under Management (FuM))	Fee (£/£m of part £m of FuM)
	>10	{tbe} <u>0.109</u>
	Class 1(A), (B) and (C) firms are defined in <i>FEES</i> 4 Annex 1AR.	
A.9	Band Width (£ million of Gross Income (GI))	Fee (£/£m of part £m of GI)
	>1	{tbe} <u>80.26</u>
A.10	Band Width (no. of traders)	Fee (£/trader)
	>1	{tbe} <u>155.82</u>
A.13	For class (2) firms	
	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	{tbe} <u>0.056</u>
	For a <i>professional firm</i> in A.13 the fee is calculated as above less 10%.	
A.14	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	{tbe} <u>0.0246</u>
A.18	Band Width (£ thousands of Annual Income (AI))	Fee ((£/£ thousand or part £ thousand of AI)
	>100	{tbe} <u>0.176</u>
A.19	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	{tbe} <u>0.0305</u>
CC.2	Minimum fee (£)	{tbe} <u>10</u>

	£ thousands of annual income (AI)	Fee (£/£ thousand or part £ thousand of AI)
	>250	{tbc} <u>0.0689</u>
Part 2 <i>TA PI firms</i> and <i>TA RAISP firms</i>		
G.3	Minimum fee (£)	{tbc} <u>10</u>
	£ thousands or part £ thousand of Relevant Income	Fee (£/£thousand or part £ thousand of Relevant Income)
	>100	{tbc} <u>0.0239</u>
Part 3 <i>TA EMI firms</i>		
G.10	Minimum fee (£)	{tbc} <u>10</u>
	£ million or part £m of average outstanding electronic money (AOEM)	Fee (£/£m or part £m of AOEM)
	>5.0	{tbc} <u>2.13</u>
	£ thousands of annual income (AI)	Fee (£/£ thousand or part £ thousand of AI)
	>250	{tbc}
Part 4		
(1) This Part sets out the minimum <i>TPR SFGB money advice levy</i> applicable to the <i>TPR firms</i> specified in (3) below. (2) The minimum <i>TPR SFGB money advice levy</i> payable by any <i>firm</i> referred to in (3) is £{tbc} <u>10</u>. (3) A <i>TP firm</i> is referred to in this paragraph if it falls within the following activity groups: A.1; A.2; A.3; A.4; A.7; A.9; A.10; A.13; A.14; A.18; and A.19.		

7C
Annex
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TPR SFGB debt advice levy for the period from 1 April ~~2019~~ 2021 to 31 March ~~2020~~ 2022

This table shows the *TPR SFGB debt advice levy* applicable to each activity group (fee-block).

Part 1

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Part 4

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

Activity group	TPR SFGB debt advice levy payable	
A.2 Home finance providers and administrators	Band width (£million of secured debt)	Fee (£/£m or part £m of secured debt)
	>0	{tbc} <u>33.01</u>
CC.3 Consumer credit lending	Band width (£million of value of lending)	Fee (£/£m or part £m of value of lending)
	>0 (Note 1)	{tbc} <u>184.53</u>
Note		
(1) <i>Credit unions and community finance organisations</i> do not pay any <i>TPR SFGB debt advice levy</i> on the first £2,000,000 of value of lending.		

7C
Annex
3R

TPR SFGB pensions guidance levy for the period 1 April ~~2019~~ 2021 to 31 March ~~2020~~ 2022

This table shows the *TPR SFGB pensions guidance levy* applicable to each activity group (fee-block).

Activity group	TPR SFGB pensions guidance levy payable	
TP firms		
A.1	Band width (£ million of modified eligible liabilities (MELs)) >10	Fee (£/£m or part £m of MELS) {tbc} <u>2.101</u>
A.4	Band width (£ million of gross written premium for fees purposes (GWP)) >1	Fee (£/£m or part £m of GWP) {tbc} <u>48.84</u>

A.7	For class 1(B), 1 (C), (2) and (3) firms: Band width (£ million of funds under management (FuM)) >10	Fee (£/£m or part £m of FuM) {tbc} <u>0.6864</u>
A.9	Band width (£ million of gross income (GI)) >1	Fee (£/£m or part £m of GI) {tbc} <u>375.97</u>
A.13	Band width (£ thousands of annual income (AI)) >100	Fee (£/£ thousand or part of £ thousand of AI) {tbc} <u>0.1171</u>

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7D Temporary Permissions Regime (TPR) – Devolved Authorities levy

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7D TPR DA levy for the period from 1 April 2019 2021 to 31 March 2020 2022
Annex 1R

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Part 1

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Part 4

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

Activity group	TPR DA levy payable
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A.2 Home finance providers and administrators	Band width (£ million of secured debt) >0	Fee (£/£m or part £m of secured debt) [tbe] <u>4.897</u>
CC.3 Consumer credit lending	Band width (£ million of value of lending) >0 (Note 1)	Fee (£/£m or part £m of value of lending) [tbe] <u>27.38</u>
Note (1) <i>Credit unions and community finance organisations</i> do not pay any <i>TPR DA</i> levy on the first £2,000,000 of value of lending.		

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13 Illegal money lending levy

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13 Illegal money lending (IML) levy for ~~2020/21~~ 2021/22

Annex
1R

Limited permission (fee-block CC1):	£5 flat rate	
Full authorisation (fee-block CC2):	Up to £250,000 consumer credit income:	£10
	Over £250,000 consumer credit income:	£10 + 0.21 <u>0.247</u> per £1,000

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13A Temporary Permissions Regime (TPR) and Financial Service Contracts Regime (FSCR) - illegal money lending levy

...

13A TPR illegal money lending (IML) levy for ~~2019/20~~ 2021/22

Annex
1R

Activity group	Description	Fee (£)
Activity group CC2. Credit-related regulated activities:	Up to £250,000 consumer credit income:	{tbc} <u>10</u>
	Over £250,000 consumer credit income:	{tbc} <u>10</u> + £{tbc} <u>£0.247</u> per £1,000

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App 2 Office for Professional Body Anti-money laundering Supervision fees

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App 2 Periodic fees imposed under Regulation 27 of the OPBAS Regulations: tariff
Annex 2 base, review date, tariff rates

...

Part 3

This table sets out the tariff rates applicable to **professional body supervisors**.

Fee payable in relation to 2020/2021 <u>2021/22</u>	Amount payable (£)
Minimum fee, payable by all professional body supervisors subject to the OPBAS Regulations .	£5,000
Variable fee, payable by professional body supervisors where the number of supervised individuals is 6,000 or more.	£37.45 <u>£32.83</u> multiplied by the total number of supervised individuals in excess of the threshold of 6,000. [See Note]
[Note: reference to “the number of supervised individuals” is to those supervised individuals calculated in accordance with Part 1.]	

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App 3 Fees payable by persons registered under the Money Laundering Regulations that are not cryptoasset businesses

App 3.1 Fees for persons registered under the Money Laundering Regulations that are not cryptoasset businesses

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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 2020/21 <u>2021/22</u>
	G.1	it is registered with the <i>FCA</i> under the <i>Money Laundering Regulations</i> or any predecessor legislation and it is not an <i>authorised person</i> or a <i>cryptoasset business</i> or otherwise registered with the <i>FCA</i> .	£469 <u>£1,000</u>

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

Appendix 2

Fees (Miscellaneous Amendments) (No 16)

Instrument 2021 (draft rules)

FEES (MISCELLANEOUS AMENDMENTS) (No 16) INSTRUMENT 2021

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) paragraph 23 (Fees) in Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority);
 - (2) regulation 40 of the Data Reporting Services Regulations 2017;
 - (3) regulations 206 and 208 of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019; and
 - (4) regulation 7(2)(b) of the Financial Regulators’ Powers (Technical Standards etc.) (Amendment etc.) (EU Exit) Regulations 2018.
- B. The rule-making powers listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on [date].

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 (Miscellaneous Amendments) (No 16) Instrument 2021.

By order of the Board
[date]

Annex

Amendments to the Fees manual (FEES)

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

3 Application, Notification and Vetting Fees

...

3.2 Obligation to pay fees

...

3.2.7 R Table of application, notification, vetting and other fees payable to the FCA

Part 1: Application, notification and vetting fees		
(1) Fee payer	(2) Fee payable (£)	Due date
...		
(zw) An applicant for authorisation under regulation 7 of the <i>DRS Regulations</i> , or the operator of a <i>trading venue</i> seeking verification of their compliance with Title V of MiFID <u>the <i>DRS Regulations</i></u> under regulation 8 of the <i>DRS Regulations</i> <u>those regulations</u> or an applicant for variation of an authorisation under regulation 12 of the <i>DRS Regulations</i> .	Either (1), (2), or (3) applies as set out below: (1) If the applicant is applying for permission to operate one <i>data reporting service</i>, 5,000. (2) If the applicant is applying for permission to operate more than one <i>data reporting services</i>, 50% of the fee at (1) for each additional service plus the fee at (1). (3) If the applicant is applying for variation of an authorisation, 50% of the fee at (1) for each additional service.	On the date the application is made.
(zx) (1) Unless (2) applies, any <i>person</i> applying to connect to the <i>market data processor system</i> to make <i>transaction reports</i> directly to the <i>FCA</i> under <i>MiFIR</i>. (2) If a <i>person</i> has previously applied as stated in (zx)(1) above and has been connected then no	(1) Unless (2) applies, 20,000. (2) Any incoming data reporting services provider will pay 80% of the fee at (1).	On the date the application is made.

further fee is payable for any further such applications.		
(zy) (1) Subject to (2) and (3) below, any <i>person</i> applying to connect to the <i>market data processor system</i> to provide <i>markets data (other than transaction reports)</i> under MAR 10. (2) If a <i>person</i> has previously applied as stated in (zy)(1) above and has been connected then no further fee is payable for any further such applications in relation to reporting the same data. (3) If a <i>person</i> has previously applied as stated in (zy)(1) above and makes a further application in relation to the provision of different data then a separate fee is payable for such application.	<u>10,000</u>	On the date the application is made.
...		

3 Annex 1R Authorisation fees payable

...

Part 3 - Complexity Groupings relating to *credit-related regulated activity*

...

Moderately complex cases

Activity grouping	Description
CC.2	<i>Debt administration</i> <i>Debt collecting</i> <i>Entering into a regulated consumer hire agreement as owner</i>

	<i>Entering into a regulated credit agreement as lender (excluding in relation to high-cost short-term credit, bill of sale loan agreements and home credit loan agreements)</i> <i>Exercising, or having the right to exercise, the owner's rights and duties under a regulated consumer hire agreement</i> <i>Exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement (excluding in relation to high-cost short-term credit, bill of sale loan agreements and home credit loan agreements)</i> <i>Operating an electronic system in relation to lending</i>
--	---

Complex cases

Activity grouping	Description
CC.2	<i>Debt adjusting</i> <i>Debt counselling</i> <i>Entering into a regulated credit agreement as lender in relation to high-cost short-term credit, bill of sale loan agreements and home credit loan agreements</i> <i>Exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement in relation to high-cost short-term credit, bill of sale loan agreements and home credit loan agreements</i> <i>Providing credit references</i> <u><i>Operating an electronic system in relation to lending</i></u>

...

4 Periodic fees**4.1 Introduction**

Application

...

4.1.1A R A reference to a *firm* in this chapter includes a reference to:

...

- (5) a data reporting services provider ~~(other than an incoming data reporting services provider)~~.

...

Background

...

4.1.4 G ...

- (3) The periodic fees for *fee-paying services providers*, *fee-paying electronic money issuers*, *CBTL firms*, *data reporting services providers* ~~(other than an incoming data reporting services providers)~~ and issuers of regulated covered bonds are set out in FEES 4 Annex 11R. This annex sets out the activity groups, tariff base, valuation dates and, where applicable, the flat fees due for these *firms*.

...

4 Annex 11R **Periodic fees in respect of payment services, electronic money issuance, regulated covered bonds, CBTL business, data reporting services and third party verifiers in relation to the period 1 April 2020 to 31 March 2021**

This Annex sets out the periodic fees in respect of *payment services* carried on by *fee-paying payment service providers* under the *Payment Services Regulations* and electronic money issuance by *fee-paying electronic money issuers* under the *Electronic Money Regulations* and issuance of regulated covered bonds by issuers and *CBTL business* carried on by *CBTL firms* under the *MCD Order* and *data reporting services providers* ~~(other than incoming data reporting services providers)~~ under the *DRS Regulations*.

...

Part 2C – Activity group relevant to <i>data reporting services providers</i>	
Activity Group	Fee payer falls into this group if:
G.25 DRSP	it is a <i>data reporting services provider</i> (other than an incoming data reporting services provider) .

...

Part 3

This table indicates the tariff base for each fee-block. The tariff base is the means by which the *FCA* measures the amount of business conducted by *fee-paying payment service providers*, *fee-paying electronic money issuers*, *CBTL firms*, *data reporting services providers* ~~(other than incoming data reporting services providers)~~, firms registered under the *Money Laundering Regulations*, issuers of regulated covered bonds and *third party verifiers*.

...

Part 5 – Tariff rates		
Activity Group	Fee payable in relation to 2020/21	
...		
G.25	Flat fee (£) for first <i>data reporting service</i> plus 50% flat fee for each additional <i>data reporting service</i> for which the <i>data reporting services provider</i> (other than an incoming data reporting services provider) has authorisation.	26,790
...		

...

After transitional provision 22, ‘Transitional provisions relating to FSCS levy arrangements for TP firms from IP completion day’, insert the following new transitional provision. The text is not underlined.

TP 23 **Transitional Provisions for a *data reporting services provider* that was an *incoming data reporting services provider* prior to IP completion day**

(1)	(2)	(3)	(4)	(5)	(6)
	Material to which the transitional provision applies		Transitional Provision	Transitional provision: dates in force	Handbook provision: coming into force
23.1	<i>FEES</i> 4 Annex 11R Part 5 G.25	R	Where: (1) a <i>data reporting services provider</i> was deemed to be authorised under the <i>DRS Regulations</i> by regulation 12A of those regulations; (2) the <i>data reporting services provider</i> has paid the periodic fee specified in <i>FEES</i> 4 Annex 11R Part 5	From 1 April 2021	1 July 2021

			G.25 in full for the period from 1 April 2021 to 31 March 2022; and (3) following payment of that fee, a <i>UK company</i> in the same <i>group</i> as the <i>data reporting services provider</i> becomes authorised under regulation 7 of the <i>DRS Regulations</i>, the <i>UK company</i> will not be required to pay a fee under <i>FEES 4 Annex 11R Part 5 G.25</i> for the period from 1 April 2021 to 31 March 2022.		
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Appendix 3

Fees (pre-paid funeral plan fees) instrument 2021 (draft rules)

FEES (PRE-PAID FUNERAL PLAN) INSTRUMENT 2021

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) 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 138C (Evidential provisions);
 - (4) section 139A (Power of the FCA to give guidance); and
 - (5) paragraph 23 (Fees) in Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority).
- 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 *[date]*.

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 (Pre-paid Funeral Plan) Instrument 2021.

By order of the Board
[date]

Annex

Amendments to the Fees manual (FEES)

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

3 Application, Notification and Vetting Fees

...

3.2 Obligation to pay fees

...

3.2.7 R Table of application, notification, vetting and other fees payable to the FCA

Part 1: Application, notification and vetting fees		
(1) Fee payer	(2) Fee payable (£)	Due date
...		
(p) A <i>firm</i> applying for a variation of its <i>Part 4A permission</i> whose fee is not payable pursuant to sub-paragraph <u>sub-paragraphs (zza) or (zzh)</u> of this table	...	...
...		
(zzg) ...	...	...
<u>(zzh) Permission for</u> <u>(1) carrying out a funeral plan distribution activity;</u> <u>(2) carrying out a funeral plan contract as provider; or</u> <u>(3) carrying out a funeral plan contract as provider and entering as provider into a funeral plan contract.</u>	<u>(1) The highest of the tariffs set out in FEES 3 Annex 1 part 3A which apply to that application.</u> <u>(2) Unless (3) applies, where an applicant was carrying out any of the activities referred to in (zzh)(1)-(3) on 1 September 2021, and makes an application for permission for any of those activities after 1 November 2021, the application fees shall be:</u> <u>(a) £3,500 for (zzh)(1) or (2); and</u> <u>(b) £14,000 for (zzh)(3).</u>	<u>On or before the application is made.</u>

	<u>(3) If an applicant which already has any of the permissions referred to in (zzh) applies to vary its permission, the application fees shall be:</u> <u>(a) £500 for (zzh)(1);</u> <u>(b) £1,250 for (zzh)(2); and</u> <u>(c) £5,000 for (zzh)(3).</u>	
...		

...

3 Annex Authorisation fees payable 1R

...

Part 3A – Pricing categories applicable to applications made in the following activity groupings in the A.23 fee block

<u>Activity grouping</u>	<u>Description</u>	<u>Fee payable (£)</u>
<u>A.23</u>	<u>Carrying out a funeral plan distribution activity</u>	<u>2,500</u>
	<u>Carrying out a funeral plan contract as provider</u>	<u>2,500</u>
	<u>Carrying out a funeral plan contract as provider and entering as provider into a funeral plan contract.</u>	<u>10,000</u>

...

...

4 Periodic fees

...

4.2 Obligation to pay periodic fees

...

Calculating all other fees in the second and subsequent years of authorisation where a full year of tariff data is not available

...

- 4.2.7K R Where the measure is not cumulative (e.g. the number of traders for fee-block A10), the *firm* must use the figure relating to the valuation date specified in *FEES* 4 Annex 1R Part 5 (e.g. 31 December for A10). Table A sets out the reporting requirements for the key fee-blocks when full actual data is not available:

Table A: calculating tariff data for second and subsequent years of authorisation when full trading figures are not available

Fee-block	Tariff base	Calculation where trading data are not available
...		
<u>A.23</u>	<u>Annual income for the financial year ended in the calendar year ending 31 December</u>	<u>Apply the formula $(A \div B) \times 12$ to arrive at the annualised figure.</u>
...		

...

4 Annex 1AR FCA activity groups, tariff bases and valuation dates

Part 1	
...	
Activity group	Fee payer falls in the activity group if:
...	
<u>A.23 Funeral plan intermediaries and funeral plan providers</u>	Its permission includes one or more of the permissions referred to in <i>FEES</i> 3.2.7R Part 1 (zzh): (1) <u>carrying out a funeral plan distribution activity;</u> (2) <u>carrying out a funeral plan contract as provider; or</u>

	<u>(3) carrying out a funeral plan contract as provider and entering as provider into a funeral plan contract.</u>
...	
Part 3	
...	
Activity group	Tariff base
...	
<u>A.23</u>	<u>ANNUAL INCOME</u> <u>Annual income as defined in FEES 4 Annex 11AR.</u>
...	
Part 4	
...	
Activity group	Tariff base
...	
AP.0	The total periodic fees payable as a result of fee blocks A.2 and A.7 to A.19 <u>and A.22</u> in Part 1 of FEES 4 Annex 2AR excluding any periodic fee for operating a dormant fund account.
Part 5	
...	
Activity group	Valuation date
...	
<u>A.23</u>	<u>Annual income for the financial year ended in the calendar year ending 31 December.</u>
...	

...

4 Annex 2AR FCA Fee rates for the period from 1 April 2020 to 31 March 2021

Part 1		
...		
Activity group	Fee payable	
...		
<u>A.23</u>	<u>Band Width (£ thousands of annual income (AI))</u>	<u>Fee (£/£ thousand or part £ thousand of AI)</u>
	<u>>100</u>	<u>[tbc]</u>
...		
Part 2(a) tariff rates (minimum fees) payable to the FCA by FCA-authorised persons		
...		
AP.0	Periodic fees payable under fee blocks A.2, A.7 to A.19, and A.-21 <u>and A.23</u> in Part 1 multiplied by rate 0.10365.	

...

4 Annex 11AR **Definition of annual income for the purposes of calculating fees in fee blocks A.13, A.14, A.18, A.19, A.23 and B. Service Companies, UK Recognised Investment Exchanges, Multilateral Trading Facilities, Organised Trading Facilities, Regulated Benchmark Administrators and Claims Management Companies**

...

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, A.23 and B. Service Companies, Recognised Investment Exchanges, Multilateral Trading Facilities, Organised Trading Facilities, Regulated Benchmark Administrators and Claims Management Companies.

