

FCA regulated fees and levies 2018/19:

Including feedback on CP18/10 and 'made rules'

Policy Statement

PS18/13

July 2018



This relates to

Consultation Paper 18/10
which is available on our website at
www.fca.org.uk/publications

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abbreviations

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1 Overview

Introduction

1.1 We are publishing the 2018/19 periodic regulatory fees and levies for the:

- Financial Conduct Authority (FCA)
- Financial Ombudsman Service general levy
- Money Advice Service¹
- Pension Wise service
- Single Financial Guidance Body
- Illegal money lending levy (IML) expenses of HM Treasury

1.2 We also publish our feedback on the responses received to the consultation on the draft fees and levies rules in CP18/10 *FCA Regulated fees and levies: Rates proposals 2018/19*, published on 9 April 2018.² The consultation period for CP18/10 closed on 1 June 2018.

Who this affects

1.3 All fee-payers will be affected by this Policy Statement (PS). There are two tables at the end of this chapter to help fee-payers identify the information in this PS that is relevant to them:

- Table 1.1: fee-payers affected by the final 2018/19 fees and levies in this PS and the feedback provided on the responses received to the proposed draft rules in CP18/10
- Table 1.2: fee-payers affected by the feedback provided in this PS on the responses we received to the further FCA fees policy proposals in Chapter 8 of CP18/10

Relevance to consumers

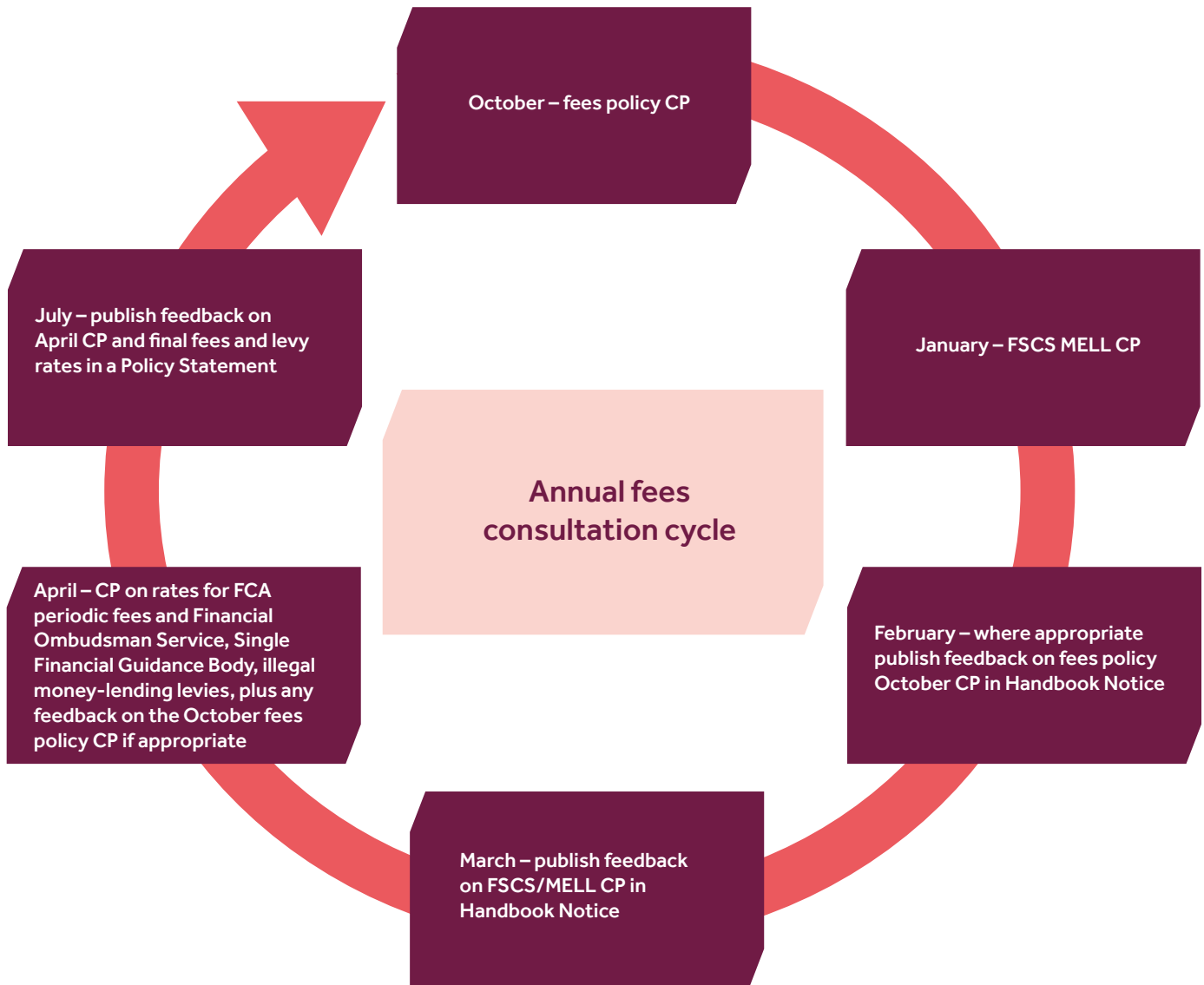
1.4 This PS contains nothing directly relevant to retail financial services consumers or consumer groups, although fees are indirectly met by financial services consumers.

¹ The Money Advice Service is referred to in the legislation and our FEES manual rules as the Consumer Financial Education Body (CFEB).

² www.fca.org.uk/publication/consultation/cp18-10.pdf

Context

1.5 Generally, our annual fees consultation follows this cycle:



- October - we consult on any changes to the policy on how fees and levies are raised. We provide feedback on the responses received to this consultation in the following February 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 provide feedback on responses received 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, Single Financial Guidance Body and illegal money-lending levies for the next financial year.
- July - we publish feedback on the responses received to the April CP together with final fees and levy rates in a policy statement.

Summary of feedback and our response

1.6 Overall, we received 14 responses to CP18/10. The non-confidential respondents are listed in Annex 1.

1.7 A full breakdown on the 'A' to 'G' and 'CC' (consumer credit) fee-blocks we refer to in this section is given in Table 2.2 of Chapter 2.

Responses to FCA periodic fees

1.8 We received 14 responses, of which 12 commented on the FCA proposed fees.

1.9 In Chapter 2 of this PS we give feedback on the responses to Chapters 2 and 3 of CP18/10, in which we consulted on draft fee rates for authorised firms - the 'A' and 'CC' (consumer credit) fee-blocks.

1.10 This includes responses that more generally questioned our commitment to controlling our costs and the transparency of the information provided in the CP. One trade body called for more information around the calculation of costs for each Business Plan priority, our allocation to fee-blocks and whether value for money is achieved. Another trade body called for more information on whether capital expenditure on projects has achieved the expected benefits.

Our response

Over the past 3 years the movement in our base ongoing regulatory activities (ORA) budget has either been in line with inflation or below inflation.

The increase in our annual funding requirement (AFR) above the ongoing regulatory activities (ORA) budget increase reflects the recovery of the additional costs from changes in our regulatory scope (scope change projects). Our policy for allocating the AFR across fee-blocks is to maintain an even distribution of increases or decreases other than where for individual fee-blocks there have been material and explainable exceptions (allocation by exception).

During 2017, we consulted on adopting our allocation by exception policy. As highlighted as part of that consultation our business as usual regulatory work does not facilitate the identification of costs and the mapping of them to fee-blocks with the same accuracy as we do for our project work.

We provide a more detailed account of capital expenditure in the Annual Report and Accounts. We will look to enhance this to include outcome delivery.

We continue to be committed to operating economically, efficiently and effectively to deliver value for money. Our report to the Treasury on this is laid before Parliament, published as our Annual Report and Accounts, and discussed at our Annual Public Meeting.



1.11 Chapter 2 provides further detail on those responses and our feedback and also on other more specific areas:

- EU withdrawal costs
- minimum fees
- timing of the consultation

1.12 In Chapter 3, we give feedback on the responses to our proposals on the 'B' to 'G' fee-blocks. We only received responses on the proposed fee rates for Benchmark Administrators which are part of the market infrastructures B fee-block.

Responses to revised Financial Penalty Scheme

1.13 In Chapter 4 we note that we did not receive any responses to these proposals.

1.14 The final revised Financial Penalty Scheme is set out in Annex 2.

Responses on ring-fencing implementation fee

1.15 In Chapter 5 we note that we did not receive any responses to these proposals.

1.16 Our costs associated with this work in 2018/19 are unchanged from the £2.7m included in CP18/10. We also advise that the final 2017/18 underspend is £1.0m, the same as included in CP18/10. We will return this to firms in proportion to the ring-fencing implementation fee they paid in 2017/18.

Responses to FCA further fees policy proposals

1.17 In Chapter 6 we set out the responses and our feedback on the fees policy proposals for:

- special project fees – scope, hourly rates and thresholds
- consumer credit – definition of income for consumer hire agreements
- clarification of the definition of income for benchmark administrators

1.18 We did not receive any responses on the fees policy proposals for the clarification of the definition of income for recognised investment exchanges and the removal of credit card charges for the payment of fees.

Responses on Financial Ombudsman Service general levy

1.19 In Chapter 7 we note that we did not receive any responses to these proposals. The general levy the Financial Ombudsman Service asked us to recover for 2018/19 has not changed from the £24.5m in CP18/10.

Responses on Money Advice Service levies

1.20 In Chapter 8 we note that we did not receive any responses to these proposals. There has been no change to the Money Advice Service budget for 2018/19 since CP18/10 and therefore we will be collecting £83.1m as there is a £0.447m underspend and not £1.0m as previously estimated.

Responses on Pension Wise levies

- 1.21** In Chapter 9 we note that we did not receive any responses to these proposals. The Department for Works and Pensions (DWP) has notified us that the final 2018/19 Pension Wise funding requirement is £16.9m, down from £20.3m estimated in CP18/10.

Responses on Single Financial Guidance Body levies

- 1.22** In Chapter 8 covering the Single Financial Guidance Body (SFGB) money advice and debt advice levies we note that we received 1 response commenting that the proposal for funding the SFGB was proportionate. In Chapter 9 covering the SFGB pensions guidance levy we note that we did not receive any responses to these proposals.

Responses to Illegal Money Lending Levy

- 1.23** In Chapter 10 we note that we did not receive any responses to these proposals. The Treasury has advised that their 2018/19 IML expenses will be £5.6m, unchanged from the estimated amount in CP18/10

Compatibility Statement

- 1.24** The rules we have now made are not substantially different from those proposed in Appendix 1, 2 and 3 of CP18/10, except for some periodic fee rates, as explained in Chapters 2 to 10. These changes do not alter the compatibility statements we published with CP18/10.
- 1.25** Annex 2 of CP18/10 included a statement that we did not expect the proposals that we consulted on to have a significantly different impact on mutual societies when compared to other authorised persons. In our opinion, the changes to these proposals set out in this PS do not alter this assessment.

Equality and diversity considerations

- 1.26** Overall we do not think that the proposals in this PS adversely impact any of the groups with protected characteristics under the Equality Act 2010 ie age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment

Next steps

What you need to do next

- 1.27** We highlighted in CP18/10 that fee-payers should be aware of how the draft fee rates and levies in Appendix 1 and 3 of CP18/10 were calculated. We used estimated fee-payer populations and tariff data (measures of size), which may change when the final fee rates are calculated in June 2018.



- 1.28** Table 2.3 in Chapter 2 shows the estimated firm populations and tariff data contained in CP18/10 and the actual figures used to calculate the final fees rates. It also shows the annual movements in the draft fee rates contained in CP18/10 and the annual movements in the final fee rates in Appendix 1 of this PS.
- 1.29** In the case of the 'B' to 'G' fee-blocks covered in Chapter 3, we have highlighted where final fee rates have changed since the draft rates in CP18/10.
- 1.30** Firms can use our online fees calculator³ to calculate their individual fees based on the final rates in this PS. This includes FCA periodic fees and the Financial Ombudsman Service, Money Advice Service, Pension Wise pensions guidance and illegal money lending levy final rates in Appendix 1 of this PS.
- 1.31** The fees calculator will combine: the SFGB money advice levy with the Money Advice Service money advice levy; the SFGB debt advice levy with the Money Advice Service debt advice levy; and the SFGB pensions guidance levy with the Pension Wise pensions guidance levy.
- 1.32** The fees calculator will also cover PRA (where applicable) fees and FSCS levies. Firms 2018/19 invoices will also show the SFGB levies combined with Money Advice Service and Pension Wise levies.
- What we will we do**
- 1.33** We will invoice fee-payers from July 2018 onwards for their 2018/19 periodic fees and levies.

Further consultation on 2018/19 fees and levies

- 1.34** In Chapter 3 we note the further consultation planned for the 2018/19 fee rates for the Office for Professional Body Anti-Money Laundering Supervision (OPBAS).
- 1.35** In Chapter 2 of the June 2018 Quarterly CP18/14⁴ we consult on proposed changes to the fees rules covering:
- Newly authorised firms – tariff data used (FEES 4.2),
 - Insurers' tariff data from 2018/19 (FEES 4.4, FEES 4 Annex 1AR and FEES 5.4)
- 1.36** This consultation closes on 31 July 2018.

³ www.fca.org.uk/firms/calculate-your-annual-fee/fee-calculator

⁴ www.fca.org.uk/publication/consultation/cp18-14.pdf

Table 1.1: Fee- payers affected by the final 2018/19 fees and levies rates rules in this PS and the feedback provided to the responses to CP18/10

Issue	Fee payers affected	Chapter
FCA		
Periodic fee rates	Authorised firms – the 'A' and 'CC' (consumer credit) fee blocks	2
	All fee payers except authorised firms – fee-blocks B to G	3
Applying financial penalties and revising the Financial Penalty Scheme	Fee payers listed in Table 4.1 in Chapter 4	4
Ring-fencing implementation fee	A.1 deposit acceptors subject to the ring-fencing regime for the UK's largest banks from 1 January 2019	5
Financial Ombudsman Service		
General levy rates	Firms subject to the Financial Ombudsman Service general levy	7
Money Advice Service		
Money Advice Service levy rates (including the recovery of part of the 2018/19 funding requirement for new Single Financial Guidance Body)	<p>Firms subject to money advice levies – authorised firms, payment institutions and electronic money issuers</p> <p>Firms subject to debt advice levies – firms in fee-blocks A.2 (home finance providers and administrators) and CC3 (consumer credit lending)</p> <p>Consumer credit firms in the CC1(limited permission) and CC2(full permission) fee-blocks</p>	8
Pensions guidance levies		
Pensions guidance levy (PGL) rates (including the recovery of part of the 2018/19 funding requirement for new Single Financial Guidance Body)	<p>Firms in the following fee blocks:</p> <p>A.4 insurers – life</p> <p>A.7 portfolio managers</p> <p>A.9 managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes</p> <p>A.13 advisors, arrangers, dealers or brokers</p>	9
Pensions guidance providers' levy rates	Designated guidance providers	
Illegal money lending levy		
Recovering the Treasury's expenses for tackling illegal money lending	All firms with credit-related permissions	10

Table 1.2: Fee-payers affected by the feedback provided in this PS on the responses to the FCA further policy proposals in Chapter 8 of CP18/10

Issue	Fee-payers affected	Chapter
Special project fees – scope, hourly rates and threshold	Fee payers in the 'A', 'B' and 'G3' fee-blocks	7
Consumer credit - definition of income for consumer hire agreements	All firms in fee-blocks CC1 and CC2, especially those which undertake consumer hire agreements	
Clarifications of definition of income	Recognised investment exchanges Benchmark administrators	
Payment of fees - removal of credit card charges	All fee-payers	

2 FCA periodic fees for authorised firms

(FEES 4 Annex 2 AR, final rules in Appendix 1)

2.1 In this chapter we:

- confirm our 2018/19 annual funding requirement (AFR) and allocation across all fee-blocks
- give feedback on the responses to Chapters 2 and 3 of CP18/10, in which we consulted on draft fee rates for authorised firms – the 'A' and 'CC' (consumer credit) fee-blocks
- highlight the changes between the draft fees rates in CP18/10 and the final rates contained in Appendix 1. These changes arise from movements between the estimated fee-payer populations and tariff data (measure of size as a proxy for risk) used to calculate the draft fee rates in CP18/10 and those used to calculate the final fee rates in Appendix 1 of this Policy Statement (PS).

Annual funding requirement

2.2 Following the completion of our audited 2017/18 accounts, our total 2018/19 Annual Funding Requirement (AFR) remains unchanged from CP18/10 at £543.9m, an increase of 3.2%. Our AFR includes our ongoing regulatory activities (ORA) budget costs, the costs we need to recover for changes to our regulated activities (scope change) and EU withdrawal.

2.3 We are committed to delivering an ORA budget that is flat in real terms, subject to any changes in our wider ongoing regulatory responsibilities. Our 2018/19 budget reflects the following changes in the scope of our work:

- additional regulatory responsibilities around payments following the introduction of the Payment Services Directive (PSD) 2
- the formation of the Office for Professional Body Anti-Money Laundering Supervision (OPBAS), with £0.3m of set up costs reflected in scope change recovery

2.4 We have used £5m of our ORA reserves to mitigate the impact on fee-payers. In addition, scope change recovery costs have been maintained at the 2017/18 level. Table 2.1 shows the breakdown of our final 2018/19 AFR compared with that for 2017/18 and also confirms the final amount of financial penalty rebates for 2018/19.

Table 2.1: 2018/19 AFR breakdown

	2018/19	2017/18	Movement	
	£m	£m	£m	%
Base ORA budget	523.2	508.0	15.2	3.0%
Additional ongoing regulatory responsibilities:				
• Payments services	2.0		2.0	
• OPBAS	2.0		2.0	
Rebased ORA budget	527.2	508.0	19.2	3.8%
EU withdrawal costs	5.0	2.5	2.5	100.0%
Scope change recovery	16.4	16.4	0.0	0.0%
OPBAS set-up recovery	0.3		0.3	
ORA reserves used	(5.0)		(5.0)	
AFR recovery	543.9	526.9	17.0	3.2%
<i>Financial penalty rebate (i)</i>	<i>(47.0)</i>	<i>(46.1)</i>	<i>(0.9)</i>	<i>1.9%</i>
Fees payable	496.9	480.8	16.1	3.4%

Note:

(i) The £47.0m rebate in 2018/19 represents the final amount of the 2017/18 financial penalties we can retain to cover 2017/18 enforcement costs (CP18/10 included an estimate of £48.2m). The £47.0m is applied as a rebate against 2018/19 periodic fees in accordance with our financial penalty scheme as set out in chapter 4.

2.5 In CP18/10 we stated we were forecasting to end 2017/18 with an underspend in our ORA budget and we would use £5.0m to reduce the 2018/19 AFR recovery as indicated in Table 2.1. In line with last year, we are retaining the remaining underspend to continue to mitigate the costs of our move to The International Quarter (Stratford) in 2018/19 and other future costs, in particular any further EU withdrawal costs.

AFR allocation across fee-blocks

2.6 Our policy for allocating the AFR across fee-blocks is to maintain an even distribution of increases or decreases other than where for individual fee-blocks there have been material and explainable exceptions (allocation by exception).

2.7 The exceptions to an even distribution of the 3.2% increase in our 2018/19 AFR we proposed in CP18/10 covered:

- additional ongoing regulatory responsibilities relating to payment services and OPBAS
- EU withdrawal costs
- scope change recovery

- 2.8** We provided detail on each of these allocation exceptions in Chapter 2 of CP18/10.⁵
- 2.9** Table 2.2 confirms that the allocation, across fee-blocks, of the 3.2% increase in our AFR is the same as CP18/10.

Table 2.2: 2018/19 AFR allocation across fee-blocks

AFR allocations to fee-blocks	(i)	Actual 2018/19 £m	Actual 2017/18£m	Movement over 2017/18
A.0 FCA minimum fee (ii)	Solo	21.0	19.7	6.6%
AP.0 FCA prudential fee (iii)	Solo	16.7	16.3	2.1%
A.1 Deposit acceptors	DR	71.5	71.5	0.0%
A.2 Home finance providers and administrators	Solo	17.2	16.6	3.8%
A.3 Insurers – general	DR	25.7	24.9	3.2%
A.4 Insurers – life	DR	43.2	41.8	3.2%
A.5 Managing agents at Lloyd's	DR	0.2	0.2	2.2%
A.6 The Society of Lloyd's	DR	0.3	0.3	2.7%
A.7 Portfolio managers	Solo	46.6	44.9	4.0%
A.9 Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes	Solo	11.6	12.3	-5.9%
A.10 Firms dealing as principal (iv)	Solo & DR	54.0	52.1	3.7%
A.13 Advisory arrangers, dealers or brokers	Solo	80.3	77.1	4.2%
A.14 Corporate finance advisors	Solo	14.7	14.0	5.1%
A.18 Home finance providers, advisers and arrangers	Solo	16.9	16.3	3.8%
A.19 General insurance mediation	Solo	28.1	27.5	2.2%
A.21 Firms holding client money or assets or both	Solo	14.2	13.9	2.3%
CC1. Consumer credit – limited permission	Solo	38.7	37.8	2.3%
CC2. Consumer credit – full permission				
B. Recognised investment exchanges, operators of multilateral trading facilities and organised trading facilities, recognised auction platforms, service companies, regulated benchmark administrators, third country legal representative, benchmark endorser	Solo	7.9	7.7	3.4%
C. Collective investment schemes	Solo	2.5	2.4	2.4%

5 www.fca.org.uk/publication/consultation/cp18-10.pdf

D. Designated professional bodies and professional body supervisors (v)	Solo	2.5	0.2	973.5%
E. Issuers and sponsors of securities	Solo	21.4	20.9	2.4%
F. Unauthorised mutuals	Solo	1.7	1.7	-1.0%
G. Firms registered under the Money Laundering Regulations 2017; and firms covered by the Regulated Covered Bonds Regulations 2008, Payment Services Regulations 2017 and Electronic Money Regulations 2011; firms undertaking consumer buy-to-let business; and data reporting services providers	Solo	6.9	6.8	2.4%
H. FCA pensions guidance costs	n/a	0.05	0.1	-16.7%
Total AFR		543.9	526.9	3.2%

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) 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) and the number of new firms that become authorised during the forthcoming year. Minimum fees are increasing by 3% in line with our ORA. We anticipate that the number of firms that will pay these minimum fees in 2018/19 will result in an AFR recovery of £21.0m. The 6.6% movement in for the A.0 fee-block reflects the 3% increase in the minimum fee itself and our estimate that there will overall be more firms paying this minimum fee in 2018/19 than in 2017/18 so the amount we raise through this fee-block will increase.

(iii) 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.

(iv) 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.

(v) 2018/19 is the first year we are using the D fee-block to recover the costs of establishing and running OPBAS, which the Government decided should be the regulatory responsibility of the FCA. For 2018/19 we are recovering £2.0m in ongoing costs for OPBAS. The estimated set-up costs of £500,000 will be recovered over two years, with £250,000 recovered in 2018/19 and the balance in 2019/20. These OPBAS costs will be recovered from professional body supervisors. The D fee-block also recovers our costs for supervising the designated professional bodies (DPBs) such as the Law Society of England and Wales. For 2018/19 the allocation of our AFR to the DPBs, as a sub-set of the D, fee-block has increased by 3% in line with the increase in ORA. The 973.5% movement in the D fee-block from 2017/18 reflects this 3% increase in the 2018/19 AFR allocation to DPBs plus the £2.25m for 2018/19 OPBAS costs included in this fee-block for the first time.

n/a = Not applicable.

Periodic fees for authorised firms – summary of proposals

2.10 In Chapter 3 of CP18/10 we proposed to:

- Increase the 2018/19 minimum and flat fees by 3% in line with our policy to link these fees to movements in our ORA.

- Continue keeping the variable fee rates for the consumer credit firms in the CC1 and CC2 fee-blocks unchanged in 2018/19. We expect that continuing to keep these fee rates unchanged will eliminate the consumer credit scope-change deficit by 2021/22, which is 5 years earlier than the 10 years originally planned (2026/27).
- Continue to apply a premium of 25% and 65% to the fee rates for medium-high and high impact firms respectively in the top two bands of the A.1 fee-block (Deposit acceptors).
- Continue to use bandings within the A.21 fee-block, firms holding client money or assets or both) based on the risk classifications we apply to firms in the Client Assets sourcebook (CASS).
- Continue to apply fees discounts for European Economic Area (EAA) passported-in branches. For all relevant fee-blocks the discount is 10%, except for A.19 (general insurance mediation) where the discount is 50%.

2.11 The draft fee rates were contained in Appendix 1 of CP18/10 and our online fees calculator was available to help firms calculate the proposed fees for 2018/19.

2.12 We asked:

Q1: *Do you have any comments on the proposed FCA 2018/19 minimum fees and variable periodic fee rates for authorised firms?*

Responses to proposals

2.13 We received 14 responses, of which 5 commented on the proposals. The 5 respondents who commented included: 3 trade bodies representing insurers, mortgage brokers, investment managers and financial advisers and 2 insurance firms. The comments from these respondents covered:

- controlling our costs and information provided in the CP
- EU withdrawal costs
- minimum fees
- timing of the consultation

Controlling our costs and information provided in the CP

2.14 A trade body commented that there appears to be little appetite for us to control our costs and we should be tasked with reducing our annual budget. At worst, our budget should be capped with any increase limited by the rate of consumer price inflation. Two other trade bodies commented that they do not believe the Consultation Paper (CP) provides sufficient information to allow stakeholders to assess our cost base, our allocation to fee blocks and the value for money that is achieved. In line with our commitment to cost effectiveness, they would welcome greater transparency and accountability, in the CP, around the calculation of costs for each Business Plan priority.

- 2.15** One of these trade bodies gave as an example the lack of clarity around resource prioritisation on the reduction of the incidence of advisor failure, which the Business Plan indicated was a priority. The other trade body noted that, excluding the move to Stratford, capital expenditure for 2018/19 will be £42.6m compared to £51.1m for 2017/18. The description of capital expenditure used in the Business Plan is essentially the same every year - the ongoing investment and maintenance of IT systems and infrastructure development. There is no feedback to stakeholders regarding the capital expenditure on major projects and whether they have been delivered on time, within budget and whether any proposed benefits arising from the project have been achieved.

Our response

Following a rigorous business planning round we set our budget to fund the work programme to meet the priorities set out in our Business Plan. That work programme allows us to achieve our overall objective of ensuring that markets work well, and our three supporting objectives of protecting the consumer, promoting competition and enhancing the integrity of markets.

Over the past 3 years the movement in our base ORA has either been in line with inflation or below it as set out in the table below.

ORA movement		Consumer Price Index annual inflation ⁶	
2016/17	-1.6%	December 2015	+0.2%
2017/18	+1.0%	December 2016	+1.6%
2018/19	+3.0%	December 2017	+3.0%

The increase in our AFR above the ORA increase reflects the recovery of the additional costs from changes in our regulatory scope (scope change projects). For example, the government giving us new areas of responsibility – consumer credit in the recent past, OPBAS this year and regulation of Claims Management Companies from next year.

Our policy for allocating the AFR across fee-blocks is to maintain an even distribution of increases or decreases other than where for individual fee-blocks there have been material and explainable exceptions (allocation by exception). During 2017, we consulted on adopting our allocation by exception policy.⁷ As highlighted as part of that consultation our business as usual regulatory work does not facilitate the identification of costs and the mapping of them to fee-blocks with the same accuracy as we do for our project work.

We provide a more detailed account of capital expenditure in the Annual Report and Accounts. We will look to enhance this to include outcome delivery.

⁶ Source: Office of National Statistics

⁷ Chapter 6 of CP17/12 (April 2017) www.fca.org.uk/publication/consultation/cp17-12.pdf with feedback in Chapter 5 of PS17/15 (July 2017) www.fca.org.uk/publication/policy/ps17-15.pdf

We continue to be committed to operating economically, efficiently and effectively to deliver value for money. We are accountable to the Treasury and are required to report to them on, among other things, the extent that we have met the principles of good regulation. These include considering the need to use our resources in the most efficient and economical way. That report to Treasury is laid before Parliament, published as our Annual Report and Accounts, and discussed at our Annual Public Meeting.

EU withdrawal costs

- 2.16** A trade body and a firm were supportive of the £5m additional funding for EU withdrawal costs and our commitment to prioritise this area of work. The firm however commented that the allocation of the proportion of the £5m to their fee-blocks (insurers) was significantly above inflation.

Our response

We allocated the £5m cost of additional funding for our 2018/19 work relating to EU withdrawal 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 (A.10 fee-block). This was an allocation by exception on the basis that these types of firms in these fee-blocks are most likely to be affected by EU withdrawal.

The increase in our 2018/19 base ORA was 3% which met our commitment to deliver an ORA budget that is flat in real terms (annual inflation in December 2017 was 3%). The increase in the allocation to the insurers A.3 (general insurers) and A.4 (life insurers) fee-blocks was 3.2% which reflected the inflation increase in ORA and allocation by exception of the EU withdrawal costs. We do not believe this is significantly above inflation.

As highlighted in the Business Plan, £14m of the identified £30m EU withdrawal costs will be absorbed within the ORA budget by reprioritising or reducing non-critical activity and finding more effective ways to deliver our regulatory requirements. We therefore believe we have taken steps to reduce the amount of EU withdrawal costs recovered from firms through increased fees.

Minimum fees

- 2.17** A trade body believed that the anticipated increase in the number of firms paying the minimum fee and the proposed 3% increase will result in a 6.6% increase in our income. While they understand the new link between the increases in the minimum fee and ORA, they feel justification behind increasing the fee level to increase the A.0 minimum fee fee-block is not clear. They feel this is contrary to the calculation of the periodic fees, which are adjusted depending on the expected income.

Our response

We repeat the explanation provided in CP18/10. Minimum fees are fixed amounts that each firm pays. The amount of AFR we recover from the A.0 minimum fee fee-block depends on the number of existing firms that remain authorised at the beginning of the fee year (1 April) and the number of new firms that become authorised during the forthcoming year. We anticipate that the number of firms that will pay these minimum fees in 2018/19 will result in an AFR recovery of £21.0m. The 6.6% movement in the A.0 fee-block reflects the 3% increase in the minimum fee itself and our estimate that there will be more firms paying this minimum fee in 2018/19 than in 2017/18. So, the amount we raise through this fee-block will increase. As a result, less AFR will be recovered from firms in the variable fee rate 'A' fee-blocks. It does not result in additional 'income' for us.

Timing of the consultation

- 2.18** A trade body and a firm challenged the time line for the consultation. The trade body questioned the sincerity behind the consultation process. Historically the consultations were issued earlier and with more time between the deadline to respond and the feedback statement. They find it difficult to see how any changes to these proposals can be implemented, let alone considered, when invoices are issued to firms in July.
- 2.19** The firm pointed out that fees CPs are published in April each year with the final fee rates published in July, however, they pay 50% of their fees 'on-account' in February each year with the remaining 50% due in September. They are concerned that they pay half of their fees before the proposed fee rates have been consulted on or the final rates have been published. They request that the proposed fees are consulted on and the final rules are issued before the collection of any fees from firms.

Our response

The publication of the fees CP is linked to the publication of our Business Plan, which was published later in the year than has historically been the case. Nevertheless, we believe the 4 to 6 weeks period between the consultation closing and publication of feedback/ issuing of invoices is sufficient time for us to consider responses and implement changes in the light of those responses. The on-account payment, payable by 1 April, is based on 50% of the previous year fees paid by firms where they exceed £50,000. This provides us with cash-flow for the first 6 months of the fee-year. The balance payable by 1 September is based on the full, post consultation, final fee rates for that year less the on-account payment.

Changes between draft fee rates and final rates

2.20 We highlighted in CP18/10 that fee-payers should be aware that the draft fee rates and levies in Appendix 1 of CP18/10 were calculated using estimated fee-payer populations and tariff data (measures of size), which may change when the final fee rates are calculated in June 2018. In the case of the draft fee rates for A.3 (insurers – general) and A.4 (insurers – life) fee-blocks we highlighted the greater uncertainty around the extent that the final fee rates would change from draft rates, especially for the A.4 fee-block. The final fee rates in Appendix 1 of this Policy Statement (PS) reflects this where the gross written premium (GWP) fee-rate for the A.4 fee-block has increased by 16.8%.

2.21 Table 2.3 shows the estimated firm populations and tariff data contained in CP18/10 and the actual figures used to calculate the final fees rates. It also shows the annual movements in the draft fee rates in CP18/10 and the annual movements in the final fee rates in Appendix 1 of this PS.

A.21 fee-blocks (Firms holding client money or assets or both)

2.22 We use bandings within the A.21 fee-block based on the risk classifications we apply to firms in the CASS sourcebook. This allows us to align where we apply our resources to the fees we charge firms.

2.23 The bandings and level of moderation we are applying to the tariff data for both client money and client assets have not changed since CP18/10 (set out in Table 3.5 of Chapter 3). However, the changes in tariff data since CP18/10 have affected the outcome of this moderation. The final distribution of the £14.2m 2018/19 AFR for A.21 will be as follows (figures in brackets are those estimated in CP18/10):

- CASS large firms 74.92% (74.82%)
- CASS medium firms 25.05%(25.16%)
- CASS small firms 0.03% (0.02%)

2.24 Firms can use our online fee calculator⁸ to calculate their individual fees based on the final rates in Appendix 1 of this PS.

Table 2.3: Changes in data used to calculate draft and final fee rates and year on year movement in actual fee rates between 2017/18 and 2018/19

Fee-block	Tariff base	Number of firms in fee-blocks			Tariff data			Year on year movement in fee rates from 2017/18	
		2018/19 Actual	2017/18 Actual (i)	Change	2018/19 Actual	2017/18 Actual (i)	Change	CP18/10	Actual
A.1	Modified eligible liabilities	825	836	-1.3 %	£3,254.8bn	£3,111.2bn	4.6 %	-4.6%	-4.8%

8 www.fca.org.uk/firms/calculate-your-annual-fee/fee-calculator



A.2	Number of mortgages or other home finance transactions	486	433	12.2 %	£7.0bn	7.2m	-3.3 %	4.1%	7.5 %
A.3	Gross written premium	486	330	-3.0 %	£69.9bn	n.a.	n.a.	n.a.	n.a.
	Best estimate liabilities (ii)				£142.8bn	n.a.	n.a.	n.a.	n.a.
A.4	Gross written premium	169	171	-1.2 %	£123.6bn	n.a.	n.a.	n.a.	n.a.
	Best estimate liabilities (ii)				£1,309.7bn	n.a.	n.a.	n.a.	n.a.
A.5	Active capacity	58	58	0.0 %	£32.4bn	£29.9bn	8.5 %	-9.6%	-7.4 %
A.7	Funds under management	2,886	2,895	-0.3 %	8,607.7bn	£7,684.6bn	12.0 %	-6.5%	-6.5 %
A.9	Gross income	1,416	1,387	2.1 %	£14.8bn	£12.9bn	15.1 %	-19.0%	-18.8 %
A.10	Traders	433	411	5.4 %	10,277	9,903	3.8 %	0.9%	0.2 %
A.13	Annual income	12,934	13,040	-0.8 %	32.1bn	£29.1bn	10.4 %	-5.7%	-5.8 %
A.14	Annual income	796	794	0.3 %	£9.1bn	£7.9bn	15.0 %	-9.5%	-8.9 %
A.18	Annual income	5,462	5,318	2.7 %	£1.7bn	£1.5bn	15.3 %	-9.2%	-11.4 %
A.19	Annual income	12,922	12,845	0.6 %	£18.0bn	£16.3bn	11.0 %	-5.8%	-8.1 %
A.21	Client money Assets held	1,155	1,151	0.3 %	£151.9bn	£147.3bn	7.2 %	-1.2%	-1.0 %
					£14,767.3bn	£13,780.1bn		-4.4%	-4.4 %

Notes:

(i) 'Actual' refers to the data as set out in Table 2.3 of PS17/15, published in July 2017.

(ii) The tariff base for the A.3 and A.4 insurers fee-blocks have been revised following consultation in CP17/38 (November 2017) and feedback on responses and final rules were set out in CP18/10 (April 2018). The actual 2018/19 tariff data figures represent the revised tariff bases and therefore the actual 2017/18 tariff data and changes columns are shown as not applicable (n.a.). The previous tariff bases for A.3 were 'gross premium income' and 'gross technical liabilities'. The previous tariff bases for A.4 were 'adjusted gross premium income' and 'mathematical reserves'.

3 FCA periodic fees for other bodies

3.1 In this chapter we give feedback on the responses to Chapter 4 of CP18/10, which was our consultation on the draft fees rates rules for other bodies that fall within the 'B' to 'G' fee-blocks:

- B, Market infrastructure providers
- C, Collective investment schemes
- D, Designated professional bodies and professional body supervisors
- E, UK Listing Authority (UKLA)
- F, Unauthorised mutual
- G, Firms registered under the Money Laundering Regulations 2017; firms covered by the Regulated Covered Bonds Regulations 2008, the Payment Services Regulations 2017 and the Electronic Money Regulations 2011; firms undertaking consumer buy-to-let business; and data reporting services providers

3.2 We also highlight the changes between the draft fees rates in CP18/10 and the final rates contained in Appendix 1 of this PS.

Periodic fees for other bodies – summary of proposals

3.3 In Chapter 2 of CP18/10 we set out the proposed allocation of our annual funding requirement (AFR) to the 'B' to 'G' fee-blocks.

3.4 In Chapter 4 of CP18/10 we proposed the draft periodic fees to recover the allocated AFR from the fee-payers within each of these fee-blocks. This included proposing to increase 2018/19 minimum and flat fees for the B to G fee-blocks by 3% in line with our policy to link these fees to movements in our ongoing regulatory activities (ORA).

3.5 As confirmed in Table 2.2 of Chapter 2 of this PS, the allocation of our AFR to these fee-blocks has not changed from CP18/10.

3.6 We asked:

Q2: *Do you have any comments on the proposed FCA 2018/19 minimum fees and periodic fee rates for fee payers other than authorised firms?*

Responses to proposals

- 3.7** We received 7 responses to these proposals which included: 3 trade bodies representing wholesale markets venues, platforms and arranging intermediaries together with wholesale markets/energy brokers; and 4 firms, a recognised investment exchange and 3 benchmark administrators. They all referred to the proposed Benchmark Administrators fees.

Benchmark Administrators

- 3.8** Benchmark Administrators (BAs) are part of the market infrastructures B fee-block. Following consultation last year⁹ the proportion of the B fee-block AFR allocated to BAs (as a sub-set of the B fee-block) has been recovered from the BAs based on the UK income they receive from these activities. Income being a proxy measure for the impact risk they pose to our objectives.

- 3.9** The 7 respondents raised concerns covering:

- the potential for BAs not to report their income on a consistent basis thereby bringing into question the validity of the calculation of fee rates
- the lack of transparency around the amount of AFR allocated to the BA sub-set of the B fee-block compared to other sub-sets
- the level of the fee rate at 2% of UK income from BA activities being excessive
- a call, from some, for a cap on BA fees

Our response

BAs reporting their income on a consistent basis

The definition of income from BA activities is set out in FEES 4 Annex 11AR¹⁰ and guidance provided in FEES 4 Annex 13G.¹¹ This definition has been developed through consultation ahead of using income to calculate BA fees in 2017/18 for the first time. In Chapter 8 of CP18/10 we further consulted on clarifying that BAs should only report income that relates to their UK activities. In Chapter 6 of this Policy Statement (PS) we provide feedback on this clarification which has been finalised in adjustments to FEES 4 Annex 11AR in Appendix 2.

We believe that the definition of income for BAs in the existing rules and guidance should allow BAs to report their income on a consistent basis. We rely on them meeting the requirements of the Principles for Businesses under PRIN 2.1.1R¹² to ensure that they follow those rules and guidance. The Principles for Businesses are a general statement of the fundamental obligations of firms under the regulatory system which include conducting their business with integrity and dealing with its regulator in an open and cooperative way.

⁹ Chapter 4 of CP16/33 (November 2016) www.fca.org.uk/publication/consultation/cp16-33.pdf with feedback in Chapter 10 of CP17/12 (April 2017) www.fca.org.uk/publication/consultation/cp17-12.pdf further consultation in CP17/31 (August 2017) www.fca.org.uk/publication/consultation/cp17-31.pdf with feedback in Chapter 3 of Handbook Notice 50 (December 2017) www.fca.org.uk/publication/handbook/handbook-notice-50.pdf

¹⁰ www.handbook.fca.org.uk/handbook/FEES/4/Annex11A.html

¹¹ www.handbook.fca.org.uk/handbook/FEES/4/Annex13.html

¹² www.handbook.fca.org.uk/handbook/PRIN/2/?view=chapter

However, given the concerns raised by respondents and our own queries with some of the income data that has been submitted we will carry out a validation exercise. This will include working with BAs to review the methodologies they have used to apportion their income. This will enable us to ensure that they have adopted methodologies which are robust, proportionate and consistent with the rules and guidance provided.

The variable fee-rate for BAs in the instrument at Appendix 1 is therefore noted as 'tbc' (to be confirmed). We expect to complete the validation exercise and confirm the final 2018/19 variable fee-rate for BAs in September.

Transparency – allocation of AFR across sub-sets of the B fee-block and fee rate level

The B fee-block has other sub-sets within it in addition to BAs, for example, recognised investment exchanges (RIEs) and operators of multilateral trading facilities (MTFs). The overall distribution of the total AFR allocated within the B fee-block (£7.9m for 2018/19) takes account of the:

- number of supervision headcount that will work on each sub-set, and
- amount of resources across the organisation that will work on each sub-set. Here we use the supervision headcount allocated to each sub-set as a proxy for these resources, modified where appropriate by the relative risks that are thought likely to drive work in other areas (for example, market oversight, policy, general counsel, enforcement) that would require additional resource

We believe the resulting overall allocation of the £7.9m B fee-block AFR to the BA sub-set is proportionate.

The amount of AFR allocated to the BA sub-set is recovered based on the size of each BA within the sub-set relative to each other as measured by the income from BA activities they report. Up to and including the first £100,000 of income each BA pays the minimum fee of £1,128. Where a BA's income exceeds the £100,000 threshold they pay a variable rate per £1,000 of income above that threshold. The draft fee-rate in CP18/10 was £19.70 and following the validation exercise we expect to confirm the final variable fee-rate in September.

Cap on BA fees

Following a rigorous business planning round we set our AFR to fund the work programme to meet the key priorities set out in our Business Plan. That work programme allows us to achieve our overall objective of ensuring that markets work well, and our three supporting objectives of protecting the consumer, promoting competition and enhancing the integrity of markets. Our fees reflect our AFR and placing a cap on fees would be a cap on our AFR and therefore a cap on that work programme to meet our objectives. We therefore do not place a cap on any fees paid by the firms in the fee-blocks through which we recover the AFR.

Changes between draft fee rates and final fee rates

- 3.10** We highlighted in CP18/10 that fee-payers should be aware that the draft fee rates and levies in Appendix 1 of CP18/10 were calculated using estimated fee-payer populations and tariff data (measures of size as a proxy for risk). These may change when the final fee rates are calculated in June 2018.
- 3.11** We list below, where applicable, the percentage movements in the fee rates between the draft version in CP18/10 and the final rates in Appendix 1 of this PS:
- C, Collective investment schemes – decreases of 4.9% or 5.0% or 9%
 - E, UKLA E2 Premium listed issuer – decrease of 1.6% (variable rate)
 - G.2 Certain deposit acceptors – decrease of 7.7%
 - G.3 Large payment institutions and registered account information service providers – decrease of 7.7%

D fee-block - professional body supervisors further consultation on 2018/19 fee rates

- 3.12** As stated in Chapter 2 of CP18/10 we are using the D fee-block to recover the costs of establishing and running of the Office for Professional Body Anti-Money Laundering Supervision (OPBAS), which the Government decided should be the regulatory responsibility of the FCA. For 2018/19 we are recovering £2.0m in ongoing costs for OPBAS. The estimated set-up costs of £500,000 will be recovered over two years, with £250,000 recovered in 2018/19 and the balance in 2019/20.
- 3.13** These OPBAS costs will be recovered from professional body supervisors listed in Schedule 1 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (the MLRs). In CP17/35 (October 2017)¹³ we consulted on the structure of the periodic fees (annual fees) that will be used to recover these costs. We also consulted on the application fees we proposed to charge for reviewing applications received from professional bodies who wish to be added to the list of professional body supervisors in Schedule 1 to the MLRs. We provided feedback on the responses to this consultation in PS18/19 (April 2018)¹⁴ and will consult on the fee rates in the autumn.

¹³ www.fca.org.uk/publication/consultation/cp17-35.pdf

¹⁴ www.fca.org.uk/publication/policy/ps18-09.pdf

4 Applying financial penalties

4.1 In this chapter we:

- give feedback on the responses to our proposals to revise the financial penalty scheme set out in Chapter 5 of CP18/10
- confirm the amount of retained penalties from 2017/18 and the final percentage rebates that will be applied 2018/19 periodic fees paid by firms

Revised Financial Penalty Scheme – summary of proposals

4.2 The financial penalties we receive must be paid to the Treasury. The amount we pay is net of certain enforcement costs incurred in the financial year in which the penalties were received (retained penalties). Our Financial Penalty Scheme (FPS) sets out the basis for ensuring the retained penalties are applied for the benefit of firms (except the firm on which the financial penalty was imposed).

4.3 To bring the FPS in line with our annual funding requirement (AFR) allocation by exception approach we proposed to amend the current FPS to reflect that:

- the allocation of enforcement costs to fee-blocks will remain as it was in 2013/14 (we have not made any changes to the allocations of enforcement costs since that year)
- retained penalties will be allocated across the fee-blocks in line with those 2013/14 allocations and rebates applied to the fees of fee-payers in those fee-blocks
- where financial penalties do not cover enforcement costs the rebates will not fully offset the allocation of those enforcement costs

4.4 We asked:

Q3: *Do you have any comments on the proposed revised Financial Penalty Scheme?*

Responses to proposals

4.5 We did not receive any responses to these proposals.

4.6 The final revised FPS is set out in Annex 2.

Financial penalty rebates for 2018/19

4.7 In Chapter 5 of CP18/10 we estimated the retained penalties for 2017/18 to be £48.2m. The amount of the estimated retained penalties allocated to each fee-block and the estimated percentage rebates for 2018/19 periodic fees was set out in Table 5.1 in CP18/10.

4.8 The final amount of retained penalties for 2017/18 is £47.0m, 2.4% less than the £48.2m estimated in CP18/10. Table 4.1 sets out how the reduced retained penalties have been distributed across fee-blocks, in the same proportions as CP18/10.

Table 4.1: Final schedule of application of 2017/18 retained penalties in 2018/19

Fee-block	Actual 2017/18 retained penalties to be applied to benefit of fee-payers (£m)	Actual rebate applied to 2018/19 fees	Estimated 2017/18 retained penalties to be applied to benefit of fee-payers (£m)	Estimated rebate applied to 2018/19 fees
AP.0 FCA prudential	0.0	0.0%	0.0	0.0%
A.1 Deposit acceptors	7.4	10.7%	7.7	10.7%
A.2 Home finance providers and administrators	0.8	4.5%	0.8	4.6%
A.3 Insurers – general	1.5	5.8%	1.5	6.0%
A.4 Insurers – life	2.7	6.2%	2.7	6.4%
A.5 Managing agents at Lloyd's	0.0	0.0%	0.0	0.0%
A.6 The Society of Lloyd's	0.0	0.0%	0.0	0.0%
A.7 Portfolio managers	10.9	23.6%	11.2	24.2%
A.9 Managers and depositories of investment funds, and operators of collective investment schemes or pension schemes	1.7	15.2%	1.8	15.6%
A.10 Firms dealing as principal	6.0	11.1%	6.1	11.4%
A.13 Advisory arrangers, dealers or brokers (not holding or controlling client money or assets, or both)	4.0	5.0%	4.1	5.1%
A.14 Corporate finance advisors	1.8	12.6%	1.9	12.9%

A.18 Home finance providers, advisers and arrangers	3.0	18.2%	3.1	18.6%
A.19 General insurance mediation	2.7	9.8%	2.8	10.0%
A.21 Firms holding client money or assets or both	3.1	21.8%	3.1	22.4%
B. Recognised investment exchanges, operators of multilateral trading facilities and recognised auction platforms (only)	0.0	0.0%	0.0	0.0%
CC1 Consumer credit – limited permission	0.0	0.0%	0.0	0.0%
CC2 Consumer credit – full permission	0.0	0.0%	0.0	0.0%
E. Issuers and sponsors of securities	1.4	6.6%	1.4	6.7%
G.1 Persons registered under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	0.0	0.0%	0.0	0.0%
G.2, G.3, G.4, G.5 Firms under the Payment Services Regulations 2017	0.0	0.0%	0.0	0.0%
G.10, G.11 Firms under the Electronic Money Regulations 2011	0.0	0.0%	0.0	0.0%
G.20, G.21 Firms under the Mortgage Credit Directive Order 2015	0.0	0.0%	0.0	0.0%
G.25 Firms under the Data Reporting Regulations 2017	0.0	0.0%	0.0	0.0%
Total	47.0		48.2	

5 Ring-fencing implementation fee

(FEES 4 Annex 2B, final rules in Appendix 1)

- 5.1** In this chapter we provide feedback on the responses received to our proposals for a ring-fencing implementation fee (RFIF) set out in Chapter 6 of CP18/10.

Summary of proposals

- 5.2** We proposed that the RFIF will apply to firms that are ring-fencing their core activities in line with the requirements of the Financial Services (Banking Reform) Act 2013 (FSBRA) before the 1 January 2019 deadline.
- 5.3** The implementation of the new regime requires a significant amount of work for us before the final implementation on 1 January 2019. This includes embedding ring-fencing into supervision to ensure that after implementation we can effectively supervise ring-fencing banking groups.
- 5.4** In CP18/10 we stated that our budgeted costs associated with this work in 2018/19 would be £2.7m, and this has not changed since CP18/10. In CP18/10 we also estimated there would be a £1.0m 2017/18 underspend against the £5.8m we raised in 2017/18. The final underspend is £1.0m unchanged from CP18/10, which we will return to firms in proportion to the RFIF they paid in 2017/18.
- 5.5** We proposed that the allocation of our ring-fencing implementation costs to groups will reflect two equally weighted factors (on the same basis as for the RFIF in 2017/18):
- how their core deposits compare with the core deposits of all in-scope banking groups
 - how their total group assets outside their proposed ring-fenced body subgroups compare with the non-ring-fenced assets of all in-scope banking groups

- 5.6** We asked:

Q4: *Do you have any comments on the proposed 2018/19 ring fencing implementation fee?*

Responses to proposals

- 5.7** We did not receive any responses to these proposals.

6 Feedback on further FCA fees policy proposals

6.1 In this chapter we provide feedback on the responses received to the proposals we consulted on in Chapter 8 of CP18/10¹⁵ (April 2018):

- special project fees – scope, hourly rates and threshold
- consumer credit – the definition of income for consumer hire agreements
- clarifications of the definition of income for:
 - recognised investment exchanges
 - benchmark administrators
- payment of fees – removal of credit card charges

6.2 We also noted a clarification of the valuation date for firms in fee-block A.9 (Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes). This did not require consultation.

Special project fees (SPFs) – scope, threshold and hourly rates

(FEES 3 Annex 9R – final rules in Appendix 2)

6.3 We proposed:

- adding to the list of restructuring transactions (1) a significant change to the firm's business model and (2) a significant internal change programme
- increasing the hourly rates to reflect our current internal project rates on which they are based and adding a mark-up to take account of our overhead costs
- reducing the threshold to £25,000 for SPFs that relate to firms that are dual-regulated by us and the Prudential Regulation Authority (PRA). The threshold for firms only regulated by us to remain at £50,000.

6.4 We asked:

Q5: *Do you agree with our proposed modifications to the scope, hourly rates and threshold for Special Project Fees? If not, why not?*

Responses to proposals

- 6.5** We received 1 response from an insurer who felt that the increase in the hourly rates was particularly high and questioned whether this was a proportionate charge to the industry. They also expected that periodic fees would absorb anything other than the costs of an exceptionally resource-intensive project.

Our response

The hourly rates have not changed since 2012. The current rates were only based on the costs we use for funding our projects internally. These have only increased marginally in the past 6 years. The rates consulted on also included a mark-up so account is taken of overheads such as accommodation and information technology costs. On average, this increased the hourly rates by 41%. Accounting for a proportion of our overheads will mean that the hourly rates more fully reflect the cost of the exceptional work undertaken by us. In our view, the increase is proportionate.

Consumer credit - definition of income for consumer hire agreements

(FEES 4 Annex 11B, FEES 4 Annex 13 Table 2- final rules in Appendix 2)

- 6.6** We consulted on adjusting our definition of credit related income in FEES 4 Annex 11B and the guidance in FEES 4 Annex 13 Table 2 to take account of consumer hire agreements.

- 6.7** We asked:

Q6: *Do you have any comments on our proposal to adjust our definition of credit-related income to take account of consumer hire agreements?*

Responses to proposals

- 6.8** We received 1 response from an asset finance consultant who suggested, in relation to firms reporting their income, that rather than require firms to be 'ready on request to demonstrate that its methodology is robust, and that any assumptions used are reasonable in the circumstances', it would be preferable to require firms to be 'ready on request to demonstrate that its methodology uses straight-line depreciation or an alternative depreciation method in line with the UK Financial Reporting Standard (FRS 102) or International Accounting Standards (IAS)'.

Our response

We believe this is a very helpful suggestion and gives the income definition greater clarity. Therefore, we have incorporated this change in the final rules set out in Appendix 2.

Clarifications of definition of income

(FEES 4 Annex 11A – final rules in Appendix 2)

6.9 We proposed two drafting adjustments to clarify particular aspects of our current definitions of income to ensure consistent reporting:

- **Recognised investment exchanges (RIEs):** should include the income from the operation of multilateral trading facilities and organised trading facilities when reporting their income tariff data
- **Benchmark administrators:** regulated benchmark administrators should only report income that relates to their UK activities.

6.10 We asked:

Q7: *Do you have any comments on our clarifications of the definition of income for recognised investment exchanges (RIEs) and benchmark administrators?*

Responses to proposals

RIEs

6.11 We did not receive any responses to these proposals.

BAs

6.12 In Chapter 3 we provide feedback on the 7 responses received to the 2018/19 fee rates for BAs proposed in CP18/10.

6.13 While welcoming the clarification in principle, some of those respondents also raised concerns about the consistent demarcation between UK and overseas markets by global businesses and the time and resources firms might have to put into accurately apportioning income where their accounts do not match our definitions.

Our response

These queries are similar to those raised in the past by other firms which were new to the definition of income and do not affect the rule adjustments which have been finalised in Appendix 2.

We direct firms to the requirements for calculating income set out in FEES 4 Annex 11AR¹⁶ and guidance provided in FEES 4 Annex 13G.¹⁷ Where firms' accounts do not distinguish between UK and overseas income, our guidance directs them to develop a methodology for apportioning income. We expect them to base the demarcation on samples rather than attempt to scrutinise every invoice. They must be ready if challenged to provide an audit trail which justifies their sampling technique and shows that the methodology was agreed, and is periodically reviewed, at an appropriate level within the firm. The audit trail allows us to make sure that the methodologies used by firms are robust and to pick up inconsistencies. Our experience is that the system runs well once firms are familiar with our requirements and have set up appropriate and proportionate internal reporting systems.

Payment of fees - removal of credit card charges

(FEES 3.2.3, FEES 4.2.4 – final rules in Appendix 2)

6.14 We proposed amending our fees rules so that no charges would be made for fees paid by credit cards. This brought the fees rules in line with our practice since 13 January 2018 not to make such charges when either personal or commercial credit cards were used. This followed an amendment to the Consumer Rights (Payment Surcharges) Regulations 2012, which made all charges on the use of personal credit cards unlawful since 13 January 2018. It was still permissible to impose charges on commercial credit cards but we are not confident that our systems can accurately distinguish between the two and we also believe it is good practice to avoid charges for the use of all credit cards.

6.15 We asked:

Q8: *Do you have any comments on our proposal to remove surcharges on all payments by credit card?*

Responses to proposals

6.16 We did not receive any responses to these proposals.

¹⁶ www.handbook.fca.org.uk/handbook/FEES/4/Annex11A.html

¹⁷ www.handbook.fca.org.uk/handbook/FEES/4/Annex13.html

7 Financial Ombudsman Service general levies

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

- 7.1** In this chapter we provide feedback on the responses we received to Chapter 9 of CP18/10. In it we consulted on the tariff rates for the compulsory jurisdiction (CJ) of the Financial Ombudsman Service's general levy for 2018/19 and how it is distributed across industry blocks.

Summary of proposals

- 7.2** The Financial Ombudsman Service provides an independent service that resolves disputes for customers of financial services firms. We consulted on proposals to raise the general levy to fund its activities in 2018/19. This will help it to provide a scheme for the quick and informal resolution of disputes between financial services firms and their customers. If the Financial Ombudsman Service functions well it makes an important contribution to our consumer protection objective.
- 7.3** The Financial Ombudsman Service is funded by a combination of annual fees – general levy and voluntary jurisdiction levy¹⁸, and case fees.¹⁹
- 7.4** The Financial Ombudsman Service consulted on its draft budget and corporate plan between 13 December 2017 and 31 January 2018²⁰. In March 2018, it presented a final budget to the FCA Board which approved its total annual budget of £289.8m²¹ for 2018/19.
- 7.5** The majority of the Financial Ombudsman Service's income is from case fees. It has asked us to recover £24.5m by general levy (the same as 2017/18) and allocate this in line with the forecast of where costs will fall. The proportions are similar to previous years. This reflects the Financial Ombudsman Service's forecast that complaints volumes (excluding Payment Protection Payments (PPI) complaints) will remain broadly stable. The annual amounts actually payable by each block will vary to reflect changes in the proportions of cases in each block.
- 7.6** We asked:

Q9: *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?*

18 The general levy is payable by firms in the compulsory jurisdiction (authorised firms, payment service providers, electronic money issuers, consumer buy-to-let (CBTL) firms, designated finance platforms and designated credit reference agencies), and is collected by the FCA. The Financial Ombudsman Service collects a separate levy from financial businesses that have signed up to its Voluntary Jurisdiction.

19 Case fees are payable by respondents once a case has been resolved.

20 www.financial-ombudsman.org.uk/publications/plan-and-budget-2018-19.pdf

21 Operating costs.

Responses to proposals

- 7.7** Of the 14 responses received 12 did not answer the question or provide any comments on how the CJ levy should be apportioned between industry blocks. 2 respondents supported the proposal.

Our response

We intend to apportion the CJ levy as consulted on in CP18/10.

Changes between draft levy rates and final rates

- 7.8** We highlighted in CP18/10 that fee-payers should be aware that the draft Financial Ombudsman Service levy rates in Appendix 1 were calculated using estimated fee-payer populations and tariff data (measures of size) which may change when the final levy rates are calculated in June 2018.
- 7.9** In the case of the draft CJ fee rates for industry blocks I002 (Insurers: General) and I004 (Insurers: Life) we highlighted the greater uncertainty around the extent that the final fee rates would change from draft rates, especially for the I004 industry block.
- 7.10** We also highlighted that the draft CJ levy rates had been calculated using gross written premium (GWP) tariff data. However, the final levy rates would be calculated taking account of the firms that report 'relevant' GWP (i.e. business conducted with consumers). This would have the impact of decreasing the total tariff data used to calculate the final levy rates for insurers and increase those levy rates compared to the draft rates in CP18/10.
- 7.11** The final fee rates in Appendix 1 of this Policy Statement (PS) reflects these factors where the GWP fee-rate for the I002 industry block has increased by 27.8%.
- 7.12** Firms can use our online fees calculator²² to calculate their individual Financial Ombudsman Service levy rates, based on the final rates in Appendix 1 of this PS.

22 www.fca.org.uk/firms/calculate-your-annual-fee/fee-calculator

8 Money Advice Service levies

(FEES 7 Annex 1R and FEES 7A final rules in Appendix 1 and 3)

8.1 In this chapter we:

- set out the 2018/19 final levies for the Money Advice Service²³
- set out the 2018/19 final money advice and debt advice levies for the Single Financial Guidance Body
- provide feedback on the responses we received to Chapter 10 of CP18/10

Background

8.2 The Money Advice Service budget for 2018/19 is £83.5m, compared to £75.0m last year. We proposed two separate levies:

- £27.2m for the delivery of money advice (£27m in 2017/18) reduced to £26.8m by the final £0.447m underspend
- £56.3m to fund the coordination and provision of debt advice

8.3 There has been no change to the Money Advice Service budget for 2018/19 since CP18/10 was published and therefore we will be collecting £83.1m as there is a £0.447m underspend and not £1.0m as previously estimated.

8.4 The new Single Financial Guidance Body (SFGB) will bring together the Money Advice Service, The Pensions Advisory Service, and Pension Wise. On 10 May 2018 the Financial Guidance and Claims Act 2018 received Royal Assent. The Government will launch the SFGB no earlier than Autumn 2018. It will be funded by levies on firms regulated by the FCA and through the General Levy on pensions schemes.

8.5 To setup the SFGB, the Government has instructed the FCA to collect £3.6m. This will be used to fund the creation of the new body, transfer of staff from the Money Advice Service and Pension Wise and the transfer of assets to the new body from the existing services. This value is in addition to the current business plans of the existing services.

Allocation and recovery for money advice

8.6 The total budget for delivering the Money Advice Service money advice function for 2018/19 is £27.2m. The breakdown of expenditure can be found in the Money Advice Service's business plan that was published on 28 March 2018.²⁴

23 The Money Advice Service is referred to in the Financial Services and Markets Act 2000 and our FEES manual as the Consumer Financial Education Body (CFEB).

24 The Money Advice Service Business Plan 2018/19: www.moneyadvice.service.org.uk/en/corporate/business-plan-2018-19



- 8.7** Funding for money advice will come from levies raised from FSMA-authorised firms, payment institutions and electronic money issuers. Table 8.1 sets out how this has been allocated. It includes reduction due to the final 2017/18 underspend, resulting in a total levy of £26.8m.
- 8.8** We proposed to allocate the money advice budget on the same basis as last year (other than in the case of the A.0 minimum fee fee-block and the CC1 and CC2 consumer credit fee-blocks) which relied on three components that will carry an equal weighting:
- how consumers use the 3 channels of the Money Advice Service (web, telephone and web chat, and printed literature) which will be weighted by the different costs of the channels
 - mapping the Money Advice Service's strategic aims and outcomes, in its previous and this year's business plans, to appropriate fee-blocks. These outcomes include: budgeting to live within means, managing debt well, saving regularly, saving for retirement and protecting assets/making provisions for dependents
 - a levy based on our own allocation for 2018/19
- 8.9** From 2018/19 we proposed that the amount of money advice budget allocated to the A.0 minimum fee fee-block is based on the number of firms that are authorised at the start of the fee-year rather than base the allocation on our own allocation. This will make the allocation better reflect the amount that is raised from the money advice minimum fee. We proposed maintaining the minimum fee at £10 for 2018/19.
- 8.10** As set out in Table 8.1 from 2018/19 we proposed including the contribution to money advice funding from consumer credit firms (CC1 and CC2 fee-blocks) in the overall money advice levy amount.
- 8.11** We asked:

Q11: *Do you have any comments on the proposed 2018/19 Money Advice Service levy rates for money advice?*

Responses to proposals

- 8.12** Of the 14 responses received none answered the question or provided comments on the proposed Money Advice Service levy rates for money advice.

Our response

We intend to allocate the Money Advice Service levy rates for money advice as consulted on in CP18/10.

Allocation and recovery for debt advice

- 8.13** The total budget for debt advice in 2018/19 is £56.3m. A breakdown of the budget can be found in the Money Advice Service business plan. Funding for debt advice will come from the CC3 and A2 fee-blocks, using a model that covers total lending and write-off levels, on a 50% basis for each. This is based on Bank of England data and table 8.1 at the end of this chapter sets out how this will be allocated.
- 8.14** Once the SFGB is in operation, debt advice in Scotland, Northern Ireland and Wales will be delivered through the Devolved Authorities and it will be funded by the debt advice levy. We are not specifically raising fees for the Devolved Authorities in 2018/19.
- 8.15** We asked :

Q12: *Do you have any comments on the proposed 2018/19 Money Advice Service levy rates for debt advice?*

Responses to proposals

- 8.16** Of the 14 responses received none answered the question or provided comments on the proposed Money Advice Service levy rates for debt advice.

Our response

We intend to allocate the Money Advice Service levy rates for debt advice as consulted on in CP18/10.

Table 8.1 2018/19 Annual funding requirement (AFR) – consultation compared to final

Fee-Block	2018/19 Consultation AFR (£m)	2018/19 Final AFR (£m)	Movement
Money Advice Levy			
A.0 Minimum fee	0.2	0.2	0.0%
A.1 Deposit acceptors	4.9	5.0	2.0%
A.2 Home finance providers and administrators	4.0	4.1	2.0%
A.3 Insurers – general	2.3	2.4	2.0%
A.4 Insurers – life	3.3	3.4	2.0%
A.5 Lloyd's managing agents	0.0	0.0	0.0%
A.6 The Society of Lloyds'	0.0	0.0	0.0%
A.7 Portfolio managers	1.3	1.3	2.0%

A.9 Operators, trustees and depositaries of collective investment schemes etc	1.3	1.3	2.0%
A.10 Firms dealing as principal	1.4	1.5	2.0%
A.13 Advisers, arrangers, dealers or brokers	2.2	2.2	2.0%
A.14 Corporate finance advisers	0.3	0.3	2.0%
A.18 Home finance providers, advisers and arrangers	0.3	0.3	2.0%
A.19 General insurance mediation	0.6	0.7	2.0%
A.21 Firms holding client money or assets	0.3	0.3	2.0%
CC1 & CC2 Consumer Credit Firms (i)	3.7	3.8	2.0%
G Firms covered by Payment Services Regulations 2017 (PSRs) and Electronic Money Regulations 2011 (EMRs)	0.1	0.1	2.0%
Money Advice Total	26.2	26.8	2.0%

Debt Advice Levy			
A.1 Deposit acceptors	28.2	28.2	0.0%
CC3 Consumer credit lending	28.2	28.2	0.0%
Debt Advice Total	56.3	56.3	0.0%

Money Advice Service Total	82.5	83.1	0.6%
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Allocation and recovery for SFGB

- 8.17** In CP18/10 we proposed new rules in FEES 7A to raise levies for these SFGB functions, which mirror existing Money Advice Service money advice and debt advice rules, and Pension Wise pensions guidance rules.
- 8.18** We proposed to allocate the £3.6m SFGB funding requirement in proportion to the 2018/19 funding requirements for the Money Advice Service money advice levy, debt advice levy and the Pension Wise pensions guidance levy as set out in Table A of Annex 3 of this Policy Statement (PS), which has been updated to reflect the final funding requirements.
- 8.19** We also proposed that the:
- £1.0m allocated to the SFGB money advice fee-blocks is allocated across these fee-blocks in the same proportions as used for recovering the Money Advice Service money advice levy, as set out in the updated Table B in Annex 3 of this PS. The only exception was no allocation of SFGB funding to the A.0 minimum fee fee-block. This was to avoid firm's paying an additional 2018/19 minimum fee to that already paid through the Money Advice Service money advice levy. From 2019/20 there will be a SFGB money advice minimum fee only as there will be no Money Advice Service levies

- £2.0m allocated across the SFGB debt advice fee-blocks is allocated across the SFGB debt advice fee-blocks in the same proportions as used for recovering the Money Advice Service debt advice levy, as set out in Table C in Annex 3 (unchanged from CP18/10).

8.20 Tables A and B in Annex 3 have been updated to include the Money Advice Service underspend of £0.447m as opposed to the £1m previously quoted.

8.21 We asked:

Q10: *Do you have any comments on the proposed FEES 7A rules for the SFGB money advice and debt advice levies and the proposed basis for recovering the 2018/19 SFGB funding requirement through the SFGB money advice and debt advice levies?*

Responses to proposals

8.22 Of the 14 responses received, 13 respondents did not answer the question or provide comments on the proposed FEES 7A rules for the SFGB or the proposal for recovering the 2018/19 SFGB funding requirement through the SFGB money advice and debt advice levies. One respondent thought that the proposal for the funding of the SFGB was proportionate.

Our response

Our Board has made the appropriate rules to raise levies for the SFGB functions.

Changes between draft levy rates and final rates

8.23 We highlighted in CP18/10 that fee-payers should be aware that the draft Money Advice Service levy rates in Appendix 1 of CP18/10 and the SFGB levy rates in Appendix 3 of CP18/10 were calculated using estimated fee-payer populations and tariff data (measures of size) which may change when the final levy rates are calculated in June 2018.

8.24 In the case of the draft fee rates for A.3 (insurers - general) and A.4 (insurers - life) fee-blocks we highlighted the greater uncertainty around the extent that the final fee rates would change from draft rates, especially for the A.4 fee-block. The final fee rates in Appendix 1 and 3 of this Policy Statement (PS) reflects this where the gross written premium (GWP) fee-rate for the A.4 fee-block has increased by 44.2% in the case of Money Advice Service money advice levy and 51.7% in the case of SFGB money advice levy.



- 8.25** Firms can use our online fee calculator²⁵ to calculate their individual levies, based on the final rates in Appendix 1 and 3. The Fees Calculator combines: the SFGB money advice levy with the Money Advice Service money advice levy; the SFGB debt advice levy with the Money Advice Service debt advice levy; and the SFGB pensions guidance levy with the Pension Wise pensions guidance levy.

25 www.fca.org.uk/firms/calculate-your-annual-fee/fee-calculator

9 Pension Wise pensions guidance levies

(FEES 10, 11 and FEES 7A final rules in Appendix 1 and 3)

9.1 In this chapter we:

- set out the 2018/19 final levies for Pension Wise
- set out the 2018/19 final pensions guidance levies for the Single Financial Guidance Body (SFGB)
- provide feedback on the responses we received to Chapter 11 of CP18/10

2018/19 Pension Wise funding requirement

9.2 The Department for Works and Pensions (DWP) has notified us that the final 2018/19 Pension Wise funding requirement is £16.9m, down from the £20.3m estimated in CP18/10. A breakdown is provided in Table 9.1.

Table 9.1: 2018/19 Pension Wise funding requirement

	2018/19 £m	2017/18 £m	Movement
Pensions guidance service (i)	21.3	22.5	-5.3%
Less 2017/18 underspend (ii)	(4.4)	(5.3)	-17.0%
2018/19 funding requirement	16.9	17.2	-1.7%

Notes:

(i) includes our 2018/19 £45,000 costs for monitoring the Designated Guidance Providers (£54,000 2017/18) and £87,500 costs for collecting the Pensions Guidance Levy (£85,000 2017/18)

(ii) includes our 2017/18 £23,000 underspend in our monitoring costs

Pension Wise pensions guidance levy (PGL) – summary of proposals

9.3 We proposed that the distribution of the allocation of the 2018/19 Pension Wise funding requirement across the PGL fee-blocks should not change from 2017/18 as set out in Table 9.2. Table 9.2 has been updated to reflect the final Pension Wise funding requirement.

Table 9.2: 2018/19 Pension Wise funding allocations

PGL fee-blocks		Actual 2018/19		Actual 2017/18	
		£m	%	£m	%
A.1	Deposit acceptors	4.1	24	4.1	24
A.4	Insurers – life	4.1	24	4.1	24
A.7	Portfolio managers	4.1	24	4.1	24
A.9	Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes	2.7	16	2.8	16
A.13	Advisory arrangers, dealers or brokers	2.0	12	2.1	12
Total		16.9	100	17.2	100

9.4 The allocation is an equal distribution across the five PGL fee-blocks, with the exception of the A.9 and A.13 fee-blocks as detailed in CP18/10.

9.5 We asked:

Q13: *Do you have any comments on the proposed 2018/19 pensions guidance levy (PGL) rates?*

Responses to proposals

9.6 We did not receive any responses to these proposals.

Pension Wise pensions guidance providers' levy (PGPL) – summary of proposals

9.7 The Pension Wise service is provided through the DWP by designated guidance providers (DGPs). We recover our pensions guidance costs from the DGPs. These can include our costs for setting the standards of pensions guidance that should be provided by the DGPs, and monitoring their compliance.

9.8 Our 2018/19 annual funding requirement (AFR), discussed in Chapter 2, includes our budgeted pensions guidance costs of £45,000 allocated to the 'H' fee-block. We proposed an equal allocation of these costs across the DGPs as set out in Table 9.3, as in 2017/18. The £45,000 levy has not changed since CP18/10 and represents part of the DWP's final £16.9m funding requirement for providing Pension Wise in Table 9.1.

Table 9.3: 2018/19 allocation of FCA monitoring costs

Designated guidance providers	2018/19 £	2017/18 £
The Pensions Advisory Service Limited	11,250	13,500
National Association of Citizens Advice Bureaux	11,250	13,500
Scottish Association of Citizens Advice Bureaux	11,250	13,500
Northern Ireland Association of Citizens Advice Bureaux	11,250	13,500
Total	45,000	54,000

9.9 We asked:

Q14: *Do you have any comments on the proposed 2018/19 pensions guidance providers' (PGPL) levy rates?*

Responses to proposals

9.10 We did not receive any responses to these proposals.

Single Financial Guidance Body

- 9.11** The new Single Financial Guidance Body (SFGB) will bring together the Money Advice Service, The Pensions Advisory Service, and Pension Wise. On 10 May 2018 the Financial Guidance and Claims Act 2018 received Royal Assent. The Government will launch the SFGB no earlier than Autumn 2018. It will be funded by levies on firms regulated by the FCA and through the General Levy on pensions schemes.
- 9.12** To set up the SFGB, the Government has instructed the FCA to collect £3.6m. This will be used to fund the creation of the new body, transfer of staff from the Money Advice Service and Pension Wise and the transfer of assets to the new body from the existing services. This value is in addition to the current business plans of the existing services.
- 9.13** In CP18/10 we proposed new rules in FEES 7A to raise levies for these SFGB functions, which mirror existing Money Advice Service money advice and debt advice rules, and Pension Wise pensions guidance rules.
- 9.14** We proposed to allocate the £3.6m SFGB funding requirement in proportion to the 2018/19 funding requirements for the Money Advice Service money advice levy, and debt advice levy and the Pension Wise pensions guidance levy. Table A of Annex 3 of this Policy Statement (PS) has been updated to reflect the final funding requirements for the Money Advice Service money advice levy, and debt advice levy and the Pension Wise pensions guidance levy.
- 9.15** We also proposed that the amount allocated for recovery through the SFGB pensions guidance levy be allocated across the same fee-blocks and in the same proportions as used for recovering the Pension Wise pensions guidance levy. This continues to be the case, as set out in the updated Table D of Annex 3 of this PS.



9.16 We asked:

Q15: *Do you have any comments on the proposed FEES 7A rules for the SFGB pensions guidance levy and the proposed basis for recovering the 2018/19 SFGB funding requirement through the SFGB pensions guidance levy?*

Responses to proposals

9.17 We did not receive any responses to these proposals.

Changes between draft levy rates and final levy rates

9.18 We highlighted in CP18/10 that fee-payers should be aware that the draft PGL rates in Appendix 1 of CP18/10 and the SFGB pensions guidance levy rates in Appendix 3 of CP18/10 were calculated using estimated fee-payer populations and tariff data (measures of size). These may change when the final levy rates are calculated in June 2018.

9.19 In the case of the draft fee rates for A.3 (insurers - general) and A.4 (insurers - life) fee-blocks we highlighted the greater uncertainty around the extent that the final fee rates would change from draft rates, especially for the A.4 fee-block. The final fee rates in Appendix 1 and 3 of this PS reflects this where the gross written premium (GWP) fee-rate for the A.4 fee-block has increased by 17.6% in the case of the PGL and 21.4% in the case of the SFGB pensions guidance levy.

9.20 Firms can use our online fee calculator²⁶ to calculate their individual levies, based on the final rates in Appendix 1 and 3. The Fees Calculator combines: the SFGB money advice levy with the Money Advice Service money advice levy; the SFGB debt advice levy with the Money Advice Service debt advice levy; and the SFGB pensions guidance levy with the Pension Wise pensions guidance levy.

²⁶ www.fca.org.uk/firms/calculate-your-annual-fee/fee-calculator

10 Illegal money lending levy

(FEES 13 Annex 1R, final rules in Appendix 1)

- 10.1** In this chapter we confirm the final 2018/19 expenses that the Treasury will incur by providing for the teams tackling illegal money lending (IML). We also give feedback on the responses we received to Chapter 12 of CP18/10, in which we set out the proposed 2018/19 IML levy rates.
- 10.2** The Treasury has notified us that their final 2018/19 IML expenses will be £5.6m²⁷, unchanged from the estimated amount in CP17/12.

Summary of proposals

- 10.3** We proposed IML levy rates to recover the £5.6m from consumer credit firms as set out in Table 10.1.

Table 10.1: 2018/19 IML levy rates

Type of firm	Fee
CC1. Limited permission	£5 flat rate
CC2. Full permission	Up to £250,000 consumer credit income: £10 minimum levy
	Over £250,000 consumer credit income: £10 + £0.210 per £1,000

- 10.4** We asked:

Q16: *Do you have any comments on the proposed 2018/19 illegal money lending (IML) levy rates?*

Responses to proposals

- 10.5** We did not receive any responses to these proposals.

Changes between the draft levy and final levy rates

- 10.6** We highlighted in CP18/10 that fee-payers should know that the draft IML levy rates in Appendix 1 of CP18/10 were calculated using estimated fee-payer populations and tariff data, which may change when the final levy rates are calculated in June 2018.

27 Includes FCA collection costs of £86,400 (£83,000 2017/18).



- 10.7** The IML variable levy rate in Appendix 1 of this PS has changed to £0.20 since the draft rate in CP18/10.
- 10.8** Our online fee calculator²⁸ is available for firms to calculate their individual IML levy based on the final rates in Appendix 1 of this PS.

28 www.fca.org.uk/firms/calculate-your-annual-fee/fee-calculator

Annex 1

List of non-confidential respondents

Asset Finance Policy Limited

Association of British Insurers

Association of Mortgage Intermediaries

Chartered Institute of Credit Management

European Venues & Intermediaries Association

IHS Markit

LEBA Limited

Personal Investment Management & Financial Advice Association

Royal & Sun Alliance Insurance plc

WMBA Limited

Annex 2

FCA 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
- 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 April; the final schedule is published in the subsequent policy and feedback statement to that consultation in July.

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 and , 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 3

Allocation of 2018/19 Single Financial Guidance Body (SFGB) funding requirement

Table A: SFGB funding requirement allocation across levies

	2018/19 funding (£m)	Proportion		2018/19 funding (£m)	Proportion
Money Advice Service - money advice levy (i)	26.8	26.8%	SFGB – money advice levy	1.0	26.8%
Money Advice Service - debt advice levy	56.3	56.3%	SFGB – debt advice levy	2.0	56.3%
Pension Wise – pensions guidance levy	16.9	16.9%	SFGB – pensions guidance levy	0.6	16.9%
Total	100.0	100.0%	Total	3.6	100.0%

(i) £27.2m 2018/19 budget less £0.4m 2017/18 final underspend.

Table B: SFGB money advice levy allocation across fee-blocks

Fee-Block	2018/19 Money Advice Service – money advice levy		2018/19 SFGB – money advice levy	
	Allocation £m	Proportion	Allocation £m	Proportion
A.0 Minimum fee	0.2	0.7%	0.00	0.0%
A.1 Deposit acceptors	5.0	18.6%	0.18	18.8%
A.2 Home finance providers and administrators	4.1	15.4%	0.15	15.5%
A.3 Insurers - general	2.4	8.9%	0.09	9.0%
A.4 Insurers - life	3.4	12.6%	0.12	12.7%
A.5 Lloyd's managing agents	0.0	0.0%	0.00	0.0%
A.6 The Society of Lloyds'	0.0	0.0%	0.00	0.0%
A.7 Portfolio managers	1.3	4.9%	0.05	5.0%
A.9 Operators, trustees and depositaries of collective investment schemes etc	1.3	4.9%	0.05	4.9%
A.10 Firms dealing as principal	1.5	5.5%	0.05	5.5%

A.13 Advisers, arrangers, dealers or brokers	2.2	8.2%	0.08	8.3%
A.14 Corporate finance advisers	0.3	1.0%	0.01	1.0%
A.18 Home finance providers, advisers and arrangers	0.3	1.2%	0.01	1.2%
A.19 General insurance mediation	0.7	2.5%	0.02	2.5%
A.21 Firms holding client money or assets	0.3	1.0%	0.01	1.0%
CC1. Consumer credit – limited permission CC2. Consumer credit full permission	3.8	14.1%	0.14	14.2%
G Firms covered by Payment Services Regulations 2017 (PSRs) and Electronic Money Regulations 2011 (EMRs)	0.1	0.5%	0.00	0.5%
Total	26.8	100.0%	1.00	100.0%

Table C: SFGB debt advice levy allocation across fee-blocks

Fee-Block	2018/19 Money Advice Service – debt advice levy		2018/19 SFGB – debt advice levy	
	Allocation £m	Proportion	Allocation £m	Proportion
A.2 Home finance providers and administrators	28.2	50.0%	1.0	50.0%
CC.3 Consumer credit lending	28.2	50.0%	1.0	50.0%
Total	56.3	100.0%	2.0	100.0%

Table D: SFGB pensions guidance levy allocation across fee-blocks

Fee-Block	2018/19 Pension Wise – pensions guidance levy		2018/19 SFGB – pensions guidance levy	
	Allocation £m	Proportion	Allocation £m	Proportion
A.1 Deposit acceptors	4.1	24.0%	0.15	24.0%
A.4 Insurers – life	4.1	24.0%	0.15	24.0%
A.7 Portfolio managers	4.1	24.0%	0.15	24.0%
A.9 Operators, trustees and depositaries of collective investment schemes etc	2.7	16.0%	0.10	16.0%
A.13 Advisers, arrangers, dealers or brokers	2.0	12.0%	0.07	12.0%
Total	16.9	100.0%	0.61	100.0%

Annex 4

Abbreviations in this paper

AFR	Annual funding requirement
BA	Benchmark administrators
BEL	Best estimate liabilities
CASS	Client Money Assets sourcebook
CFEB	Consumer Financial Education Body
CJ	Compulsory jurisdiction
CP	Consultation Paper
DA	Devolved Authorities
DGP	Designated guidance providers
DPB	Designated professional bodies
EEA	European Economic Area
EU	European Union
FCA	Financial Conduct Authority
FEES	Fees manual
FPS	Financial Penalty Scheme
FSBRA	Financial Services (Banking Reform) Act 2013
FSCS	Financial Services Compensation Scheme
FSMA	Financial Services and Markets Act
GWP	Gross written premium
IML	Illegal money lending

MiFID II	Markets in Financial Instruments Directive II
MiFIR	Markets in Financial Instruments Regulation
OPBAS	The Office for Professional Body Anti-Money Laundering Supervision
ORA	Ongoing regulatory activities
OTF	Organised trading facility
PGL	Pensions guidance levy
PGPL	Pensions guidance providers' levy
PPI	Payment protection insurance
PRA	Prudential Regulation Authority
PS	Policy Statement
PSD2	Payment Services Directive 2
RIE	Recognised investment exchange
RFIF	Ring-fencing implementation fee
SFGB	Single Financial Guidance Body
SPF	Special project fee
UKLA	UK Listing Authority
VJ	Voluntary jurisdiction

We have developed the policy in this Policy Statement in the context of the existing UK and EU regulatory framework. The Government has made clear that it will continue to implement and apply EU law until the UK has left the EU. We will keep the proposals under review to assess whether any amendments may be required in the event of changes in the UK regulatory framework in the future.

All our publications are available to download from www.fca.org.uk. If you would like to receive this paper in an alternative format, please call 020 7066 9644 or email: publications_graphics@fca.org.uk or write to: Editorial and Digital team, Financial Conduct Authority, 12 Endeavour Square, London E20 1JN

Appendix 1

Periodic Fees (2018/19) and Other fees Instrument 2018(made rules)

PERIODIC FEES (2018/2019) AND OTHER FEES INSTRUMENT 2018

Powers exercised

- A. The Financial Conduct Authority 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 73A (Part 6 Rules);
 - (b) section 137A (The FCA’s general rules);
 - (c) section 137T (General supplementary powers);
 - (d) section 213 (The scheme);
 - (e) section 214 (Provisions of the scheme);
 - (f) section 234 (Industry funding);
 - (g) section 333Q (Funding of the FCA’s pensions guidance costs);
 - (h) section 333R (Funding of the Secretary of State’s pensions guidance costs);
 - (i) section 333T (Funding of action against illegal money lending);
 - (j) paragraph 23 (Fees) in Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority);
 - (k) paragraph 12 in Part 2 (Funding) of Schedule 1A (Further provision about the Consumer Financial Education Body); 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) regulation 46 and paragraph 5 of Schedule 1 (Fees) in the Regulated Covered Bond Regulations 2008 (SI 2008/346);
 - (5) 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); and
 - (6) regulation 40 (FCA: penalties, fees and exemption from liability in damages) of the Data Reporting Services Regulations 2017 (SI 2017/699).
- 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 2 July 2018.

Amendments to the Handbook

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

Citation

- E. This instrument may be cited as the Periodic Fees (2018/2019) and Other Fees Instrument 2018.

By order of the Board
28 June 2018

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
...			
Persons who hold a certificate issued by the FCA under article 54 of the <i>Regulated Activities Order</i> (Advice given in newspapers etc.)	£1,095 <u>£1,128</u>	(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 FCA under article 54 RAO <u>of the Regulated Activities Order</u>
...			

4 Annex 2AR FCA Fee rates and EEA/Treaty firm modifications for the period from 1 April 2018 to 31 March 2019

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	15.43 <u>14.683</u>
	>140 - 630	15.43 <u>14.683</u>
	>630 - 1,580	15.43 <u>14.683</u>
	>1,580 - 13,400	19.29 <u>18.354</u>
	>13,400	25.46 <u>24.227</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 £6,060 <u>£6,242</u> is payable in respect of these <i>permissions</i> .	
A.2	Band width (No. of mortgages and/or home finance transactions)	Fee (£/mortgage)
	>50	2.30 <u>2.473</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	{tbe} <u>337.16</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	{tbe} <u>18.48</u>
	For <i>UK ISPVs</i> the tariff rates are not relevant and a flat fee of £{tbe} <u>485</u> is payable in respect of each <i>FCA</i> financial year (the 12 <i>months</i> ending 31 March).	
A.4	Gross written premium for	General Periodic fee

	fees purposes (GWP)	
	Band Width (£million of GWP)	Fee (£/£m or part £m of GWP)
	>1	{tbe} <u>262.78</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	{tbe} <u>8.25</u>
A.5	Band Width (£million of Active Capacity (AC))	Fee (£/£m or part £m of AC)
	>50	7.70 <u>7.13</u>
A.6	Flat fee (£)	334,939 <u>344,067</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	6.09 <u>5.696</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	1,003.52 <u>815.25</u>
A.10	Band Width (No. of traders)	Fee (£/person)
	>1	5,473.78 <u>5,487.30</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	Fee (£/£ thousand or part £

	annual income (AI))	thousand of AI)
	>100	2.756 <u>2.597</u>
A.14	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	1.79 <u>1.631</u>
A.18	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	12.44 <u>11.04</u>
A.19	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	1.751 <u>1.61</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	116.50 <u>115.30</u>
	an amount equal to or greater than £1 million but less than or equal to £1 billion	87.38 <u>86.48</u>
	more than £1 billion	58.25 <u>57.65</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	0.45 <u>0.43</u>
	an amount equal to or greater than £10 million and less than or equal to £100 billion	0.34 <u>0.33</u>
	more than £100 billion	0.23 <u>0.22</u>
B. Service Companies	Band Width	Fee (£/£m or part £ thousand of income) <u>Fee (£)</u>
	Annual income up to and	1,078.00 <u>1,110.00</u>

	including £100,000	
	PLUS:	
	<u>Band width</u>	<u>Fee (£/£thousand or part £ thousand of income)</u>
	Annual income over £100,000	1.80 <u>2.57</u>
B. Regulated benchmark administrators	Band width	Fee (£)
	Annual income up to and including £100,000	[tbc] <u>1,128</u>
	PLUS:	
	Band width	Fee (£/£ thousand or part £ thousand of income)
	Annual income over 100,000	[tbc]
B. Recognised investment exchanges	Band width	Fee (£)
	Annual income up to and including £10,000,000	100,000 <u>103,000</u>
	PLUS:	
	Band width	Fee (£/£ thousand or part £ thousand of income)
	Annual income over £10,000,000	5.58 <u>4.91</u>
B. Recognised auction platforms	53,537.00 <u>55,143.00</u>	
B. Recognised overseas investment exchanges	61,224.00 <u>63,061.00</u>	
B. MTF and OTF operators	As set out in <i>FEES</i> 4 Annex 10R (Periodic fees for MTF and OTF operators).	
CC1. Credit-related regulated activities with	Band Width (£ thousands of annual income (AI))	Fee (£)
	0 - 10	101 <u>104</u>

limited permission	>10 - 50	253 <u>261</u>
	>50 - 100	404 <u>416</u>
	>100	505 <u>520</u>
	PLUS:	
		Fee (£/£ thousand or part £ thousand of AI)
	>250	0.40
CC2. Credit-related regulated activities	Band Width (£ thousands of annual income (AI))	Fee (£)
	0 - 50	303 <u>312</u>
	>50 - 100	505 <u>520</u>
	>100	1,010 <u>1,040</u>
	PLUS:	
		Fee (£/£ thousand or part £ thousand of AI)
	>250	1.30

Part 2

...

Part 2(a) tariff rates (minimum fees) payable to the FCA by FCA-authorised persons

A.0	(1)	£ 1,095 <u>1,128</u> 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 £ 168 <u>173</u> 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 £568 <u>585</u> 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 £1,052 <u>1,084</u> 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 £0.111 <u>0.1093</u>		

Part 2(b) tariff rates (minimum fees) payable to the FCA by PRA-authorised persons

A.0	(1)	£547 <u>563</u> 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 £{the} <u>242</u> ; 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 £{the} <u>242</u> ; 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 £{the} <u>242</u> .
	(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 £87 <u>90</u> is payable; or

		(b)	greater than 0.5million but less than 2.0million, in which case a minimum fee of £295 <u>304</u> 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.		

...

4 Annex **Ring-Fencing Implementation Fee** 2BR

In the <i>fee year</i> starting 1 April 2017 <u>2018</u> and subsequent <i>fee years</i> :	
...	
(4)	<p>The proportion was determined by the <i>FCA</i> for the 2017/18 <u>2018/19</u> <i>fee year</i> in accordance with the following formula (all figures are rounded to the nearest whole number):</p> $[(X + Y) \div 2] \%$ <p>where</p> $X = [\text{core deposits (ring-fencing fees group)} \div \text{core deposits (all ring-fencing fees groups)}] \times 100$ <p>and</p> $Y = [\text{assets outside expected RFB subgroup (ring-fencing fees group)} \div \text{assets outside expected RFB subgroups (all ring fencing fees groups)}] \times 100$
(5)	...

4 Annex 4R Periodic fees in relation to collective investment schemes, AIFs marketed in the UK and small registered UK AIFMs payable for the period 1 April 2017 2018 to 31 March 2018 2019

Part 1 – Periodic fees payable

Scheme type	Basic fee (£)	Total funds/sub-funds aggregate	Fund factor	Fee (£)
<i>ICVC,</i> <i>AUT,</i> <i>ACS,</i> <i>UK ELTIFs,</i> Section 264 of the <i>Act</i> , <i>schemes</i> other than <i>non-EEA AIFs</i> recognised under section 272 of the <i>Act</i> ;	410 386	1-2	1	410 386
		3-6	2.5	1,025 965
		7-15	5	2,050 1,930
		16-50	11	4,510 4,246
		>50	22	9,020 8,492
<i>Non-EEA AIFs</i> recognised under section 272 of the <i>Act</i>	1,670 1,570	1-2	1	1,670 1,570
		3-6	2.5	4,175 3,925
		7-15	5	8,350 7,850
		16-50	11	18,370 17,270
		>50	22	36,740 34,540

...

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 <i>AIF</i> (£)
Notification under regulation 57 of the <i>AIFMD UK regulation</i>	345 323
Notification under regulation 58 of the <i>AIFMD UK regulation</i>	240 225
Notification under regulation 59 of the <i>AIFMD UK regulation</i>	345 323

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

The annual fee for <i>small registered UK AIFMs</i> is £680 <u>637</u>

4 Annex 5R **Periodic fees for designated professional bodies payable in relation to the period 1 April ~~2017~~ 2018 to 31 March ~~2018~~ 2019**

Table of fees payable by Designated Professional Bodies

Name of Designated Professional Body	Amount payable (£)
The Law Society of England & Wales	62,430 <u>90,070</u>
The Law Society of Scotland	13,390 <u>15,260</u>
The Law Society of Northern Ireland	12,520 <u>13,830</u>
The Institute of Actuaries	10,070 <u>10,120</u>
The Institute of Chartered Accountants in England and Wales	68,770 <u>36,000</u>
The Institute of Chartered Accountants of Scotland	10,920 <u>11,350</u>
The Institute of Chartered Accountants in Ireland	13,130 <u>14,840</u>
The Association of Chartered Certified Accountants	15,900 <u>18,800</u>
The Council for Licensed Conveyancers	11,170 <u>11,790</u>
Royal Institution of Chartered Surveyors	13,400 <u>15,270</u>

...

...

4 Annex 10R **Periodic fees for MTF operators payable in relation to the period 1 April ~~2017~~ 2018 to 31 March ~~2018~~ 2019**

General supervisory category of <i>MTF</i> or <i>OTF</i> operator (see Note below)	Fee payable (£)	Due date (i) 1 August 2017 <u>2018</u> ; or (ii) 30 days from the date of the invoice in the case of a <i>firm</i> which receives <i>permission</i> to be <i>operating a multilateral trading facility</i> or to be <i>operating an organised trading facility</i> or whose <i>permission</i> is extended to include this activity in the course of the relevant financial year.
<i>MTF</i> or <i>OTF</i> operator has a named individual fixed portfolio supervisor	316,710 <u>292,501</u>	
All other <i>MTF</i> or <i>OTF</i> operators (i.e. those supervised by a team of flexible portfolio supervisors)	29,867 <u>27,584</u>	
[deleted]		
an <i>EEA firm</i>	0	
...		

4 Annex 11R Periodic fees in respect of payment services, electronic money issuance, regulated covered bonds, CBTL business and data reporting services in relation to the period 1 April ~~2017~~ 2018 to 31 March ~~2018~~ 2019

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 1 - Method for calculating the fee for fee-paying payment service providers	
...	
(3)	For a <i>fee-paying payment service provider</i> which is required to comply with <i>FEES</i> 4.4.9D (Information on which fees are calculated) and has not

	done so for this period:	
	(a)	the fee is calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by the factor of 1.10; and
	(b)	an additional administrative fee of £250 is payable.
	(c)	[deleted]

...

Part 5 - Tariff rates		
Activity group	Fee payable in relation to 2017/18 <u>2018/19</u>	
G.2	Minimum fee (£)	500 <u>515</u>
	£ million or part £m of Modified Eligible Liabilities (MELS)	Fee (£/£m or part £m of MELS)
	> 0.1	0.6456 <u>0.5390</u>
G.3	Minimum fee (£)	500 <u>515</u>
	£ thousands or part £thousand of Relevant Income	Fee (£/£thousand or part £thousand of Relevant Income)
	> 100	0.4341 <u>0.3625</u>
G.4	Flat fee (£)	500 <u>515</u>
G.5	As in G.3	
G.10	Minimum fee (£)	1,643 <u>1,692</u>
	£ million or part £m of average outstanding electronic money (AOEM)	Fee (£/£m, or part £m of AOEM)
	>5.0	120.00 <u>80.00</u>
G.11	Flat fee (£)	1,095 <u>1,128</u>
G.15	Minimum fee for the first registered	89,876 <u>79,184</u>

	<i>programme (£)</i>	
	Minimum fee for all subsequent registered <i>programmes</i>	75% of minimum fee for first registered <i>programme</i>
	£ 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	13.27 <u>11.80</u>
	...	
G.20	Flat fee (£)	404.00 <u>416</u>
G.21	Flat fee (£)	202.00 <u>208</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> (other than an incoming <i>data reporting services provider</i>) has authorisation.	£25,000 <u>25,750</u>

...

...

4 Annex 14R UKLA periodic fees for the period from 1 April ~~2017~~ 2018 to 31 March ~~2018~~ 2019

Part 1 Base fee			
Activity group or invoice code (Note 1)		Description	Base fee payable (£)
E.1	Discontinued		
E.2	Premium listed issuer	A <i>listed issuer</i> of <i>equity shares</i> with a <i>premium listing</i> (see Note 2)	5,200 <u>5,355</u>
E.3	Standard	A <i>listed issuer</i> of <i>shares</i> and <i>certificates representing certain securities</i> with a	19,695

	listed issuer	<i>standard listing</i> and not with a <i>premium listing</i> (see Note 2)	<u>20,285</u>
E.4	Discontinued		
E.5	Discontinued		
E.6	Non-listed issuer (in <i>DTR</i>)	<i>A non-listed issuer</i> (in <i>DTR</i>)	0
E.7	Primary information provider	<i>A primary information provider</i>	16,425 <u>16,920</u>
ES.01	Sponsor	<i>A sponsor</i> (see Note 3)	27,370 <u>28,190</u>

...

Part 2 Variable fee additional to base fee			
Activity Group		Market capitalisation as at the last <i>business day</i> of the November 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	28.469627 <u>27.457725</u>
		> 250 – 1,000	10.984421 <u>10.594000</u>
		> 1,000 – 5,000	6.761363 <u>6.521042</u>
		> 5,000 – 25,000	0.164930 <u>0.159068</u>
		> 25,000	0.053284 <u>0.051391</u>

...

4 Annex 15R Fees relating to the recognition of benchmark administrators and the endorsement of benchmarks for the period 1 April 2018 to 31 March 2019

Activity group	Fee payable
----------------	-------------

A third country legal representative	£12,500 <u>£12,500</u>
A benchmark endorser	£7,500 <u>£7,500</u>
...	

5 Financial Ombudsman Service Funding

...

5 Annex 1R Annual General Levy Payable in Relation to the Compulsory Jurisdiction for 2018/19

Introduction: annual budget

1. The *annual budget* for ~~2017/18~~ 2018/19 approved by the *FCA* is ~~£263.5m~~ £289.8m.
2. The total amount expected to be raised through the *general levy* in ~~2017/18~~ 2018/19 will be £24.5m.

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).	£0.04454 <u>£0.04466</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)	£1,000 <u>£1,000</u> per £1,000 of GWP or RGWP, subject to a minimum levy of £100 <u>£100</u>
3-The <i>Society</i> (of Lloyd's)	Not applicable	£25,989 to be allocated by the <i>Society</i>
4-Insurers - life	Gross written premium for fees	£0.0085 <u>£0.0085</u> per

(excluding <i>firms</i> in block 15)	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)	£1,000 of GWP or RGWP, subject to a minimum levy of £130 <u>£130</u>
5. Portfolio managers (including those holding <i>client money/assets</i> and not holding <i>client money/assets</i>)	Flat fee	Levy of £230
6. Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes	Flat fee	Levy of £60
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> .	£0.150 <u>£0.136</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> .	£0.070 <u>£0.033</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</i> , <i>registered account information service providers</i> , <i>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 <i>EEA authorised payment institutions</i> relevant income as described in <i>FEES</i> 4 Annex 11	£0.0007 <u>£0.0003</u> per £1,000 of relevant income subject to a minimum levy of £75

	Part 3	
	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- <i>Credit unions</i>	Flat fee	Levy of £55
15- <i>Friendly societies</i> whose tax-exempt business represents 95% or more of their total relevant business	Flat fee	Levy of £65
16- <i>Home finance providers, advisers and arrangers</i> (excluding <i>firms</i> in blocks 13, 14 & 15)	Flat fee	Levy of £90
17 - General insurance mediation (excluding <i>firms</i> in blocks 13, 14 & 15)	<i>Annual income</i> (as defined in <i>MIPRU</i> 4.3) relating to <i>firm's</i> relevant business	£0.471 0.4477 per £1,000 of <i>annual income</i> (as defined in <i>MIPRU</i> 4.3) relating to <i>firm's</i> relevant business subject to a minimum levy of £100
18 - <i>fee-paying electronic money issuers</i>	For all <i>fee-paying electronic money issuers</i> except for <i>small electronic money institutions</i> , average outstanding <i>electronic money</i> , as described in <i>FEES</i> 4 Annex 11 Part 3.	£0.0007 per £1,000 of average outstanding <i>electronic money</i> subject to a minimum levy of £75 40
	For <i>small electronic money institutions</i> , a flat fee	Levy of £50
19 - <i>Credit-related regulated activities with limited permission</i>	For <i>not-for-profit debt advice bodies</i> , a flat fee	Levy of £0
	For all other <i>firms</i> with <i>limited</i>	Levy of £35

	<i>permission</i> , a flat fee	
20 - <i>Credit-related regulated activities</i>	Annual income as defined in <i>FEES</i> 4 Annex 11BR	Levy of £35 Plus £0.012 <u>0.01</u> per £1,000 of annual income on income above £250,000
21 - <i>CBTL firms</i> that do not have <i>permission</i> to carry out any <i>regulated activities</i>	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

...

...

7 CFEB Levies

...

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

Part 1

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

Activity group	The money advice <i>CFEB</i> levy payable	
A.1	Band Width (£ million of Modified Eligible Liabilities)	Fee (£/£m or part m of MELs)

	(MELs))	
	>10	{tbe} <u>1.547</u>
A.2	Band Width (no. of mortgages and/or <i>home finance transactions</i>)	Fee (£/mortgage)
	>50	{tbe} <u>0.593</u>
A.3	Gross premium income (GPI) <u>Gross written premium for fees purposes (GWP)</u>	
	Band Width (£ million of GPI <u>GWP</u>)	Fee (£/£m or part £m of GPI <u>GWP</u>)
	>0.5	20.36 <u>31.28</u>
	PLUS	
	Gross technical liabilities (GTL) <u>Best estimate liabilities for fees purposes (BEL)</u>	
	Band Width (£ million of GTL <u>BEL</u>)	Fee (£/£m of part £m of GTL <u>BEL</u>)
	>1	1.10 <u>1.72</u>
A.4	Adjusted annual gross premium income (AGPI) <u>Gross written premium for fees purposes (GWP)</u>	
	Band Width (£ million of AGPI <u>GWP</u>)	Fee (£/£m or part £m of AGPI <u>GWP</u>)
	>1	29.26 <u>20.481</u>
	PLUS	
	Mathematical reserves (MR) <u>Best estimate liabilities for fees purposes (BEL)</u>	
	Band Width (£ million of MR <u>BEL</u>)	Fee (£/£m or part £m of MR <u>BEL</u>)
	>1	0.62 <u>0.6423</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 of part £m of FuM)
	>10	0.11 <u>0.162</u>
	For class 1(B) firms: the fee calculated as for class 1(C) firms above, less 15%.	
	For class 1(A) firms: the fee calculated as for class 1(C) firms above, less 50%.	
	Class 1(A), (B) and (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	65.20 <u>92.48</u>
A.10	Band Width (no. of traders)	Fee (£/trader)
	>1	92.80 <u>148.43</u>
A.13	For class (2) firms	
	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	0.068 <u>0.0715</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	0.0215 <u>0.031</u>
A.18	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	0.175 <u>0.211</u>

A.19	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	0.0294 <u>0.038</u>
A.21	Band Width (£ <i>client money</i>) (CM) held	Fee (£/£ millions or part £ million of CM)
	less than £1 million	1.55 <u>2.21</u>
	an amount equal to or greater than £1 million but less than or equal to £1 billion	1.16 <u>1.66</u>
	more than £1 billion	0.78 <u>1.11</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	0.006 <u>0.008</u>
	an amount equal to or greater than £10 million and less than or equal to £100 billion	0.005 <u>0.006</u>
	more than £100 billion	0.003 <u>0.004</u>
G.3	Minimum fee (£)	10
	£ thousands or part £ thousand of Relevant Income	Fee (£/£thousand or part £ thousand of Relevant Income)
	>100	0.0219 <u>0.0293</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	6.65 <u>7.30</u>
G.11	Flat fee (£)	10
CC.1	Minimum fee (£)	£10

	£ thousand of annual income (AI)	Fee (£/£ thousand or part thousand of AI)
	>250	0.37 <u>0.102</u>
CC.2	Minimum fee (£)	10
	£ thousands of annual income (AI)	Fee (£/£ thousand or part £ thousand of AI)
	>250	0.37 <u>0.102</u>
Notes		
(1) The definitions of fee-blocks G5 and G10 under Part 2 and Part 2A of <i>FEES</i> 4 Annex 11R are modified, for the purposes of <i>FEES</i> 7, 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 <i>firms</i> and those which hold a <i>Part 4A permission</i> .		
Part 2		
(1)	This Part sets out the minimum money advice <i>CFEB levy</i> applicable to the <i>firms</i> specified in (3) below.	
(2)	The minimum money advice <i>CFEB levy</i> payable by any <i>firm</i> referred to in (3) is £10.	
(3)	A <i>firm</i> is referred to in this paragraph if it falls within the following activity groups: A.1; A.2; A.3 (excluding <i>UK ISPVs</i>); A.4; A.5; A.7; A.9; A.10; A.12; A.13; A.14; A.18; A.19; G.3 and G.10.	

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

...

Part 4

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

Activity group	Debt advice <i>CFEB levy</i> payable	
A.2 Home finance providers and administrators	Band width (£million of secured debt)	Fee (£/£m or part £m of secured debt)
	>0	{tbe} <u>21.13</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) [the] <u>109.96</u>
Note		
(1) <i>Credit unions and community finance organisations</i> do not pay any debt advice <i>CFEB</i> levy on the first £2,000,000 of value of lending.		

...

10.2 Pensions guidance levy

...

- 10.2.4 R The amount payable for a particular activity group is calculated as follows:
- (1) (a) calculate the size of the *firm's* tariff base for the activity group using:
 - (i) the tariff base calculations in Part 3 of *FEES* 4 Annex 1A; and
 - (ii) the valuation date requirements in Part 5 of *FEES* 4 Annex 1A;
 - (b) exclude ~~mathematical reserves~~ best estimate liabilities for fees purposes in the calculation for fee block A4;

...

...

10 Pension guidance levy for the period 1 April ~~2017~~ 2018 to 31 March 2018

Annex 2019

1R

Activity Group	Pensions guidance levy payable	
A.1	Band width (£ million of modified eligible liabilities (MELs)) >10	Fee (£/£m or part £m of MELS) 1.329 <u>1.258</u>
A.4	Band width (£ million of adjusted annual gross premium income (AGPI) <u>gross written premium for fees purposes (GWP)</u>)	Fee (£/£m or part £m of AGPI <u>GWP</u>)

[illegible]

11 Pensions guidance providers' levy

...

11 Pensions guidance providers' levy for the period 1 April ~~2017~~ 2018 to 31
Annex ~~2018~~ 2019
1R

The table below shows the *pensions' guidance providers' levy* applicable to the *designated guidance providers* for the *fee year* 1 April ~~2017~~ 2018 to 31 March ~~2018~~ 2019.

(A) Row	(B) Name of designated guidance provider	(C) Pensions guidance providers' levy payable (£)
1	The Pensions Advisory Service Limited	13,500 <u>11,250</u>
2	The National Association of Citizens Advice Bureaux	13,500 <u>11,250</u>
3	The Scottish Association of Citizens Advice Bureaux	13,500 <u>11,250</u>
4	The Northern Ireland Association of Citizens Advice	13,500 <u>11,250</u>

	Bureaux	
5	Any other person designated as a <i>designated guidance provider</i> between 1 April 2017 <u>2018</u> to 31 March 2018 <u>2019</u>	13,500 <u>11,250</u> adjusted in accordance with the formula at <i>FEES</i> 11.2.10R

...

13 Illegal money lending levy

...

13 Illegal money lending (IML) levy for ~~2017/18~~ 2018/19

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 + 0.202 <u>0.200</u> per £1,000

Appendix 1 Unauthorised Mutuals Registration Fees Rules

...

App 1 Periodic fees payable for the period 1 April ~~2017~~ 2018 to 31 March ~~2018~~ 2019

Annex 1R

Part 1 Periodic fee payable by Registered Societies (on 30 June ~~2017~~ 2018)

This fee is not payable by a *credit union*.

Transaction	Total assets (£'000s)	Amount payable (£)
Periodic fee	0 to 50	65 <u>67</u>
	> 50 to 100	125 <u>129</u>
	> 100 to 250	205 <u>211</u>

	> 250 to 1,000	265 <u>273</u>
	> 1,000	480 <u>495</u>

...

Appendix 2

Fees (Miscellaneous Amendments)(No11)

Instrument 2018 (made rules)

FEES (MISCELLANEOUS AMENDMENTS) (No 11) INSTRUMENT 2018

Powers exercised

- A. The Financial Conduct Authority 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 (The FCA’s general rules);
 - (b) section 137T (General supplementary powers);
 - (c) section 139A (Power of the FCA to give guidance);
 - (d) paragraph 23 (Fees) of Schedule 1ZA (The Financial Conduct Authority);
 - (2) paragraph 6A of the Consumer Rights (Payment Surcharges) Regulations 2012 (SI 2012/3110); and
 - (3) regulation 26 of the Financial Services and Markets Act (2000) (Benchmarks) Regulations 2018 (SI 2018/135).
- B. The rule-making powers 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 2 July 2018.

Amendments to the Handbook

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

Citation

- E. This instrument may be cited as the Fees (Miscellaneous Amendments) (No 11) Instrument 2018.

By order of the Board
28 June 2018

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**

...

Method of payment

3.2.3 R ...

(5) ~~Payments by credit card must include an additional:~~ [deleted]

(a) ~~2% of the sum paid when paying by Visa or Mastercard; or~~

(b) ~~3.2% of the sum paid when paying by American Express.~~

...

...

3 Annex **Special Project Fee for restructuring** 9R

...		
(2) R		The SPFR becomes payable by a <i>person</i> falling into (1)(a) or (b) if it engages in, or prepares to engage in, activity which involves it undertaking or making arrangements with a view to any of the following:
	(a)	raising additional capital; or
	(b)	a significant restructuring of the <i>firm</i> or the <i>group</i> to which it belongs,

		including:
	(i)	mergers or acquisitions;
	(ii)	reorganising the <i>firm's group</i> structure; and
	(iii)	<i>retribution</i> ;
	(iv)	<u>a significant change to the <i>firm's</i> business model; and</u>
	(v)	<u>a significant internal change programme.</u>
...		
(8) R	Subject to FEES TP 8.1R , no <u>No</u> SPFR is payable to the <i>FCA</i> :	
	(a)	if the amount calculated in accordance with (9) in relation to the regulatory work conducted by the <i>FCA</i> totals less than £50,000 <u>in the case of an <i>FCA- authorised person</i> or £25,000 in the case of a <i>PRA- authorised person</i></u> ; or
	(b)	for time spent giving <i>guidance</i> to the <i>person</i> in relation to the same matter if the <i>FCA</i> has charged that <i>person</i> for that <i>guidance</i> .
(9) R	The SPFR for the <i>FCA</i> is calculated as follows:	
	(a)	Determine the number of hours, or part of an hour, taken by the <i>FCA</i> or, if applicable, both the <i>FCA</i> and <i>PRA</i> under FEES TP 8.1R , in relation to regulatory work conducted as a consequence of the activities referred to in (2) or (6).
	...	
...		
(11) R	Table of <i>FCA</i> hourly rates:	
	<i>FCA</i> pay grade	Hourly rate (£)
	Administrator	30 <u>45</u>

	Associate	55 <u>75</u>
	Technical Specialist	100 <u>130</u>
	Manager	110 <u>145</u>
	Any other person employed by the <i>FCA</i>	160 <u>255</u>
...		
(13) G	If the SPFR is payable, the full amount calculated under (9) is payable not just the excess over <u>£50,000</u> or <u>£25,000</u> .	
...		

...

4 Periodic fees

...

4.2 Obligation to pay periodic fees

...

Method of payment

- 4.2.4 R (1) A periodic fee must be paid using either direct debit, credit transfer (BACS/CHAPS), cheque, Maestro, Visa Debit or by credit card (Visa/Mastercard only). ~~Any payment by permitted credit card must include an additional 2% of the sum paid.~~

...

...

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

...

Part 5

This table indicates the valuation date for each fee-block. A *firm* can calculate its tariff data in respect of fees payable to the *FCA* by applying the tariff bases set out in Part 3 with reference to the valuation dates shown in this table.

Activity group	Valuation date
...	
A.9	Annual gross income (GI), valued at for the most recent financial year ended in the calendar year ending 31 December.
...	

...

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

Annual income definition
...
<p>Definition for Recognised Investment Exchanges</p> <p>“Annual income” for a <i>recognised investment exchange</i> is the gross inflow of economic benefits (i.e. cash, receivables and other assets) recognised in the <i>firm’s</i> accounts during the reporting year in respect of, or in relation to activities that comprise a necessary part of an exchange’s business as an investment exchange. <u>This should include all revenues the <i>firm</i> derives from operating multilateral trading facilities and organised trading facilities.</u></p>
...
<p>Where the firm is a Regulated Benchmark Administrator</p> <p>“Annual income” for a <i>regulated benchmark administrator</i> is the gross inflow of economic benefits (i.e. cash, receivables and other assets) recognised in the</p>

firm's accounts during the reporting year in respect of, or in relation to activities in the UK that comprise a necessary part of its business as a *regulated benchmark administrator*.

Where the sales and marketing of a benchmark are undertaken by a separate legal entity, the *regulated benchmark administrator* is responsible for identifying the relevant income and reporting it to us as its own income. To avoid double counting, the *regulated benchmark administrator* should report only the income from sales in the UK and exclude any amount paid to it from that income to pay for its expenses as a *regulated benchmark administrator*.

...

4 Annex 11BR Definition of annual income for the purposes of calculating fees in fee blocks CC1 and CC2

(1) Annual income definition for <i>credit related regulated activities</i>	
<p>“Annual income” is the gross inflow of economic benefits (i.e. cash, receivables and other assets) recognised in the <i>firm's</i> accounts during the reporting year in respect of, or in relation to, the provision in the <i>UK</i> of the <i>regulated activities</i> specified in <i>FEES</i> 4 Annex 1AR Part 1 as belonging to fee-blocks CC1 or CC2 as applicable.</p> <p>The figure should be reported without netting off the operating costs or business expenses, but including:</p>	
(a)	all interest received on loans, brokerages, <i>commissions</i> , <i>fees</i> , and other related income (for example, administration <i>charges</i> , overrides, profit shares etc) due to the <i>firm</i> in respect of, or in relation to, the provision in the <i>UK</i> of the <i>credit-related regulated activities</i> specified in <i>FEES</i> 4 Annex 1AR Part 1 as belonging to fee-blocks CC1 and CC2 and which the <i>firm</i> has not rebated to <i>clients</i> or passed on to other authorised firms (for example, where there is a commission chain).
(aa)	<u>In the case of consumer hire agreements, interest should be calculated as the total revenue over the period of the lease minus depreciation of the asset over the same period. Where depreciation is not recorded in the accounts and a firm uses its own internal conventions for calculating depreciation, it must be ready on request to demonstrate that its methodology uses straight-line depreciation or an alternative depreciation method in line with the UK Financial Reporting Standard (FRS 102) or International Accounting Standards (IAS). In the absence of internal conventions for calculating depreciation, the assumption should be made that the asset depreciates to zero over the period (or minimum period) of</u>

	the lease, or (if no period is specified) over a reasonable period. Plus:
...	

...

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

<p>Table 1</p> <p>The following table sets out guidance on how a <i>firm</i> should calculate tariffs for fee blocks A.13, A.14, A.18, A.19 and B. Service Companies, Recognised Investment Exchanges and <u>Regulated</u> Benchmark Administrators.</p>	
...	
(2)	<p>For the avoidance of doubt, the only income streams reportable for a relevant fee-block are those income streams which relate to a <i>regulated activity</i> listed in that fee-block. Income streams that do not relate to a <i>regulated activity</i> listed in the relevant fee-block should not be reported. <i>Service companies</i>, operators of <i>recognised investment exchanges</i> and <u>regulated benchmark administrators</u> should report the income relating to each of these activities, excluding income from any other activities in the B fee-block on which they pay <i>FCA</i> fees. <u>Operators of recognised investment exchanges</u> should include all income derived from operating <u>multilateral trading facilities and organised trading facilities</u>.</p> <p>...</p>
...	
<p>Table 2</p> <p>The following table sets out <i>guidance</i> on how a <i>firm</i> should calculate tariffs for fee blocks CC.1 and CC.2.</p>	
...	
Exclusions	
(9)	The following should be excluded from the calculation of annual income:

...	
(m)	<p><u>Where a <i>consumer hire agreement</i> is open ended, its term should be taken as the period over which depreciation is calculated to zero. If the agreement is in practice terminated before depreciation reaches zero, the residual value may not be subtracted from the revenue.</u></p> <p><u>Where an agreement ends before depreciation reaches zero, but is subsequently renewed, the residual value of the asset should determine its cost at the beginning of the new agreement and depreciation recalculated accordingly. For example, if the cost of the asset at the start of the original agreement was £500 and depreciation was 80%, then its residual value carried forward to the new agreement would be £100. If the asset was assumed to depreciate to zero during the original agreement, then there is no residual value to carry forward and the income for the second agreement would be the total revenue from the lease.</u></p>
...	

...

TP 8 Transitional provisions relating to FEES 3 Annex 9R and FEES 4.3.6R taking effect in 2013/14

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	5) Transitional provision: dates in force	(6) Handbook provision: coming into force
8.1	Special project fee transitional provisions				
8.1.1 [FCA] [PRA]	FEES 3 Annex 9R	R	<p>This rule relates to a special project fee or part of a special project fee which has the following characteristics:</p> <p>(1) one or more of the events described in FEES 3 Annex 9R (2) or (6) had occurred before 1 April 2013; and</p> <p>(2) FSA employees conducted regulatory work which had been</p>	From 1 April 2013 indefinitely	1 April 2013

			<p>recorded on the <i>FSA</i>'s systems and/or the <i>FSA</i> was invoiced fees and disbursements as a consequence of the applicable event or events referred to in <i>FEES 3 Annex 9R (2)</i> or (6) before 1 April 2013.</p> <p>(3) Hours or part hours worked by <i>FSA</i> staff and any fees or disbursements invoiced to the <i>FSA</i> of the kind described in <i>FEES 3 Annex 9R (9)</i> which were not accounted for in an invoice issued by the <i>FSA</i> prior to 31 March 2013 shall be named "pre-LCO accrued costs" in <i>FEES TP 8.1</i>. <u>[deleted]</u></p>		
8.1.2 [FCA] [PRA]	<i>FEES 3 Annex 9R</i>	R	<p>In relation to the kind of special project fee specified in <i>FEES TP 8.1.1R</i>,</p> <p>(a) where one of the events referred to in <i>FEES 3 Annex 9R (6)(a)</i> had occurred, any pre-LCO accrued costs shall be included in the calculation of any amount payable to the <i>FCA</i> under <i>FEES 3 Annex 9R (9)</i>;</p> <p>(b) a special project fee is payable to the <i>FCA</i> regardless of whether the amount calculated according to <i>FEES 3 Annex 9R</i> for the <i>FCA</i> is less than £50,000; and</p> <p>(c) no special project fee is payable if the sum total of adding together (i) the amount calculated in accordance with <i>FEES 3 Annex 9R (9)</i> in respect of the <i>FCA</i> and (ii) the total costs invoiced by the <i>FSA</i> before 1 April 2013 results in a total amount of less than £50,000. <u>[deleted]</u></p>	From 1 April 2013 indefinitely	1 April 2013
8.1.3 [FCA] [PRA]	<i>FEES 3 Annex 9R</i>	R	<p>In relation to the kind of special project fee specified in <i>FEES TP 8.1.1R</i>, where one of the events referred to in <i>FEES 3 Annex 9R</i></p>	From 1 April 2013 indefinitely	1 April 2013

			<p>(2) or (6)(b) had occurred:</p> <p>(a) 50% of the pre-LCO accrued costs shall be included in the calculation of any amount payable to the <i>FCA</i> under <i>FEES 3 Annex 9R(9)</i>;</p> <p>(b) 50% of the pre-LCO accrued costs shall be included in the calculation of any amount payable to the <i>PRA</i> under <i>FEES 3 Annex 9R(9)</i>;</p> <p>(c) a special project fee is payable to the <i>appropriate regulator</i> regardless of whether the amount calculated according to <i>FEES 3 Annex 9R</i> for the <i>appropriate regulator</i> is less than £50,000; and</p> <p>(d) no special project fee is payable if the sum total of adding together (i) the amount calculated in accordance with <i>FEES 3 Annex 9R(9)</i> in respect of the <i>FCA</i>, (ii) the amount calculated in accordance with <i>FEES 3 Annex 9R(9)</i> in respect of the <i>PRA</i> and (iii) the total costs invoiced by the <i>FSA</i> before 1 April 2013 results in a total amount of less than £50,000. <u>[deleted]</u></p>		
8.1.4 [FCA] [PRA]	<i>FEES 3 Annex 9</i>	G	<p>As a result of <i>FEES FEES TP 8.1.3R</i>, pre-LCO accrued costs may give rise to two separate fee payment obligations following 1 April 2013, one in respect of the <i>FCA</i> and one in respect of the <i>PRA</i> if the threshold in <i>FEES TP 8.1.3(d)</i> is breached. <u>[deleted]</u></p>	From 1 April 2013 indefinitely	1 April 2013
8.1.5 [FCA] [PRA]	<i>FEES 3 Annex 9</i>	G	<p>(1) This <i>guidance</i> gives examples of how <i>FEES TP 8.1</i> is intended to operate.</p> <p>(2) If an event specified in <i>FEES 3 Annex 9 (2)</i> occurred on 1 April 2012, the £50,000 threshold was breached on 1 November and the</p>	From 1 April 2013 indefinitely	1 April 2013

			<p>FSA invoiced for the full amount outstanding as at 1 December 2012 but issued no further invoices, any accrued hours or part hours and fees or disbursements invoiced to the FSA between 1 December 2012 and 1 April 2013 will be divided equally between the FCA and the PRA and an amount would be payable to the FCA and the PRA as separate fees regardless of whether the separate thresholds contained in FEES 3 Annex 9 (8) are met as long as the combined FSA, FCA and PRA costs incurred exceeded £50,000.</p> <p>(3) If an event specified in FEES 3 Annex 9 (6)(a) occurred on 1 February 2013, the FSA had begun the relevant regulatory work but had yet issued any invoices or breached the 50,000 floor before 1 April 2013, the accrued hours and disbursements will be allocated towards the FCA's fee calculation. [deleted]</p>		
...					

Appendix 3

Fees (Single Financial Guidance Body Levy) Instrument 2018(made rules)

FEES (SINGLE FINANCIAL GUIDANCE BODY LEVY) INSTRUMENT 2018**Powers exercised**

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (The FCA’s general rules);
 - (2) section 137T (General supplementary powers);
 - (3) section 139A (Power of the FCA to give guidance);
 - (4) paragraph 23 (Fees) in Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority); and
 - (5) section 137SA (Rules to recover expenses relating to the single financial guidance body).
- B. The rule-making provisions listed above are specified for the purposes of section 138G(2) (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.

Commencement

- D. This instrument comes into force on 2 July 2018.

Amendments to the Handbook

- E. The modules of the FCA Handbook listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Fees manual (FEES)	Annex B
Credit Unions sourcebook (CREDS)	Annex C

Citation

- F. This instrument may be cited as the Fees (Single Financial Guidance Body Levy) Instrument 2018.

By order of the Board
28 June 2018

Annex A

Amendment to the Glossary of definitions

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

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

<i>SFGB</i>	the single financial guidance body established under section 1 (Establishment of the single financial guidance body) of the Financial Guidance and Claims Act 2018.
<i>SFGB debt advice levy</i>	the amount payable to the <i>FCA</i> by a <i>firm</i> to which <i>FEES</i> 7A.3 (The SFGB money advice levy and debt advice levy) and <i>FEES</i> 7A Annex 2R apply.
<i>SFGB levy</i>	the levy payable to the <i>FCA</i> pursuant to <i>FEES</i> 7A.2.1R by the <i>persons</i> listed in: <ol style="list-style-type: none"> (1) <i>FEES</i> 1.1.2R(5) in relation to the <i>SFGB money advice levy</i> and <i>SFGB debt advice levy</i>; and (2) <i>FEES</i> 7A.1.2R in relation to the <i>SFGB pensions guidance levy</i>.
<i>SFGB money advice levy</i>	the amount payable to the <i>FCA</i> by a <i>firm</i> to which <i>FEES</i> 7A.3 (The SFGB money advice levy and debt advice levy) and <i>FEES</i> 7A Annex 1R apply.
<i>SFGB pensions guidance levy</i>	the amount payable to the <i>FCA</i> by a <i>firm</i> to which <i>FEES</i> 7A.4 (The SFGB Pensions guidance levy) applies.

Amend the following definitions as shown.

<i>electronic money issuer</i>	<ol style="list-style-type: none"> (1) (except in <i>DISP</i>, <i>FEES</i> 5.5A and <i>FEES</i> 7A) any of the following <i>persons</i> when they issue <i>electronic money</i>: <p style="text-align: center;">...</p> (3) <u>(in <i>FEES</i> 7A) as in (1) but excluding:</u> <ol style="list-style-type: none"> (a) <u>the Bank of England, the European Central Bank and the national central banks of EEA States other than the United Kingdom, when not acting in their capacity as a monetary authority or other public authority; and</u> (b) <u>government departments and local authorities when acting in their capacity as public authorities.</u>
--------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

firm

...

- (5) (in *FEES* 3, *FEES* 4, *FEES* 5, ~~and~~ *FEES* 7 and *FEES* 7A) includes a fee-paying payment service provider and a fee-paying electronic money issuer in accordance with *FEES* 3.1.1AR, *FEES* 4.1.1AR, *FEES* 5.1.1AR, ~~and~~ *FEES* 7.1.1R and *FEES* 7A1.1R(1).

...

*payment
service
provider*

- (1) (except in *DISP* and *FEES* 7A) (in accordance with regulation 2(1) of the *Payment Services Regulations*) any of the following *persons* when they carry out a *payment service*:

...

- (5) (in *FEES* 7A) as in (1) but excluding (1)(g) and (h).

Annex B

Amendments to the Fees manual (FEES)

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

1 Fees Manual

1.1 Application and Purpose

1.1.1 G ...

(8) FEES 7A relates to the SFGB levy.

...

1.1.2 R This manual applies in the following way:

...

(5) FEES 1, 2, ~~and 7~~ and 7A (in relation to the SFGB money advice levy and SFGB debt advice levy only) apply to:

...

...

(7) FEES 7A (in relation to the SFGB pensions guidance levy only) applies to firms referred to in FEES 7A.1.2R.

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

...

...

2 General Provisions

...

2.2 Late Payments and Recovery of Unpaid Fees

Late Payments

2.2.1 R If a *person* does not pay the total amount of a periodic fee, *FOS* levy, or share of the *FSCS* levy, ~~or CFEB levy~~ or SFGB levy, before the end of the date on which it is due, under the relevant provision in *FEES* 4, 5, ~~6~~, ~~or 7~~ or 7A, that *person* must pay an additional amount as follows:

...

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

Recovery of Fees

- 2.2.3 G (1) Paragraph 23(8) of Schedule 1ZA of the *Act* permits the *FCA* to recover *fees* (including *fees* relating to *payment services*, the issuance of *electronic money*, *CBTL* firms, *data reporting services providers*, *designated credit reference agencies*, *designated finance platforms* and, where relevant, *FOS* levies, ~~and~~ *CFEB* levies and *SFGB* levies).

...

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

2.3 Relieving Provisions

Remission of Fees and levies

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

...

- 2.3.2C R For *FEES* 7A, the *FCA* is entitled not to consider a claim under *FEES* 2.3.1R or *FEES* 2.3.2R to refund any overpaid amounts due to a mistake of fact or law by the fee-paying *firm* if the claim is made more than two years

after the beginning of the period to which the *SFGB* levy subject to the claim relates.

2.4 VAT

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

After *FEES* 7 (CFEB levies) insert the following new chapter *FEES* 7A. The text is not underlined.

7A *SFGB* levies

7A.1 Application and purpose

Application

- 7A.1.1 R This chapter applies to the *persons* listed in:
- (1) *FEES* 1.1.2R(5) in relation to the *SFGB* money advice levy and *SFGB* debt advice levy; and
 - (2) *FEES* 7A.1.2R in relation to the *SFGB* pensions guidance levy.
- 7A.1.2 R The *SFGB* pensions guidance levy applies to a *firm* that:
- (1)
 - (a) has a *Part 4A* Permission; or
 - (b) is an *incoming EEA* firm with a branch in the *United Kingdom*; or
 - (c) is an *incoming Treaty* firm with a branch in the *United Kingdom*; and
 - (2) falls within one or more of the following activity groups listed in Part 1 of *FEES* 4 Annex 1AR:
 - (a) A.1 Deposit acceptors;
 - (b) A.4 Insurers – life;
 - (c) A.7 Portfolio managers except Class (1)A firms;
 - (d) A.9 Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes;

and

(e) A.13 Advisors, arrangers, dealers or brokers.

Purpose

- 7A.1.3 G The purpose of this chapter is to set out the requirements on the *persons* listed in *FEES* 7A.1.1R to fund the Secretary of State costs relating to the *SFGB*, and the related *FCA* collection costs.

Background

- 7A.1.4 G Under section 137SA(1) (Rules to recover expenses relating to the single financial guidance body) of the *Act*, the Secretary of State may, from time to time, notify the *FCA* of the expenses incurred, or expected to be incurred, in connection with the operation of the *SFGB* or under section 12 of the Financial Guidance and Claims Act 2018. Expenses arise under section 12 when the Secretary of State:
- (1) pays grants or makes loans, or gives any other form of financial assistance, to meet expenditure in connection with the establishment of the *SFGB*; and
 - (2) pays grants or makes loans, or gives any other form of financial assistance, to the *SFGB* for the purpose of enabling the *SFGB* to carry out its functions.
- 7A.1.5 G When the Secretary of State has notified the *FCA* under section 137SA(1) , under subsections (2) and (3) the *FCA* must make rules requiring *authorised persons, electronic money issuers or payment service providers* (or any specified class of the same) to pay specified sums, or sums calculated in a specified way to the *FCA* with a view to recovering:
- (1) the amount notified by the Secretary of State; and
 - (2) expenses incurred by the *FCA* in connection with its functions under section 137SA of the *Act*.
- 7A.1.6 G This chapter contains the *rules* referred to in *FEES* 7A.1.4G(2).
- 7A.1.7 G Under section 137SA(8) of the *Act*, the *FCA* must pay to the Secretary of State the amounts that it receives pursuant to the *rules* in this chapter, apart from amounts covering its collection costs (which the *FCA* may keep).
- 7A.1.8 G The total amount raised by the *SFGB* levy may vary from year to year depending on the amount notified to the *FCA* by the Secretary of State.

Exemption

- 7A.1.9 R A *firm* is not liable to pay a *SFGB* levy in relation to *payment services* or *electronic money* issuance if it is the Bank of England, a government department, a local authority, a municipal bank or the National Savings

Bank.

7A.2 The SFGB levy

7A.2.1 R The *SFGB levy* is made up of:

- (1) the *SFGB money advice levy*, as set out in *FEES* 7A.3;
- (2) the *SFGB debt advice levy*, as set out in *FEES* 7A.3; and
- (3) the *SFGB pensions guidance levy*, as set out in *FEES* 7A.4.

7A.3 The SFGB money advice levy and debt advice levy

Obligation to pay money advice levy or debt advice levy

7A.3.1 R A *firm* must pay the *SFGB money advice levy* or *SFGB debt advice levy* applicable to it:

- (1) in full and without deduction (unless permitted or required by a provision in *FEES*); and
- (2) in accordance with the provisions of *FEES* 4.3.6R as modified by *FEES* 7A.3.2R.

7A.3.2 R (1) For the purposes of *FEES* 7A.3.1R(2), *FEES* 4.3.6R(1C) to (1E) is modified so that if a *firm*'s periodic fee for the previous *financial year* were at least £50,000, the *firm* must pay:

- (a) an amount equal to 50% of the *SFGB money advice* or *SFGB debt advice levy* payable for the previous year, by 1 April in the *financial year* to which the sum due under *FEES* 7A.3.1R relates; and
- (b) the balance of the *SFGB money advice levy* or *SFGB debt advice levy* due for the current *financial year* by 1 September in the *financial year* to which that sum relates.

(2) For the purposes of *FEES* 7A.3.1R(2), *FEES* 4.3.6R(2) is modified so that if the *firm*'s periodic fee for the previous *financial year* was less than £50,000, the *firm* must pay its *SFGB money advice levy* or *SFGB debt advice levy* in full by 1 July in the *financial year* to which that sum relates.

Calculation of the money advice levy and debt advice levy

7A.3.3 R The *SFGB money advice levy* and *SFGB debt advice levy* are each calculated as follows:

- (1) identify each of the activity groups set out in Part 1 of *FEES 7A Annex 1R* and Part 1 of *FEES 7A Annex 2R* that apply to the business of the *firm* for the relevant period (for this purpose, the activity groups under *FEES 7A Annex 1R* are defined in accordance with Part 1 of *FEES 4 Annex 1AR* and the activity groups under *FEES 7A Annex 2R* are defined in accordance with Part 1 of that Annex);
- (2) calculate, for each of those activity groups identified in (1), the amount payable in the way set out in *FEES 7A.3.4R*;
- (3) add each of the amounts calculated under (2);
- (4) work out whether a minimum fee is payable under Part 2 of *FEES 7A Annex 1R* and if so how much;
- (5) add together the amounts calculated under (3) and (4);
- (6) modify the result as indicated by (if applicable) *FEES 4.2.7ER*, *FEES 4.2.7FR*, *FEES 4.2.7GR*, *FEES 4.2.7HR*, *FEES 4.2.7IR*, *FEES 4.2.7JG* and *FEES 4.2.7KR*;
- (7) apply any applicable payment charge specified in *FEES 4.2.4R* to the amount in (6), provided that:
 - (a) for payment by direct debit, successful collection of the amount due is made at the first attempt by the *FCA*; or
 - (b) for payment by credit transfer, the amount due is received by the *FCA* on or before the due date; and
- (8) make the calculations using information obtained in accordance with *FEES 4.4* in the case of *FEES 7A Annex 1R* and Part 3 of *FEES 7A Annex 2R* in the case of Part 2 of that Annex.

7A.3.4 R The amount payable by a *firm* with respect to a particular activity group is calculated as follows:

- (1) calculate the size of the *firm's* tariff base for that activity group using:
 - (a) the tariff base calculations in Part 3 of *FEES 4 Annex 1AR*, Part 3 of *FEES 4 Annex 11* and Part 2 of *FEES 7A Annex 2R*; and
 - (b) the valuation date requirements in Part 5 of *FEES 4 Annex 1AR*, Part 3 of *FEES 4 Annex 11R* and Part 3 of *FEES 7A Annex 2*;
- (2) use the figure in (1) to calculate which of the bands set out in the table in Part 1 of *FEES 7A Annex 1R* and Part 4 of *FEES 7A Annex*

2R the *firm* falls into;

- (3) add together the fixed sums, as set out in the table in Part 1 of *FEES* 7A Annex 1R and Part 4 of *FEES* 7A Annex 2R, applicable to each band identified under (2);
- (4) the amount in (3) is the amount payable by the *firm* with respect to that activity group.

7A.3.5 R For the purposes of *FEES* 7A.3.4R:

- (1) a *firm* may apply the relevant tariff bases and rates to its non-UK business, as well as to its UK business, if:
 - (a) it has reasonable grounds for believing that the costs of identifying the *firm*'s UK business separately from its non-UK business in the way described in Part 3 of *FEES* 4 Annex 1AR and Part 1 of *FEES* 4 Annex 11R are disproportionate to the difference in fees payable; and
 - (b) it notifies the *FCA* in writing at the same time as it provides the information concerned under *FEES* 4.4 (Information on which fees are calculated), or, if earlier, at the time it pays the fees concerned;
- (2) for a *firm* which has not complied with *FEES* 4.4.2R (information on which fees are calculated) or *FEES* 4.4.8D (Information relating to payment services and the issuance of electronic money) for this period, the *SFGB money advice levy* and *SFGB debt advice levy* is calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by the factor of 1.10.

7A.3.6 R The modifications in Part 3 of *FEES* 4 Annex 2AR and Part 7 of *FEES* 4 Annex 11R apply.

Amount payable by the Society of Lloyds

7A.3.7 R The *SFGB money advice levy* in relation to the *Society* is specified against its activity group in Part 1 of *FEES* 7A Annex 1R.

FEES 4 rules incorporated into *FEES* 7A by cross-reference

7A.3.8 G The *FCA Handbook* provisions relating to the *SFGB money advice levy* and *SFGB debt advice levy* are meant to follow closely the provisions relating to the payment of periodic fees under *FEES* 4.3.1R. For brevity, not all of these provisions are set out again in *FEES* 7A. In some cases, certain *FEES* 4 rules are applied to the payment of the *SFGB money advice levy* and *SFGB debt advice levy* by individual rules in *FEES* 7A. The rest are set out in the table in *FEES* 7A.3.10R.

7A.3.9 R The *rules* set out in the table in *FEES* 7A.3.10R and any other *rules* in *FEES* 4 included in *FEES* 7A by cross-reference apply to the *SFGB money advice levy* and *SFGB debt advice levy* in the same way as they apply to periodic fees payable under *FEES* 4.3.1R.

7A.3.10 R Table of rules in *FEES* 4 that also apply to *FEES* 7A to the extent that in *FEES* 4 they apply to fees payable to the FCA

FEES 4 rules incorporated into FEES 7A	Description
<i>FEES</i> 4.2.4R	Method of payment
<i>FEES</i> 4.2.7ER	Modifications for persons becoming subject to periodic fees during the course of a <i>fee year</i>
<i>FEES</i> 4.2.7FR	Calculating the fee in the firm's first year of authorisation
<i>FEES</i> 4.2.7GR	Calculating fees in the second fee-year where the firm received permission between 1 January and 31 March in its first fee year
<i>FEES</i> 4.2.7HR to <i>FEES</i> 4.2.7KR	Calculating all other fees in the second and subsequent years of authorisation where a full year of tariff data is not available
<i>FEES</i> 4.2.8R	How <i>FEES</i> 4.2.7R applies in relation to an incoming EEA firm or an incoming Treaty firm
<i>FEES</i> 4.2.10R	Extension of time
<i>FEES</i> 4.2.11R (first entry only)	Due date and changes in permission for periodic fees
<i>FEES</i> 4.3.7R	Groups of firms
<i>FEES</i> 4.3.13R	Firms applying to cancel or vary permission before start of period
<i>FEES</i> 4.3.17R	Firms acquiring businesses from other firms
<i>FEES</i> 4.4.1R to <i>FEES</i> 4.4.6R	Information on which fees are calculated

7A.3.11 D *FEES* 4.4.7D to *FEES* 4.4.9D (Information relating to payment services and the issuance of electronic money) also apply to *FEES* 7A.

7A.3.12 R References in a *FEES* 4 rule incorporated into *FEES* 7A by cross-reference to a periodic fee should be read as being to the *SFGB money advice levy* and

SFGB debt advice levy. References in a *FEES 4 rule* incorporated into *FEES 7A* to market operators, service companies, MTF operators, investment exchanges, or designated professional bodies should be disregarded.

- 7A.3.13 G In some cases, a *FEES 4 rule* incorporated into *FEES 7A* in the manner set out in *FEES 7A.3.8G* will refer to another *rule* in *FEES 4* that has not been individually incorporated into *FEES 7A*. Such a reference should be read as being to the corresponding provision in *FEES 7A*. The main examples are set out in *FEES 7A.3.14G*.

- 7A.3.14 G Table of *FEES 4* rules that correspond to *FEES 7A* rules

FEES 4 rules	Corresponding FEES 7A rules
<i>FEES 4.2.1R</i>	<i>FEES 7A.3.1R</i>
<i>FEES 4.3.1R</i>	<i>FEES 7A.3.3R</i>
<i>FEES 4.3.3R</i>	<i>FEES 7A.3.3R</i>
<i>FEES 4.3.3AR</i>	<i>FEES 7A.3.3R</i>
<i>FEES 4.3.12R</i>	<i>FEES 7A.3.6R</i>
<i>FEES 4.3.12AR</i>	<i>FEES 7A.3.6R</i>
Part 1 of <i>FEES 4 Annex 2AR</i>	Part 1 of <i>FEES 7A Annex 1R</i>
Part 2 of <i>FEES 4 Annex 11R</i>	Part 1 of <i>FEES 7A Annex 1R</i>
Part 5 of <i>FEES 4 Annex 11R</i>	Part 1 of <i>FEES 7A Annex 1R</i>

7A.4 The SFGB pensions guidance advice levy

Obligation to pay SFGB pensions guidance levy

- 7A.4.1 R A *firm* must pay the *SFGB pensions guidance levy* applicable to it:
- (1) in full and without deduction; and
 - (2) in accordance with the *rules* in this section.

Calculation of SFGB pensions guidance levy

- 7A.4.2 R The *SFGB pensions guidance levy* applicable to a particular *firm* is calculated as follows:

- (1) identify each of the activity groups in *FEES* 7A.1.2R(2) that apply to the business of the *firm* for the relevant period;
- (2) calculate the amount payable under *FEES* 7A.4.3R for each of those activity groups;
- (3) modify the result in accordance with, if applicable, *FEES* 7A.4.4R; and
- (4) apply any payment charge in *FEES* 4.2.4R.

7A.4.3 R The amount payable for a particular activity group is calculated as follows:

- (1) (a) calculate the size of the *firm*'s tariff base for the activity group using:
 - (i) the tariff base calculations in Part 3 of *FEES* 4 Annex 1AR; and
 - (ii) the valuation date requirements in Part 5 of *FEES* 4 Annex 1AR;
- (b) exclude best estimate liabilities for fees purposes in the calculation for fee-block A4;
- (2) use the figure in (1) to calculate the levy applicable for each band in *FEES* 7A Annex 3R;
- (3) add together the sums for each applicable band under (2);
- (4) the amount in (3) is the amount payable by the *firm* for that activity group.

7A.4.4 R For the first *fee year* during which *FEES* 7A.4.2R applies to a *firm*'s *permission* to carry on a *regulated activity*, the *SFGB pensions guidance levy* applicable to that *permission* must be modified using the formula in *FEES* 4.2.6R.

7A.4.5 R For *FEES* 7A.4.3R, a *firm* may apply the relevant tariff bases and rates to its non-UK business, as well as to its UK business, if:

- (1) it has reasonable grounds for believing that the cost of identifying the *firm*'s UK business separately from its non-UK business is disproportionate to the difference in the *SFGB pensions guidance levy* payable by it; and
- (2) it notifies the *FCA* in writing:
 - (a) at the same time as it provides the information concerned under *FEES* 4.4 (Information on which fees are calculated); or

- (b) if earlier, at the time it pays the *SFGB pensions guidance levy* applicable to it.

7A.4.6 R The *SFGB pensions guidance levy* is calculated using the same information that is used to calculate a *firm's* periodic fee under *FEES* 4.

7A.4.7 R Where a *firm* which has not complied with *FEES* 4.4.2R (information on which fees are calculated) in relation to a particular *fee year* the *SFGB pensions guidance levy* for that *firm* for that *fee year* is calculated using (where relevant) the valuation(s) of business used to calculate the *SFGB pensions guidance levy* for that *firm* for the previous *fee year*, multiplied by the factor of 1.10.

Application of *FEES* 4 to the *SFGB pensions guidance levy*

7A.4.8 G (1) The *FCA Handbook* provisions relating to the *SFGB pensions guidance levy* are meant to follow closely the provisions relating to the payment of periodic fees payable by an *authorised person* under *FEES* 4.

(2) As such, the table in *FEES* 7A.4.11R lists *rules* in *FEES* 4 that also apply, in a modified form, to the *SFGB pensions guidance levy*.

7A.4.9 R The *rules* in the table in *FEES* 7A.4.11R and any other *rules* in *FEES* included in *FEES* 7A.4 by cross-reference apply to the *SFGB pensions guidance levy* in the same way as they apply to periodic fees payable under *FEES* 4.

7A.4.10 R A reference to a periodic fee in a *FEES* 4 *rule* incorporated into *FEES* 7A.4 must be read, for the purposes of applying that *rule* to the *SFGB pensions guidance levy*, as a reference to the *SFGB pensions guidance levy*.

7A.4.11 R Table of rules in *FEES* 4 that also apply in *FEES* 7A.4.

FEES 4 incorporated into FEES 10	Description	Modifications
<i>FEES</i> 4.2.4R	Method of payment	None
<i>FEES</i> 4.2.7ER	Modifications for persons becoming subject to periodic fees during the course of a fee year	None
<i>FEES</i> 4.2.7FR	Calculating the fee in the firm's first year of authorisation	None

<i>FEES 4.2.7GR</i>	Calculating fees in the second fee year where the firm received permission between 1 January and 31 March in its first fee year	None
<i>FEES 4.2.7HR to FEES 4.2.7KR</i>	Calculating all other fees in the second and subsequent years of authorisation where a full year of tariff data is not available	None
<i>FEES 4.2.8R</i>	How <i>FEES 4.2.7R</i> applies to an incoming EEA firm or an incoming Treaty firm	None
<i>FEES 4.2.9R</i>	Fee payers ceasing to hold relevant status or reducing the scope of their permission after start of relevant period	Reference to column (1) of the table in <i>FEES 4.2.11R</i> is a reference to <i>FEES 7A.1.3G</i>
<i>FEES 4.3.7R</i>	Groups of firms	Reference to <i>FEES 4.2.1R</i> is a reference to <i>FEES 7A.4.1R</i>
<i>FEES 4.3.13R</i>	Firms applying to cancel or vary permission before start of period	Reference to <i>FEES 4.2.1R</i> is a reference to <i>FEES 7A.4.1R</i>
<i>FEES 4.3.17R</i>	Firms acquiring businesses from other firms	Reference to <i>FEES 4.2.7ER to FEES 4.2.7KR</i> is a reference to <i>FEES 7A.4.4R</i> Reference to <i>FEES 4.2.1R</i> is a reference to <i>FEES 7A.4.1R</i>
<i>FEES 4.4.1R to FEES 4.4.6R</i>	Information on which fees are calculated	None

After FEES 7A (SFGB levies) insert the following new Annexes. The text is not underlined.

7A SFGB money advice levy for the period from 1 April 2018 to 31 March 2019
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	0.0565
A.2	Band Width (no. of mortgages and/or <i>home finance transactions</i>)	Fee (£/mortgage)
	>50	0.0217
A.3	Gross written premium for fees purposes (GWP)	
	Band Width (£ million of GWP)	Fee (£/£m or part £m of GWP)
	>0.5	1.142
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	
	Band Width (£ million of BEL)	Fee (£/£m of part £m of BEL)
	>1	0.0626

A.4	Gross written premium for fees purposes (GWP)	
	Band Width (£ million of GWP)	Fee (£/£m or part £m of GWP)
	>1	0.748
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	
	Band Width (£ million of BEL)	Fee (£/£m or part £m of BEL)
	>1	0.0235
A.5	Band Width (£ million of Active Capacity (AC))	Fee (£/£m or part £m of AC)
	>50	0.0000
A.6	Flat levy	0.0000
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	0.0059
	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	3.376
A.10	Band Width (no. of traders)	Fee (£/trader)
	>1	5.418
A.13	For class (2) firms	
	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	0.0027
	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	0.0012
A.18	Band Width (£ thousands of Annual Income (AI))	Fee ((£/£ thousand or part £ thousand of AI)
	>100	0.0077
A.19	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	0.0014
A.21	Band Width (£	Fee (£/£ millions or part £m of CM)

	<i>client money)</i> (CM) held	
	less than £1 million	0.08
	an amount equal to or greater than £1 million but less than or equal to £1 billion	0.06
	more than £1 billion	0.04
	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	0.00029
	an amount equal to or greater than £10 million and less than or equal to £100 billion	0.00022
	more than £100 billion	0.00015
G.3	Minimum fee (£)	0
	£ thousands or part £ thousand of Relevant Income	Fee (£/£thousand or part £ thousand of Relevant Income)
	>100	0.0012

G.4	Flat fee (£)	0
G.10	Minimum fee (£)	0
	£ million or part £m of average outstanding electronic money (AOEM)	Fee (£/£m or part £m of AOEM)
	>5.0	0.3000
G.11	Flat fee (£)	0
CC.1	Minimum fee (£)	0
	£ thousand of annual income (AI)	Fee (£/£ thousand or part £ thousand of AI)
	>250	0.0046
CC.2	Minimum fee (£)	0
	£ thousands of annual income (AI)	Fee (£/£ thousand or part £ thousand of AI)
	>250	0.0046
Notes		
(1) The definitions of fee-blocks G5 and G10 under Part 2 and Part 2A of <i>FEES</i> 4 Annex 11R are modified, for the purposes of <i>FEES</i> 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 <i>EEA firms</i> and those which hold a <i>Part 4A permission</i> .		

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

Part 1

This table shows how the *FCA* links the *regulated activities* for which a *firm* has

permission to activity groups (fee-blocks). A *firm* can use the table to identify which fee-blocks it falls into based on its *permission* for the purposes of the *SFGB debt advice levy* applicable to each activity group (fee-block).

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

Part 2

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

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

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

Part 3

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

Activity group	Valuation date
A.2 Home finance providers and administrators	The 31 December before the start of the period to which the fee applies or, if earlier, the date of the valuation as disclosed by the annual return made in the calendar year prior to the 31 December.

CC.3 Consumer credit lending	Value of lending under Part 2 valued at the <i>firm's accounting reference date</i> in the calendar year ending 31 December occurring before the start of the period to which the <i>SFGB debt advice levy</i> applies.
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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	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) 0.766
CC.3 Consumer credit lending	Band width (£million of value of lending) >0 (Note 1)	Fee (£/£m or part £m of value of lending) 3.985
Note		
(1) <i>Credit unions</i> and <i>community finance organisations</i> do not pay any <i>SFGB debt advice levy</i> on the first £2,000,000 of value of lending.		

7A
Annex
3R

SFGB pensions guidance levy for the period 1 April 2018 to 31 March 2019

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) 0.0456
A.4	Band width (£ million of gross written premium for fees purposes (GWP)) >1	Fee (£/£m or part £m of GWP) 1.1920

A.7	<p>For class 1(B), 1 (C), (2) and (3) firms:</p> <p>Band width (£ million of funds under management (FuM))</p> <p>>10</p>	<p>Fee (£/£m or part £m of FuM)</p> <p>0.0175</p>
A.9	<p>Band width (£ million of gross income (GI))</p> <p>>1</p>	<p>Fee (£/£m or part £m of GI)</p> <p>6.9225</p>
A.13	<p>Band width (£ thousands of annual income (AI))</p> <p>>100</p>	<p>Fee (£/£ thousand or part of £ thousand of AI)</p> <p>0.0025</p>

Annex C

Amendments to the Credit Unions sourcebook (CREDS)

In this Annex, underlining indicates new text.

Sch 3 Fees and other required payments

Sch

3.2G

Description of fee	Reference
...	...
<i>CFEB levy</i>	<i>FEES 7</i>
<u><i>SFGB levy</i></u>	<u><i>FEES 7A</i></u>
...	

