FCA regulated fees and levies 2021/22:
including feedback on CP21/08 and 'made rules'

Policy Statement
PS21/7

July 2021

This relates to

Consultation Paper 21/08
which is available on our website at
www.fca.org.uk/publications

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Contents

1 Summary

Introduction

1.1 We are publishing the 2021/22 periodic regulatory fees and levies for the:

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

1.2 We are also publishing our feedback on the responses received to the consultation on the draft fees and levies rules in CP21/08 'FCA Regulated fees and levies: Rates proposals 2021/22', published on 20 April 2021. The consultation period for CP21/08 closed on 25 May 2021.

Who this affects

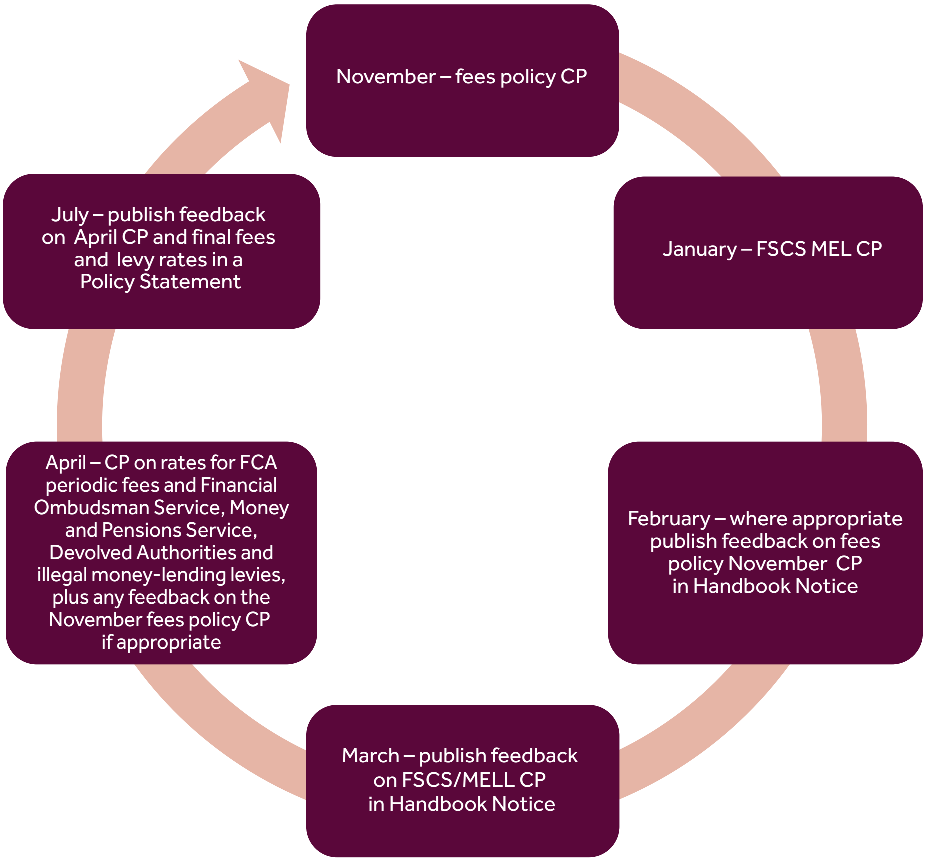
1.3 All fee-payers will be affected by this Policy Statement (PS). Table 1.1 at the end of this chapter will help fee-payers identify which chapters relate to them.

Relevance to consumers

1.4 This PS is not directly relevant to retail financial services consumers or consumer groups, although fees are indirectly met by financial services consumers.

Context

1.5 Generally, our annual fees consultation follows this cycle:



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

Summary of feedback and our response

1.6 We received feedback from 39 stakeholders on our proposals in CP21/08. The non-confidential respondents are listed in Annex 1.

FCA periodic fees propsals

1.7 In real terms we maintained a broadly flat base ongoing regulatory activities (ORA) budget with a 2% increase to £559.5m. However, to continue to deliver on our new ORA responsibilities, including for claims management companies and credit rating agencies, we have rebased our ORA budget. The rebased ORA budget also reflected the proposed revised consumer credit minimum fees and the introduction of a fee payable by Principal firms for each of their appointed representatives, a total increase of £18.9m to £578.4m, representing a 5.5% increase over the 2020/21 base ORA.

1.8 We proposed that small firms, who only pay a minimum fee, should make a contribution to the costs of regulating them that more fully reflects the costs associated with FCA authorisation and ongoing supervision. A firm which needs to be regulated by the FCA, even if that is for an ancillary part of its business, will recognise that regulatory approval brings value but also specific and serious obligations. Current consumer credit minimum fees are as low as £106 and the proposed revised fees for 2021/22 is the first stage to bring greater alignment of these minimum fees with other authorised firms who currently pay a minimum fee of £1,151.

1.9 Principal firms are responsible for the activities of their appointed representatives (ARs). Our thematic reviews of the general insurance sector in 2016 and the investment management sector in 2019 identified significant shortcomings in principal firms' understanding of their regulatory responsibilities for their ARs. Failings included insufficient oversight of their ARs and inadequate controls over the regulated activities for which they have accepted responsibility. We are increasingly seeing more examples of failings through our supervisory and enforcement work. The range of harms varies considerably – from mis-selling to fraud – but they often stem from Principals' failure to oversee their ARs appropriately. The new fee we proposed will help fund further work to address these harms in whichever sector they occur.

1.10 We will be conducting a wider review of our fees structure, including all minimum fees, as part of our Transformation Programme and will consult on the resulting proposals. Our Transformation Programme is investing in systems and capabilities to enable better use of data and intelligence to regulate some 56,000 firms effectively and efficiently. We continued to recover the costs of our Transformation Programme at the same level as 2020/21.

1.11 In addition, we continued to recover at the same level the costs of the continuation of our consumer harm campaign. Scope change and EU withdrawal cost recovery had reduced from 2020/21.

1.12 Also, through our 2021/22 AFR we proposed to recover our external costs in undertaking the business interruption insurance test case from insurers (other than those party to the case and their group members). Covid-19 led to widespread disruption and business closures resulting in substantial financial loss. Many customers made claims for these losses under their business interruption (BI) insurance policies. There was widespread concern about the lack of clarity and certainty for some customers making these claims, and the basis on which some firms were making decisions about claims. Our action in taking the test case is likely to have saved insurers and policyholders significant legal costs as well as bringing all parties, including the FCA, clarity on the issues much more quickly than would otherwise have been the case.

1.13 At £616.5m our 2021/22 overall Annual Funding Requirement (AFR) as stated in CP21/08 represented an increase of 4.5% over 2020/21.

Feedback on FCA periodic fees

1.14 Overall, 32 stakeholders provided feedback on the proposals covering FCA fees: 13 trade bodies and 3 compliance consultant businesses that between them represented building societies, credit unions, insurers, retail investment, mortgage and general insurance intermediaries, finance brokers, consumer credit firms, debt collection/purchase firms, motor dealers and funeral directors; and 16 firms which included 11 Principal firms, 2 financial advisers, an insurer, trade repository and securitisation repository.

1.15 The comments from these stakeholders covered:

- the Principal firm appointed representatives fee
- revised consumer credit minimum fees
- the business interruption insurance special fee
- Business Plan and rebasing the ORA budget
- Covid-19 proposals
- A.1 Deposit acceptors tariff base – decoupling building societies from banks

1.16 The breakdown of this feedback and our response is set out in Chapter 2 covering authorised firms. We are proceeding with the related proposals as consulted on in CP21/08 except in the case of the Principal firms appointed representatives (ARs) fee. Stakeholders raised concerns that introducer ARs (IARs) should not be included as their activities are limited and therefore pose a lower risk of harm. In response to this feedback we have decided to reduce the level of the IAR fee to £75 with the £250 fee now only applying to full ARs. We have also reduced the 2021/22 AR work programme recovery from £10m to £7.2m. Our final 2021/22 AFR is therefore £613.7m, an increase of £23.8m (4.0%). Table 2.1 in Chapter 2 provides a breakdown of this revised AFR.

1.17 We also received comments regarding trade repositories and securitisation repositories. We set out our response in Chapter 4 covering other bodies.

Feedback on FCA further fees policy proposals

1.18 In Chapter 5, we respond to the feedback on our proposals set out in Chapter 6 of CP21/08 to:

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

1.19 We received no feedback on the first proposal and feedback supporting the second proposal. We are implementing the proposals as consulted on.

Feedback on the Financial Ombudsman Service general levy

1.20 In Chapter 6 of this PS, we respond to the feedback to Chapter 9 of CP21/08. We consulted on the 2021/22 fee rates for firms in the compulsory jurisdiction (CJ) of the Financial Ombudsman Service (the Ombudsman Service) and set out the proposed fee rates for firms in each industry block.

1.21 We received a total of 13 responses with 6 responses coming from various trade bodies. In all of the responses there was strong disagreement on the increase to the levy. Respondents considered the increase to be disproportionate, and a move away from the 'polluter pays' principle. This year respondents asked the FCA to note the impact that the levy was having due to the year-on-year increase and asked for a return to 85:15 case fee:levy fee arrangement or to change to a risk based levy model arguing that this would ensure those firms who have larger volumes of complaints at the service, contribute more.

1.22 Chapter 6 gives further detail on all the feedback and our responses.

Feedback on Money and Pensions Service levies

1.23 In Chapter 7 of this PS, we respond to the feedback to Chapter 10 of CP21/8. We consulted on the 2021/22 fee rates for the Money and Pensions Service (MaPS).

1.24 We received a variety of comments on the proposed MaPS money guidance levy and the pensions guidance levy, details of which are in Chapter 7. We received 6 responses on the proposed debt advice levy. Most either voiced concerns about financial services being the only sector levied for the increasing costs of funding debt advice or raised concerns about the way the levy is funded, stating that it is unfair based on the current allocations.

Our response

CP21/8 sought views on the rates at which we proposed to charge levies for MaPS. It did not consult on which firms should contribute to the levy or what tariff base should be used to calculate a firm's contribution. However, all views received are being considered as part of the wider work on debt advice funding in the future by Government and MaPS. We recognise that financial services firms are keen to see their concerns addressed.

1.25 Chapter 7 gives further detail on the feedback and our response.

Feedback on Devolved Authorities levy

1.26 In Chapter 8 of this PS, we respond to the feedback to Chapter 11 of CP21/8. We consulted on the 2021/22 fee rates for the Devolved Authorities debt advice levy.

1.27 We received responses from 5 stakeholders on the proposed Devolved Authorities debt advice levy. Most voiced concerns about the MaPS debt advice levy as described above.

Our response

Our response is the same as for the MaPS debt advice levy (as above).

1.28 Chapter 8 gives further detail on the feedback and our response.

Feedback on Illegal Money Lending levy

1.29 In Chapter 12 of CP21/08 we consulted on the fee rates for the illegal money lending (IML) levy to raise £6.5m for 2021/22. We received feedback from one trade body who commented that the level of increase seems broadly reasonable.

1.30 In Chapter 9 of this PS we confirm that the amount the Treasury has asked us to recover in 2021/22 is unchanged from the £6.5m included in CP21/08.

Compatability statement

1.31 The rules we have now made are not substantially different from those proposed in Appendix 1 and 2 of CP21/08, except for some periodic fee rates, as explained in Chapters 2 and 3. These changes do not alter the compatibility statements we published with CP21/08.

1.32 Annex 2 of CP21/08 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 the proposals set out in this PS do not alter this assessment.

Equality and diversity considerations

1.33 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

1.34 We highlighted in CP21/08 that fee-payers should be aware of how the draft fee rates and levies in Appendix 1 of CP21/08 were calculated. We used estimated fee-payer populations and tariff data (measures of size), which we highlighted may change when we calculate the final fee rates in June 2021.

1.35 Table 2.3 in Chapter 2 shows the estimated firm populations and tariff data in CP21/08 and the actual figures used to calculate the final fees rates. It also shows the annual movements in the draft fee rates in CP21/08 and the annual movements in the final fee rates in Appendix 1 of this PS.

1.36 In the case of the 'B' to 'J' fee-blocks covered in Chapter 3, we have highlighted in Table 3.1 where final fee rates have changed since the draft rates in CP21/08.

1.37 Firms can use our online fees calculator to calculate their individual fees based on the final rates in this PS. This includes FCA periodic fees and the Financial Ombudsman Service, Money and Pensions Advice Service, Devolved Authorities and illegal money lending levy final rates in Appendix 1 (where applicable) of this PS.

1.38 The fees calculator will also cover PRA (where applicable) fees and FSCS levies.

What we will do

1.39 We will invoice fee-payers from July 2021 onwards for their 2021/22 periodic fees and levies.

Funeral plans

1.40 In Chapter 8 of CP21/08 we consulted on our proposals for FCA fees to recover our regulatory costs for firms that undertake the provision and distribution of pre-paid funeral plans. These activities will come into our regulation from 29 July 2022. We consulted on fees payable by applicants for authorisation – we plan to open the authorisation gateway in September 2021. We also consulted on the basis for how periodic (i.e. annual fees) will be payable from the fee-year 2022/23.

1.41 The draft rules covering these proposals were set out in the instrument 'Fees (pre-paid funeral plan fees) instrument 2021' at Appendix 3 in CP21/08. The consultation closed on 25 May 2021.

1.42 We are considering the comments received from stakeholders and, subject to FCA Board approval in July 2021, we plan to publish our response to the feedback received and final rules in our Handbook Notice to be published at the end of July 2021.

Table 1.1: Fee-payers affected by the final 2021/22 fees and levies rates rules in this PS and the feedback provided to the responses to CP20/06

Issue	Fee payers affected	Chapter
FCA		
Periodic fee rates	Authorised firms: • the 'A' and 'CC' (consumer credit) fee blocks • Claims Management Companies	2 [and Appendix 1]
	All fee payers except authorised firms – fee-blocks B to J	2 and 3 [and Appendix 1]
Applying financial penalties and revising the Financial Penalty Scheme	Fee payers listed in Table 4.1 in Chapter 4	4
Further FCA fees policy proposals		
To avoid double payment of fees by UK data reporting service providers (DRSPs) which have been set up by former incoming DRSPs based in the European Economic Area (EAA)	Incoming EEA DRSPs which have notified us that they intend to provide a service in the UK under the deemed authorisations regime	5 [and Appendix 2]
To reclassify the application fees for peer-to-peer lending from moderately complex to complex	Any firm which is considering applying to undertake peer-to-peer lending	
Financial Ombudsman Service		
General levy rates	Firms subject to the Financial Ombudsman Service general levy	6 [and Appendix 1]
Money and Pensions Service		
Money guidance levy	• Firms subject to money guidance levies – authorised firms, payment institutions and electronic money issuers • Consumer credit firms in the CC1 (limited permission) and CC2 (full permission) fee-blocks	7 [and Appendix 1]
Debt advice levy	• Firms subject to debt advice levies – firms in fee-blocks A.2 (home finance providers and administrators) and CC3 (consumer credit lending)	
Pensions guidance levy	Firms in the following fee blocks: • A.4 insurers – life • A.7 portfolio managers • A.9 managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes • A.13 advisors, arrangers, dealers or brokers	
Devolved Authorities debt advice levy		
Devolved Authorities debt advice levy	Firms subject to debt advice levies – firms in fee-blocks A.2 (home finance providers and administrators) and CC3 (consumer credit lending)	8 [and Appendix 1]
Illegal money lending levy		
Recovering the Treasury's expenses for tackling illegal money lending	All firms with credit-related permissions	9 [and Appendix 1]

2 FCA periodic fees for authorised firms

(FEES 4 – Annex 2AR and FEES 4A Annex 1R final rules in Appendix 1)

2.1 In this chapter we cover the following.

- We confirm our 2021/22 annual funding requirement (AFR) and allocation across all fee-blocks.
- We respond to feedback on Chapters 3 and 4 of Consultation Paper (CP)21/08, in which we consulted on draft fee rates for authorised firms – the 'A', 'CC' (consumer credit) and 'CMC' (claims management companies) fee-blocks.
- We highlight the changes between the draft fees rates in CP21/08 and the final rates 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 CP21/08 and those used to calculate the final fee rates in Appendix 1 of this Policy Statement (PS).

Annual funding requirement

2.2 Our total 2021/22 Annual Funding Requirement (AFR) proposed in CP21/08, including special fees and scope change recoveries, was £616.5m, an increase of £26.6m (4.5%) over 2020/21. This was made up of a broadly flat in real terms base ongoing regulatory activities (ORA) budget and additional charges to reflect new fees and changes to responsibilities of £18.9m. This gave a rebased ORA budget of £578.4m representing a 5.5% increase over the 2020/21 base ORA.

2.3 We have reduced the amount we are recovering under the Principal firms appointed representatives fee from £10m to £7.2m. Accordingly, our final 2021/22 rebased ORA is £575.6m, an increase of £27.1m (4.9%) and our final 2021/22 AFR is £613.7m, an increase of £23.8m (4.0%). Table 2.1 provides a breakdown this AFR and final financial penalty rebate.

Table 2.1: 2021/22 AFR breakdown

	2021/22	2020/21	Movement	
	£m	£m	£m	%
Base ongoing regulatory activities (ORA) budget	**559.5**	**548.5**	**11.0**	**2.0%**
ORA new responsibilities	3.4	-	3.4	-
Principal firms – appointed representatives fee	7.2	-	7.2	-
Consumer credit revised minimum fees	5.0	-	5.0	-
Money Laundering Regulations (MLRs) revised flat fee	0.5	-	0.5	-
Rebased ORA budget	**575.6**	**548.5**	**27.1**	**4.9%**
Scope change recovery	8.3	14.1	-5.8	-41.1%
EU withdrawal costs	10.0	15.0	-5.0	-33.3%
Transformation Programme	10.0	10.0	0.0	0.0%
Consumer harm campaign	2.3	2.3	0.0	0.0%
Business interruption insurance special fee	7.5	-	7.5	-
AFR recovery	**613.7**	**589.9**	**23.8**	**4.0%**
Financial penalty rebate (i)	*(50.5)*	*(51.9)*	*1.4*	*-2.7%*
Fees payable	*563.2*	*538.0*	*25.2*	*4.7%*

Note: (i) The £50.5m rebate in 2021/22 represents the final amount of the 2020/21 financial penalties we can retain to cover 2020/21 enforcement costs (CP21/08 included an estimate of £50.4m). The £50.5m is applied as a rebate against 2021/22 periodic fees in accordance with our financial penalty scheme as set out in Chapter 4.

AFR allocation across fee-blocks

2.4 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).

2.5 The allocations by exception we proposed in CP21/06 related to:

- rebasing ORA covering – ORA new regulatory responsibilities, Principal firms appointed representatives fee, consumer credit revised minimum fees and Money Laundering Regulations (MLRs) revised flat periodic fee, and
- scope change, EU Withdrawal, transformation programme, consumer harm campaign costs and the business interruption (BI) insurance special fee

2.6 We gave detail on each of these allocations by exception in Chapter 2 of CP21/08.

2.7 Table 2.2 confirms the allocation across fee-blocks of the final £613.7m 2021/22 AFR, which has increased by 4.0%. The only allocation that has changed since CP21/08 is for fee-block A.22 This reflects the reduced recovery for the Principal firms appointed representatives fee from £10m to £7.2m.

Table 2.2: 2021/22 AFR allocation across fee-blocks

AFR allocations to fee-blocks	(i)	Actual 2021/22 £m	Actual 2020/21 £m	Movement over 2020/21
A.0 FCA minimum fee	Solo	21.0	21.4	-1.6%
AP.0 FCA prudential fee (ii)	Solo	17.9	17.5	2.2%
A.1 Deposit acceptors (d)	DR	79.0	78.8	0.2%
A.2 Home finance providers and administrators (d)	Solo	18.8	18.5	1.4%

AFR allocations to fee-blocks	(i)	Actual 2021/22 £m	Actual 2020/21 £m	Movement over 2020/21
A.3 Insurers – general (a) (d)	DR	28.4	28.6	-0.6%
A.3 Insurers – general (business interruption) (iv)		7.4	-	-
A.4 Insurers – life (a)	DR	47.7	48.0	-0.6%
A.5 Managing agents at Lloyd's (a) (d)	DR	0.2	0.2	-0.6%
A.5 Managing agents at Lloyd's (business interruption) (iv)		0.1	-	-
A.6 The Society of Lloyd's (a)	DR	0.4	0.4	-0.7%
A.7 Portfolio managers (b) (d)	Solo	49.0	49.3	-0.6%
A.9 Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes (b) (d)	Solo	12.5	12.4	1.4%
A.10 Firms dealing as principal (iii) (b)	Solo & DR	56.8	57.1	-0.6%
A.13 Advisors, arrangers, dealers or brokers (b) (d)	Solo	82.3	81.1	1.5%
A.14 Corporate finance advisers (b) (d)	Solo	15.0	14.8	1.5%
A.18 Home finance providers, advisers and arrangers (b)	Solo	18.4	18.2	1.3%
A.19 General insurance mediation (b)	Solo	30.4	30.0	1.3%
A.21 Firms holding client money or assets or both (b)	Solo	15.5	15.2	1.4%
A.22 Principal firms – Appointed Representatives	Solo	7.2	-	-
CC1. Consumer credit – limited permission CC2. Consumer credit – full permission (b)	Solo	54.1	52.3	3.4%
Claims Management Companies (b)	Solo	1.8	2.9	-36.8%
B. Recognised investment exchanges, recognised overseas investment exchanges, multilateral trading facilities, organised trading facilities, recognised auction platforms, service companies, regulated benchmark administrators, third-country legal representative, benchmark endorsers (c)	Solo	10.2	8.2	25.2%
C. Collective investment schemes	Solo	2.7	2.6	2.1%
D. Designated professional bodies and professional body supervisors	Solo	1.8	1.8	1.7%
E. Issuers and sponsors of securities	Solo	23.6	23.1	2.1%
G. Firms subject to: money laundering regulations; regulated covered bonds regulations; payment services regulations; electronic money regulations; firms undertaking consumer buy-to-let business; data reporting services providers; and third-party verification agents	Solo	8.1	7.5	9.0%
J.1 Credit rating agencies	Solo	2.3	-	-
J.2 Trade repositories and J.3 securitisation repositories	Solo	1.0	-	-
Total AFR		**613.7**	**589.9**	**4.0%**

Notes:

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

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

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

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

Senior Managers and Certification Regime (SM&CR) scope change costs have been allocated proportionately across the fee-blocks noted in the above table:

(a) SM&CR insurance firms

(b) Firms subject to SM&CR

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

Securitisation Repositories (SRs) £0.4m scope change costs have been allocated proportionately across the fee-blocks noted (d) in the above table.

Periodic fees for authorised firms – summary of proposals

2.8 In Chapter 3 of CP21/08 we proposed as follows:

- Not to increase minimum fees by the 2% increase in our 2021/22 baseline ORA budget. We also kept minimum fees unchanged in 2020/21. Keeping minimum fees unchanged for 2021/22 will continue to help protect the smallest firms from the impact of Covid-19. The exception to this policy is consumer credit minimum fees.
- To revise consumer credit minimum fees, with fees for limited permission firms ranging from currently £106 increasing to £250, and currently £530 increasing to £750. For full permission firms ranging from currently £318 increasing to £750 and currently £1,061 increasing to £1,151. The revised consumer credit minimum fees for 2021/22 are the first stage to bring greater alignment of these minimum fees with other authorised firms who all currently pay £1,151.
- To increase flat fees by 2% in line with our policy to link these fees to movements in our ORA.
- To introduce a fee payable by Principal firms of £250 for each of their appointed representatives (ARs), including introducer ARs (IARs), to address harms that often stem from the Principal firm's failure to oversee their ARs appropriately.
- To recover our costs for the business interruption (BI) insurance test case through a BI insurance special fee. The special fee to be levied through the A.3 general insurers fee-block and the A.5 managing agents at Lloyd's fee block. We also proposed to exclude those firms party to the case and their group members. We included the BI insurance special fee-rates for each fee-block separately set out under FEES 4 Annex 2AR in Appendix 1 of CP21/08.We estimated that firms paying the special fee will see an increase in their overall insurer fees of 31% for those in A.3 and 34% for those in A.5. Small firms who only pay the minimum fee will see no increase.
- To continue to apply a premium of 25% and 65% to the fee rates for medium-high and high-impact firms respectively in the top 2 bands of the A.1 fee-block (Deposit acceptors).
- To 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).

Covid-19 extended payment terms

2.9 Given the impact of Covid-19, and to help medium and smaller firms, we proposed to continue to extend the period they have for paying their fees by 2 months to 90 days. This means that 88% of firms will have until towards the end of 2021 to pay their fees and levies. We expect larger firms to pay their fees under the usual payment terms.

2.10 We categorised medium and smaller firms as those firms who will pay total fees and levies in 2021/22 of less than £10,000. This total includes all the fees and levies they pay to the FCA, PRA, the Financial Services Compensation Scheme, the Financial Ombudsman Service, Money and Pensions Service, Devolved Authorities, the Payment Systems Regulator, the Financial Reporting Council and under the illegal money lending levy.

2.11 For firms in the medium and smaller firms category, payment will be due within 90 days of the date of the invoice, instead of being due within 30 days of the date of the invoice.

2.12 The draft fee rates were in Appendix 1 of CP21/08 and our online fees calculator was available to help firms calculate the proposed fees for 2021/22.

2.13 We asked:

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

Feedback on proposals

2.14 We received feedback from 30 stakeholders on the proposed fees for authorised firms: 13 trade bodies and 3 compliance consultant businesses that between them represented building societies, credit unions, insurers, retail investment, mortgage and general insurance intermediaries, finance brokers, consumer credit firms, debt collection/purchase firms, motor dealers and funeral directors; and 14 firms which included 11 Principal firms, 2 financial advisers and an insurer.

2.15 The comments covered:

- the Principal firm AR fee
- revised consumer credit minimum fees
- the BI insurance special fee
- Business Plan and rebasing the ORA budget
- Covid-19 proposals
- A.1 Deposit acceptors tariff base – decoupling building societies from banks

Principal firm AR fee

2.16 This proposal attracted the majority of the feedback we received on FCA fees, with 6 trade bodies, the 3 compliance consultants, the 11 Principal firms and a financial adviser firm, who has no ARs, commenting.

2.17 Stakeholders raised issues relating to the way the AR funding would be recovered.

- Introducer ARs should not be included as their activities are limited and therefore pose a lower risk of harm.
- The £250 flat fee per AR fee is a blunt way of distributing the recovery of the £10m across Principal firms.
- The introduction of a new fee should have been first consulted on in the November 2020 CP so firms could prepare. Respondents believed that consulting in April 2021 for the 2021/22 fee-year means that the new fee is being introduced retrospectively as it will be based on the number of ARs a Principal firm has as at 1 April 2021. Principal firms have not had the opportunity to end contracts with unprofitable ARs before the fee is being applied.
- The CP identifies consumer harm in sectors that do not cover, for example, consumer credit or mortgages, yet these sectors will also be paying the new AR fee.
- The new fee will likely be passed on to the ARs. This will increase their costs and make direct authorisation more attractive. The respondent questioned if the FCA would be able to manage such a migration from indirect authorisation to direct authorisation.
- The fee should be a one-off until the £10m programme of work is completed, yet it has been included within a rebased ORA. This implies that the fee will continue after the programme of work has been completed.

Our response

IARs are limited to making introductions and distributing financial promotions. We agree that the risk of these limited activities giving rise to harm is lower than for full ARs. While data indicates that Principal firms with mainly IARs generate similar levels of FOS complaints to those with mainly full ARs it is much harder to demonstrate that IARs are a cause of that harm because of their narrower, introductory only role. Our analysis further indicates for larger IAR Principal firms relative number of FOS complaints are higher but again this is harder to directly link to the IARs themselves. We do see issues where IARs use their registered status with the FCA as a 'legitimising halo' and then carry on other activities or offer services which are unregulated or not permitted under, or linked to, the Principal firm's permissions.

Our work programme will include work to better understand whether IARs are a significant driver of harms, and if so, address them. Principal firms therefore need to exercise robust oversight of IARs to address the risk of harm that they can pose. In recognition, however, of the limited activities IARs, by definition, can undertake we have decided to reduce the fee Principal firms will pay for their IARs from the proposed £250 to £75. The AR work programme funding allocated to the A.22 fee-block has accordingly been reduced from £10m to £7.2m to cover the work programme as set out in CP21/08 in relation to full ARs and IARs recognising the limited activities that IARs are intended to only undertake.

Principal firms charge ARs for the services they provide. We know that Principal firms include in these charges the recovery of their FCA fees as well as other fees they pay for the Financial Services Compensation Scheme (FSCS), FOS, MaPS etc. Some Principal firm respondents commented that they are less likely to be able to pass on the £250 AR fee in the introducer business model. We believe that the reduced IAR fee of £75 will mean that Principal firms will be more able to pass on, or absorb, the lower fee. IARs registered with the FCA can provide a level of financial services to consumers as part of wider holistic services. We do not believe the payment of £75 to enable them to do so is unreasonable.

We acknowledge that a flat fee per AR does not take account of the size of the Principal firm or the size of its business derived from ARs. We do not currently have data available that would enable us to recover the AR work programme funding in proportion to the size of the Principal firm's business derived from ARs. We have also considered using the total existing FCA fees Principal firms pay as the measure to proportionately distribute the recovery of the AR funding. Principal firms have to include the business their ARs undertake when reporting their tariff data used to calculate FCA fees (but are not required to distinguish the level derived from ARs). However, this method of distributing the recovery, although more aligned to the size of the Principal (as used for the Principal's other FCA fees), would still not be proportionate to the size of the actual business undertaken by a Principal's ARs. A Principal firm with low levels of AR derived business would pay a AR fee based on the same proportion of its existing FCA fees as a Principal firm with very high levels of AR derived business. We have therefore decided to continue with using a flat fee per AR.

We believe that, as part of their routine oversight, Principal firms will regularly review their AR population and will cease relationships that do not meet their requirements.

The lower £75 fee for IARs, compared to the £250 fee for full ARs, may lead some Principal firms to review their AR relationships, including the activities their ARs are permitted to undertake. While we expect some changes to the population of ARs, we do not expect a large number of full ARs to become IARs and we will subject any such developments to greater scrutiny. It is the responsibility of the Principal firm to ensure that the appointment of an AR is correctly notified to us and accurately reflects the activities the AR will undertake.

We see harms arising from the AR model in all sectors, so do not agree that certain sectors should be excluded from our proposals. Our programme of work will be across all sectors. We used particular examples in the CP, which is not to say that issues do not exist elsewhere.

We consider the cost per AR is minimal, and we do not consider it will make an appreciable difference to a firm's decision regarding being directly authorised. All ARs have the option of becoming directly authorised any time. We do not believe a £250 fee per AR will make the difference.

A large proportion of the work will be ongoing (e.g. scrutiny of AR appointments, an enhanced gateway) so will need to be routinely funded. For the proactive work on existing principals; we have c.42,000 ARs, therefore, a comprehensive work programme will take more than a year to complete.

Revised consumer credit minimum fees

2.18 We received 7 responses on this proposal: 5 trade bodies and a compliance consultancy, which between them represented retail investment, mortgage and general insurance intermediaries, finance brokers, consumer credit firms and motor dealers; and 1 financial adviser firm.

2.19 Three trade bodies, although supporting that smaller firms should pay more towards the cost of regulation, questioned the percentage level of initial increases and suggested staging the increases further. The compliance consultancy and financial adviser firm also questioned the percentage level of increases.

2.20 Two trade bodies, the compliance consultancy and the financial adviser commented on the current requirement for retail investment, mortgage and general insurance intermediaries, with restricted consumer credit permissions, to pay consumer credit minimum fees and the 'A' fee-block minimum fee. This even though generally these firms do not generate any income from their consumer credit activities.

Our response

As stated in Chapter 2 of the CP21/08, the current consumer credit minimum fee structure was designed to transition consumer credit firms from regulation by the Office of Fair Trading (OFT) to the FCA. This started from 2013/14 with base minimum fees set at very low levels. That baseline has not changed in 7 years. During this time the 95% of consumer credit firms who only paid minimum fees were sheltered from the recovery of the £60m consumer credit scope-change costs. These fell to the remaining 5% of firms (of medium and larger size) that pay variable fees in addition to minimum fees.

The initial increases in monetary terms range from £76 to £432, which we believe are justifiable given the low levels paid over the past 7 years. These initial increases are in themselves a staged approach towards greater alignment with minimum fees paid by other authorised firms in the 'A' fee-block.

In Chapter 3 of CP21/08, we recognised that financial intermediaries in the 'A' fee-block, who carry out consumer credit activities related to, for example mortgage advice, will also be impacted by the revised consumer credit minimum fees. We confirm that under the wider review of our fees structure, including all minimum fees, we will be conducting as part of our Transformation Programme, we will consider merging consumer credit and 'A' fee-block minimum fee structures so only one minimum fee is paid as is the case currently when a firm is in more than one 'A' fee-block. In the meantime, the lowest of the revised consumer credit minimum fees will apply – either £250 or £750.

BI insurance special fee

2.21 We received a small number of responses to our proposal to levy a special fee on the insurance market in the 2021/22 fees, to cover the FCA's external costs of the BI test case. One response supported our proposals. Two responses were from trade bodies whose insurer members had different views regarding our proposals. A fourth response challenged our proposals. Those insurers who raised concerns queried the application of the levy to insurers who did not underwrite policies of a type considered by the test case, including reinsurers, or who underwrote a small number of those policies and accepted liability for claims under them prior to the test case.

Our response

As we outlined in our original proposal, we believe that our proposal is a fair and proportionate way of recovering these costs. The BI test case clarified legal issues such as causation, that have a wider application to the general insurance industry. In addition, there was a risk that confidence in insurers and in the insurance market generally would be eroded without a test case to quickly determine the legal issues that were giving rise to large numbers of disputes between insurers and policyholders. The test case therefore had a wider beneficial impact for the insurance industry beyond the specific policy wordings within its scope.

While reinsurers were not party to the business interruption insurance contracts which were the subject of the disputes, many were party to reinsurance contracts that reinsured those risks. As such, the test case also had implications for the reinsurance contracts.

While we commend insurers who made quick claims payments to support their business interruption customers during the Covid-19 pandemic, seeking to apportion costs based on firm's relative proportion of BI claims affected by the outcome of the test case would be complex and would not reflect that the test case provided clarity not only in relation to coverage and causation issues relevant to non-damage BI policies but also to other types of policy wordings not included in its scope.

We therefore have applied the fee as consulted.

The final BI insurance special fee-rates for each fee-block are separately set out under FEES 4 Annex 2AR in Appendix 1 of this policy statement.

Business Plan and rebasing the ORA budget

2.22 Four trade bodies representing insurers, mortgage intermediaries, and finance brokers commented that the absence of the Business Plan, usually published alongside the fees rates CP, made it difficult to assess whether the fees firms charged are justified by, or aligned to, the planned work of the FCA.

2.23 A trade body representing building societies commented that the rebasing of ORA to account for additional ongoing regulatory responsibilities, for example claims management companies (CMCs) and credit rating agencies (CRAs), was a fudge to deflect attention from growing overheads. A Principal firm also challenged the separating, out of ORA, the £10m Principal firm AR work programme funding noting that the substantial Retail Distribution Review (RDR) work was not specifically funded. They believed this cost should be part of the base ORA and allocated across all the fee-blocks in the same way as other ORA costs.

Our response

We do not agree that the absence of the Business Plan made it difficult for stakeholders to assess the fees proposals. The April CP consults on the fee-rate rules which are a function of the total AFR and its allocation across fee-blocks. Over 90% of our AFR is the ORA base budget, which was kept broadly flat in real terms. Most of the rest of the AFR was a continuation of specific recoveries from previous years, for example, EU Withdrawal, Transformation Programme and consumer harm campaign. For others, such as some new scope change, the one-off BI insurance special fee and Principal firms AR fee, we provided detail in the CP to support the cost recovery.

We also do not accept that rebasing ORA to take account of additional ongoing responsibilities is a fudge. We have a long-established policy of recovering the set-up costs for new regulatory responsibilities outside ORA as scope change. Scope change costs can be followed by ongoing regulatory costs resulting from those same new responsibilities. Including them by rebasing ORA is consistent with that policy, and more transparent.

As stated in Chapter 2 of CP21/08, our policy for allocating the AFR across fee-blocks is to maintain an even distribution of increases/decreases other than where individual fee-blocks have had material and explainable exceptions. We consulted on this approach each year from 2014/15 and adopted it as our ongoing allocation policy through a consultation in 2017 (CP17/12). The costs of the RDR were in fact allocated to one specific fee-block (A.13 Advisors, arrangers, dealers or brokers) that included the firms affected. But there was no definitive way of targeting the costs further to exclude the firms in A.13 not affected by the RDR. In the case of the Principal AR fee, we were able to definitively target the recovery to firms that have ARs as these need to be registered with us. We therefore used the AR register as a way of avoiding firms that do not use the AR business model at all from having to contribute to the recovery of the AR work programme costs.

Covid-19 proposals

2.24 Five trade bodies representing building societies, credit unions, insurers, mortgage and general insurance intermediaries, and a financial adviser firm supported the proposal to keep the 'A' fee-block minimum fees unchanged for a second year running. Two of these respondents also supported continuing the extended payment terms for medium and smaller firms.

A.1 Deposit acceptors tariff base – decoupling banks from building societies

2.25 The A.1 fee-block covers banks, building societies and credit unions. The AFR allocated to A.1 is recovered from these firms based on their size as measured by the tariff base of modified eligible liabilities (MELs) – effectively the size of their UK deposits. Exceptionally for this fee-block we apply a premium of respectively 25% and 65% to the fee rates for firms in the medium-high and high-impact bands of this fee-block. This reflects that we target our overall supervision at the high-impact, systemically important firms in this sector.

2.26 The trade body representing building societies repeated its previous representations that the FCA should decouple building societies from banks and consider a more proportionate tariff base for them, one that reflects their lower risks and domestic focus. They argue that while the very largest building societies' size and customer base mean they are systemically important, at least nationally, they operate a lower risk model compared to banks. In part, this is due to restrictions imposed by the Building Societies Act 1986, but in the main this lower risk model is a result of building societies' – in common with all mutuals – desire to service their members with straightforward, well-designed, low-cost products.

Our response

We continue to believe that by using MELs as the tariff base, the fees for firms in the A.1 fee-block are closely linked to the size of firm's UK deposit books. This is an important indicator of the riskiness of these entities to our objectives. In addition, our use of premium fee rates ensures larger and more complex firms pay fees appropriate to the risks they pose.

The fee-block structure is based on grouping firms together where they undertake common permitted regulatory activities. Recovery of the AFR allocated to fee-blocks is based on an objective measure of size (tariff base) that is consistently applied to all firms in the fee-block. No account is taken in any fee-block of the differing risk profile of sub-groups of firms or individual firms.

In the case of the A.1 fee-block, the common activity is accepting deposits that building societies, banks and credit unions undertake. To this extent building societies are treated the same as sub-groups within other fee-blocks.

For example, the A.13 fee-block (advisory, arrangers, dealers or brokers) include, banks, insurance companies, securities brokers acting for retail clients, wholesale market brokers and financial advisers, which all undertake business with different risk profiles.

Changes between draft fee rates and final rates

2.27 We highlighted in CP21/08 that fee-payers should be aware that the draft fee rates and levies in Appendix 1 of CP21/08 were calculated using estimated fee-payer populations and tariff data (measures of size). We also highlighted that these may change when we calculate the final fee rates in June 2021.

2.28 Table 2.3 shows the estimated firm populations and tariff data in CP21/08 and the actual figures used to calculate the final fees rates. It also shows the annual movements in the draft fee rates in CP21/08 and the annual movements in the final fee rates in Appendix 1 of this PS.

A.21 fee-block (Firms holding client money or assests or both)

2.29 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.

2.30 The bandings and level of moderation we are applying to the tariff data for both client money and client assets have not changed since CP21/08 (set out in Table 3.4 of Chapter 3). However, the changes in tariff data since CP21/08 have affected the outcome of this moderation. The final distribution of the £15.5m 2021/22 AFR for A.21 is as follows (figures in brackets are those estimated in CP21/08):

- CASS large firms 79.39% (79.59%)
- CASS medium firms 20.59% (20.39%)
- CASS small firms 0.02% (0.02%)

2.31 Firms can use our online fees calculator 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 2020/21 and 2021/22

		Number of firms in fee-blocks			Tariff data			Year-on-year movement in fee rates from 2020/21	
Fee-block	**Tariff base**	**2021/22 Actual**	**2020/21 Actual (i)**	**Change**	**2021/22 Actual**	**2020/21 Actual (i)**	**Change**	**CP21/08**	**Actual**
A.1	Modified eligible liabilities	764	787	-2.9%	£3,583.1bn	£3,445.4bn	4.0%	-5.5%	-4.8%
A.2	Number of mortgages or other home finance transactions	468	473	-1.1%	6.7m	6.8m	-2.2%	3.4%	3.6%
A.3	Gross written premium	312	315	-1.0%	£70.0bn	£72.2bn	-3.1%	-0.1%(ii)	-1.4%
	Best estimate liabilities				£141.5bn	£130.3bn	8.6%	0.3%(ii)	-16.8%
A.4	Gross written premium	154	163	-5.5%	£127.8bn	£155.9bn	-18.1%	-1.1%	20.6%
	Best estimate liabilities				£1,481.7bn	£1,429.5bn	3.7%	-1.0%	-4.6%
A.5	Active capacity	56	56	0.0%	£37.1bn	£30.7bn	20.8%	-10.6%(ii)	-13.9%
A.7	Funds under management	2,878	2,889	-0.4%	£10,774.1bn	£10,217.5bn	5.4%	-6.4%	-9.9%
A.9	Gross income	1,384	1,401	-1.2%	£12.9bn	£14.2bn	-9.2%	5.9%	7.2%
A.10	Traders	527	454	16.1%	8,513	8,825	-3.5%	-0.6%	-1.6%
A.13	Annual income	12,125	12,342	-1.8%	£33.8bn	£29.6bn	14.3%	-8.6%	-13.8%
A.14	Annual income	855	790	8.2%	£9.8bn	£9.1bn	7.8%	2.0%	-6.3%
A.18	Annual income	5,631	5,594	0.7%	£1.6bn	£1.9bn	-15.2%	4.1%	7.0%
A.19	Annual income	12,841	12,875	-0.3%	£18.3bn	£18.5bn	-1.1%	-0.9%	-1.8%
A.21	Client money Assets held	1,090	1,103	-1.2%	£190.8bn £16,012.6bn	£153.2bn £14,911.1bn	24.6% 7.4%	-3.7% -16.2%	-5.2% -16.6%
CC1.	Annual income	22,202	22,329	-0.6%	£2.3bn	£2.4bn	-5.6%	25.0%	25.0%
CC2.	Annual income	13,252	13,286	-0.3%	£26.5bn	£28.7bn	-7.8%	7.7%	7.7%
CMC	Annual income	667	721	-7.5%	£422.2m	£588.7m	-28.3%	-46.0%	-33.8%

Notes:

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

(ii) These movement figures do not reflect the impact of the business interruption insurance special fee. See paragraph 3.23 in CP21/08.

3 FCA periodic fees for other bodies

(FEES 4 Annex 2AR, Annex 4R, Annex 5R, Annex 10R, Annex 11R, Annex 14R, Annex 15R, Annex 16R, FEES 4A Annex 2R, Annex 1R, FEES App 2 Annex 2 Part 3, FEES App 3.1.2 – final rules in Appendix 1)

3.1 In this chapter we give feedback on the responses to Chapter 4 of CP21/08. This was our consultation on the draft fees rates rules for other bodies that fall within the 'B' to 'J' fee-blocks:

- B, Market infrastructure providers
- C, Collective investment schemes
- D, Designated professional bodies and professional body supervisors
- E, UK Listing Authority (UKLA)
- G, firms subject to: money laundering regulations; regulated covered bonds regulations; payment services regulations; electronic money regulations; firms undertaking consumer buy-to-let business; data reporting services providers; and third-party verification agents
- J, credit rating agencies, trade repositories and securitisation repositories

3.2 We also highlight the changes between the draft fees rates in CP21/08 and the final rates contained in Appendix 1 of this policy statement (PS).

Periodic fees for other bodies – summary of proposals

3.3 Our total 2021/22 Annual Funding Requirement (AFR) included in CP21/08 was £616.5m, an increase of 4.5% over 2020/21. In Chapter 2 of CP21/08, we set out the proposed allocation of this AFR to the 'B' to 'J' fee-blocks. As discussed in Chapter 2 of this PS, our final 2021/22 is a reduced £613.7m representing an increase of 4.0%. The reduction does not affect the AFR allocations to the 'B' to 'J' fee-blocks.

3.4 In Chapter 4 of CP21/08, we proposed the draft periodic fees to recover the allocated AFR from the fee-payers within each of these fee-blocks. This included proposing the following.

- Not to increase minimum fees by the 2% increase in our 2021/22 baseline ORA budget. We also kept minimum fees unchanged in 2020/21. Keeping minimum fees unchanged for 2021/22 will continue to help protect the smallest firms from the impact of Covid-19. This will apply to firms in the B to J fee-blocks.
- To increase flat fees by 2% in line with our policy to link these fees to movements in our ongoing regulatory activities (ORA) budget. The exception to a 2% increase was the proposal to revise the flat fee paid by businesses registered with the FCA under the Money Laundering Regulations from the baseline set in 2007. We proposed a 2021/22 flat fee of £1,000 (£469 in 2020/21).
- The recovery of scope-change and ongoing costs for our new responsibilities related to the new fee-blocks covering: J.1 Credit Rating Agencies (CRAs); J.2 Trade Repositories (TRs); and J.3 Securitisation Repositories (SRs). We proposed merging the J.2. and J.3 fee-blocks to recover the allocated AFR using the same levels of minimum and variable fees.

Covid-19 extended payment terms

3.5 We also proposed in CP21/08 that the extended payment terms set out in Chapter 2 of this PS should apply to fee-payers in the B to J fee-blocks covered by this chapter. Chapter 2 also provides the feedback we received on these proposals.

3.6 We asked:

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

Feedback on proposals

3.7 A TR firm commented that it supported our approach to 2021/22 fees for CRAs, TRs and SRs. An SR firm commented that following the onshoring of the EU securitisation regulation to the UK, it appears far fewer public securitisations are required to report via an SR than initially estimated. In this respect and based on the budget that this SR submitted to the FCA as part of their application process, it is evident that the minimum fee proposed by the FCA of £26,982 would amount to 4-5% of their total annual revenues.

3.8 The SR understands that the periodic fees are similar to the trade repositories fees, while the business volume of trade repositories seems to be significantly different. In general, the SR believes that our periodic fees should be applied on a proportionate basis, taking into account the specifics of the UK securitisation market.

Our response

The minimum fee reflects EU legislation transposed to the UK. It is set to match the minimum fee of €30,000 charged by the European Securities and Markets Authority (ESMA). The minimum amount was supported by respondents to ESMA's consultation. We received some push-back in our own consultation that it would be a barrier to entry (PS19/10), but we stressed the need to avoid divergence from EU legislation. SRs applying to be registered with the FCA benefited from the payment of a £5,000 fee rather than the €65,000 application fee charged by ESMA.

Changes between draft fee rates and final fee rates

3.9 We highlighted in CP21/08 that fee-payers should be aware that we calculated the draft fee rates and levies in Appendix 1 of CP21/08 using estimated fee-payer populations and tariff data (measures of size as a proxy for risk). We also highlighted that these may change when the final fee rates are calculated in June 2021.

3.10 Table 3.1 lists the fee-blocks where the percentage variance in the fee rates from 2020/21 have changed from the draft version in CP21/08 and the final rates in Appendix 1 of this PS.

Table 3.1: Variance in fee rates from 2020/21 – CP21/08 compared to actual

	Variance in fee rates from 2020/21	
Fee-block (variable fee rate)	**CP21/08**	**Actual**
B: Recognised investment exchanges	-7.1%	-12.7%
B: Regulated benchmark administrators	-46.4%	69.6%
B: Service companies	-7.7%	-8.5%
C: Collective investment schemes	-0.4%	-3.7%
D: Designated professional bodies	2.8%	43.8%
E: UKLA Premium listed issuers	14.8%	13.2%
G.2: Payment Services Regulations – certain deposit acceptors	-5.5%	-15.0%
G.3: Payment Services Regulations – large payment institutions and registered account information service providers	-5.5%	-15.1%
G.10: Electronic Money Regulations – large electronic money institutions	-38.1%	-46.5%
G.15: Regulated covered bonds	93.7%	145.0%

4 Applying financial penalties

4.1 In this chapter we confirm the amount of retained penalties from 2020/21 and the final percentage rebates that will be applied to 2021/22 periodic fees.

Financial penalty rebates 2021/22

4.2 In Chapter 5 of CP21/08, we estimated the retained penalties for 2020/21 to be £50.4m. The amount of the estimated retained penalties allocated to each fee-block and the estimated percentage rebates for 2021/22 periodic fees were set out in Table 5.1 in CP21/08.

4.3 The final amount of retained penalties for 2020/21 is £50.5m, 0.2% more than the £50.4m estimated in CP21/08. Table 4.1 sets out how we have distributed the retained penalties across fee-blocks, in the same proportions as CP21/08.

Table 4.1: Final schedule application of 2020/21 retained penalties in 2020/21

Fee-block	Actual 2020/21 retained penalties to be applied to benefit of fee-payers (£m)	Actual rebate applied to 2021/22 fees	Estimated 2020/21 retained penalties to be applied to benefit of fee-payers (£m)	Estimated rebate applied to 2021/22 fees
AP.0 FCA prudential	0.00	0.0%	0.0	0.0%
A.1 Deposit acceptors	7.9	10.6%	7.9	10.5%
A.2 Home finance providers and administrators	0.8	4.5%	0.8	4.5%
A.3 Insurers – general	1.6	5.9%	1.6	4.6%
A.4 Insurers – life	2.9	6.3%	2.9	6.3%
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	11.7	25.1%	11.7	25.0%
A.9 Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes	1.9	15.7%	1.9	15.6%
A.10 Firms dealing as principal	6.4	11.8%	6.4	11.8%
A.13 Advisors, arrangers, dealers or brokers (not holding or controlling client money or assets, or both)	4.3	5.5%	4.3	5.4%
A.14 Corporate finance advisers	2.0	13.8%	2.0	13.7%
A.18 Home finance providers, advisers and arrangers	3.3	18.6%	3.3	18.6%

Fee-block	Actual 2020/21 retained penalties to be applied to benefit of fee-payers (£m)	Actual rebate applied to 2021/22 fees	Estimated 2020/21 retained penalties to be applied to benefit of fee-payers (£m)	Estimated rebate applied to 2021/22 fees
A.19 General insurance mediation	2.9	10.1%	2.9	10.0%
A.21 Firms holding client money or assets or both	3.3	22.4%	3.3	22.3%
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	1.5	6.7%	1.5	6.6%
G.1 Persons registered under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	0.0	0.0%	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	**50.5**		**50.4**	

5 Feedback on further FCA fees policy proposals

(Final rules in Appendix 2)

5.1 In this chapter we set out the outcome of our consultation in Chapter 6 of CP21/08 which consulted on proposals to:

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

Data reporting service providers (DRSPs) post-Brexit

(FEES 3.2.7R, FEES 4.1R, FEES 4 Annex 11R)

Summary of proposals

5.2 DRSPs provide data reporting services for investment firms which are required to provide regulatory data services to the FCA. Before the UK left the European Economic Area (EEA), the DRSPs were able to operate across the EEA, regardless of where they were based. Now that the transition period has ended, incoming EEA DRSPs have had to set up UK entities or pass their services to UK affiliates by 31 December 2021 if they want to continue to provide data reporting services within the UK. Meanwhile, DRSPs are treated as if they were authorised, continuing to provide their services until the UK entity is set up and paying the periodic fee for 2021/22. We identified an ambiguity in our rules which could have resulted in a UK entity being charged the periodic fee which the EEA incoming DRSP had already paid.

5.3 We accordingly introduced a transitional provision to ensure that a newly authorised UK DRSP will not be required to pay any further fee for 2021/22 if its predecessor has already paid in full. This brings DRSPs into line with the fees rules which prevent double payment of periodic fees when a firm acquires business from another firm. Since incoming EEA DRSPs will not be able to operate in the UK after 31 December 2021, the issue affects the current fee-year only. The instrument also makes minor drafting amendments arising out of Brexit – for example, removing redundant references to the EEA.

5.4 We asked:

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

Feedback on proposals

5.5 We received no consultation responses.

5.6 We have accordingly implemented our proposals as consulted on.

Peer-to-peer (P2P) lending application fees

(FEES 3 Annex 1R)

Summary of proposals

5.7 An internal review showed that P2P applications are more complex to assess than other credit-related applications priced at the same level, with more internal engagement and additional governance procedures. Therefore we proposed to change the application fee type to increase the contribution P2P applicants make towards our costs.

5.8 P2P applicants currently pay a 'moderately complex' application fee of between £800 and £15,000 depending on their income. A 'complex' charge of between £1,000 and £15,000 (again, depending on income) would bring them into line with comparative application types such as high-cost short-term credit. We accordingly consulted on moving P2P applications from moderately complex to complex.

5.9 We asked:

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

Feedback on proposals

5.10 We received only one comment, supporting the proposal, so we have made the rules as consulted on.

5.11 In chapter 7 of CP21/08, we explained that we are setting up a simplified structure of application fees. This will include replacing the income-based consumer credit charges with flat fees – £5,000 for moderately complex and £10,000 for complex. The current instrument reflects the existing structure. We will move the P2P charges to the new structure, along with all the other application fees, when it is implemented later in the year.

6 Financial Ombudsman Service general levies

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

6.1 In this chapter we give feedback on the responses to Chapter 9 of CP21/08. In that chapter, we consulted on the 2021/22 fee rates for firms in the compulsory jurisdiction ('CJ') of the Financial Ombudsman Service ('the Ombudsman Service') and set out the proposed fee rates for firms in each industry block.

Summary of proposals

6.2 The Ombudsman Service presented its final budget to the FCA Board in March 2021. The FCA Board approved the total budget of £260.2m for 2021/22 (down from a total budget of £314.5m in 2020/21). The total budget covered the annual general levy payable for the compulsory jurisdiction ('the general levy'), voluntary jurisdiction ('VJ levy') and case fees, with the first 25 cases for a firm dealt with by the Ombudsman Service in the year being free. (For some larger firms there is a separate group account fee arrangement). The Ombudsman Service includes a breakdown of its budget in its 2021/22 plans and budget

6.3 The general levy only applies to firms covered by the CJ and it is raised and collected by the FCA. It is payable by all firms authorised or registered by us. This includes those that have not had any cases referred to the Ombudsman Service. However, firms who do not deal with eligible complainants (see DISP 2.7.3R) can, by written notification to the FCA, claim exemption from the rules relating to the funding of the Ombudsman Service (see DISP 1.1.12R).

6.4 In its December 2020 consultation, the Ombudsman Service consulted on the 2021/22 budget proposing to change how it apportions its income between the case fee and the levy. This included collecting around 55% of its expected income through case fees and about 45% via the levy. This has resulted, in a total levy of £96m, which is an increase of just over £12 million (14%) compared to last year (£84m). The levy of £96m is around 9% lower than the £106 million that the Ombudsman Service originally proposed in its 2021/22 consultation, with the difference being funded from reserves.

6.5 As set out in the Ombudsman Service plans and budget consultation and final plans for 2021/22, the Ombudsman Service anticipates that a levy set at £96m, together with a case fee of £750, will enable it to maintain price stability for the next three years, with no further increases to the levy or case fee.

6.6 We asked:

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

Feedback on proposals

6.7 We received a total of 13 responses with 6 responses coming from trade bodies and the rest from individual firms. In all of the responses there was strong disagreement on the increase to the levy. Respondents considered the increase to be disproportionate, and a move away from the 'polluter pays' principle.

6.8 The key comments that were made by all respondents to the consultation are shown in the list below:

- Most considered the increase unfair in the current climate and many respondents asked for a review of the Ombudsman Service funding structure.
- All respondents wanted to return to 85:15 case fee:levy fee arrangement or to change to a risk based levy model arguing that this would ensure those firms who have larger volumes of complaints at the service, contribute more.
- Significant increase this year and last year.
- Some respondents stated that the Ombudsman Service's fees have risen by over 200%.

Our response

The Ombudsman Service consults publicly every December on its budget, which sets out its annual income requirement for the coming financial year and how this is split between the CJ levy and case fees. The budget is subject to scrutiny by the FCA Oversight Committee on behalf of the FCA Board, which, under the Financial Services and Markets Act 2002 (FSMA), is required to approve the final budget.

The Ombudsman Service extensively on the changes to its funding model in December 2019 and in December 2020 and invited discussions from stakeholders.

The Ombudsman Service provides a summary of consultation feedback to the FCA as part of this process and sets out how it has responded to stakeholders in its final budget document. The budget consultation and final budget document are published on the Ombudsman Service's website: www.financial-ombudsman.org.uk/who-we-are/governance-funding/consultations

Because the Ombudsman Service's annual income requirement and overall CJ levy and case-fee split is determined by this process, the FCA's rates consultation is concerened only with the apportionment of the levy across the different fee blocks.

6.9 In addition to the general comments above, there were some specific responses which are covered below.

6.10 Respondents said that the apportionment of CMC funding seemed to be low in spite of the recent concerns and intelligence of firms phoenixing as CMC firms.

Our response

The FCA is looking at the intelligence of firms that 'phoenix' into CMCs which then take on the complaints of its dissolved firm. The FCA is consulting on rules to prevent this practice.

The Ombudsman Service decision to apportion the CMC levy, reflects the demand placed on the Ombudsman Service resources to consider complaints about CMCs and is not directly connected to the phoenixing issue.

6.11 Respondents asked if the FCA could intervene or consider an alternative, fairer, approach to the apportionment of the CJ levy.

Our response

The FCA is unable to intervene directly but uses this consultation process as a means to review responses and determine the final apportionment of the CJ levy. The apportionment across the fee blocks are based on the number of complaints received and the Ombudsman Service resources needed to consider them for each industry block. We consider this a fair approach, when apportioning the levy

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6.12 Respondents asked if building societies could be decoupled from banks in their current funding block and be subject to a more proportionate tariff that reflects their lower risks and complexity.

Our response

The FCA has previously responded to this request in PS20/07 (see paras 2.24 and 2.25). We stated:

The fee-block structure is based on grouping firms together where they undertake common permitted regulatory activities. Recovery of the Annual Funding Requirement (AFR) allocated to fee-blocks is based on an objective measure of size (tariff base) that is consistently applied to all firms in the fee-block.

The A.1 fee-block covers banks, building societies and credit unions. The AFR allocated to A.1 is recovered from these firms based on their size as measured by the tariff base of modified eligible liabilities (MELs) – effectively the size of their UK deposits. Exceptionally for this fee-block we apply a premium of respectively 25% and 65% to the fee rates for firms in the medium-high and high impact bands of this fee-block. This reflects that we target our overall supervision at the high-impact, systemically important firms in this sector.

We continue to believe that by using MELs as the tariff base the fees for firms in the A.1 fee-block are closely linked to the size of firm's UK deposit books. This is an important indicator of the riskiness of these entities to our objectives. In addition, our use of premium fee rates ensures larger and more complex firms pay fees appropriate to the risks they pose.

6.13 Respondents asked that the Ombudsman Service reviews its procedures which allows it to charge a full case fee to firms even when a case it outside its jurisdiction. A lower fee should apply, which more accurately reflects the limited administration involved.

Our response

The FCA handbook refers to when the Ombudsman Service can charge a case and the conditions for when this should not proceed. See link here: www.handbook.fca.org.uk/handbook/glossary/G145.html

In essence it states that cases are not chargeable if the complainant is not an eligible complainant; the complaint does not fall within the jurisdiction of the Ombudsman Service or the Ombudsman Service considers that the complaint should be dismissed without consideration of its merits (see DISP 3.3.4 R).

The decision to categorise a complaint as a chargeable complaint is for the Ombudsman Service to make.

6.14 Respondents asked if the FCA could intervene or review instances where the Ombudsman Service would request firms to respond to their queries, only for the Ombudsman Service to then confirm that it is outside of its remit.

Our response

The Ombudsman Service is operationally independent of the FCA and the FCA cannot get involved in the decisions the Ombudsman Service makes on individual complaints, including on whether a complaint is within its jurisdiction or not.

Covid-19 extended payment terms

6.15 We also proposed in CP21/08 that the extended payment terms set out in Chapter 2 of this PS should apply to firms that pay the Ombudsman Service general levy in 2021/22. Chapter 2 also provides the feedback we received on these proposals.

7 Money and Pensions Service levies

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

7.1 In this chapter, we set out the 2021/22 final levies for the Money and Pensions Service (MaPS) and give feedback on the responses we received to Chapter 10 of CP21/8.

Background

7.2 The Single Financial Guidance Body (SFGB) came into operation on 1 January 2019. It took on the responsibilities of the Money Advice Service (MAS), Pension Wise and The Pensions Advisory Service (TPAS). The SFGB was re-named MaPS by regulation in April 2019.

7.3 MaPS is responsible for providing money and pensions guidance in the UK and debt advice in England. It also has a strategic function to develop and co-ordinate a national strategy to improve financial capability, debt management and financial education for children and young people.

7.4 MaPS is an arm's length body of the Department for Work and Pensions (DWP). The FCA has no oversight role for its budget, but we are responsible for collecting funding for MaPS to carry out its functions. Each year we must collect the amount the DWP notifies to us.

7.5 The DWP notified us that the total amount we must collect for MaPS in 2021/22 is £149.2m, made up of amounts for 3 separate levy components:

- £23m for money guidance in the UK
- £94.6m for debt advice in England
- £31.6m for pensions guidance in the UK (£5.3m of which is designated for the pensions dashboard)

7.6 The DWP told us the above costs included apportioning MaPS central costs and costs for other functions and progressing activities for the UK Strategy for Financial Wellbeing. The DWP also told us that MaPS will use the levy amount to continue the support needed in responding to the Covid-19 pandemic, new legislative activities and the ongoing development of the MaPS service.

Final levy amounts

7.7 Table 7.1 below shows the final agreed levy amounts we will be raising. We have adjusted these to reflect underspends, notified to us by the DWP, on the amounts collected under last year's money guidance, pensions guidance and debt advice levies.

7.8 The table also highlights the change in the amount of levy we will raise as a result of this compared with what we originally consulted on.

Table 7.1: 2021/22 Final Funding requirement – compared to consultation

Function	Consultation funding requirement (£m)	Final funding requirement (£m)	Movement (£m)
Money guidance	23	22.057	-0.943
Pensions guidance	26.3	18.903	-7.397
Debt advice	94.6	85.347	-9.253
Pensions Dashboard	5.3	1.208	-4.092
Money and Pensions Service total	149.2	127.515	-21.685

7.9 In line with the proposals in CP21/8, for 2021/22, we will allocate MaPS costs to fee-blocks on the same basis we used in 2020/21. For money guidance, we have updated the allocation to reflect MaPS usage rates and strategic priorities, using the same formula we previously used for MAS.

Summary of proposals – MaPS money guidance levy

7.10 The proposed budget for delivering the MaPS money guidance function for 2021/22 was £23m.

7.11 We asked:

> **Q9:** ***Do you have any comments on the proposed 2021/22 rates for the MaPS money guidance levy?***

Feedback on proposals – MaPS money guidance levy

7.12 Two respondents agreed with the proposed MaPS money guidance levy. One highlighted that firms in the A.13 fee block already engage in financial education and guidance delivery via the Personal Finance Society which incurs costs. Therefore, the money guidance levy should not be increased and the FCA should seek funding from the Department for Education adult-learning budget. One respondent, whilst supportive of the money guidance service provided by MaPS, voiced concern about the opaque nature of the increases at a time of large increases in the overall fee firms pay.

Our response

We have decided to allocate the money guidance levy rates as consulted on in CP21/8.

The FCA does not have an oversight role for the budget for MaPS. Our role is to collect the levies notified to us each year by the DWP.

Almost all FCA-regulated firms pay the money guidance levy. This is because the money guidance function of MaPS was designed to be universal, providing guidance on all financial issues consumers face, so all sectors of the financial services industry contribute towards the cost of the service.

Since 2014/15, the levy has been allocated to take account of current MaPS usage data and strategic objectives. This gives a clearer link between how consumers use the service, the service's business strategy, and the firms that pay for the service.

Summary of propopsals – MaPS debt advice levy

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

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

7.15 We asked:

> **Q10:** ***Do you have any comments on the proposed 2021/22 rates for the MaPS debt advice levy?***

Feedback on proposals – MaPS debt advice levy

7.16 We received feedback from 6 trade bodies on the proposed MaPS debt advice levy. One agreed with our proposals. One felt the debt advice levy was disproportionate for the funeral plan sector. Three bodies voiced concerns about the unfairness of only certain sectors and entities contributing to the increasing costs of funding debt advice.

7.17 It was suggested that costs should be apportioned across other sectors and authorities. They should not just be borne by the financial services sector, some of whom had also provided significant support during the pandemic, for example in the form of payment deferrals. Additionally, the wider work with MaPS and Government to establish a more sustainable debt advice funding approach for the future should be urgently completed, with legislation introduced to compel all sectors to pay (for example, local authorities, central government and utilities). One requested more transparency on the timetable for completing this work. Another added that increases to debt advice funding must not become permanent and should fall to pre-pandemic levels as soon as the economy is stable.

7.18 Two respondents also expressed concerns about the way the levy is funded, stating that it is unfair based on the current allocations (allocated on a 50:50 basis between the home finance fee-block and the consumer credit fee-block). They felt this should be revisited as other approaches may result in a fairer distribution of costs across firms.

Our response

We have decided to allocate the debt advice levy rates as consulted on in CP21/8.

As stated in that CP, we know that financial services firms are concerned about the recent and increasing levels of debt advice funding provided by the levy; we know the sector has concerns about the current funding model, including the levy methodology.

MaPS continues to work with the FCA and Government to monitor and understand the long-term impacts of Covid-19, as well as the capacity within the debt advice sector and the funding required to maintain adequate and sustainable debt advice provision, especially for those who are vulnerable. All the views we have received are being considered as part of that wider work.

Any proposed changes to levies for financial services firms from this work will be subject to consultation and will require the consent of the Secretary of State for Work and Pensions and the Treasury.

For this consultation, we did not consult on which firms should contribute to the levy or what tariff base should be used to calculate a firm's contribution.

A firm will only pay the debt advice levy if it carries out regulated consumer credit lending as defined in our Handbook or if it is a home finance provider or administrator as defined under fee-block A.2.

Summary of proposals – MaPS pensions guidance levy

7.19 The proposed budget for delivering the total MaPS pensions guidance function for 2021/22 was £31.6m. £5.3m of the total for pensions guidance was designated for the pensions dashboard.

7.20 We asked:

Q11: ***Do you have any comments on the proposed 2021/22 rates for the MaPS pensions guidance levy?***

Feedback on proposals – MaPS pensions guidance levy

7.21 We received 4 responses on the proposed MaPS pensions guidance levy. One told us they agreed with the proposed rates. Another response suggested, as for the money guidance levy, that funding should not be increased and should be sought from the Department for Education as the A.13 fee block already engages in financial education and guidance delivery via the Personal Finance Society. One respondent requested further clarity on the reasons for the increase, particularly for the pensions dashboard, which they felt had been under development for some time without much success.

7.22 One respondent queried why funeral plan firms should contribute.

Our response

We have decided to allocate the pensions guidance levy rates as consulted on in CP21/8.

Our response on the feedback received suggesting funding should not be increased and should be sought from the Department for Education is under Question 9 above.

The DWP has informed us that pensions dashboards will help individuals view their pensions information online, securely and all in one place, thereby supporting better planning for retirement and growing financial wellbeing. MaPS set up the Pensions Dashboards Programme (PDP) in 2019, which is responsible for designing and creating the pensions dashboards ecosystem, including the digital architecture that will make pensions dashboards work. The PDP has now started a procurement exercise for the digital architecture and expects to award a contract later this year. The PDP is working closely with key delivery partners including The Pensions Regulator, DWP and the FCA. MaPS is also required to develop and host its own pensions dashboard.

Following the passage of the Pensions Scheme Act 2021, the DWP intends, later this year, to consult on draft regulations which will put pensions dashboards on a statutory footing and will require pension schemes to provide information to pensions dashboards. Further information about pensions dashboards, including an indicative timetable for their delivery, can be found in the PDP's regular progress update reports, the most recent of which was published in May 2021.

CP21/8 proposed to allocate costs across the 5 pensions guidance levy fee-blocks in the same proportions we used for Pension Wise last year. For clarity, the framework for recovering the pensions guidance levy is based on using five fee-blocks. These cover the regulated activities undertaken by firms who may benefit from the retirement financial products and services that consumers may purchase. The range of such products/services is wide and includes cash savings accounts, annuities, income draw down, investment funds/schemes and other guaranteed income-generating products, as well as the services of financial advisers and managers of investments. Firms will only pay the pensions guidance levy if they fall within one of the 5 pensions guidance levy fee-blocks.

Covid-19 extended payment terms

7.23 We proposed that the extended payment terms set out in Chapter 2 of this PS should apply to firms that pay the MaPS levies in 2021/22. Chapter 2 also provides the feedback we received on these proposals.

8 Devolved Authorities levy

(FEES 7B Annex 1R ans 7D Annex 1R – final rules in Appendix 1)

8.1 In this chapter we set out the 2021/22 final levy amounts for the Devolved Authorities debt advice levy and give feedback on the responses we received to Chapter 11 of CP21/8.

Background

8.2 The Devolved Authorities are responsible for providing free-to-consumer debt advice in Scotland, Wales and Northern Ireland. The FCA is responsible for collecting the funding for that function. Each year we must collect the amount notified to us by the Treasury.

Summary of proposals

8.3 The total budget for delivering debt advice in the Devolved Authorities in 2021/22 was £14.0324m. We proposed to allocate costs under the Devolved Authorities debt advice levy in the same proportion they were allocated last year. The Treasury calculated the budget requirements using a funding formula based on population sizes and levels of over-indebtedness in Scotland, Wales and Northern Ireland.

8.4 We asked:

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

Feedback on proposals

8.5 We received responses from 4 trade bodies and 1 firm on the proposed Devolved Authorities debt advice levy.

8.6 Two responses were the same as those for the Money and Pensions Service (MaPS) debt advice levy, on the unfairness of the current allocations and the current funding model.

8.7 Two respondents agreed with the proposed rates and one respondent suggested that the Devolved Authorities should be funded from their annual budget and not from the FCA.

Our response

We have decided to allocate the Devolved Authorities debt advice levy as consulted on in CP21/8.

Our response to the feedback received on the current allocations and the funding model is in Chapter 7.

The Treasury is responsible for telling the FCA how much we need to collect for the Devolved Authorities to provide debt advice. The FCA has no role in deciding the budget: we collect the amount notified to us by the Treasury.

Covid-19 extended payment terms

8.8 We also proposed that the extended payment terms set out in Chapter 2 of this PS should apply to firms that pay the Devolved Authorities' debt advice levy in 2020/21. Chapter 2 also provides the feedback we received on these proposals.

9 Illegal money lending levy

(FEES 13 Annex 1R and FEES 13A Annex 1R – final rules in Appendix 1)

9.1 In this chapter, we confirm the final 2021/22 expenses that the Treasury will incur by providing for the teams tackling illegal money lending (IML). We also give our response to feedback we received to Chapter 12 of CP21/08, in which we set out the proposed 2021/22 IML levy rates.

9.2 The Treasury has notified us that its final 2021/22 IML expenses will be £6.5m (£6.2m in 2020/21), including FCA collection costs of £91,813 (£90,013 in 2020/21). This is unchanged from the estimated amount in CP21/08.

Summary of proposals

9.3 We proposed IML levy rates to recover the £6.5m from consumer credit firms as set out in Table 9.1.

Table 9.1: 2021/22 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 + £0.24 per £1,000

Covid-19 extended payment terms

9.4 We also proposed that the extended payment terms set out in Chapter 2 of this PS should apply to firms that pay the IML levy in 2021/22. Chapter 2 also provides the feedback we received on these proposals.

9.5 We asked:

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

Feedback on proposals

9.6 We received feedback from 1 trade body on the proposed IML levy who commented that the level of increase seems broadly reasonable.

Changes between the draft levy and final levy rates

9.7 CP21/08 highlighted that fee-payers should know that the draft IML levy rates in Appendix 1 of CP21/08 were calculated using estimated fee-payer populations and tariff data. These may change when the final levy rates are calculated in June 2021.

9.8 We can confirm that the IML variable levy rate in Appendix 1 of this PS has changed from the draft rate in CP21/08.

Annex 1
List of non-confidential respondents

Adviser Services Holdings Ltd

Apex CB Financial Planning Ltd

Association of British Credit Unions Ltd

Association of British Insurers (ABI)

Association of Finance Brokers (AFB)

Association of Financial Mutuals (AFM)

Association of Mortgage Intermediaries (AMI)

British Insurance Brokers' Association (BIBA)

British Vehicle Rental and Leasing Association (BVRLA)

Building Societies Association (BSA)

Chrysalis Finance Limited

Consumer Credit Trade Association (CCTA)

Credit Services Association (CSA)

Evergreen Finance London Ltd

Finance & Leasing Association

Holiday Extras Cover Ltd

International Underwriting Association of London (IUA)

Lyncombe Consultants Ltd

National Franchised Dealers Association (NFDA)

National Society of Allied and Independent Funeral Directors (SAIF)

On-Line Partnership Group Limited

PIMFA

Regis TR UK Limited

Sense Network Ltd

Scott Robert Compliance Limited

Sesame Bankhall Group

Simply Biz Services Limited

Social Money Limited

Switcha Limited

Wescot Credit Services

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. We set out the key requirements below.

   - We must pay the financial penalties we receive to the Treasury net of certain enforcement costs incurred in the financial year we received the penalties. 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 these 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 penalties we may impose 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. We will apply the total retained penalties from any financial year 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, except where there has been a material and explainable exception (allocation by exception). Where an allocation by exception has occurred, we will apply the retained penalties in the following year 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. So retained penalties are not allocated to this fee-block.

7. Any firms we impose a penalty on 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. We publish a draft of this schedule in our annual fees rates CP in April. We publish the final schedule 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 Advisors, arrangers, dealers or brokers (not holding or controlling client money or assets, or both)
A.14 Corporate finance advisers
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
Abbreviations used in this paper

Abbreviation	Description
AFR	Annual funding requirement
AIF	Alternative investment fund
AIFM	Alternative investment fund managers
APIs	Authorised payment institutions
AR	Appointed representative
CASS	Client Money Assets sourcebook
CF	Controlled function
CFOs	Community Finance Organisations
CiC	Change in control
CIS	Collective investment schemes
CJ	Compulsory jurisdiction
CMCs	Claims management companies
CP	Consultation Paper
DA	Devolved Authorities
DPB	Designated professional bodies
DRSP	Data reporting service provider
EEA	European Economic Area
EMI	Electronic money institution
EMR	Electronic money regulations
EU	European Union
FCA	Financial Conduct Authority

Abbreviation	Description
FEES	Fees manual
FG&C Bill	Financial Guidance and Claims Bill
FP	Funeral plan
FPS	Financial Penalty Scheme
FSA	Financial Services Authority
FSCS	Financial Services Compensation Scheme
FSMA	Financial Services and Markets Act
IARs	Introducer appointed representatives
IML	Illegal money lending
MAPS	Money and Pensions Service
MiFID II	Markets in Financial Instruments Directive II
MLRs	Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
MDP	Market data processor
MTF	Multilateral trading facility
ORA	Ongoing regulatory activities
OTF	Organised trading facility
P2P	Peer-to-peer lending
PPI	Payment protection insurance
PRA	Prudential Regulation Authority
PS	Policy Statement
RAO	Regulated Activities Order
RBAs	Regulated Benchmark Administrators
RIE	Recognised investment exchange
RCB	Regulated covered bonds

Abbreviation	Description
SC	Service companies
SFGB	Single Financial Guidance Body
SMR	Senior managers regime
SPF	Special project fee
UCITS	Undertakings for collective investment in transferable securities
UK	United Kingdom
UKLA	UK Listing Authority
VJ	Voluntary jurisdiction
VO	Validation order
VoP	Variation of permission

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Appendix 1
Periodic Fees (2021/22) and other fees Instrument 2021 (made rules)

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

Powers exercised

A. The Financial Conduct Authority ("the FCA") makes this instrument in the exercise of the powers and related provisions in or under the following:

(1) the Financial Services and Markets Act 2000 ("the Act"):

(a) section 73A (Part 6 Rules);
(b) section 137A (The FCA's general rules);
(c) section 137SA (Rules to recover expenses relating to the single financial guidance body);
(d) section 137SB (Rules to recover debt advice expenses incurred by the devolved authorities);
(e) section 137T (General supplementary powers);
(f) section 139A (Power of the FCA to give guidance);
(g) section 234 (Industry funding);
(h) section 333T (Funding of action against illegal money lending);
(i) paragraph 23 (Fees) in Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority); and

(2) regulation 118 (Costs of supervision) of the Payment Services Regulations 2017 (SI 2017/752);

(3) regulation 59 (Costs of supervision) of the Electronic Money Regulations 2011 (SI 2011/99);

(4) paragraph 12K (Power to charge fees) of Part 1A of Schedule 3 and paragraph 35 (Power to charge fees) of Part 3 of Schedule 3 to the Electronic Money, Payment Services and Payment Systems (Amendment and Transitional Provisions) (EU Exit) Regulations 2018 (SI 2018/1201);

(5) regulation 46 of and paragraph 5 of Schedule 1 (Fees) to the Regulated Covered Bond Regulations 2008 (SI 2008/346);

(6) article 25 (Application of provisions of the Act to the FCA in respect of its supervision of consumer buy-to-let mortgage firms) of the Mortgage Credit Directive Order 2015 (SI 2015/910);

(7) regulation 40 (FCA: penalties, fees and exemption from liability in damages) of the Data Reporting Services Regulations 2017 (SI 2017/699);

(8) regulation 26 (FCA: penalties, fees and exemption from liability in damages) of the Financial Services and Markets Act 2000 (Benchmarks) Regulations 2018 (SI 2018/135);

(9) paragraph 11 (Penalties and fees) of Schedule 1 and paragraph 4(7) of

Schedule 2 to the Securitisation Regulations 2018 (SI 2018/1288);

(10) regulation 102 (Costs of supervision) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692);

(11) regulation 27 (Costs of supervision) of the Oversight of Professional Body Anti-Money Laundering and Counter Terrorist Financing Supervision Regulations 2017 (SI 2017/1301);

(12) regulations 206 (Meaning of "qualifying functions" in this Part) and 208 (Fees: Financial Conduct Authority) of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019 (SI 2019/632); and

(13) regulation 63 (power to charge fees) of the EEA Passport Rights (Amendment, etc. and Transitional Provisions) (EU Exit) Regulations 2018 (SI 2018/1149).

B. The rule-making powers listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.

C. As required by section 137SA(5) of the Act, the Secretary of State has consented to rules made under that section and, as required by section 137SB(5) of the Act, the Treasury has consented to rules made under that section.

Commencement

D. This instrument comes into force on 1 July 2021.

Amendments to the Handbook

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

Notes

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

Citation

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

By order of the Board
24 June 2021

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

Annex

Amendments to the Fees manual (FEES)

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

4 Periodic fees

…

4.2 Obligation to pay periodic fees

…

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

1 Fee payer	2 Fee payable	3 Due date	4 Events occurring during the period leading to modified periodic fee
…			
Persons who hold a certificate issued by the *FCA* under article 54 of the *Regulated Activities Order* (Advice given in newspapers etc.)	£1,151	(1) Unless (2) applies, on or before 1 August or, if later, within 30 days of the date of the invoice. (2) If an event in column 4 occurs, during the course of a *fee year*, 30 *days* after the occurrence of that event.	Certificate issued to *person* by the *FCA* under article 54 of the *Regulated Activities Order*
…			

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

<table>
<tr><td colspan="2">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.</td></tr>
<tr><td>Activity group</td><td>Fee payer falls into the fee-block if</td></tr>
<tr><td>…</td><td></td></tr>
<tr><td><u>A.22 Principal firms - appointed representatives</u></td><td><u>it is a firm that has permission to undertake any regulated activity and has appointed one or more appointed representatives.</u></td></tr>
<tr><td>…</td><td></td></tr>
<tr><td colspan="2">Part 3

This table indicates the tariff base for each fee-block set out in Part 1.

The tariff base in this Part is the means by which the FCA measures the amount of business conducted by a firm for the purposes of calculating the annual periodic fees payable to the FCA by that firm.</td></tr>
<tr><td>Activity group</td><td>Tariff base</td></tr>
<tr><td>…</td><td></td></tr>
<tr><td><u>A.22</u></td><td><u>Number of appointed representatives appointed by the firm.</u>

<u>Note: appointed representatives include introducer appointed representatives.</u></td></tr>
<tr><td>…</td><td></td></tr>
<tr><td colspan="2">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.</td></tr>
<tr><td>Activity group</td><td>Valuation date</td></tr>
<tr><td>…</td><td></td></tr>
<tr><td><u>A.22</u></td><td><u>Number of appointed representatives included in the Financial Services Register on the first day of a fee year.</u></td></tr>
<tr><td>…</td><td></td></tr>
</table>

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

Part 1 …		
Activity group,	Fee payable	
A.1	Band width (£million of Modified Eligible Liabilities (MELs))	Fee (£/£m or part £m of MELs)
		General Periodic fee
	>10 - 140	~~15.3105~~ 14.5772
	>140 - 630	~~15.3105~~ 14.5772
	>630 - 1,580	~~15.3105~~ 14.5772
	>1,580 - 13,400	~~19.138~~ 18.222
	>13,400	~~25.262~~ 24.052
	The tariff rates in A.1 are not relevant for the *permissions* relating to *operating a dormant account fund*. Instead a flat fee of £6,367 is payable in respect of these *permissions*.	
A.2	Band width (No. of mortgages and/or home finance transactions)	Fee (£/mortgage)
	>50	~~2.718~~ 2.816
A.3	Gross written premium for fees purposes (GWP)	Periodic fee
	Band Width (£million of GWP)	Fee (£/m or part £m of GWP)
	>0.5	~~370.90~~ 365.89 plus, where neither the *firm*, nor a member of its *group*, was a defendant in *Financial Conduct Authority v Arch Insurance (UK) Ltd and others* [2020] EWCA Comm 2448, 110.63
	PLUS	

	Best estimate liabilities for fees purposes (BEL)	General Periodic fee
	Band Width (£million of BEL)	Fee (£/£m or part £m of BEL)
	>1	~~22.73~~ 18.9 plus, where neither the *firm*, nor a member of its *group*, was a defendant in *Financial Conduct Authority v Arch Insurance (UK) Ltd and others* [2020] EWCA Comm 2448, 6.15
	For *UK ISPVs* the tariff rates are not relevant and a flat fee of ~~£505~~ £515 is payable in respect of each *FCA* financial year (the 12 *months* ending 31 March).	
A.4	Gross written premium for fees purposes (GWP)	General Periodic fee
	Band Width (£million of GWP)	Fee (£/£m or part £m of GWP)
	>1	~~186.02~~ 224.27
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	General Periodic fee
	Band Width (£million of BEL)	Fee (£/£m or part £m of BEL)
	>1	~~13.51~~ 12.89
A.5	Band Width (£million of Active Capacity (AC))	Fee (£/£m or part £m of AC)
	>50	~~8.0158~~ 6.90 plus, where neither the *firm*, nor a member of its *group*, was a defendant in *Financial Conduct Authority v Arch Insurance (UK) Ltd and others* [2020] EWCA Comm 2448, 2.15
A.6	Flat fee (£)	~~376,291.18~~ 373,766.69

A.7	For class 1(C), (2), (3) and (4) *firms*:	
	Band Width (£million of Funds under Management (FuM))	Fee (£/£m or part £m of FuM)
	>10	~~5.0472~~ 4.55
	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%.	
A.9	Band Width (£million of Gross Income (GI))	Fee (£/£m or part £m of GI)
	>1	~~907.63~~ 973.26
A.10	Band Width (No. of traders)	Fee (£/person)
	>1	~~6,805.33~~ 6,697.26
	For *firms* carrying on *auction regulation bidding*, the fee in A.10 is calculated as above less 20% for each trader that carries on *auction regulation bidding* but not *MiFID business bidding* or *dealing in investments as principal*.	
A.13	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	~~2.8356~~ 2.443
A.14	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	~~1.6524~~ 1.548
A.18	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	~~10.598~~ 11.337
A.19	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	~~1.693~~ 1.662
A.21	*Client money*	
	Band Width (£ *client money*) (CM) held	Fee (£/£ millions or part £ million of CM)
	less than £1 million	~~123.719~~ 102.80

	an amount equal to or greater than £1 million but less than or equal to £1 billion	~~92.79~~ <u>77.10</u>
	more than £1 billion	~~61.86~~ <u>51.40</u>
	PLUS	
	Safe custody assets	
	Band Width (£ *safe custody assets*) (CA) held	Fee (£/£ millions or part £ million of CA)
	less than £10 million	~~0.4641~~ <u>0.4460</u>
	an amount equal to or greater than £10 million and less than or equal to £100 billion	~~0.3481~~ <u>0.3345</u>
	more than £100 billion	~~0.2321~~ <u>0.2230</u>
<u>A.22</u>	<u>Band Width (No. of *appointed representatives*)</u>	<u>Fee (£/*appointed representative*)</u>
	<u>>0</u> <u>>0</u>	<u>250 for *appointed representatives* other than *introducer appointed representatives*</u> <u>75 for *introducer appointed representatives*</u>
B. Service Companies	Band Width	Fee (£)
	Annual income up to and including £100,000	1,132
	PLUS:	
	Band width	Fee (£/£thousand or part £ thousand of income)
	Annual income over £100,000	~~1.31~~ <u>1.19</u>
B. Regulated benchmark administrators	Band width	Fee (£)
	Annual income up to and including £100,000	1,151
	PLUS:	

	Band width	Fee (£/£ thousand or part £ thousand of income)
	Annual income over 100,000	~~1.179~~ 2.00
B. Recognised investment exchanges	Band width	Fee (£)
	Annual income up to and including £10,000,000	~~107,161~~ 109,304
	PLUS:	
	Band width	Fee (£/£ thousand or part £ thousand of income)
	Annual income over £10,000,000	~~3.969~~ 3.44
B. Recognised auction platforms	~~57,124~~ 58,266	
B. Recognised overseas investment exchanges	~~61,200~~ 62,424 ~~, except as provided below~~	
	~~*Recognised overseas investment exchanges* that are *EEA market operators* before IP completion day~~	~~No fee is payable in respect of any complete *fee year* beginning on or after 1 April 2018 and ending before IP completion day.~~ ~~For the *fee year* in which IP completion day occurs the fee payable is in accordance with the formula set out below.~~ ~~(The above fee ÷ 12) multiplied by the number of calendar *months* (inclusive) between the calendar *month* in which IP completion day occurs and the last calendar month of that *fee year*.~~
	~~*Recognised overseas investment exchanges* (including those that were *EEA market*~~	~~60,000~~

	~~*operators* immediately before *IP completion day* for *fee years* following the *fee year* in which *IP completion day* occurs)~~	
B. MTF and OTF operators	Band width	Fee (£) ~~for the period from 1 April 2021 to 31 March 2022~~
	Annual income up to and including £100,000	~~[tbc]~~ 1,151
	PLUS:	
	Band width	Fee (£/£ thousand or part £ thousand of income) ~~for the period from 1 April 2021 to 31 March 2022~~
	Annual income over £100,000	~~[tbc]~~ 2.32
CC1. Credit-related regulated activities with limited permission	Band Width (£ thousands of annual income (AI))	Fee (£)
	0 - 10	~~106~~ 250
	>10 - 50	~~266~~ 500
	>50 - 100	~~424~~ 500
	>100	~~530~~ 750
	PLUS:	
		Fee (£/£ thousand or part £ thousand of AI)
	>250	~~0.40167~~ 0.50
CC2. Credit-related regulated activities	Band Width (£ thousands of annual income (AI))	Fee (£)
	0 - 50	~~318~~ 750
	>50 - 100	~~530~~ 1,000
	>100	~~1,061~~ 1,151

	PLUS:	
		Fee (£/£ thousand or part £ thousand of AI)
	>250	~~1.30542~~ 1.40
CMC.	Band width (£ thousands of annual turnover)	Fee (£) ~~for 2020/21~~
	0-50	500
	50-100	1,000
	>100	~~5.0584~~ 3.35 per £ thousand or part per £ thousand
~~**Notes**~~		
~~1.~~	~~For the purposes of this table, "IP completion day" has the same meaning as in the European Union (Withdrawal Agreement) Act 2020 (see section 39(1) to (5) of that Act) and regulations made under that section.~~	

Part 2 …

Part 2(a) tariff rates (minimum fees) payable to the FCA by FCA-authorised persons			
A.0	(1)	£1,151 unless it is a *community finance organisation* with a tariff base of:	
		(a)	up to and including 3 mortgages and/or *home finance transactions*, in which case a minimum fee of £176 is payable; or
		(b)	more than 3 but no more than 10 mortgages and/or *home finance transactions*, in which case a minimum fee of £597 is payable; or
		(c)	more than 10 but no more than 50 mortgages and/or *home finance transactions*, in which case a minimum fee of £1,106 is payable.

	…
AP.0	Periodic fees payable under fee blocks A.2, A.7 to A.19 and A. 21 in Part 1 multiplied by rate ~~£0.10365~~ £0.1055

Part 2(b) tariff rates (minimum fees) payable to the FCA by PRA-authorised persons			
A.0	(1)	£574 unless:	
		(a)	It is a *credit union* that meets the conditions in (2), in which case the minimum fee payable is as set out in (2);
		(b)	it is a *non-directive friendly society* that falls into the A.3 activity group but not the A.4 activity group and has, for that activity, 0.5 million or less in gross written premium for fees purposes and holds best estimate liabilities for fees purposes of 1.0 million or less, in which case the minimum fee payable is £247; or
		(c)	it is a *non-directive friendly society* that falls into the A.4 activity group but not the A.3 activity group and has, for that activity, written 1.0 million or less in gross written premium for fees purposes and holds best estimate liabilities for fees purposes of 1.0 million or less, in which case the minimum fee payable is £247; or
		(d)	it is a *non-directive friendly society* that falls into the A.3 and A.4 activity groups and meets the conditions in (3)(a) and (3)(b), in which case the minimum fee payable is £247.
	(2)	The conditions referred to in (1)(a) are that the *credit union* has a tariff base (Modified Eligible Liabilities) of:	
		(a)	0 to 0.5million, in which case a minimum fee of £92 is payable; or
		(b)	greater than 0.5millon but less than 2.0million, in which case a minimum fee of £310 is payable.

	(3)	The conditions referred to in (1)(d) are that:	
		(a)	the *non-directive friendly society* 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 *non-directive friendly society* 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 4R **Periodic fees in relation to collective investment schemes, AIFs marketed in the UK, small registered UK AIFMs and money market funds payable for the period 1 April ~~2020~~ 2021 to 31 March ~~2021~~ 2022**

Part 1 – Periodic fees payable

Scheme type	Basic fee (£)	Total funds/sub-funds aggregate	Fund factor	Fee (£)
ICVC, *AUT*, *ACS*, *LTIFs*, Money market funds with effect from 21 July 2018	~~363.50~~ 350.00	1-2 3-6 7-15 16-50 >50	1 2.5 5 11 22	~~363.50~~ 350.00 ~~908.75~~ 875.00 ~~1,817.50~~ 1,750.00 ~~3,998.50~~ 3,850.00 ~~7,997.00~~ 7,700.00
Non-UK AIFs recognised under section 272 of the *Act*	~~1,478.50~~ 1,425.00	1-2 3-6 7-15	1 2.5 5	~~1,478.50~~ 1,425.00 ~~3,696.25~~ 3,562.50

		16-50 >50	11 22	~~7,392.50~~ 7,125.00 ~~16,263.50~~ 15,675.00 ~~32,527.00~~ 31,350.00

…

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

Kind of notification	Fee per *AIF* (£)
Notification under regulation 57 of the *AIFMD UK regulation*	~~337~~ 344
Notification under regulation 58 of the *AIFMD UK regulation*	~~235~~ 240
Notification under regulation 59 of the *AIFMD UK regulation*	~~337~~ 344

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

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

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

Part 1

…

Part 2

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

Fee payable in relation to ~~2020/21~~ 2021/22	Amount payable
Minimum fee, payable by all *designated professional bodies*	£10,000
Variable fee, payable by *designated professional bodies* where the number of *exempt professional firms*	~~£15.86~~ £22.80 multiplied by the total number of

regulated or supervised by a *designated professional body* is greater than 1	exempt *professional firms* in excess of 1

Note

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

…

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

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

…

Part 5 - Tariff rates		
Activity group	Fee payable in relation to ~~2020/21~~ 2021/22	
G.2	Minimum fee (£)	525
	£ million or part £m of Modified Eligible Liabilities (MELS)	Fee (£/£m or part £m of MELS)
	> 0.1	~~0.5873~~ 0.499
G.3	Minimum fee (£)	525
	£ thousands or part £thousand of Relevant Income	Fee (£/£thousand or part £thousand of Relevant Income)
	> 100	~~0.39482~~ 0.335
G.4	Flat fee (£)	~~536~~ 545
G.5	As in G.3	
G.10	Minimum fee (£)	1,726

	£ million or part £m of average outstanding electronic money (AOEM)	Fee (£/£m, or part £m of AOEM)
	>5.0	~~65.40~~ <u>35.00</u>
G.11	Flat fee (£)	~~1,174~~ <u>1,198</u>
G.15	Minimum fee for the first registered *programme* (£)	~~91,552~~ <u>95,189</u>
	Minimum fee for all subsequent registered *programmes*	75% of minimum fee for first registered *programme*
	£ million or part £m of *regulated covered bonds* issued in the 12 months ending on the valuation date.	Fee (£/£m or part £m of *regulated covered bonds* issued in the 12 months ending on the valuation date)
	>0.00	~~7.14~~ <u>17.52</u>
	…	
G.20	Flat fee (£)	~~433~~ <u>442</u>
G.21	Flat fee (£)	~~216~~ <u>220</u>
G.25	Flat fee (£) for first *data reporting service* plus 50% flat fee for each additional *data reporting service* for which the *data reporting services provider* has authorisation.	~~26,790~~ <u>27,326</u>
G.26 TPV	Flat fee (£)	~~260~~ <u>265</u>
…		

…

4 Annex 14R

UKLA periodic fees for the period from 1 April ~~2020~~ <u>2021</u> to 31 March ~~2021~~ <u>2022</u>			
Part 1 Base fee			
Activity group or invoice code (Note 1)		Description	Base fee payable (£)
E.1	Discontinued		

E.2	Premium listed issuer	A *listed issuer* of *equity shares* and *certificates representing shares* with a *premium listing* (see Note 2)	~~5,574~~ 5,686
E.3	Standard listed issuer	A *listed issuer* of *shares* and *certificates representing certain securities* with a *standard listing* and not with a *premium listing* (see Note 2)	~~21,114~~ 21,536
E.4	Discontinued		
E.5	Discontinued		
E.6	Non-listed issuer (in *DTR*)	A non-*listed issuer* (in *DTR*)	0
E.7	Primary information provider	A *primary information provider*	~~17,621~~ 17,973
ES.01	Sponsor	A *sponsor* (see Note 3)	~~29,351~~ 29,938

…

Part 2 Variable fee additional to base fee			
Activity Group		Market capitalisation as at the last *business day* of the September prior to the *fee-year* in which the fee is payable in £million	Fee payable in £per £million or £part million
E.2	Premium listed issuer (as described in Part 1)	0 – 100	0
		> 100 – 250	~~32.981593~~ 37.335163
		> 250 – 1,000	~~12.725271~~ 14.405007
		> 1,000 – 5,000	~~7.832926~~ 8.866872
		> 5,000 – 25,000	~~0.191068~~ 0.216289
		> 25,000	~~0.061730~~ 0.069878

…

4 Annex 15R Fees relating to the recognition of benchmark administrators and the endorsement of benchmarks for the period 1 April ~~2020~~ 2021 to 31 March ~~2021~~ 2022

Activity group	Fee payable
A *third country legal representative*	~~£13,005~~ £13,571
A *benchmark endorser*	~~£7,803~~ £7,959

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

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

…

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

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

…

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

Part 1

Activity group	**Fee payable**	
A.1	Band Width (£ million of Modified Eligible Liabilities (MELs))	Fee (£/£m or part £m of MELs)
		General Periodic fee
	>10 - 140	~~[tbc]~~ 14.5772
	>140 - 630	~~[tbc]~~ 14.5772
	>630 – 1,580	~~[tbc]~~ 14.5772
	>1,580 – 13,400	~~[tbc]~~ 18.222
	>13,400	~~[tbc]~~ 24.052
A.2	Band Width (no. of mortgages and/or *home finance transactions*)	Fee (£/mortgage)
	>50	~~[tbc]~~ 2.816
A.3	Gross written premium for fees purposes (GWP)	Periodic fee
	Band Width (£ million of ~~GPI~~ GWP)	Fee (£/£m or part £m of GWP)
	>0.5	~~[tbc]~~ 365.89 plus, where neither the *firm*, nor a member of its *group*, was a defendant in *Financial Conduct Authority v Arch Insurance (UK) Ltd and others* [2020] EWCA Comm 2448, 110.63
	PLUS	

	Best estimate liabilities for fees purposes (BEL)	General Periodic fee
	Band Width (£ million of BEL)	Fee (£/£m of part £m of BEL)
	>1	~~[tbc]~~ <u>18.90 plus, where neither the *firm*, nor a member of its *group*, was a defendant in *Financial Conduct Authority v Arch Insurance (UK) Ltd and others* [2020] EWCA Comm 2448, 6.15</u>
A.4	Gross written premium for fees purposes (GWP)	General Periodic fee
	Band Width (£ million of GWP)	Fee (£/£m or part £m of GWP)
	>1	~~[tbc]~~ <u>224.27</u>
	PLUS	
	Best estimate liabilities for fees purposes	General Periodic fee
	Band Width (£ million of BEL)	Fee (£/£m or part £m of BEL)
	>1	~~[tbc]~~ <u>12.89</u>
A.7	For class 1(C), (2), (3) and (4) *firms*:	
	Band Width (£ million of Funds under Management (FuM))	Fee (£/£m of part £m of FuM)
	>10	~~[tbc]~~ <u>4.55</u>
	Class 1 (C) firms are defined in *FEES* 4 Annex 1A	
A.9	Band Width (£ million of Gross Income (GI))	Fee (£/£m of part £m of GI)
	>1	~~[tbc]~~ <u>973.26</u>
A.~~1~~10	Band Width (no. of traders)	Fee (£/trader)
	>1	~~[tbc]~~ <u>6,697.26</u>
A.13	For class (2) firms	

	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	~~[tbc]~~ 2.443
	For a *professional firm* in A.13 the fee is calculated as above less 10%.	
A.14	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	> 100	~~[tbc]~~ 1.548
A.19	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	~~[tbc]~~ 1.662
	~~more than £100 billion~~	~~[tbc]~~
CC.2	Band Width (£ thousands of annual income (AI))	Fee (£)
	0 - 50	~~[tbc]~~ 750
	>50 - 100	~~[tbc]~~ 1,000
	>100	~~[tbc]~~ 1,151
	PLUS:	
		Fee (£/£ thousand or part £ thousand of AI)
	>250	~~[tbc]~~ 1.40

Part 2

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

Activity group	**Fee payable**
A.0	~~£[tbc]~~ £1,151 unless it is a *TP firm* that also pays minimum fees set out in the PRA Rulebook, in which case it is ~~£[tbc]~~ £574.

Part 3

TA PI firm or *TA RAISP firm*

Activity group	**Fee payable**	
G.2	Minimum fee (£)	~~[tbc]~~ 525
	£ million or part £ million of Modified Eligible Liabilities (MELs)	Fee (£/£m or part £m of MELs)
	>0.1	~~[tbc]~~ 0.499
	~~> 10 - 140~~	~~[tbc]~~
G.3	Minimum fee (£)	~~[tbc]~~ 525
	£ thousands or part £ thousand of Relevant Income	Fee (£/£thousand or part £ thousand of Relevant Income)
	>100	~~[tbc]~~ 0.335

Part 4

TA EMI firms

Activity group	**Fee payable**	
G.10	Minimum fee (£)	~~[tbc]~~ 1,726
	£ million or part £ million of average outstanding electronic money (AOEM)	Fee (£/£m or part £m of AOEM)
	>5.0	~~[tbc]~~ 35.00

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

Part 1			
Scheme type	**Basic fee (£)**	**Total funds/sub-funds aggregate**	**Fee (£)**
EEA UCITS scheme recognised under Part	~~[tbc]~~ 350.00	1-2	~~[tbc]~~ 350.00
		3-6	~~[tbc]~~ 875.00

6 of The Collective Investment Schemes (Amendment etc.) (EU Exit) Regulations 2018		7-15	~~[tbc]~~ 1,750.00
		16-50	~~[tbc]~~ 3,850.00
		>50	~~[tbc]~~ 7,700.00
Note: Schemes are charged according to the number of funds or sub-funds which a TP firm is operating and marketing in the UK as at 31 March immediately before the start of the period to which the fee applies. For example, for 2019/20 fees a reference to 31 March means 31 March 2019.			

Part 2

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

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5 Financial Ombudsman Service Funding

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5.1 Application and Purpose

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

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5.3 The general levy

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

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5.4 Information requirement

5.4.1 R (1) A *firm* must provide the *FCA* by the end of February each year (or, if the *firm* has become subject to the *Financial Ombudsman Service* part way through the *financial year*, by the date requested by the *FCA*) with a statement of:

(a) the total amount of *relevant business* (measured in accordance with the appropriate tariff base(s)) which it conducted; or

(b) in the case of *firms* in *industry blocks* 2 and 4, the gross written premium for fees purposes as defined in *FEES* 4 Annex 1AR (unless *FEES* 5.4.1R(1A) applies),

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

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

Introduction: annual budget

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

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

Compulsory jurisdiction - general levy

Industry block	Tariff base	General levy payable by firm
1-Deposit acceptors, *home finance providers*, *home finance administrators* (excluding *firms* in block 14) and *dormant account fund operators*	Number of accounts relevant to the activities in *DISP* 2.6.1R as at 31 December In the case of *dormant account fund operators*, the tariff base is the number of eligible activated accounts (8).	~~£0.15476~~ £0.12010 per relevant account, subject to a minimum levy of £100
2-Insurers - general (excluding *firms* in blocks 13 & 15)	Gross written premium for fees purposes (GWP) as defined in *FEES* 4 Annex 1AR; or	~~£0.3017~~ £0.414 per £1,000 of GWP or RGWP, subject to a minimum levy of £100

	Relevant gross written premium (RGWP) notified to the *FCA* under *FEES* 5.4.1R(1A)	
3-The *Society* (of Lloyd's)	Not applicable	~~£78,130~~ <u>£94,255</u> to be allocated by the *Society*
4-Insurers - life (excluding *firms* in block 15)	Gross written premium for fees purposes (GWP) as defined in *FEES* 4 Annex 1AR; or Relevant gross written premium (RGWP) notified to the *FCA* under *FEES* 5.4.1R(1A)	~~£0.0355~~ <u>£0.0334</u> per £1,000 of GWP or RGWP, subject to a minimum levy of £130
5. Portfolio managers (including those holding *client money*/assets and not holding *client money*/assets)	Flat fee	Levy of £210
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, *arrangers*, dealers or brokers holding and controlling *client money* and/or assets	Annual income as defined in *FEES* 4 Annex 11A relating to *firm's relevant business*.	~~£0.242~~ <u>£0.466</u> per £1,000 of annual income subject to a minimum fee of £45
9-Advisors, *arrangers*, dealers or brokers not holding and controlling *client money* and/or assets	Annual income as defined in *FEES* 4 Annex 11A relating to *firm's relevant business*.	~~£0.129~~ <u>£0.330</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 *firms* in any other Industry block except Industry block 18)	For *authorised payment institutions*, *registered account information service providers*, *electronic money issuers* (except for *small electronic money institutions*), the Post Office Limited, the Bank of England, government departments and local authorities, and <u>*TA EMI firms*, *TA PI firms* and *TA RAISP firms*,</u> relevant income as described in *FEES* 4 Annex 11 Part 3	~~£0.0016~~ <u>£0.0039</u> per £1,000 of relevant income subject to a minimum levy of £75
	For *small payment institutions* and *small electronic money institutions* a flat fee	Levy of £35
13-Cash plan health providers	Flat fee	Levy of £65
14-*Credit unions*	Flat fee	Levy of £55
15-*Friendly societies* whose tax-exempt business represents 95% or more of their total relevant business	Flat fee	Levy of £65
16-*Home finance providers*, *advisers* and *arrangers* (excluding *firms* in blocks 13, 14 & 15)	Flat fee	Levy of £85
17 - General insurance distribution (excluding *firms* in blocks 13, 14 & 15)	*Annual income* (as defined in *MIPRU* 4.3) relating to *firm's relevant business*	~~£0.642~~ <u>£0.796</u> per £1,000 of *annual income* (as defined in *MIPRU* 4.3) relating to *firm's relevant business* subject to a minimum levy of £100
18 - *fee-paying electronic money issuers*	For all *fee-paying electronic money issuers* except for *small electronic money institutions*, <u>and *TA EMI*</u>	£0.0001 per £1,000 of average outstanding

	firms, average outstanding *electronic money*, as described in *FEES* 4 Annex 11 Part 3.	electronic money subject to a minimum levy of £40
	For *small electronic money institutions*, a flat fee	Levy of £50
19 - *Credit-related regulated activities* with *limited permission*	For *not-for-profit debt advice bodies*, a flat fee	Levy of £0
	For all other *firms* with *limited permission*, a flat fee	Levy of £35
20 - *Credit-related regulated activities*	Annual income as defined in *FEES* 4 Annex 11BR	Levy of £35 Plus ~~£0.50~~ £1.177 per £1,000 of annual income on income above £250,000
21 - *CBTL firms* that do not have *permission* to carry out any *regulated activities*	Flat fee	Levy of £35
22 - *designated credit reference agencies* (but excluding *firms* in any other *industry block*)	Flat fee	Levy of £75
23 – *designated finance platforms* (but excluding *firms* in any other *industry block*)	Flat fee	Levy of £75
24 *claims management companies*	Annual income	Levy of £50 plus ~~£2.28~~ £1.45 per £1,000 of annual income

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7A SFGB levies

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

Part 1

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

Activity group	SFGB money advice levy payable	
A.1	Band Width (£ million of Modified Eligible Liabilities (MELs))	Fee (£/£m or part £m of MELs)
	>10	~~0.994~~ 1.114
A.2	Band Width (no. of mortgages and/or *home finance transactions*)	Fee (£/mortgage)
	>50	~~0.417~~ 0.601
A.3	Gross written premium for fees purposes (GWP)	
	Band Width (£ million of GWP)	Fee (£/£m or part £m of GWP)
	>0.5	~~20.77~~ 26.73
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	
	Band Width (£ million of BEL)	Fee (£/£m of part £m of BEL)
	>1	~~1.275~~ 1.47
A.4	Gross written premium for fees purposes (GWP)	
	Band Width (£ million of GWP)	Fee (£/£m or part £m of GWP)

	>1	~~8.69~~ <u>12.85</u>
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	
	Band Width (£ million of BEL)	Fee (£/£m or part £m of BEL)
	>1	~~0.631~~ <u>0.74</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) *firms*:	
	Band Width (£ million of Funds under Management (FuM))	Fee (£/£m of part £m of FuM)
	>10	~~0.093~~ <u>0.105</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 *FEES* 4 Annex 1AR.	
A.9	Band Width (£ million of Gross Income (GI))	Fee (£/£m of part £m of GI)
	>1	~~64.04~~ <u>80.64</u>
A.10	Band Width (no. of traders)	Fee (£/trader)
	>1	~~121.23~~ <u>149.02</u>
A.13	For class (2) firms	
	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	~~0.0511~~ <u>0.0515</u>

	For a *professional firm* in A.13 the fee is calculated as above less 10%.	
A.14	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	~~0.0213~~ 0.024
A.18	Band Width (£ thousands of Annual Income (AI))	Fee ((£/£ thousand or part £ thousand of AI)
	>100	~~0.139~~ 0.177
A.19	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	~~0.0257~~ 0.0289
A.21	Band Width (£ *client money*) (CM) held	Fee (£/£ millions or part £m of CM)
	less than £1 million	~~1.602~~ 1.602
	an amount equal to or greater than £1 million but less than or equal to £1 billion	~~1.202~~ 1.202
	more than £1 billion	~~0.801~~ 0.801
	PLUS	
	Safe custody assets	
	Band Width (£ *safe custody assets*) (CA) held	Fee (£/£ millions or part £m of CA)
	less than £10 million	~~0.0059~~ 0.0069
	an amount equal to or greater than £10 million and less than or equal to £100 billion	~~0.0044~~ 0.0052
	more than £100 billion	~~0.003~~ 0.0035
G.3	Minimum fee (£)	10
	£ thousands or part £ thousand of Relevant Income	Fee (£/£thousand or part £ thousand of Relevant Income)
	>100	~~0.0155~~ 0.0230

G.4	Flat fee (£)	10
G.10	Minimum fee (£)	10
	£ million or part £m of average outstanding electronic money (AOEM)	Fee (£/£m or part £m of AOEM)
	>5.0	~~2.28~~ 2.62
G.11	Flat fee (£)	10
CC.1	Minimum fee (£)	10
	£ thousand of annual income (AI)	Fee (£/£ thousand or part £ thousand of AI)
	>250	~~0.058~~ 0.0691
CC.2	Minimum fee (£)	10
	£ thousands of annual income (AI)	Fee (£/£ thousand or part £ thousand of AI
	>250	~~0.058~~ 0.0691
Notes		
(1) The definitions of fee-blocks G5 and G10 under Part 2 and Part 2A of *FEES* 4 Annex 11R are modified, for the purposes of *FEES* 7A so that they exclude the Bank of England, government departments, local authorities, municipal banks and the National Savings Bank.		
(2) The definitions of those fee-blocks are further amended to exclude *EEA firms* and those which hold a *Part 4A permission*.		

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

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

…

Part 4

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

Activity group	SFGB debt advice levy payable		
A.2 Home finance providers and administrators	Band width (£million of secured debt) >0	Fee (£/£m or part £m of secured debt) ~~22.12~~ 28.88	~~Additional fee (£/£m or part £m of secured debt)~~ ~~4.9655~~
CC.3 Consumer credit lending	Band width (£million of value of lending) >0 (Note 1)	Fee (£/£m or part £m of value of lending) ~~122.53~~ 163.44	~~Additional fee (£/£m or part £m of value of lending)~~ ~~27.51~~
Note			
(1) *Credit unions* and *community finance organisations* do not pay any *SFGB debt advice levy* on the first £2,000,000 of value of lending.			

7A Annex 3R **SFGB pensions guidance levy for the period 1 April ~~2020~~ 2021 to 31 March ~~2021~~ 2022**

Activity group	SFGB pensions guidance levy payable	
A.1	Band width (£ million of modified eligible liabilities (MELs)) >10	Fee (£/£m or part £m of MELS) ~~2.35~~ 1.337
A.4	Band width (£ million of gross written premium for fees purposes (GWP) >1	Fee (£/£m or part £m of GWP) ~~51.89~~ 37.80

A.7	For class 1(B), 1 (C), (2) and (3) firms: Band width (£ million of funds under management (FuM)) >10	Fee (£/£m or part £m of FuM) ~~0.8075~~ 0.4363
A.9	Band width (£ million of gross income (GI)) >1	Fee (£/£m or part £m of GI) ~~398.49~~ 310.37
A.13	Band width (£ thousands of annual income (AI)) >100	Fee (£/£ thousand or part of £ thousand of AI) ~~0.1403~~ 0.0779

…

7B The DA levy

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

…

Part 4

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

Activity group	DA levy payable		
A.2 Home finance providers and administrators	Band width (£million of secured debt)	Fee (£/£m or part £m of secured debt)	~~Additional fee (£/£m or part £m of secured debt)~~

	>0	~~3.294~~ <u>4.748</u>	~~0.73~~
CC.3 Consumer credit lending	Band width (£million of value of lending) >0 (Note 1)	Fee (£/£m or part £m of value of lending) ~~18.25~~ <u>26.88</u>	~~Additional fee (£/£m or part £m of value of lending)~~ ~~4.042~~
Notes: ~~(1)~~ *Credit unions* and *community finance organisations* do not pay any *DA levy* on the first £2,000,000 of value of lending. ~~(2) The additional fee in column 4 must be paid in addition to the fee in column 3.~~			

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

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

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

Activity group	**TPR SFGB money advice levy payable**	
Part 1 *TP firms*		
A.1	Band Width (£ million of Modified Eligible Liabilities (MELs))	Fee (£/£m or part £m of MELs)
	>10	~~[tbc]~~ <u>1.114</u>
A.2	Band Width (no. of mortgages and/or *home finance transactions*)	Fee (£/mortgage)
	>50	~~[tbc]~~ <u>0.601</u>

A.3	Gross written premium for fees purposes (GWP)	
	Band Width (£ million of GWP)	Fee (£/£m or part £m of GWP)
	>0.5	~~[tbc]~~ 26.73
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	
	Band Width (£ million of BEL)	Fee (£/£m of part £m of BEL)
	>1	~~[tbc]~~ 1.47
A.4	Gross written premium for fees purposes (GWP)	
	Band Width (£ million of GWP)	Fee (£/£m or part £m of GWP)
	>1	~~[tbc]~~ 12.85
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	
	Band Width (£ million of BEL)	Fee (£/£m or part £m of BEL)
	>1	~~[tbc]~~ 0.74
A.7	For class 1(c), (2), (3) and (4) *firms*:	
	Band Width (£ million of Funds under Management (FuM))	Fee (£/£m of part £m of FuM)
	>10	~~[tbc]~~ 0.105
	Class 1(A), (B) and (C) firms are defined in *FEES* 4 Annex 1AR.	
A.9	Band Width (£ million of Gross Income (GI))	Fee (£/£m of part £m of GI)
	>1	~~[tbc]~~ 80.64
A.10	Band Width (no. of traders)	Fee (£/trader)
	>1	~~[tbc]~~ 149.02

A.13	For class (2) firms	
	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	~~[tbc]~~ 0.0515
	For a *professional firm* in A.13 the fee is calculated as above less 10%.	
A.14	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	~~[tbc]~~ 0.0240
A.18	Band Width (£ thousands of Annual Income (AI))	Fee ((£/£ thousand or part £ thousand of AI)
	>100	~~[tbc]~~ 0.177
A.19	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	~~[tbc]~~ 0.0289
CC.2	Minimum fee (£)	~~[tbc]~~ 10
	£ thousands of annual income (AI)	Fee (£/£ thousand or part £ thousand of AI
	>250	~~[tbc]~~ 0.0691
Part 2 *TA PI firms* and *TA RAISP firms*		
G.3	Minimum fee (£)	~~[tbc]~~ 10
	£ thousands or part £ thousand of Relevant Income	Fee (£/£thousand or part £ thousand of Relevant Income)
	>100	~~[tbc]~~ 0.0230
Part 3 *TA EMI firms*		
G.10	Minimum fee (£)	~~[tbc]~~ 10
	£ million or part £m of average outstanding electronic money (AOEM)	Fee (£/£m or part £m of AOEM)
	>5.0	~~[tbc]~~ 2.62

	~~£ thousands of annual income (AI)~~	~~Fee (£/£ thousand or part £ thousand of AI~~
	~~>250~~	~~[tbc]~~
Part 4		
(1) This Part sets out the minimum *TPR SFGB money advice levy* applicable to the *TPR firms* specified in (3) below. (2) The minimum *TPR SFGB money advice levy* payable by any *firm* referred to in (3) is £~~[tbc]~~ 10. (3) A *TP firm* is referred to in this paragraph if it falls within the following activity groups: A.1; A.2; A.3; A.4; A.7; A.9; A.10; A.13; A.14; A.18; and A.19.		

7C Annex 2R **TPR SFGB debt advice levy for the period from 1 April ~~2019~~ 2021 to 31 March ~~2020~~ 2022**

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

Part 1

…

Part 4

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

Activity group	TPR SFGB debt advice levy payable	
A.2 Home finance providers and administrators	Band width (£million of secured debt) >0	Fee (£/£m or part £m of secured debt) ~~[tbc]~~ 28.88
CC.3 Consumer credit lending	Band width (£million of value of lending) >0 (Note 1)	Fee (£/£m or part £m of value of lending) ~~[tbc]~~ 163.44
Note		
(1) *Credit unions* and *community finance organisations* do not pay any *TPR SFGB debt advice levy* on the first £2,000,000 of value of lending.		

7C Annex 3R **TPR SFGB pensions guidance levy for the period 1 April ~~2019~~ 2021 to 31 March ~~2020~~ 2022**

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

Activity group	TPR SFGB pensions guidance levy payable	
TP firms		
A.1	Band width (£ million of modified eligible liabilities (MELs)) >10	Fee (£/£m or part £m of MELS) ~~[tbc]~~ 1.337
A.4	Gross written premium for fees purposes (GWP) Band Width (£ million of GWP) >1	Fee (£/£m or part £m of GWP) ~~[tbc]~~ 37.80
A.7	For class 1(B), 1 (C), (2) and (3) firms: Band width (£ million of funds under management (FuM)) >10	Fee (£/£m or part £m of FuM) ~~[tbc]~~ 0.4363
A.9	Band width (£ million of gross income (GI)) >1	Fee (£/£m or part £m of GI) ~~[tbc]~~ 310.37

A.13	Band width (£ thousands of annual income (AI)) >100	Fee (£/£ thousand or part of £ thousand of AI) ~~[tbc]~~ 0.0779

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

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

…

Part 1

…

Part 4

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

Activity group	TPR DA levy payable	
A.2 Home finance providers and administrators	Band width (£ million of secured debt) >0	Fee (£/£m or part £m of secured debt) ~~[tbc]~~ 4.748
CC.3 Consumer credit lending	Band width (£ million of value of lending) >0 (Note 1)	Fee (£/£m or part £m of value of lending) ~~[tbc]~~ 26.88
Note (1) *Credit unions* and *community finance organisations* do not pay any *TPR DA levy* on the first £2,000,000 of value of lending.		

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13 Illegal money lending levy

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13 Annex 1R Illegal money lending (IML) levy for ~~2020/21~~ 2021/22

Limited permission (fee-block CC1):	£5 flat rate	
Full authorisation (fee-block CC2):	Up to £250,000 consumer credit income:	£10
	Over £250,000 consumer credit income:	£10 + ~~0.21~~ 0.240 per £1,000

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

…

13A Annex 1R TPR illegal money lending (IML) levy for ~~2019/20~~ 2021/22

Activity group	Description	Fee (£)
Activity group CC2. Credit-related regulated activities:	Up to £250,000 consumer credit income:	~~[tbc]~~ 10
	Over £250,000 consumer credit income:	~~[tbc]~~ 10 + ~~£[tbc]~~ £0.240 per £1,000

…

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

…

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

…

Part 3

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

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

…

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

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

…

App 3.1.2

(1)	Registration fee:
	£100
(2)	Periodic fee:

	Activity group	Fee-payer falls in the activity group if:	Fee payable in ~~2020/21~~ 2021/22
	G.1	it is registered with the *FCA* under the *Money Laundering Regulations* or any predecessor legislation and it is not an *authorised person* or a *cryptoasset business* or otherwise registered with the *FCA*.	£~~469~~ 1,000

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

Appendix 2
Fees (Miscellaneous Amendments) (No 16) Instrument 2021 (made rules)

FEES (MISCELLANEOUS AMENDMENTS) (No 16) INSTRUMENT 2021

Powers exercised

A. The Financial Conduct Authority ("the FCA") makes this instrument in the exercise of:

(1) the following powers and related provisions in or under the Financial Services and Markets Act 2000 ("the Act"):

(a) section 137A (General rule-making power);
(b) section 137T (General supplementary powers);
(c) section 139A (Power of the FCA to give guidance);
(d) paragraph 23 (Fees) in Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority);

(2) regulation 40 of the Data Reporting Services Regulations 2017; and

(3) regulations 206 and 208 of the Financial Services and Markets Act 2000 (Amendment) (EU Exit) Regulations 2019.

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 1 July 2021.

Amendments to the Handbook

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

Citation

E. This instrument may be cited as the Fees (Miscellaneous Amendments) (No 16) Instrument 2021.

By order of the Board
24 June 2021

Annex

Amendments to the Fees manual (FEES)

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

3 Application, Notification and Vetting Fees

…

3.2 Obligation to pay fees

…

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

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

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

3 Annex 1R Authorisation fees payable

…

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

…

Moderately complex cases

Activity grouping	Description
CC.2	*Debt administration* *Debt collecting* *Entering into a regulated consumer hire agreement as owner* *Entering into a regulated credit agreement as lender* (excluding in relation to *high-cost short-term credit*, *bill of sale loan agreements* and *home credit loan agreements*)

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

Complex cases

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

…

4 Periodic fees

4.1 Introduction

Application

…

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

…

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

…

Background

…

4.1.4 G …

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

…

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

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

…

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

…

Part 3
This table indicates the tariff base for each fee-block. The tariff base is the means by which the *FCA* measures the amount of business conducted by *fee-paying payment service providers*, *fee-paying electronic money issuers*, *CBTL firms*, *data reporting services providers* ~~(other than *incoming data reporting services providers*)~~, *firms* registered under the *Money Laundering Regulations*, *issuers* of *regulated covered bonds* and *third party verifiers*.

…

Part 5 – Tariff rates

Activity Group	Fee payable in relation to 2020/21	
…		
G.25	Flat fee (£) for first *data reporting service* plus 50% flat fee for each additional *data reporting service* for which the *data reporting services provider* ~~(other than an incoming *data reporting services provider*)~~ has authorisation.	26,790
…		

…

Insert the following new transitional provision after FEES TP 22, (Transitional provisions relating to FSCS levy arrangements for TP firms from IP completion day). The text is not underlined.

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

(1)	**(2)**	**(3)**	**(4)**	**(5)**	**(6)**
	Material to which the transitional provision applies		**Transitional provision**	**Transitional provision: dates in force**	**Handbook provision: coming into force**
23.1	*FEES* 4 Annex 11R Part 5 G.25	R	Where: (1) a *data reporting services provider* was deemed to be authorised under the *DRS Regulations* by regulation 12A of those regulations; (2) the *data reporting services provider* has paid the periodic fee specified in *FEES* 4 Annex 11R Part 5 G.25 in full for the period from 1 April 2021 to 31 March 2022; and (3) following payment of that fee, a *UK company* in the same *group* as the *data reporting services provider*	From 1 April 2021	1 July 2021

			becomes authorised under regulation 7 of the *DRS Regulations*, the *UK company* will not be required to pay a fee under *FEES* 4 Annex 11R Part 5 G.25 for the period from 1 April 2021 to 31 March 2022.		

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