



BANK OF ENGLAND  
PRUDENTIAL REGULATION  
AUTHORITY

Consultation Paper | CP10/13

# Prudential Regulation Authority fees and levies: policy proposals for 2014/15

October 2013

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Appendix 1: PRA fees (miscellaneous amendments) instrument 2013/14



## 1 Overview

1.1 This consultation paper sets out the proposed changes to the Prudential Regulation Authority (PRA) fee policy for the financial period from 1 March 2014 to 28 February 2015 for PRA dual-regulated PRA/FCA firms. The PRA believes these proposals remain compatible with the PRA's objectives, are consistent with the regulatory principles and do not have significant detrimental impacts on competition. No additional impacts on mutuals or equality and diversity impacts have been identified.

1.2 The majority of this consultation paper proposes policy changes without rule amendments at this stage. However, Sections 6 and 8 propose rule amendments. The current fee policy for fee year 2013/14 can be found in the PRA FEES Handbook<sup>(1)</sup> and draft changes can be found at Appendix 1.

1.3 The proposals are subject to a consultation period of two months which will close on 30 December 2013. Respondents are requested to structure responses on a question-by-question basis and submit to PRAFeesConsultation@bankofengland.co.uk. The PRA will publish additional proposed rules for consultation in the spring. The draft rules in Appendix 1 will come into force on 1 April 2014.

## 2 PRA minimum fee

2.1 The PRA commits to using, and continuously improving, subject to industry consultation, fair and equitable methods for allocating the PRA annual funding requirement to PRA firms.

2.2 All PRA-regulated firms are subject to the A0 minimum fee so that all PRA firms contribute to the cost of regulation.

2.3 The FCA/PRA minimum fee for 2013/14 is £1,000, the same level as set by the Financial Services Authority (FSA) in the past three years. Accordingly, the PRA minimum fee for the firms it regulates is £500 to be paid by all authorised firms in the PRA-regulated fee blocks, with 50% of PRA-regulated firms paying the minimum fee only.

2.4 Exceptions from paying the standard minimum fee are (i) where an exception can be justified and (ii) where the firm is a small low-impact firm, as set out in Part 2 of FEES 4 Annex 2BR.

2.5 In policy statement PS4/13 the PRA committed to reviewing the basis for levying a minimum fee. Having done so the PRA proposes that the minimum fee is raised each year in line with the increase in the budgeted PRA Annual Funding Requirement (AFR). In doing so, the rise in the minimum fee

for smaller firms will be small enough not to become an unreasonable burden while ensuring all firms contribute to the rising costs of regulation.

**Q1:** Do you support the rise in PRA minimum fee in line with the increase in the PRA AFR for next year?

## 3 Solvency II

3.1 This chapter relates to the existing policy established to recover the project development and implementation costs in the Solvency II (SII) EU Directive through a special project fee (SPF). Firms affected by this chapter will be in fee-blocks:

- A.3 (Insurers — general);
- A.4 (Insurers — life); and
- A.6 (The Society of Lloyd's).

3.2 In 2013/14 two separate SII SPFs were levied:

- (a) Internal Model Approval Process (IMAP) SPF; and
- (b) Non-IMAP SPF.

### IMAP SPF for 2014/15

3.3 From 2014/15 the PRA proposes not to levy an IMAP SPF. The IMAP SPF was levied in 2008/09 to recover SII costs only by recovering the implementation and processing costs from a subset of SII firms in our internal model approval process. This included the cost associated with developing the IMAP framework. It also included the cost of reviewing and assessing internal model submissions and applications from insurers in the pre-application process, as well as seeking internal model approval on 'day one' of the SII regime.

3.4 Due to ongoing delays in the European legislative timetable for Solvency II, in October 2012 the PRA announced a new planning horizon of 31 December 2015. As a result the IMAP pre-application period has been longer than originally planned and we have developed an interim regime (ICAS+). This allows those firms in our pre-application process to leverage their work on their SII internal models to meet the current regulatory requirements under the Individual Capital Adequacy Standards (ICAS) regime.

3.5 The ICAS+ reviews form part of the PRA's normal supervisory activity and although closely integrated with SII, the PRA no longer consider it to be appropriate to levy a separate IMAP SPF. Therefore the PRA proposes to recover this cost from the annual funding requirement.

**Q2:** Do you have any comments on the proposal not to levy an IMAP SPF for 2014/15?

(1) <http://fshandbook.info/FS/html/PRA/FEES>.

## Non-IMAP SPF

3.6 Although IMAP work is now integrated into the PRA's supervision of firms, the PRA is still required to implement the remainder of SII as policy becomes final. This includes, but is not limited to, making necessary changes to IT systems, supervisory procedures and training of staff. These activities are specific to the requirements of the SII Directive and are not part of business-as-usual and therefore the PRA will continue to levy the Non-IMAP SPF.

**Q3:** Do you have any comments on the proposal to continue to levy a non-IMAP SPF for 2014/15?

## 4 Application fees

4.1 Current application fees do not meet the expenses incurred when considering a new or existing firm application.

Furthermore, rules under FEES 3 Annex 1 provide that for the fee year 2013/14 the application fee must be shared equally between the Financial Conduct Authority (FCA) and PRA for dual-regulated firms.

4.2 The PRA will review the current level and methodology to levy application fees for new and existing firms prior to the April fees rates consultation. The principle of sharing the cost of processing applications between new and existing firms will be considered as part of this review. The current transitional arrangements to share all application fees equally with the FCA for dual-regulated firms will also be revisited.

**Q4:** Do you support the PRA proposal to review application fees to reflect the cost of processing applications?

## 5 Rates for special project fees for restructuring

5.1 For fee year 2013/14 the PRA has been recharging the costs of supervisory time spent on Special Projects for restructuring to firms at hourly rates by rank adopted from the FSA, as laid out in FEES 3 Annex 9. The PRA has now had the opportunity to reconsider these rates and proposes the following changes to reflect PRA costs incurred.

**Table 5.A** Proposed SPF PRA staff rates for fee year 2014/15

|                      | Current rule | Proposed rule |
|----------------------|--------------|---------------|
| Administrator        | 30           | 30            |
| Associate            | 55           | 55            |
| Technical specialist | 100          | 90            |
| Manager              | 110          | 115           |
| Any other            | 160          | 165           |

**Q5:** Do you support the PRA proposal to change SPF recharge rates to reflect the cost of supervision?

## 6 Firms granted PRA permissions during the course of the year

6.1 The shared PRA/FCA rule FEES 4.2.6 makes provision for the proportion of periodic fees due to the PRA if a firm is granted PRA permissions during the year. When a firm becomes authorised, it is obliged to pay its periodic fee for the remainder of the fee year. At present, this is calculated on a quarterly basis and currently the rule covers the eleven months 1 April to 28 February for 2013/14 only. The PRA intention is to amend this rule so that application fees are pro-rated on a monthly basis for all future fee years. FEES 4.2.6 will be amended to include **Table 6.A** below, see section 4.2.6 of the draft instrument in Appendix 1.

**Table 6.A** FEES 4.2.6

Formula for the calculation of fees payable under FEES 4.2.6R(1)

- (1) Calculate the number of calendar months between and including:
  - (i) the calendar month in which the event described in column 4 of the table in FEES 4.2.11R and/or FEES 4.2.11AP occurred; and
  - (ii) the last month of the relevant fee year;
- (2) Divide the number of calendar months calculated in (1) by twelve;
- (3) Multiply the total fee payable for the relevant fee year by the number calculated in (2).

**Q6:** Do you agree with the proposal to calculate the first year's periodic fee of a newly authorised firm on a monthly pro-rata basis?

## 7 Fees timetable and invoicing arrangements for fee year 2014/15

7.1 The FCA acts as collection agent for PRA fees and is responsible for the administrative arrangements for invoicing, data collection and payment of PRA fees.

7.2 **Table 7.A** shows the indicative annual FCA collection timetable in relation to PRA periodic fees.

## 8 PRA fees (miscellaneous amendments) instrument 2013/14

8.1 The FCA will take over the regulation of consumer credit from the Office of Fair Trading (OFT) on 1 April 2014. Firms who wish to continue trading will have to apply for FCA authorisation to bring them into the full FCA consumer credit regime for which an application fee will be payable. When firms apply to the FCA for authorisation, they will pay a fee to contribute towards the cost of processing their applications. The FCA will divide FSMA application fees into three levels of complexity as an indicator of the resources they expect to put into them. The categories are: (i) straightforward, (ii) moderately complex, (iii) complex and (iv) very complex. **Table 8.A** sets out the proposed fees for consumer credit



**Table 7.A** Fees timetable

| Date         | Event   | Description   | Action needed by firms  |
|--------------|---|---|---|
| January      | Tariff data collection exercise.                    | The FCA contacts all relevant applicable fee-payers with a written request for their tariff data on which their PRA fees will be based.   | Complete and return tariff data sheets to the FCA by 28 February.   |
| 28 February  | Applications to vary or cancel Part 4A permissions. | Dual-regulated firms that want to vary or cancel their PRA permission and do not wish to be liable for the full periodic fees in the following PRA fee year.                                      | Written applications to vary or cancel permissions must be received by 28 February. If such applications are approved by the PRA (and the FCA where relevant) by 30 June, no periodic fees will be payable in the following fee year. |
| 30 April     | 'On-account' fee due from higher fee-payers.        | Firms that paid periodic fees to the PRA and FCA of at least £50,000 in the previous year must pay 50% of the amount paid in that year 'on-account' towards their PRA fees in the following year. | Pay 'on-account' invoices no later than 30 April.   |
| July onwards | Invoicing for all other firms.                      | The FCA issues invoices to all firms who do not make 'on account' payments.   | Pay invoices within 30 days of receiving them.  |
| August       | Balance due from 'on-account' fee-payers.           | The FCA will invoice 'on account' firms for the remainder of their periodic fee.  | Pay invoices by 1 September.  |

applications. For dual-regulated firms applying for this permission 50% of the application fee will be due to the PRA. Proposed rule changes can be found in Appendix 1.

**Table 8.A** Proposed FCA consumer credit application fees

|                    |         |
|--------------------|---------|
| Limited permission | £500    |
| Straightforward    | £1,000  |
| Moderately complex | £5,000  |
| Complex            | £10,000 |
| Very complex       | £15,000 |

**Q7:** Do you agree with the proposals for consumer credit application fees for dual-regulated firms?

8.2 At present, the FCA as the fee-collecting agent for the PRA requires PRA application fees for authorisation to be paid by banker's draft, cheques or other payable orders. The new authorisation systems the FCA are introducing next year will enable them to receive payments online by credit or debit card. Changes will be made to shared rule FEES 3.2 to support this with a caveat that dual-regulated firms will still be able to apply by cheque, banker's draft or other payable orders. Proposed rule changes can be found in Appendix 1.



**PRA FEES (MISCELLANEOUS AMENDMENTS) INSTRUMENT 2013/2014**

**Powers exercised by the Prudential Regulation Authority**

- A. The Prudential Regulation Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (the “Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 137T (General supplementary powers); and
  - (3) paragraph 31 (Fees) of Part 3 (Penalties and Fees) of Schedule 1ZB (The Prudential Regulation Authority) of the Act.
- 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 [ ].

**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 PRA Fees (Miscellaneous Amendments) Instrument 2013/2014.

By order of the Board of the Prudential Regulation Authority

[date]

## Annex

## Amendments to the Fees manual (FEES)

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

### 3 Application, Notification and Vetting Fees

...

- 3.1.6 G Applications for *Part 4A permission* (and exercises of *Treaty rights*) other than in respect of credit-related regulated activities are categorised by the *appropriate regulator* for the purpose of fee raising as straightforward, complex, moderately complex and complex and ~~straightforward~~ as identified in *FEES 3 Annex 1R*. This differentiation is based on the *permitted activities* sought and does not reflect the *appropriate regulator's* risk assessment of the applicant (or *Treaty firm*).

...

- 3.1.9 G Application fees for applications for and variations of *Part 4A permission* in respect of credit-related regulated activities are also set out in *FEES 3 Annex 1R*. Applications for *Part 4A permission* in respect of credit-related regulated activities are categorised by the *appropriate regulator* for the purposes of fee raising as straightforward, moderately complex, complex and very complex as identified in *FEES 3 Annex 1R* unless the application is for a *limited permissions*.

...

#### Method of Payment

- 3.2.3 R (1) Unless ~~(2) or (3)~~ *FEES 3.2.3AG* applies, the sum payable under *FEES 3.2.1R* must be paid by ~~bankers draft, cheque or other payable order~~ as follows:
- (a) In relation to fees for applications for a *Part 4A Permission* or a variation of a *Part 4A permission* by *PRA-authorised persons* or persons whose application if granted would result in them becoming a *PRA-authorised person* by bankers draft, cheque or other payable order or by ~~Maestro, Visa Debit or credit card (Visa/Mastercard only)~~; and
- (b) in relation to all other fees specified in *FEES 3*, by Maestro, Visa Debit or credit card (Visa/Mastercard only).
- (1A) Payments by credit card must include an additional 2% of the sum paid.
- (2) ~~The FCA does not specify a method of payment for a person seeking to:~~
- (a) ~~become a recognised body or a designated professional body; or~~
- (b) ~~be added to the list of designated investment exchanges or accredited bodies. [deleted]~~
- (3) ~~The sum payable under *FEES 3.2.1R* by a firm applying for a variation of its *Part 4A permission* (*FEES 3.2.7R(p)* and, if applicable, *FEES 3.2.7AR(c)*) must be paid by any of the methods described in (1) or by Maestro, Visa Debit or credit card (Visa/Mastercard only). Any payment by a permitted credit card must include an additional 2% of the sum paid. [deleted]~~

...

## 3.2.7A R Table of application, notification and vetting fees payable to the PRA

| (1) Fee payer   | (2) Fee payable  | Due date  |
|---|--|---|
| ...   | ...  | ...   |
| <p><u>(aa) A person who made an application under section 24A of the Consumer Credit Act 1974 which meets the conditions of article 31 (Applications for a standard licence where no determination made before 1 April) of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No. 2) Order 2013 (the “relevant application”)</u></p> | <p><u>As (a) above less any amount paid to the Office of Fair Trading in relation to the relevant application under section 24A of the Consumer Credit Act 1974.</u></p>   | <p><u>Within 30 days of the date of the invoice</u></p> |
| ...   | ...  | ...   |
| <p>(c) A <i>firm</i> applying for a variation of its <i>Part 4A permission</i> or an <i>FCA authorised person</i> applying to carry on a <i>PRA regulated activity</i></p>  | <p>(1) Unless (2), (2A), (3) or (3A) applies, if the proposed new business of the <i>firm</i> would fall within one or more activity groups specified in Part 1 of <i>FEES 4 Annex 1AR</i> or Part 1 of <i>FEES 4 Annex 1BR</i> not applicable before the application, the fee is 50% of the highest of the tariffs set out in <i>FEES 3 Annex 1R</i> which apply to that application;</p> <p>(2) <del>If the only change is that the A. 12 activity group tariff applied to the <i>firm's</i> business before the variation and the A.13 activity group will apply after the variation, no fee is payable</del> Subject to (2A) below, if the <i>firm's</i> application includes an application for <i>permission to carry on a new credit-related regulated activity</i>, the fee is 50% of the highest of the tariffs set out in <i>FEES 3 Annex 1R</i> that would be payable under (1) above or, if higher, 50% of the highest of the tariffs set out in <i>FEES 3 Annex 1R</i> that would be payable in relation to the</p> |   |

|  |  |   |
|--|--|---|
|  | <p><u>new credit-related regulated activity.</u></p> <p><u>(2A) If the applicant exclusively applies for a permission to carry on a credit related regulated activity that is specified in Part 3 of FEES 3 Annex 1AR in the straightforward category (or if it exclusively applies for a number of such permissions), the fee is £250</u></p> <p>(3) ...</p> <p><u>(3A) If the applicant had a limited permission prior to the application to vary permission, 100% of the highest of the tariffs set out in FEES 3 Annex 1R which apply to that application;</u></p> <p>(4)...</p> |   |
| <p><u>(ca) A person who made an application under section 30(1) of the Consumer Credit Act 1974 which meets the conditions of article 33 (Variations at request of licensee where no determination made before 1<sup>st</sup> April 2014) of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No.2) Order 2013 (the "relevant variation application")</u></p> | <p><u>As (a) above less any amount paid to the Office of Fair Trading in relation to the relevant variation application under section 24A of the Consumer Credit Act 1974.</u></p>   | <p><u>Within 30 days of the date of the invoice</u></p> |
| ...  | ...  | ...   |

...

### 3 Annex 1R Authorisation fees payable

#### Part 1 – Authorisation fees payable

For *PRA-authorised persons* and *persons* seeking to become *PRA-authorised persons*, the amount payable to the *PRA* is 50% of the amount payable under Part 1 and the amount payable to the *FCA* is 50% of the amount payable under Part 1. The amount payable to the *PRA* above is collected by the *FCA* as agent of the *PRA*.

For *FCA-authorised persons* and *persons* seeking to become *FCA-authorised persons*, the amount payable to the *FCA* is the amount payable under Part 1, No amount is payable to the *PRA*.

The table below sets out the following:

(1) fees for applications by *credit unions* and other societies registered or deemed registered under section 1(2)(b) of the Industrial and Provident Society Act 1965;

(2) application fees in respect of the complexity groupings that relate to *regulated activities* that are not *credit related regulated activities*; and

(3) application fees in respect of the complexity groupings that do relate to *regulated activities* that are *credit related regulated activities*.

| <b>Application type (see Part 2)</b>   | <b>Amount payable</b>  |
|--|--|
| <u>(1) <i>Credit unions</i> and other societies registered or deemed registered under section 1(2)(b) of the Industrial and Provident Society Act 1965</u>   |  |
| (a) <i>Credit unions</i> – registration of a common bond   | 200  |
| <u>(aa) <i>Credit unions</i> or other societies registered or deemed registered under section 1(2)(b) of the Industrial and Provident Society Act 1965 – where application is for a <i>Part 4A permission</i> limited to <i>permission to carry on credit-related regulated activities</i></u> | <u>200</u>   |
| (b) <i>Version 1 credit unions</i> – authorisation (other than where (aa) applies)   | <u>300</u>   |
| (c) <i>Version 2 credit unions</i> – authorisation (other than where (aa) applies)   | <u>1,800</u>   |
| <u>(2) Complexity groupings not relating to <i>credit-related regulated activities</i> – see Part 2</u>  |  |
| (d) Straightforward  | 1,500 (unless otherwise specified in Part 2)   |
| ...  | ...  |
| <u>(3) Complexity groupings relating to <i>credit-related regulated activities</i> – see Part 3</u>  |  |
| <u>(g) <i>Limited permission</i></u>   | <u>£500 unless the application is for <i>limited permission as a not-for-profit debt advice body</i>, in which case the amount payable is 0.</u> |
| (h) Straightforward  | <u>1,000</u>   |
| (i) Moderately complex   | <u>5,000</u>   |
| (j) Complex  | <u>10,000</u>  |
| (k) very complex   | <u>15,000</u>  |

Part 2 – Complexity Groupings – ~~Straightforward Cases~~ not relating to *credit-related regulated activities*

Activity grouping

...

~~A12~~ ~~Advisory arrangers, dealers or brokers (holding or controlling client money and/or assets)~~

A13

| Straightforward cases |   |
|-----------------------|---|
| Activity grouping     | Description   |
| ...                   | ...   |
| <del>A12</del>        | <del>Advisory arrangers, dealers or brokers (holding or controlling client money and/or assets)</del>                             |
| A13                   | Advisory <del>Advisors</del> , arrangers, dealers or brokers ( <del>not holding or controlling client money and/or assets</del> ) |
| ...                   | ...   |

Part 3 – Complexity Groupings relating to *credit-related regulated activities*Credit-related regulated activities to which the application type applies

| <u>Straightforward cases</u> |   |
|------------------------------|---|
| <u>Activity grouping</u>     | <u>Description</u>  |
| <u>CC.1</u>                  | <u>Credit broking</u><br><u>Providing credit information services</u> |

Moderately complex cases

| <u>Activity grouping</u> | <u>Description</u>  |
|--------------------------|---|
| <u>CC.2</u>              | <u>Debt administration</u><br><u>Debt collecting</u><br><u>Entering into a regulated consumer hire agreement as owner</u><br><u>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)</u><br><u>Exercising or having the rights to exercise the rights and duties under a</u> |



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

Complex cases

| <u>Activity grouping</u>  | <u>Description</u>   |
|---------------------------|--|
| <u>CC.2</u>               | <p><i>Debt adjusting</i></p> <p><i>Debt counselling</i></p> <p><i>Entering into a regulated credit agreement as lender in relation to high-cost short-term credit, bill of sale loan agreements and home credit loan agreements</i></p> <p><i>Exercising or having the right to exercise the rights or duties of a lender in relation to high-cost short-term credit, bill of sale loan agreements and home credit loan agreements</i></p> |
| <u>Very complex cases</u> |  |
| <u>Activity grouping</u>  | <u>Description</u>   |
| <u>CC.2</u>               | <i>Providing credit references</i>   |

...

**4 Periodic Fees**

...

- 4.1.3 G Most of the detail of the periodic fees that are payable by *firms* is set out in FEES 4 Annex 1A to 44 11BR. FEES 4 Annex 12G and (in respect of the FCA) FEES 4 Annex 13AG provides provide guidance on the calculation of certain tariffs. Most of the provisions of the Annexes will vary from one *fee year* to another. Accordingly fresh FEES 4 Annexes will come into force, following consultation, for each *fee year*.

**4.2 Obligation to pay periodic fees**

...

- 4.2.6 R (1) Unless (2) applies, if for the *fee year* during which the event as described in column 4 of the table in *FEES 4.2.11R* and/or *FEES 4.2.11AR*, giving rise to, or giving rise to an increase in, the fee payable in *FEES 4.2.1R*, occurs on or after 1 July of the relevant *fee year*, the periodic fee required under *FEES 4.2.1R* is modified for:
- (a) *firms* (other than *AIFM qualifiers*, *ICVCs* and *UCITs qualifiers*), in accordance with *FEES 4.2.7R* and *4.2.8R*;
- (b) for all other fee payers in column (1) of the table in *FEES 4.2.11R* or *FEES 4.2.11AR*, in accordance with the ~~table below~~ formula set out below.

| Period in which event (in column 4 of the table in <i>FEES 4.2.11R</i> or <i>FEES 4.2.11AR</i> ) occurs | Proportion of periodic fee payable   |
|---|--|
| <b>Fees payable to the FCA</b>  |  |
| 1 April to 30 June inclusive  | 100%   |
| 1 July to 30 September inclusive  | 75%  |
| 1 October to 31 December inclusive  | 50%  |
| 1 January to 31 March inclusive   | 25%  |
| <b>Fees payable to the PRA for <i>fee year</i> 2013/2014</b>  |  |
| 1 April to 30 June inclusive  | 100%   |
| 1 July to 30 September inclusive  | 75%  |
| 1 October to 31 December inclusive  | 50%  |
| 1 January to 28 February inclusive  | 25%  |
| <b>Formula for the calculation of fees payable under <i>FEES 4.2.6R</i>(1)</b>                          |  |
| (1)   | <u>calculate the number of calendar months between and including:</u>  |
|   | (i) <u>the calendar month in which the event described in column 4 of the table in <i>FEES 4.2.11R</i> and/or <i>FEES 4.2.11AR</i> occurred; and</u> |
|   | (ii) <u>the last month of the relevant <i>fee year</i>;</u>  |
| (2)   | <u>divide the number of calendar months calculated in (1) by 12;</u>   |
| (3)   | <u>multiply the total fee payable for the relevant <i>fee year</i> by the number calculated in (2).</u>  |

(2) ...

- 4.2.7 R A *firm* (other than an *AIFM qualifier*, *ICVC*, or *UCITS qualifier*) which becomes authorised or registered, or whose *permission* and/or *payment service* activities are extended during the course of the *fee year* must pay a fee which is calculated by:

- (1) identifying each of the tariffs set out in Part 1 of *FEES 4 Annex 2AR*, Part 1 of *FEES 4 Annex 2BR* and/or Part 1 of *FEES 4 Annex 11 R* as appropriate for the relevant *fee year* that apply to the *firm* only after the *permission* is received or extended or *payment service* activities are authorised or registered or extended or *electronic money* issuance activities are authorised or registered under the *Electronic Money Regulations*, ~~but ignoring:~~
- (a) ~~The A13 activity group if, before the variation, the A12 activity group applied to the firm's business; or~~
  - (b) ~~The A12 activity group if, before the variation, the A13 activity group applied to the firm's business;~~
- (2) calculating the amount for each of the applicable tariffs which is the higher of:
- (a) any applicable minimum fee specified in relation to a particular tariff in *FEES 4 Annex 2AR* or *FEES 4 Annex 2BR* (but note, for the avoidance of doubt, these are not the A.0, CC.0 or PA.0 minimum fees set out in Part 2 of *FEES 4 Annex 2AR* and Part 2 of *FEES 4 Annex 2BR*); and
  - ...
- ...
- (4) Working out whether an A.0, CCO or PA.0 minimum fee is payable under Part 2 of *FEES 4 Annex 2AR* and Part 2 of *FEES Annex 2BR* and if so how much (except that the minimum fee is not payable again by a *firm* whose *permission* is extended if the fee was already payable before the extension);
- ...
- (6) modifying the result for the *FCA* and, if applicable, the *PRA* ~~as indicated by the table in accordance with the formula set out in *FEES 4.2.6R* (except that *FEES 4 Annex 10R* (Periodic fees for MTF operators) deals with a ~~firm~~ *firm* that receives permission for operating a *multilateral trading facility* or has its *permission* extended to include this activity during the course of the relevant *fee year* and *FEES 4.2.6R* does not apply).~~

...

### 4.3 Periodic fee payable by firms (other than AIFM qualifiers, ICVCs and UCITS qualifiers)

...

- 4.3.2 G (1) The amount payable by each *firm* will depend upon the category (or categories) of *regulated activities* or *payment services* it is engaged in (fee-blocks) and whether it is issuing *electronic money*, and on the amount of business it conducts in each category (tariff base). The fee-blocks and tariffs are identified in *FEES 4 Annex 1AR* in respect of the *FCA* and *FEES 4 Annex 1BR* in respect of the *PRA* (and guidance on calculating certain of the tariffs is at *FEES 4 Annex 12G* and (in respect of the *FCA*) *FEES 4 Annex 13AG*), while *FEES 4 Annex 2AR* in respect of the *FCA* and *FEES 4 Annex 2BR* in respect of the *PRA* set out the tariff rates for the relevant *fee year*. In case of *firms* that provide *payment services* and/or issue *electronic money*, the relevant fee blocks, tariffs and rates are set out in *FEES 4*

## Annex 11R.

- 4.3.3 R The periodic fee referred to in *FEES* 4.3.1R is (except in relation to the *Society*, *fee-paying payment services providers* and *fee-paying electronic money issuers*) calculated as follows:

...

- (4) Work out whether an A.0, CC.0 or PA.0 minimum fee is payable under Part 2 of *FEES* 4 Annex 2AR and Part 2 of *FEES* Annex 2BR and if so how much (except that that minimum fee is not payable again by a *firm* whose *permission* is extended if the fee was already payable before the extension);

...

**4 Annex 12G Guidance on the calculation of tariffs set out in FEES 4 Annex 1AR Part 3 and Fees 4 Annex 1BR Part 3**

~~The following tables set out guidance on how a *firm* should calculate relevant tariffs.~~

The following table sets out *guidance* on how a *firm* should calculate tariffs for fee-block A.4.

Table 1: Fee block A.4

|   |
|---|
| Adjusted Gross Premium Income and Mathematical reserves – calculation of new regular premium business |
| ...   |

Delete the following Table 2 of *FEES* 4 Annex 12G in its entirety. The deleted text is not shown.

After *FEES* TP8 insert the following new *FEES* TP9. The text is not underlined.

TP 9 Transitional Provisions relating to *FEES* 4.2.7BR for firms carrying on credit related regulated activities

| (1) | (2) Material to which the transitional provision applies | (3) | (4) Transitional provision   | (5) Transitional provision: dates in force | (6) Handbook provision: coming into force |
|-----|--|-----|--|--|---|
| 9.1 | <i>FEES</i> 4.2.7BR(2)(b)                                | R   | Insert a new paragraph after (5)(c) as follows:<br><br>“(5)(ca): paragraph (5)(c) does not apply to a <i>firm</i> ’s <i>credit-related regulated activities</i> .” | From 1 April 2014 until 1 April 2016       |   |