

PRA RULEBOOK: RULEBOOK CONSEQUENTIALS (FEES) INSTRUMENT 2016

Powers exercised

- A. The Prudential Regulation Authority (“PRA”) 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;
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

Pre-conditions to making

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

PRA Rulebook: Rulebook Consequentials (Fees) Instrument 2016

- D. The PRA makes the rules in the Annexes to this instrument.

Commencement

- E. This instrument comes into force on **1 March 2016**.

Citation

- F. This instrument may be cited as the PRA Rulebook: Rulebook Consequentials (Fees) Instrument 2016.

By order of the Board of the Prudential Regulation Authority

24 February 2016

Annex A

Amendments to the Depositor Protection Part

In this Annex new text is underlined and deleted text is struck through

(44) FUNDING – REPORTING REQUIREMENTS

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44.4 If a *firm* does not submit a complete *statement of business* by the date on which it is due in accordance with 44.2 and any prescribed submission procedures:

- (1) The *firm* must pay an administrative fee of £250 (but not if it is already subject to an administrative fee by the *PRA* for the same financial year); and
- (2) The *DGS compensation costs levy* and any *DGS specific costs levy* will be calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by a factor of 1.10 (or if it has become a *DGS member* part way through a financial year, on the basis of the information provided to the *PRA* for the purposes of ~~FEES 4.4.2R~~ Fees 3.6 (1) or on any other reasonable basis, making such adjustments as seem appropriate in subsequent levies once the true figures are known).

Annex B**Amendments to the Dormant Account Scheme Part**

In this Annex new text is underlined and deleted text is struck through

(23) FUNDING – REPORTING REQUIREMENTS

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23.4 If a *DAS member* does not submit a complete *tariff statement* by the date on which it is due in accordance with 23.2 and any prescribed submission procedures:

- (1) The *DAS member* must pay an administrative fee of £250 (but not if it is already subject to an administrative fee by the *PRA* for the same financial year); and
- (2) The *DAS compensation costs levy* and any *DAS specific costs levy* will be calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by a factor of 1.10 (or if it has become a *DAS member* part way through a financial year, on the basis of the information provided to the *PRA* for the purposes of ~~FEES 4.4.2R~~ Fees 3.6 (1) or on any other reasonable basis, making such adjustments as seem appropriate in subsequent levies once the true figures are known).

Annex C

Amendments to the Policyholder Protection Part

In this Annex new text is underlined and deleted text is struck through

(21) FSCS LEVIES

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21.24 This rule applies to the calculation of the levies of a *firm* (A) if:

a. A:

i. acquires all or a part of the business of another *firm* (B), whether by merger, acquisition, goodwill or otherwise; or

ii. becomes authorised as a result of B's simple change of legal status (as defined in ~~FEES 3 Annex 1R Part 6 in the PRA Handbook~~ Fees 4.5 (4)).

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21.44 If a *participant firm* does not submit a complete statement by the date on which it is due in accordance with 21.42 and any prescribed submission procedures:

1. the *firm* must pay an administrative fee of £250 (but not if it is already subject to an administrative fee for non-submission of data in the same financial year required under this Part, or any other PRA rule or rule in the FCA Handbook); and
2. the *compensation costs levy* and any *specific costs levy* will be calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by a factor of 1.10 (or if it has become a *participant firm* part way through the financial year, on the basis of information provided to the PRA for the purposes of ~~FEES 4.4..2R in the PRA Handbook~~ Fees 3.6 (1) or on any other reasonable basis, making such adjustments as seem appropriate in subsequent levies once the true figures are known).

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21.47 A *participant firm* liable to pay its share of the levy under 21.45 must do so using one of the methods ~~set out in FEES 4.2.4R in the PRA Handbook~~ specified by the PRA's collection agent for fees as required by Fees 2.5 save that no additional amount or discount is applicable.

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ANNEX 2: METHODOLOGY FOR CALCULATION OF A PARTICIPANT FIRM'S LEVY SHARE

Insurance Class B1	General Insurance Provision
Tariff base	<p>Insurance Class B1: <i>Relevant net premium income</i> and eligible gross technical liabilities. The levy is split into two in the ratio 75:25. The tariff base for the first portion (75%) is calculated by reference to <i>relevant net premium income</i>. The tariff base for the second portion (25%) is based on eligible gross technical liabilities.</p> <p>Eligible gross technical liabilities are calculated in accordance with the method for calculating gross technical liabilities in fee block A3 in Part 3 of FEES 4 Annex 1BR Fees 3.4 (2) (a) (i) – (iii) and (b), (c) and (d) with the following adjustments.</p> <p>.....</p> <p>4. the notes for the calculation of fees in fee block A3 in Part 3 of FEES 4 Annex 1BR of the PRA Handbook Fees 3.4 (2) (a) (i)-(iii) and (d) do not apply except for the purposes of (2).</p> <p>.....</p>
Insurance Class C1	Life and Pensions Provision
Tariff base	<p>Insurance Class C1: <i>Relevant net premium income</i> and eligible mathematical reserves. The levy is split into two in the ratio 75:25. The tariff base for the first portion (75%) is calculated by reference to <i>relevant net premium income</i>. The tariff base for the second portion (25%) is based on mathematical reserves.</p> <p>.....Eligible mathematical reserves are calculated in accordance with the method for calculating mathematical reserves in fee block A4 in Part 3 of FEES 4 Annex 1BR of the PRA Handbook 'mathematical reserves for fees purposes' as defined in Fees 1.2 of the PRA Handbook with the following adjustments.</p> <p>.....</p> <p>4. The notes for the calculation of fees in the A4 fee block in Part 3 of FEES 4 Annex 1BR of the PRA Handbook - Fees 3.4 (3) (a) and (b) do not apply except for the purposes of (3) (2).</p> <p>.....</p> <p>7. The references to pension fund management business in business in Part 3 of FEES 4 Annex 1BR of the PRA Handbook the definition of 'mathematical reserves for fees purposes' in Fees 1.2 do not apply. A <i>participant firm</i> undertaking such business that does not carry out any other activities within <i>insurance class C1</i> (ignoring any activities that would have a wholly insignificant effect on the calculation of its tariff base for <i>insurance class C1</i>) must use its long-term insurance capital requirement instead of gross technical liabilities. The Long-term insurance capital requirement means the amount that it is required to show as its long-term insurance capital requirement in Form 2 Line 31 (Statement of solvency - long-term insurance business) in relation to the most recent financial year of the <i>participant firm</i> (as at the applicable reporting date under 21.42) for which the <i>participant firm</i> is required to have reported that information to the PRA.</p>

Annex D

Amendments to the FSCS Management Expenses Levy Limit and Base Costs Part

In this Annex new text is underlined and deleted text is struck through

(1) APPLICATION AND DEFINITIONS

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1.2 In this Part, the following definitions shall apply:

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participant firm

has the meaning given in paragraph A (2) of the PRA Handbook Glossary definition of 'participant firm' as at 29 February 2016 for the purposes of the PRA's rules and has the meaning given in the FCA Handbook for the purposes of the FCA's rules in FEES 1.

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Regulatory costs

means the periodic fees payable to the PRA or FCA by a *participant firm* (and where applicable *the Society*) in accordance with the PRA's rules in Fees 3 ~~FEES 4 in the PRA Handbook~~ and in accordance with FEES 4 in the FCA Handbook.