Financial Conduct Authority

Consultation Paper

CP16/9**

FCA Regulated fees and levies:
Rates proposals 2016/17

April 2016

Contents

We are asking for comments on this Consultation Paper (CP) by 27 May 2016.

You can send them to us using the form on our website at:

www.the-fca.org.uk/cp16-9-response-form.

Or in writing to:

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We make all responses to formal consultation available for public inspection unless the respondent requests otherwise. We will not regard a standard confidentiality statement in an email message as a request for non-disclosure.

Despite this, we may be asked to disclose a confidential response under the Freedom of Information Act 2000. We may consult you if we receive such a request. Any decision we make not to disclose the response is reviewable by the Information Commissioner and the Information Rights Tribunal.

You can download this Consultation Paper from our website: www.fca.org.uk.

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Abbreviations used in this paper

AIFMD	Alternative Investment Fund Managers Directive
AFR	Annual funding requirement
ARMs	Approved reporting mechanisms
CASS	Client Money Assets sourcebook
CIS	Collective investment schemes
CJ	Compulsory jurisdiction
CP	Consultation Paper
CFEB	Consumer Financial Education Body
CFOs	Community finance organisations
DGPs	Designated guidance providers
DPBs	Designated professional bodies
EEA	European Economic Area
EMI	Electronic money institution
EMRs	Electronic money regulations
FEES	FEES manual
FPS	Financial Penalty Scheme
FSCS	Financial Services Compensation Scheme
FSMA	Financial Services and Markets Act
MELL	Management expenses levy limit
MELs	Modified eligible liabilities
MTFs	Multilateral trading facilities
NFPs	Not-for-profit bodies

OFT	Office of Fair Trading
ORA	Ongoing regulatory activities
PGL	Pensions guidance levy
PGPL	Pensions guidance providers' levy
PS	Policy Statement
PRA	Prudential Regulation Authority
RIEs	Recognised investment exchanges
ROIEs	Recognised overseas investment exchanges
RCBs	Regulated covered bonds
UKLA	UK Listing Authority
VJ	Voluntary jurisdiction

1. Overview

Introduction

1.1 This CP covers the proposed 2016/17 regulatory fees and levies for the:

- Financial Conduct Authority (FCA)
- Financial Ombudsman Service, and
- Money Advice Service[1]

Who does this consultation affect?

1.2 All fee payers will be affected by this CP. We have provided two tables at the end of this chapter to help fee payers identify the chapters in this CP that are relevant to them:

- Table 1.1: Fee payers affected by the 2016/17 fees and rates proposals in this CP
- Table 1.2: Fee payers affected by the other policy proposals in Chapter 9 of this CP

Is this of interest to consumers?

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

Context

1.4 Generally, our annual fees consultation follows this cycle:

- **October/November** – We consult on any changes to the policy in relation to how fees and levies are raised. Depending on the proposed policy change, we would expect to provide feedback on the responses received to this consultation in the following February Handbook Notice. In November 2015, we published CP15/34 *Regulatory fees and levies: policy proposals for 2016/17* and provided feedback on responses received and final rules in the February 2016 Handbook Notice.

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

- **January** – We consult on the Financial Services Compensation Scheme (FSCS) management expenses levy limit (MELL). This is a joint consultation with the Prudential Regulation Authority (PRA). We provide feedback on responses received to this consultation in the March Handbook Notice.

- **March/April** – We consult on FCA periodic fees rates for the next financial year (1 April to 31 March), any proposed changes to application fees or other fees and pensions guidance levies. We also consult on the Financial Ombudsman Service general levy and Money Advice Service levies for the next financial year. This CP covers the March/April part of the annual fees consultation.

- **June/July** – We expect to publish feedback on the responses received to the March CP, together with final FCA, pensions guidance, Financial Ombudsman Service and Money Advice Service fees and levies rates, in a Policy Statement (PS) at the end of June or early July.

1.5 Further information about our approach to fees is presented in our publication available on our website, *How we raise our fees*[2], which explains how we calculate FCA, FSCS, the Financial Ombudsman Service, and Money Advice Service fees and levies.

FCA 2016/17 fees

1.6 We published our 2016/17 *Business Plan* on 5 April 2016, setting out how we plan to promote our vision and achieve our objectives during 2016/17.

1.7 Our 2016/17 AFR (excluding consumer credit) is £481.6m, unchanged from 2015/16. At an underlying level, our ongoing regulatory activities (ORA) have decreased by £7.6m (1.6%), as we have re-prioritised, made savings and made a number of operating efficiencies, to absorb the increase in costs arising from changes to our regulatory scope (scope change).

1.8 We are therefore proposing to apply the decrease in our ORA evenly across the fee blocks covered by this part of our AFR, unless there has been a material reason not to do so for an individual fee block. Most fee blocks will therefore see a 1.6% reduction in AFR allocation. The exceptions to this result from movements in scope change costs that are generally one-off recoveries in a particular year; these are set out in Chapter 2, together with Table 2.2, which shows the movements for all fee blocks.

1.9 Chapter 3 covers the proposed fee rates for authorised firms in the 'A' fee blocks, which account for 92% of our AFR (excluding consumer credit). We are proposing that minimum fees for 2016/17 remain unchanged from 2015/16. Firms which are small enough to fall below the minimum size thresholds for the fee blocks they are in will pay only the minimum fee. The proportion of firms that are expected to only pay minimum fees is 37%.

1.10 For firms of a size that triggers variable fees in fee blocks, Table 3.2 in Chapter 3 sets out the year-on-year movements in the draft 2016/17 fee rates, for each fee block. The draft fee rates take into account movements in the number of fee payers and tariff data from 2015/16, which can have a significant effect on the movements in the fee rates that firms will pay when compared to the movements in the AFR allocated to particular fee blocks set out in Table 2.2 in Chapter 2.

2 http://www.fca.org.uk/static/documents/how-we-raise-our%20fees.pdf

1.11 Chapter 4 covers proposed periodic fees for other bodies ('B' to 'G' fee blocks) and shows where fee rates differ substantially from the average 1.6% decrease for these fee blocks.

1.12 Legislative changes that came into effect on 1 April 2014 brought consumer credit within our regulatory responsibilities. The resulting enhanced regulatory regime gave us more responsibilities and stronger powers. During 2016/17, we expect to complete the full authorisation of around 35,000 firms to undertake consumer credit business; this has been undertaken on a phased basis since April 2014.

1.13 For 2016/17, we are including consumer credit costs in our AFR for the first time. The consumer credit AFR is £37.7m – made up of our 2016/17 ORA costs of £31.5m and £6.2m scope change costs. The estimated outstanding scope change deficit for setting up the new consumer credit regime is £62m, which we plan to recover over a ten year period. Proposals for FCA consumer credit fee rates are set out in Chapter 6.

1.14 Our total 2016/17 AFR is £519.3m – an increase of £37.7m (7.8%), solely represented by the inclusion of Consumer Credit.

1.15 Taking into account rebates resulting from retained financial penalties, total fees collected from fee payers in 2016/17 will reduce by £49.6m. How we apply the financial penalty rebate is set out in Chapter 5.

1.16 All draft fee rates are in Appendix 1.

Consumer credit periodic fees 2016/17

1.17 Firms that moved from interim permission to full authorisation (to undertake consumer credit business) over the past two years have paid the FCA consumer credit minimum fees and variable fee rates, depending on their level of income from these activities (as first consulted on in 2014). These fees were based on estimates made at the time of the assumptions that make up their calculation (set out in Table 6.1 in Chapter 6), some of which have changed significantly compared to current estimates. If we continue to use the 2014 levels of fee rates in 2016/17, we would under recover the required £37.7m by around £12m.

1.18 In Chapter 6, we are proposing for 2016/17 to:

- keep minimum fees for limited permission and full permission firms unchanged
- keep the variable fee for limited permission firms unchanged, and
- increase the 2014 set full permission variable fee of £0.78 by £0.52 to £1.30 (68%), payable on each £1,000 of consumer credit income above the first £250,000

1.19 Overall, 98% of consumer credit firms in 2016/17 will be paying FCA fees that have not changed since 2014. This is in line with our intention that the fees set in 2014/15 would be broadly in line with those that would apply in 2016/17. These proposals are also in line with our policy position, set at the outset, to recognise that a significant number of firms in this market are smaller businesses that provide a service to consumers who are unable to obtain credit from larger lenders. As such, minimum fees should be set at a level that does not cause these smaller firms to leave the market. Furthermore, we continue to recognise that the activities covered by limited permission are lower risk than those covered by full permission.

1.20 We are proposing that 2016/17 consumer credit levies for the Financial Ombudsman Service and the Money Advice Service remain unchanged from 2015/16.

1.21 Details of all consumer credit periodic fees are set out in Chapter 6.

Ring-fencing Implementation Fee

1.22 In Chapter 7 we set out our proposals for a ring-fencing implementation fee (RFIF). The RFIF will apply to firms that are ring fencing their core activities in line with the requirements of the Financial Services (Banking Reform) Act 2013 (FSBRA) ahead of the Government's 1 January 2019 deadline.

1.23 The implementation of the new regime requires a significant amount of work to be undertaken by us through to 2019. Our budgeted costs associated with this work in 2016/17 are £6.4m which includes £0.6m carried forward from 2015/16.

Pensions guidance levies

1.24 The pensions guidance levy (PGL) will recover the Treasury advised £22.6m 2016/17 funding requirement of Pension Wise which represents a 42% decrease from the £39.1m 2015/16 funding requirement. In Chapter 8 we propose the distribution of the allocation of the £22.6m across the five PGL fee blocks, which is unchanged from 2015/16.

1.25 The Pension Wise service is provided through the four designated (by Treasury) guidance providers (DGPs). We recover our pensions guidance costs from the DGPs. For 2016/17 these costs are £310,000 which represents a 48% decrease from the £600,000 2015/16 costs.

Financial Ombudsman Service 2016/17 general levy

1.26 In Chapter 10, we consult on allocating the Financial Ombudsman Service general levy between industry blocks. The Financial Ombudsman Service has asked us to recover £24.5m by general levy and to maintain the same proportions across the industry blocks. This figure is made up of £23.3m (which is the same amount that the Financial Ombudsman Service asked us to collect for 2015/16) plus an additional £1.2m for consumer credit firms, which are now included in the CJ. This reflects the Financial Ombudsman Service's forecast that complaint volumes (excluding PPI complaints) will remain broadly stable. Annually, the amounts actually payable by each block will vary to reflect changes in the proportions of cases in each block.

Money Advice Service 2016/17 levies

1.27 In Chapter 11, we consult on the levies proposed for the Money Advice Service. This year, the Money Advice Service budget will be £75m, which is more than a 5% reduction on last year's budget of £79.1m. However, as a result of (yet to be allocated) consumer credit contributions collected from last year, as well as the anticipated consumer credit contributions for 2016/17, £68.9m will be levied as opposed to £75m. Two separate levies are being proposed to raise

£27.6m for delivering money advice, and £41.3m for the coordination and provision of debt advice.

Fee payers should be aware that the draft fee rates and levies in Appendix 1 are calculated using estimated fee-payer populations and tariff data. This means that final periodic fee rates and levies for 2016/17 – which will be made by our Board in June 2016 – could vary from those in this CP.

Tariff data for insurers

1.28 Tariff data used for the calculation of periodic fees for insurers (fee blocks A.3 and A.4) is linked to some of the data included in their regulatory returns. Solvency II has led to significant changes in regulatory reporting for many insurance firms and we are currently considering how this might impact on fees calculation for 2017/18. Any proposed rule changes will be consulted on later in the year.

What do you need to do next?

1.29 We want to know what you think of our proposed 2016/17 fees and levies rates for the FCA periodic fees, consumer credit fees, the pensions guidance levies, and the Financial Ombudsman Service and Money Advice Service levies.

1.30 Please let us have your comments by **27 May 2016**.

How?

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

What will we do?

1.32 We provide a facility on our website to enable firms to calculate their periodic fees for the forthcoming year based on the draft FCA, consumer credit, the PGL, and the Financial Ombudsman Service and Money Advice Service consultative rates in Appendix 1 of this CP. The fees calculator will also cover PRA (where applicable) and FSCS levies. The fees calculator for 2016/17 fees and levies will be available for firms to use from 5 April 2016.

1.33 We will consider your comments and, subject to FCA Board approval in June, we plan to publish a PS at the end of June 2016, which will include feedback on those comments and final rules.

1.34 Certain fee payers have been invoiced from February 2016 for 'on-account' payments, and other firms will be invoiced from July 2016, on the basis of the new fees and levies.

Table 1.1: Fee payers affected by the 2016/17 fees and levies rates proposals in this CP

Issue	Fee payers affected	Chapter
FCA		
Periodic fee rates	Authorised firms – the 'A' fee blocks	2 and 3
	All fee payers except authorised firms – fee blocks B to G	2 and 4
Applying financial penalties	Fee payers listed in Table 5.1 in Chapter 5	5
Consumer credit		
FCA, Financial Ombudsman Service and Money Advice Service periodic fees and levies	All firms in the consumer credit market or considering entry	6
Ring-fencing implementation fee		
Ring-fencing implementation fee	A.1 deposit acceptors subject to the ring-fencing regime for the UK's largest banks from 1 January 2019	7
Pensions guidance levies		
PGL	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	8
Pensions guidance providers' levy (PGPL)	Designated guidance providers	
Financial Ombudsman Service		
General levy rates	Firms subject to Financial Ombudsman Service general levy	10
Money Advice Service		
Money Advice Service levy rates	• Firms subject to money advice levies – authorised firms, payment institutions and electronic money issuers • Firms subject to debt advice levies – firms in fee blocks A.1 (deposit acceptors) and A.2 (home finance providers and administrators)	11

Table 1.2: Fee payers affected by the other policy proposals in Chapter 9 of this CP

Issue consulted on	Fee payers affected
Credit union application fees	Credit unions
Concessions on fees for community finance organisations that apply for, or have permissions for, home finance provision or administration	Any community finance organisations that undertake or intend to undertake home finance provision or administration
Periodic fees for operators of multilateral trading facilities	All operators of multilateral trading facilities
Administrative charges for late submission of fees data	All fee payers

2. FCA annual funding requirement and allocation to fee blocks

2.1 In this chapter, we set out our AFR for 2016/17 and allocations to fee blocks.

AFR

2.2 We published our 2016/17 *Business Plan* on 5 April 2016, setting out how we plan to promote our vision and achieve our objectives during 2016/17.

2.3 Our 2016/17 AFR (excluding consumer credit) is £481.6m – unchanged from 2015/16. At an underlying level, our ORA has decreased by £7.6m (1.6%) as we have re-prioritised, made savings and a number of operating efficiencies, to absorb the increase in costs arising from changes to our regulatory scope (scope change) we are recovering in 2016/17.

2.4 Responsibility for the regulation of consumer credit was transferred from the Office of Fair Trading (a department of the government) to us following legislative changes that came into effect from 1 April 2014. The resulting enhanced regulatory regime gave us more responsibilities and stronger powers than the OFT.

2.5 Since April 2014, firms that were previously regulated by the OFT and that have held interim permission to carry on consumer credit activities have, on a phased basis, been asked to apply for full authorisation. During this period, we have also accepted authorisation from new consumer credit businesses. We expect the authorisation process to be completed during 2016/17, after which we estimate that around 35,000 firms will be authorised for consumer credit business.

2.6 For 2016/17, we are including consumer credit costs in our AFR for the first time. The consumer credit AFR is £37.7m – made up of our 2016/17 ORA costs of £31.5m and £6.2m scope change costs. The estimated outstanding scope change deficit for setting up the new consumer credit regime is £62m, which we plan to recover over a ten year period.

2.7 Our total 2016/17 AFR is £519.3m. This is an increase of £37.7m (7.8%), solely due to the inclusion of consumer credit.

2.8 We are currently forecasting to end 2015/16 with an approximate £10m (2% of the AFR) underspend in our ORA budget. We are proposing to retain this underspend to improve our deficit position which at the end of 2014/15 was £174m. The deficit mainly comprised of the inherited (from the FSA) defined benefit pension obligation and costs incurred for increases in our regulatory scope not yet recovered including that relating to Consumer Credit. The underspend will help us mitigate costs in the future, for example any increases to pension contributions required pending the triennial valuation and costs related to the move to our new offices at The International Quarter (Stratford) in 2018.

2.9 A breakdown of the total AFR and the impact of the estimated 2016/17 financial penalty rebate is given in Table 2.1.

Table 2.1 AFR 2016/17

	2016/17 £m	2015/16 £m	Movement	
			£m	%
Ongoing regulatory activities (ORA)	471.4	479.0	(7.6)	(1.6)
Recovery of scope change activities	10.2	2.6	7.6	292.3
AFR (excluding consumer credit)	**481.6**	**481.6**	**0.0**	**0.0**
Consumer credit ORA	31.5	0.0	31.5	–
Consumer credit scope change (i)	6.2	0.0	6.2	–
AFR (including consumer credit)	**519.3**	**481.6**	**37.7**	**7.8**
Financial penalty rebate (ii)	*(49.6)*	*(43.6)*	*(6.0)*	*13.7*
Fees payable	*469.8*	*438.0*	*31.8*	*7.2*

Notes:

(i) Consumer credit total scope change deficit of £62m to be recovered over 10 years from 2016/17.

(ii) The £49.6m rebate in 2016/17 represents an estimate of the 2015/16 financial penalties we can retain to cover 2015/16 enforcement costs.

2.10 We must pay all financial penalties we receive to the Exchequer (net of certain enforcement costs incurred in generating these penalties) in the same year. Any retained penalties are used to reduce our fees in the following year, other than for the fees levied on the penalty payer themselves. We currently estimate the financial penalty rebate to be £49.6m in 2016/17 (£43.6m in 2015/16). Taking into account this rebate, the overall total fees collected from fee payers in 2016/17 will be reduced by £49.6m.

2.11 The application across fee payers of the financial penalty rebate is set out in Chapter 5.

AFR allocation across fee blocks

2.12 The allocation of the total £519.3m 2016/17 AFR is set out in Table 2.2 at the end of this chapter.

Allocation of £481.6m AFR (excluding consumer credit)

2.13 Over the past two years, our AFR has increased and our approach to allocation has been to maintain an even distribution of those AFR increases, unless there has been a material reason not to do so for an individual fee block. The material reasons are mainly movements in scope change costs that are generally one-off recoveries in a particular year.

2.14 The 1.6% decrease in our ORA to absorb the increase in scope change costs means the overall £481.6m 2016/17 AFR (excluding consumer credit) is unchanged from 2015/16. We are therefore proposing to apply the decrease in our ORA evenly across fee blocks, with the exception of the following fee blocks:

- **A.1 Deposit acceptors** – An increase of 9%, reflecting the allocation of the scope change costs for establishing the Senior Managers and Certification Regime, which has implemented recommendations from the Parliamentary Commission on Banking Standards.[3]

- **A.2 Home finance providers and administrators and A.18 Home finance providers, advisers and arrangers** – An increase of 7.1%, which reflects the allocation of the scope change costs for implementing the Mortgage Credit Directive (MCD).

- **A.7 Portfolio managers and A.9 Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes** – A decrease of 5.1% (A.7) and a decrease of 9.5% (A.9), which reflects adjustments for scope change from the Alternative Investment Fund Managers Directive (AIFMD) recovered over the past two years.

- **H. FCA pensions guidance costs** – A decrease of 48.3%. Following our experience in 2015/16 (the first year we commenced the monitoring of the pensions guidance providers) there has been a reduction in planned costs in 2016/17. The decrease also reflects that the £0.6m allocated in 2015/16 included set-up costs from 2014/15 of £100,000. In Chapter 8, we are consulting on the pensions guidance levy to raise the 2016/17 Pension Wise funding requirement.

2.15 Minimum fees are fixed amounts that each firm pays. The amount of AFR we recover from the 'A.0 FCA minimum fee' fee block depends on the number of existing firms that remain authorised at the beginning of the fee year (1 April) and the number of new firms that become authorised during the forthcoming year. We anticipate that the number of firms that will pay these minimum fees in 2016/17 will result in an AFR recovery of £19.2m – 1.1% more compared to the £19m in 2015/16. As we state in Chapter 3 (which covers proposed periodic fees for authorised firms), we are proposing that 2016/17 minimum fees remain unchanged from 2015/16.

Allocation of £37.7m consumer credit AFR

2.16 We cover the allocation of the £37.7m 2016/17 consumer credit AFR and proposed periodic fee rates in Chapter 6.

Table 2.2: 2016/17 AFR allocation across fee blocks

AFR allocations to fee blocks	(i)	Proposed 2016/17 £m	Actual 2015/16 £m	Movement over 2015/16
A.0 FCA minimum fee	Solo	19.2	19.0	1.1%
AP.0 FCA prudential fee (ii)	Solo	16.7	17.0	-1.6%
A.1 Deposit acceptors	DR	73.6	67.5	9.0%
A.2 Home finance providers and administrators	Solo	18.6	17.3	7.1%
A.3 Insurers – general	DR	24.3	24.7	-1.6%
A.4 Insurers – life	DR	40.9	41.6	-1.6%
A.5 Managing agents at Lloyd's	DR	0.2	0.2	-1.6%

3 The Commission was established in July 2012 to conduct an inquiry into professional standards and culture in the UK banking sector and to make recommendations for legislative and other action. The Commission published its final report in June 2013.

AFR allocations to fee blocks	(i)	Proposed 2016/17 £m	Actual 2015/16 £m	Movement over 2015/16
A.6 The Society of Lloyd's	DR	0.3	0.3	-1.6%
A.7 Portfolio managers	Solo	42.6	44.9	-5.1%
A.9 Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes	Solo	11.8	13.1	-9.5%
A.10 Firms dealing as principal (iii)	Solo & DR	49.3	50.1	-1.6%
A.13 Advisory arrangers, dealers or brokers	Solo	73.7	74.9	-1.6%
A.14 Corporate finance advisors	Solo	13.5	13.7	-1.6%
A.18 Home finance providers, advisers and arrangers	Solo	18.2	17.0	7.1%
A.19 General insurance mediation	Solo	27.6	28.1	-1.6%
A.21 Firms holding client money or assets or both	Solo	14.3	14.6	-1.6%
B. Recognised investment exchanges, operators of multilateral trading facilities, recognised auction platforms, service companies, and benchmark administrators	Solo	7.3	7.5	-1.6%
C. Collective investment schemes	Solo	2.4	2.4	-1.6%
D. Designated professional bodies	Solo	0.2	0.2	-1.6%
E. Issuers and sponsors of securities	Solo	21.0	21.4	-1.6%
F. Unauthorised mutuals	Solo	1.7	1.8	-1.6%
G. Firms registered under the Money Laundering Regulations 2007; and firms covered by the Regulated Covered Bonds Regulations 2008, Payment Services Regulations 2009 and Electronic Money Regulations 2011;and firms undertaking consumer buy-to-let business	Solo	3.8	3.8	-1.6%
H. FCA pensions guidance costs	n.a.	0.3	0.6	-48.3
AFR excluding consumer credit		**481.6**	**481.6**	**0.0%**
CC1. Consumer credit – limited permission CC2. Consumer credit – full permission	Solo	37.7	n.a	n.a
Total AFR		**519.3**	**481.6**	**7.8%**

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.

n.a. = Not applicable.

3.
FCA periodic fees for authorised firms

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

3.1 This chapter sets out our 2016/17 periodic fees proposals for authorised firms in the 'A' fee block. These fee blocks account for 92% of our 2016/17 AFR (excluding consumer credit).

3.2 Proposals for periodic fees payable by other bodies are in Chapter 4 of this paper.

3.3 Proposals for periodic fees payable by consumer credit firms are in Chapter 6 of this paper.

Proposed minimum periodic fees

3.4 Any firm that is authorised to carry out any of the regulated activities covered by the 'A' fee block is subject to the A.0 minimum fee.[4] The aim of the minimum fee is to ensure that all authorised firms (including small firms) contribute to the cost of regulation. It also aims to ensure that the minimum fee level is not too high (which would unnecessarily impede competition) and not too low (which would prejudice existing fee payers).

3.5 In 2015/16, we increased these minimum fees for the first time in four years. We are proposing that minimum fees for 2016/17 remain unchanged from 2015/16, as set out in Table 3.1.

Table 3.1: Proposed A.0 fee block minimum fees 2016/17

	Proposed fee
FCA solo-regulated firms	£1084
Dual-regulated with the PRA firms	£542
Dual-regulated concessionary firms:	
• smaller credit unions (depending on size)	£86 or £292
• smaller friendly societies	£233

3.6 Concessionary minimum fees are applied to the following:

- Smaller credit unions: these mutual organisations offer basic savings and loan facilities to their members, many of which cannot obtain such services from mainstream banks and building societies. The unrecovered minimum regulatory costs that will arise from

4 With the exception of A.6, which has one fee payer (the Society of Lloyd's) that is invoiced on an individual basis.

maintaining this concession are recovered from the other firms in the A.1 fee block (Deposit acceptors).

- Smaller non-directive friendly societies: these mutual organisations, similar to credit unions, support people with limited financial resources to improve their economic status. The unrecovered minimum regulatory costs that will arise from maintaining this concession are recovered from the other firms in the A.4 fee block (Insurers – life).

3.7 In Chapter 9 we set out proposed concessions for community finance organisations (CFOs).

Proposed variable periodic fees

3.8 The AFR allocated to the 'A' fee blocks are recovered on a 'straight line' basis, i.e. in direct proportion to the size of permitted business that firms undertake in these fee blocks. Firms should therefore pay fees that change in line with the year-on-year allocations of our AFR, as set out in Table 2.2 in Chapter 2. However, in some cases the movements in the allocations of our AFR stated in this table at a fee-block level will differ from the movements in the draft fee rates detailed in Appendix 1. This is due to annual changes in the number of fee payers and the level of tariff data in each fee block.

3.9 Table 3.2 sets out the number of fee payers and the total tariff data we have used to calculate the draft 2016/17 fee rates in Appendix 1. It then compares them to the data used to calculate 2015/16 fee rates, showing the level of year-on-year movements. To show the effect of these movements on the fees that firms will pay, compared to the movements in the allocations of our AFR, we also include the year-on-year movements in fee rates.

Table 3.2: Data used to estimate 2016/17 periodic fee rates for consultation

Fee block	Tariff base	Number of firms in fee blocks			Tariff data			Change in fee rates
		2016/17 Estimated	2015/16 Actual (i)	Change	2016/17 Estimated	2015/16 Actual	Change	
A.1	Modified eligible liabilities	868	878	-1.1%	£2,833.9bn	£2,818.6bn	0.5%	8.6%
A.2	Number of mortgages or other home finance transactions	325	317	2.5%	7.2m	7.2m	-0.2%	7.1%
A.3	Gross premium income	346	357	-3.1%	£64.4bn	£63.9bn	0.7%	-2.0%
	Gross technical liabilities				£133.2bn	£133.1bn	0.0%	-1.9%
A.4	Adjusted gross premium income	189	196	-3.6%	£59.7bn	£58.8bn	1.4%	-3.1%
	Mathematical reserves				£952.5bn	£952.4bn	0.0%	-1.6%
A.5	Active capacity	64	64	0.0%	27.0bn	26.8bn	1.1%	-1.9%
A.7	Funds under management	2,788	2,741	1.7%	£6,139.9bn	£6,146.1bn	-0.1%	-4.5%
A.9	Gross income	1,329	1,281	3.7%	£12.3bn	£11.9bn	3.7%	-10.6%
A.10	Traders	428	423	1.2%	9,740	9,700	0.4%	-2.0%
A.13	Annual income	9,493	9,233	2.8%	£26.1bn	£24.7bn	5.6%	-5.7%
A.14	Annual income	777	768	1.2%	£6.6bn	£6.5bn	1.9%	-3.3%
A.18	Annual income	5,166	5,037	2.6%	£1.3bn	£1.2bn	10.3%	-2.3%
A.19	Annual income	12,770	12,586	1.5%	£15.6bn	£15.4bn	1.6%	-3.4%
A.21	Client money	1,184	993	19.2%	£140.5bn	£131.6bn	6.8%	-7.8%
	Assets held				£12,406.7bn	£12,569.8bn	-1.3%	0.0%

Notes: (i) 'Actual' refers to the data as set out in Table 2.3 of PS15/15, published in June 2015.

3.10 The estimated data for 2016/17 in Table 3.2 may change between now and June, which is when the data will be used to calculate the final fee rates. This is because we calculate the draft fee rates a few weeks before this CP is published and the population of fee payers as at 1 April 2016 is therefore estimated. In addition, the collection and validation of tariff data is not completed until the end of April.

Moderation framework

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

A.1 fee block (Deposit acceptors)

3.12 The A.1 fee block (Deposit acceptors) is an existing exception from straight-line recovery. Within this fee block, the firms who fall within the medium-high and high bands of our moderation framework pay a premium fee rate. This reflects that we target our overall supervision to the high-impact, systemically important firms in this sector.

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

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

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

3.15 The bandings and level of moderation that we have applied to the tariff data for both client money and assets held are set out in Table 3.3. The result of this moderation is that the 2016/17 £14.3m AFR is distributed as follows:

- CASS large firms 72.62%
- CASS medium firms 27.35%
- CASS small firms 0.03%

Table 3.3: Bandings and level of modification

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

European Economic Area (EEA) branches – fee discounts

3.16 The FCA, as the host state conduct regulator, is primarily responsible for the conduct regulation of the incoming EEA branch. The discounts reflects the extent to which our supervisory responsibilities for EEA incoming branches (passported into the UK) are lower than for UK-based firms carrying on the same regulated activities, specifically in relation to systems and controls and approved persons.

3.17 We apply the discounts as set out in Appendix 1.

Online fees calculator

3.18 We provide a facility on our website to enable firms to calculate their periodic fees for the forthcoming year based on the draft FCA (including consumer credit fees), the Financial Ombudsman Service, Money Advice Service and PGL consultative rates in Appendix 1 of this CP. The fees calculator will also cover PRA (where applicable) and FSCS levies.

3.19 The fees calculator for 2016/17 fees and levies will be available from 5 April 2016.

Q1: Do you have any comments on the proposed FCA 2016/17 minimum fees and variable periodic fee rates for authorised firms?

We must receive any responses by **27 May 2016**.

Fee payers should be aware that the draft fee rates and levies in Appendix 1 are calculated using estimated fee-payer populations and tariff data. This means that final periodic fee rates and levies for 2016/17 – which will be made by our Board in June 2016 – could vary from those in this CP.

4.
FCA periodic fees for other bodies

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

- B, market infrastructure providers
- C, collective investment schemes
- D, designated professional bodies
- E, UK Listing Authority (UKLA)
- F, unauthorised mutual, and
- G, firms registered under the Money Laundering Regulations 2007; firms covered by the Regulated Covered Bonds Regulations 2008, the Payment Services Regulations 2009 and the Electronic Money Regulations 2011; and firms undertaking consumer buy-to-let business

4.2 The proportion of the 2016/17 allocated to fee blocks 'B' to 'G' is detailed in Chapter 2. In this chapter, we only comment where year-on-year movements for subsets of fee payers are substantially different to the average 1.6% decrease explained in Chapter 2.

4.3 In Chapter 9, we also consult on the new fees framework for operators of Multilateral Trading Facilities (MTFs).

4.4 Chapter 8 covers the consultation on the levies for the 'H' fee block to recover the FCA pensions guidance costs.

4.5 Chapter 3 discusses periodic fees for fee payers in the 'A' fee block.

Fee payers should be aware that the draft fee rates and levies in Appendix 1 are calculated using estimated fee-payer populations and tariff data. This means that final periodic fee rates and levies for 2016/17 – which will be made by our Board in June 2016 – could vary from those in this CP.

Fee block B: Market infrastructure providers

Recognised investment exchanges (RIEs)
(FEES 4 Annex 6R Part 1 – draft rules in Appendix 1)

4.6 We set the fees for RIEs individually. They are calculated from our records of the resources put into supervising each one over the previous year and the projected level of supervisory intensity over the coming year.

Table 4.1: Proposed periodic fees for RIEs

Name of RIE	Proposed 2016/17 fee (£)	Actual 2015/16 fee (£)	Variance
BATS Trading Limited	496,920	505,000	-1.6%
CME Europe Ltd	344,400	350,000	-1.6%
Euronext London Limited	314,880	320,000	-1.6%
ICAP Securities & Derivatives Exchange Limited (RIE)	329,640	335,000	-1.6%
ICE Futures Europe	1,279,200	1,300,000	-1.6%
LIFFE Administration and Management	300,000	300,000	0.0%
London Metal Exchange	674,040	685,000	-1.6%
London Stock Exchange plc	934,800	950,000	-1.6%
Any other RIE	300,000	300,000	0.0%

Recognised auction platforms
(FEES 4 Annex 6R Part 1A – draft rules in Appendix 1)

4.7 We propose a flat fee of £53,333 for 2016/17 – a decrease of 1.6% from £54,200 in 2015/16.

Recognised overseas investment exchanges (ROIEs)
(FEES 4 Annex 6R Part 2 – draft rules in Appendix 1)

4.8 We propose a flat fee of £61,008 for 2016/17 – a decrease of 1.6% from £62,000 in 2015/16.

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

4.9 We propose a principal benchmark administrator fee of £196,800 for 2016/17-a decrease of 1.6% from £200,000 in 2015/16.

4.10 We propose a benchmark administrator fee of £49,200 for 2016/17-a decrease of 1.6% from £50,000 in 2015/16.

Multilateral trading facilities (MTFs)
(FEES 4 Annex 10R – draft rules in Appendix 1)

4.11 In Chapter 9, we are consulting on the new fees framework for operators of MTFs. Table 4.2 sets out the fees that we are proposing for 2016/17 based on this framework.

Table 4.2: Proposed MTF fees

	Proposed 2016/17 fee (£)
MTF operator that has a named individual fixed portfolio supervisor	300,000
All other MTF operators (i.e. supervised by a team of flexible portfolio supervisors)	28,290
European Economic Area (EEA) firm	0

Service companies
(FEES 4 Annex 2R Part 1 – draft rules in Appendix 1)

4.12 Service companies are levied a flat fee based on level of their income. We are proposing the fees set out in Table 4.3.

Table 4.3: Proposed service companies fees

	Proposed 2016/17 fee (£)	Actual 2015/16 fee (£)	Variance
Income up to an including £100,000	1,067	1,084	-1.6%
Income over £100,000 up to and including £1m	10,824	11,000	-1.6%
Income over £1m	48,216	49,000	-1.6%

Fees relating to the direct reporting of transactions to the FCA under SUP 17
(FEES 4 Annex 3AR – draft rules in Appendix 1)

4.13 The 2016/17 transaction reporting fees are set out in Table 4.3A. The variance over 2015/16 is due to changes in number of approved reporting mechanisms (ARMs) and volume of transactions reported for the calendar year ending 31 December 2015.

Table 4.3A: Transaction reporting fees

Type of fee	Proposed 2016/17 fee (£)	Actual 2015/16 fee (£)	Variance
Technical support fee	4,444	5,000	-11.1%
Testing environment fee	3,333	3,750	-11.1%
Variable transaction-based fee	4.56	6.00	-24.0%

Fee block C: Collective investment schemes (CIS)

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

4.14 Table 4.4 and 4.4A details the proposed CIS fee rates for 2016/17, which have decreased from 2015/16 by 11.8% compared to the 1.6% decrease in AFR allocation for this fee block. The AFR allocated to this fee block is recovered from fee payers in proportion to the number of funds or sub-funds operated. The total number of funds/sub-funds reported by all fee payers for 2016/17 has risen compared to 2015/16. The 2016/17 annual fee for small registered UK Alternative Investment Fund Managers (AIFMs) is £750 unchanged from 2015/16.

Table 4.4: Proposed CIS periodic fees

Scheme type	Basic fee (£)	Total aggregate number of funds/sub-funds	Proposed 2016/17 Fee rate (£)	Actual 2015/16 fee rate (£)	Variance
ICVC, AUT, ACS, UK ELTIFs	525	1-2	525	595	-11.8%
		3-6	1,313	1,488	-11.8%
		7-15	2,625	2,915	-11.8%
		16-50	5,775	6,545	-11.8%
Section 264 of FSMA, schemes other than non-EEA AIFs recognised under section 272 of FSMA		>50	11,550	13,090	-11.8%
Non-EEA AIFs recognised under section 272 of FSMA	2,135	1-2	2,135	2,420	-11.8%
		3-6	5,337.50	6,050	-11.8%
		7-15	10,675	12,100	-11.8%
		16-50	23,485	26,620	-11.8%
		>50	46,970	53,240	-11.8%

Table 4.4A: Proposed CIS periodic fees

Kind of notification	Proposed 2016/17 Fee per AIF (£)	Actual 2015/16 Fee per AIF (£)	Variance
Notification under regulation 57 of the *AIFMD UK regulation*	440	500	-12.0%
Notification under regulation 58 of the *AIFMD UK regulation*	310	350	-11.4%
Notification under regulation 59 of the *AIFMD UK regulation*	440	500	-12.0%

Fee block D: Designated professional bodies (DPBs)

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

4.15 We set individual periodic fees for each DPB, based on an estimated number of exempt professional firms in each body. Each DPB pays £10,000 for its first exempt professional firm, which recovers £100,000 of the allocation to this fee block. The remaining amount allocated to this fee block is then recovered in proportion to the number of exempt professional firms reported by each DPB. The proposed 2016/17 periodic fees are detailed in Table 4.5. The variances differ from the 1.6% decrease in the AFR allocation to this fee block because of the movements in the number of exempt professional firms reported for 2016/17 compared to 2015/16.

Table 4.5: Proposed DPB periodic fees

DPB	Proposed 2016/17 fee (£)	Actual 2015/16 fee (£)	Variance
The Law Society of England and Wales	73,280	75,390	-2.8%
The Law Society of Scotland	14,280	14,400	-0.8%
The Law Society of Northern Ireland	13,190	13,330	-1.1%
The Institute of Actuaries	10,100	10,100	0.0%
The Institute of Chartered Accountants in England and Wales	53,250	54,910	-3.0%
The Institute of Chartered Accountants of Scotland	11,830	11,250	5.2%
The Institute of Chartered Accountants in Ireland	13,740	13,200	4.1%
The Association of Chartered Certified Accountants	18,060	18,710	-3.5%
Council for Licensed Conveyancers	11,390	11,370	0.2%
Royal Institute of Chartered Surveyors	14,140	14,360	-1.5%

Fee block E: United Kingdom Listing Authority (UKLA)

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

4.16 In Chapter 4 of CP15/34 (November 2015)[5], we consulted on our proposals for restructuring the fees we charge to recover our UKLA costs. This included proposals for a new structure for periodic fees from 2016/17. We provided feedback on responses received and published final rules in Chapter 3 of Handbook Notice 30 (February 2016).[6]

4.17 We are now proposing 2016/17 UKLA periodic fees as set out in Tables 4.6 and 4.7.

Table 4.6: Base fees

Activity group or invoice code	Proposed 2016/17 fee (£)
E.2 Premium listed issuer	5,150
E.3 Standard listed issuer	19,500
E.6 Non-listed issuer (i)	0
E.7 Primary information provider	16,260
ES.01 Sponsor	27,100

(i) Not needed at present but retained pending implementation of the Markets in Financial Instruments Directive (MiFID) II

5 www.fca.org.uk/static/documents/consultation-papers/cp15-34.pdf.
6 www.fca.org.uk/static/documents/handbook-notices/fca-handbook-notice-30.pdf.

Table 4.7: Variable fee additional to base fees

Activity Group E.2	Proposed 2016/17	Actual 2015/16	Variance
£ million of market capitalisation	Fee rate (£)	Fee rate (£)	
0–100	0	0	n/a
>100–250	28.763125	29.230818	-1.6%
>250–1,000	11.504486	11.691551	-1.6%
>1000–5,000	7.081484	7.1966630	-1.6%
>5,000–25,000	0.172739	0.175548	-1.6%
>25,000	0.055808	0.056715	-1.6%

Fee block F: Unauthorised mutuals

(FEES App1 – draft rules in Appendix 1)

4.18 The proposed 2016/17 fees are set out in Table 4.8 – unchanged from 2015/16.

Table 4.8: Proposed periodic fees for unauthorised mutual

Total assets (£'000)	Proposed 2016/17 fee rate (£)	Actual 2015/16 fee rate (£)	Variance
0–50	60	60	0.0%
>50–100	120	120	0.0%
>100–250	195	195	0.0%
>250–1,000	255	255	0.0%
>1,000	460	460	0.0%

Fee block G:

Fee block G: Firms registered under the Money Laundering Regulations 2007

4.19 We are proposing that the annual fee for firms registered with us under the Money Laundering Regulations should be £433 for 2016/17 – unchanged from 2015/16 (Fee block G.1).

Fee block G: Firms covered by the Payment Services Regulations (PSRs) 2009

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

4.20 The proposed fee rates are detailed in Tables 4.9 and 4.10. The variable fee rate has decreased by 8.3% compared to the 1.6% decrease in the AFR allocated for this fee block. This is due to an increase in the tariff data reported compared to last year.

Table 4.9: Certain deposit acceptors (includes banks and building societies) (G.2 fee block)

	Proposed 2016/17	Actual 2015/16	Variance
Minimum fee (£)	433	433	0.0%
£ millions or part £ millions of modified eligible liabilities (MELS)	**Fee rate**		
	Proposed 2016/17	**Actual 2015/16**	**Variance**
>0.1	0.2750	0.29990	-8.3%

Table 4.10: Large payment institutions and other institutions (G.3 and G.5 fee blocks)

	Proposed 2016/17	Actual 2015/16	Variance
Minimum fee (£)	433	433	0.0%
£ thousands or part £ thousands of relevant income	**Fee rate**		
	Proposed 2016/17	**Actual 2015/16**	**Variance**
>100	0.18490	0.20170	-8.3%

4.21 We propose that the annual fee for small payment institutions regulations should be £433 for 2016/17-unchanged from 2015/16 (Fee block G.4).

Fee block G: Firms subject to the Electronic Money Regulations 2011 (EMRs) *(FEES 4 Annex 11R – draft rules in Appendix 1)*

4.22 Table 4.11 sets out the proposed fee rates for large electronic money institutions (EMIs) under the EMRs. The variable fee rate has decreased by 11.1% compared to the 1.6% decrease in the AFR allocated for this fee block. This is due to an increase in the tariff data reported compared to last year.

4.23 *Table 4.11: Large electronic money institutions (Fee block G.10)*

	Proposed 2016/17	Actual 2015/16	Variance
Minimum fee	£1,626	£1,626	0.0%
£ millions or part £ millions of average outstanding electronic money (AOEM)			
>5.0	160.00	180.00	-11.1%

4.24 We propose that the annual fee for small EMIs should be £1,084 for 2016/17 unchanged from 2015/16 (Fee block G.11).

Fee block G: Firms subject to the Regulated Covered Bonds Regulations 2008 (Fee block G.15)
(FEES 4 Annex 11R – draft rules in Appendix 1)

4.25 The AFR allocated to this fee block is recovered through two levels of flat minimum fees based on the number of registered programmes and a variable fee that takes into account the number of issues made (market activity). The proportion recovered through the minimum fees is 90%, and 10% through the variable fee. The proposed fees for 2016/17 are set out in Table 4.12. The variance in the variable fee is due to movements in the number of issues made during 2016/17 compared to the previous year.

Table 4.12: Proposed periodic fees

	Proposed 2016/17	Actual 2015/16	Variance
Minimum fee for the first registered programme	90,071	91,531	-1.6%
Minimum fee for all subsequent registered programmes	75% of first registered programme	75% of first registered programme	Unchanged
Variable periodic fee – £m or part £m of RCBs issued in the 12 months ending on valuation date	10.79	12.07	-10.6%

Consumer buy-to-let

4.26 The Mortgage Credit Directive Order 2015, which came into force on 21 March 2016, gave us powers to register, supervise and enforce against consumer buy-to-let firms. We consulted on our proposals for a fees structure in Chapter 12 of CP15/14 (March 2015)[7] and provided feedback on responses received and published final rules in Chapter 7 of PS15/15 (June 2016).[8]

4.27 For periodic fees, we set up two new fee blocks:

- G.20 – consumer buy-to-let lenders
- G.21 – consumer buy-to-let arrangers and advisers

4.28 We indicated that we anticipated that the fees would be flat fees and that we did not expect the level to exceed £500 for lenders under G.20, or £250 for advisers under G.21. We said that we would consult in this CP on the actual level of the fees and that the fees would first become payable in 2016/17.

4.29 We are proposing the following 2016/17 flat fees:

- G.20 – CBTL lenders – £400
- G.21 – CBTL arrangers and advisers – £200

7 www.fca.org.uk/static/documents/consultation-papers/cp15-14.pdf.
8 www.fca.org.uk/static/documents/policy-statements/ps15-15.pdf.

Q2: Do you have any comments on the proposed FCA 2016/17 minimum fees and periodic fee rates for fee payers other than authorised firms?

We must receive any responses by **27 May 2016**.

5.
Applying financial penalties

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

Financial penalty scheme

5.2 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 that we impose on regulated persons (firms). The scheme does not apply to revenue from penalties imposed on firms in the 'G' fee blocks under regulations applying European Union Directives, all of which is paid to HM Treasury. The key requirements are set out below.

- The financial penalties we receive must be paid to the Treasury, net of certain enforcement costs incurred in the financial year in which the penalties were received. These enforcement costs, which are defined in the legislation and subject to a power of direction by the Treasury, represent the 'retained penalties'.
- For retained penalties, we must prepare and operate a scheme (the Financial Penalty Scheme (FPS)) to ensure that retained penalties are applied for the benefit of firms.
- Firms that have become liable to pay any penalty to us, in any financial year, do not receive any benefit from any penalty imposed on any firm under the scheme in the following year.

5.3 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 5.1.

5.4 The total retained penalties from any financial year will be allocated 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.

5.5 Enforcement costs are not allocated to the 'A.0 minimum fee' fee block. Therefore, retained penalties are not allocated to this fee block.

5.6 The firms on which any penalty was imposed in a financial year will not receive any rebate to their periodic fees paid, for any retained penalties, in the following financial year.

5.7 Each year, we publish a schedule setting out the:

- total retained penalties in the previous financial year
- amount of retained penalties allocated to each fee block, and

- percentage rebate that will be applied in the following financial year to the periodic fees paid by the firms in those fee blocks

5.8 A draft of this schedule is published in our annual fees rates CP in March. The final schedule is published in the subsequent policy and feedback statement to that consultation in June.

Financial penalty rebates for 2016/17

5.9 We currently estimate the retained penalties for 2015/16 to be £49.6m (£43.6m in 2014/15). The amount of the estimated retained penalties allocated to each fee block, along with the estimated percentage rebates that will be applied to the 2016/17 periodic fees paid by the firms in those fee blocks, is set out in Table 5.1. The final rebates will be published in the June 2016 policy and feedback statement to this CP.

Table 5.1: Draft schedule of application of 2015/16 retained penalties in 2016/17

Fee block	2015/16 retained penalties to be applied to benefit of fee payers (£m)	Rebate applied to 2016/17 fees
AP.0 FCA prudential	0	0.0%
A.1 Deposit acceptors	7.8	11.6%
A.2 Home finance providers and administrators	0.8	4.7%
A.3 Insurers – general	1.6	7.0%
A.4 Insurers – life	2.8	7.5%
A.5 Managing agents at Lloyd's	0	0.0%
A.6 The Society of Lloyd's	0	0.0%
A.7 Portfolio managers	11.5	29.5%
A.9 Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes	1.8	17.0%
A.10 Firms dealing as principal	6.3	13.9%
A.13 Advisory arrangers, dealers or brokers (not holding or controlling client money or assets, or both)	4.2	6.2%
A.14 Corporate finance advisors	1.9	15.7%
A.18 Home finance providers, advisers and arrangers	3.2	19.2%
A.19 General insurance mediation	2.9	11.3%
A.21 Firms holding client money or assets or both	3.2	24.7%
B. Recognised investment exchanges and operators of multilateral trading facilities (only)	0	0.0%
CC.1 Consumer credit – limited permission	0	0.0%
CC.2 Consumer credit – full permission	0	0.0%
E. Issuers and sponsors of securities	1.5	7.0%
Total	**49.6**	

6.
Consumer credit periodic fees

(FEES 4 Annex 2AR, FEES 5 Annex 1R and FEES 7 Annex 1R draft rules in Appendix 1)

6.1 In this chapter, we set out the 2016/17 consumer credit periodic fees and levies for the FCA, the Financial Ombudsman Service, and the Money Advice Service.

FCA consumer credit periodic fees 2016/17

Background

6.2 The responsibility for the regulation of consumer credit was transferred from the Office of Fair Trading (a department of the Government) to the FCA following legislative changes that came into effect on 1 April 2014. The resulting enhanced regulatory regime gave us more responsibilities and stronger powers than the OFT.

6.3 Since April 2014, firms that were previously regulated by the OFT and that held interim permission to carry on consumer credit activities have, on a phased basis, been asked to apply for full authorisation to carry out consumer credit business. During this period, we have also accepted authorisation applications from new consumer credit businesses. We expect this authorisation process (of firms holding interim permission) to be completed during 2016/17, after which an estimated 35,000 firms will be authorised for consumer credit business.

6.4 As stated in Chapter 2, this is the first year that we are incorporating consumer credit costs in our AFR. The £37.7m will be allocated across the two consumer credit fee blocks, reflecting the type of consumer credit business that firms are permitted to undertake: fee-block CC1 limited permissions, and CC2 full permissions.

6.5 Firms that moved from interim permission to full authorisation (for consumer credit business) over the past two years have paid the minimum fees and variable fee rates, depending on their level of income from consumer credit activities. We first consulted on these in Chapter 7 of CP14/6 (March 2014[9]). These fees were made at the beginning of 2014, based on estimates of the assumptions that make up their calculation. Current estimates show significant movement in some of these assumptions. The number of firms that will have limited permission is 66% higher than had been estimated in 2014, the number of firms with full permission is 48% lower than estimated and the level of income firms would report is 23% less than estimated. Table 6.1 gives a full breakdown of the movements in all factors.

9 www.fca.org.uk/static/documents/consultation-papers/cp14-06.pdf.

Table 6.1: Movements since 2014 in the assumptions for calculating consumer credit fees

	2014 estimates	Current estimate	Movement
Costs (scope change and ongoing) for recovery in 2016/17	£37.9m	£37.7m	-0.5%
Number of authorised firms paying fees in 2016/17	33,800	34,990*	3.5%
Proportion:			
Limited permission	15,218	25,270*	66.1%
Full permission	18,582	9,720*	-47.7%
Level of income firms would report (income is the measure of size)	£34,266m	£26,299m*	-23.3%

*These figures are based on estimates and are subject to change between the publication of this CP and finalising the fee rates in June 2016.

6.6 If we continue to use the 2014 levels of minimum fees and variable fee rates for 2016/17, we would under-recover the required £37.7m by around £12m. So we have considered how we should set the 2016/17 periodic fees to make up this recovery our funding requirement.

6.7 Community finance organisations (CFOs) with income below £250,000 do not pay any minimum fee. We are not proposing to change this concession. Chapter 9 sets out further proposals for CFOs.

Proposed 2016/17 fees

6.8 For 2016/17, we are proposing:

- not to change minimum fees for limited permission and full permission firms
- not to change the variable fee for limited permission firms and
- to increase the 2014 full permission variable fee of £0.78 by £0.52 to £1.30 (68%)

6.9 Table 6.2 compares the proposed 2016/17 fees with the 2014 set fees.

Table 6.2: Proposed 2016/17 consumer credit fees compared to those set in 2014

<table>
<tr><th></th><th></th><th colspan="2">Fees set in 2014</th><th colspan="2">Proposed 2016/17 fees</th></tr>
<tr><th rowspan="2">Type of firm</th><th colspan="2">Minimum annual fee</th><th rowspan="2">Variable annual fee on income above £250,000</th><th rowspan="2">Fee</th><th rowspan="2">Variable annual fee on income above £250,000</th></tr>
<tr><th>Income band</th><th>Fee</th></tr>
<tr><td rowspan="4">CC1: Limited permission</td><td>Up to £10,000</td><td>£100</td><td rowspan="4">£500 + £0.40 per £1,000</td><td>£100</td><td rowspan="4">£500 + £0.40 per £1,000</td></tr>
<tr><td>Over £10,000 to £50,000</td><td>£250</td><td>£250</td></tr>
<tr><td>Over £50,000 to £100,000</td><td>£400</td><td>£400</td></tr>
<tr><td>Over £100,000 to £250,000</td><td>£500</td><td>£500</td></tr>
<tr><td rowspan="3">CC2: Full permission</td><td>Up to £50,000</td><td>£300</td><td rowspan="3">£1,000 + £0.78 per £1,000</td><td>£300</td><td rowspan="3">£1,000 + £1.30* per £1,000</td></tr>
<tr><td>Over £50,000 to £100,000</td><td>£500</td><td>£500</td></tr>
<tr><td>Over £100,000 to £250,000</td><td>£1,000</td><td>£1,000</td></tr>
</table>

*Based on current estimates of the assumptions that make up the calculation. Therefore, this rate may change significantly between the publication of this CP and finalising the fee rates in June 2016.

6.10 From the outset, our policy position for setting consumer credit fees has been to recognise that a significant number of firms in this market are smaller businesses that provide a service to consumers who are unable to obtain credit from larger lenders. For this reason, there are different levels of minimum fees, depending on the size of the firm, and the income threshold that triggers variable fees is £250,000. This has enabled us to set minimum fees at a level that we believe will not cause these smaller firms to leave this market. We are therefore proposing to leave all minimum fees unchanged from those set in 2014. Around 95% of consumer credit firms will only pay a minimum fee.

6.11 Our existing variable fee rates were also set to recognise that the activities covered by limited permission were lower risk than full permission. The limited permission regime applies to firms where consumer credit is ancillary to their main business (e.g. shops, dentists, schools, sports clubs). Keeping limited permission variable fees unchanged reinforces the differential in risk between limited and full permission activities. Around 4% of consumer credit limited permission firms will pay the unchanged variable rate fee in addition to the unchanged minimum fee of £500.

6.12 Around 7% of consumer credit full permission firms will pay the increased variable fee rate in addition to the unchanged minimum fee of £1,000.

6.13 Overall, 98% of consumer credit firms in 2016/17 will be paying fees that have not changed since 2014. This is in line with our intention, stated in CP14/6, that the fee rates set in for 2014/15 would be broadly in line with those that would apply in 2016/17.

Q3: Do you have any comments on the proposed FCA consumer credit fees for 2016/17 set out in Table 6.2?

We must receive any responses by **27 May 2016**

Alternatives considered and reasons for not proposing

6.14 We considered two alternatives. These are set out in Tables 6.3 and 6.4 and are explained below.

6.15 **Table 6.3:** Increase all minimum fees by £100 and proportionately increase the variable fee rate for both limited permission firms (up from £0.40 to £0.59 (48%)) and full permission firms (up from £0.78 to £1.15 (47%)).

- Increasing minimum fees would affect all firms, 95% of which are the smaller firms that we sought to protect at the outset. Such an increase in minimum fees would only raise an additional £3.2m.
- Increasing the limited permission variable fee rate proportionately would undermine the recognition of the differential in the risk between limited and full permission activities. Such an increase in limited permission variable fee rate would only raise an additional £0.3m.

Table 6.3:

		Fees set in 2014		*Alternative 2016/17 fees*	
Type of firm	Minimum annual fee: Income band	Fee	Variable annual fee on income above £250,000	*Fee*	*Variable annual fee on income above £250,000*
CC1: Limited permission	Up to £10,000	£100	£500 + £0.40 per £1,000	*£200*	*£600 + £0.59* per £1,000*
	Over £10,000 to £50,000	£250		*£350*	
	Over £50,000 to £100,000	£400		*£500*	
	Over £100,000 to £250,000	£500		*£600*	
CC2: Full permission	Up to £50,000	£300	£1,000 + £0.78 per £1,000	*£400*	*£1,100 + £1.15* per £1,000*
	Over £50,000 to £100,000	£500		*£600*	
	Over £100,000 to £250,000	£1,000		*£1,100*	

*Based on current estimates of the assumptions that make up the calculation.

6.16 **Table 6.4** – Leave the minimum fees unchanged for both limited and full permission firms; also leave the limited permission variable fee rate unchanged.

6.17 For full permission firms, leave the variable fee rate (standard) unchanged at £0.78 for firms with up to £0.5bn of income. Firms with income above this threshold would pay a rate of £2.36 (increase of 203% over the standard rate) on their income in excess of £0.5bn.

6.18 This alternative would only impact on the ten largest firms, which account for 48% of the total income generated by all consumer credit firms. It would increase their contribution to the total £37.7m to £20.9m (55%) from £15.6m (41%), under the proposed basis in Table 6.2. However, we do not believe this extra 14% contribution is justifiable only because they are the largest.

Table 6.4:

Type of firm	Minimum annual fee: Income band	Fees set in 2014: Minimum annual fee: Fee	Fees set in 2014: Variable annual fee on income above £250,000	*Alternative 2016/17 fees: Fee*	*Alternative 2016/17 fees: Variable annual fee on income above £250,000*
CC1: Limited permission	Up to £10,000	£100	£500 + £0.40 per £1,000	*£100*	*£500 + £0.40 per £1,000*
	Over £10,000 to £50,000	£250		*£250*	
	Over £50,000 to £100,000	£400		*£400*	
	Over £100,000 to £250,000	£500		*£500*	
CC2: Full permission	Up to £50,000	£300	£1,000 + £0.78 per £1,000	*£300*	*£1,000 + £0.78 per £1,000*
	Over £50,000 to £100,000	£500		*£500*	
	Over £100,000 to £250,000	£1,000		*£1,000*	
				Premium variable fee of £2.36* per £1,000 income in excess of £0.5bn	

*Based on current estimates of the assumptions that make up the calculation.

Financial Ombudsman Service consumer credit levies for 2016/17

6.19 Firms that moved from interim permission to authorisation over the past two years have paid the Financial Ombudsman Service consumer credit levies as set out in Table 6.5. We are proposing that these remain unchanged for 2016/17. See Chapter 10 for further information.

Table 6.5: Proposed Financial Ombudsman Service levy rates for consumer credit, 2016/17

Type of firm	Minimum annual fee: Income band	Minimum annual fee: Fee	Variable annual fee on income above £250,000
Limited permission: industry block 19	A flat fee for not-for-profit debt advice bodies	£0	N/A
	A flat fee for all other firms with a limited permission	£35	N/A
Full permission: industry block 20	Up to £250,000	£35	£35 + £0.02 per £1,000

Q4: Do you have any comments on the proposed Financial Ombudsman Service consumer credit levies for 2016/17 set out in Table 6.5?

We must receive any responses by **27 May 2016**

Money Advice Service consumer credit levies for 2016/17

6.20 Firms that moved from interim permission to authorisation over the past two years have paid the Money Advice Service consumer credit levies as set out in Table 6.6. We are proposing that these remain unchanged for 2016/17. See Chapter 11 for further information.

Table 6.6: Proposed Money Advice Service levy rates for consumer credit, 2016/17

	Minimum Annual Fee		Variable annual fee
Type of firm	**Income band**	**Fee**	**on income above £250,000**
Limited Permission: fee block CC1	Up to £250,000	£10	£10 + £0.37 per £1,000
Full Permission: fee block CC2	Up to £250,000	£10	£10 + £0.37 per £1,000

Q5: Do you have any comments on the proposed Money Advice Service consumer credit levies for 2016/17 set out in Table 6.6?

We must receive any responses by **27 May 2016**

7.
Ring-fencing implementation fee

7.1 In this chapter, we set out our proposals for a ring-fencing implementation fee (RFIF). The RFIF will apply to firms that are ring fencing their core activities in line with the requirements of the Financial Services (Banking Reform) Act 2013 (FSBRA) ahead of the Government's 1 January 2019 deadline.

7.2 In Chapter 1 of CP15/34 (November 2015)[10] we said that we had set up a project to manage the activities to meet our responsibilities for implementing the ring fencing regime and we would be consulting on proposed rules to recover our 2015/16 costs and future costs of this project from firms affected by ring-fencing implementation. We also said we would develop these proposed rules in conjunction with the PRA. The PRA is consulting on its RFIF under CP10/16[11] published on 24 March 2016.

7.3 The implementation of the new regime requires a significant amount of work to be undertaken by us through to 2019. Our budgeted costs associated with this work in 2016/17 are £6.4m which includes £0.6m carried forward from 2015/16.

7.4 Our budgeted costs for 2016/17 include the costs of:

- **Assessing firm regulatory transactions:** ring fencing will involve a high volume of regulatory transactions (e.g. applications for new banking licenses, variation of permissions, change in control, waivers).

- **Managing ring-fencing Part VII transfer schemes:** all firms need to undertake at least one ring-fencing transfer scheme (RFTS) to restructure their business to a compliant structure. This will be a court-led process and will vary significantly from the current Part VII processes of FSMA in terms of size and complexity.

- **Supervision of firms through transition:** We need to analyse firms' ring-fencing implementation plans to identify, monitor and manage risks posed to our objectives, both during the transition and after.

- **Other:** communications (internal and external), policy, legal and project management support for the above activities.

7.5 These activities are specific to the requirements to implement FSBRA and are not part of our normal regulatory activity. We will consult each year on further costs to be recovered by the RFIF after 2016/17.

10 FCA, CP15/34: Regulatory fees and levies: policy proposals for 2016/17, www.fca.org.uk/static/documents/consultation-papers/cp15-34.pdf

11 PRA, CP10/16, Regulated fees and levies: rates proposals 2016/17, www.bankofengland.co.uk/pra/Documents/publications/cp/2016/cp1016.pdf

7.6 The allocation of our ring-fencing implementation costs to groups will reflect two equally-weighted factors:

- How their core deposits compare with the core deposits of all in-scope banking groups.
- How their total group assets outside their proposed ring-fenced body subgroups compare with the non-ring fenced assets of all in-scope banking groups[12]. Calculations will be based on data from these banking groups' ring-fencing plans as at February 2016. We consider these metrics to be an appropriate proxy for the balance of work we will need to do across these banking groups to implement ring fencing.

7.7 The RFIF is intended to recover all our costs associated with ring fencing including those for processing applications for authorisation, variation of permission and in connection with regulated covered bonds. The draft rules in Appendix 1 therefore include a provision that existing fees for ring fencing related authorisations, variation of permission and regulated covered bonds applications will not be charged.

> **Q6: Do you have any comments on the proposed 2016/17 ring-fencing implementation fee?**

We must receive any responses by **27 May 2016**.

12 Total group assets' refers to assets of the relevant resolution group.

8. Pensions guidance levy

8.1 In this chapter, we set out our proposed 2016/17:

- pensions guidance levy rates
- pensions guidance providers' levy rates

Pensions guidance levy (PGL) 2016/17 rates

8.2 The PGL will recover the 2016/17 funding requirement of Pension Wise. Pension Wise provides an impartial guidance service to help consumers understand the greater flexibility they have with their pension pots resulting from the pension reforms which came into effect from April 2015.

8.3 The Treasury[13] have notified us that the 2016/17 funding requirement for providing Pension Wise will be £22.6m. This is an estimate and may be revised when the PGL rates are finalised in June. A breakdown of the funding requirement is provided in Table 8.1.

Table 8.1: 2016/17 Pension Wise funding requirement

	2016/17 £m	2015/16 £m	Movement
Existing pension guidance service (i)	28.7	39.1	-27%
Secondary market for annuities guidance service	1.2	N/A	-
Less 2015/16 underspend (ii)	(7.3)	N/A	-
2016/17 funding requirement	**22.6**	**39.1**	**-42%**

Notes:
(i) includes our 2016/17 £0.3m costs for monitoring the Designated Guidance Providers (£0.6m 2015/16) and £0.1m costs for collecting the Pensions Guidance Levy (unchanged from 2015/16)
(ii) includes our 2015/16 monitoring underspend of £0.3m

Secondary market for annuities guidance service

8.4 The Government is extending similar freedoms to those covered by the April 2015 pension reforms to consumers who already have an annuity in payment. This will allow such individuals to sell their annuity income to a third party without punitive tax consequences, subject to the agreement of their annuity provider. From April 2017 released monies will be able to be taken as a lump sum, put into a drawdown product, or as a mixture of cash and drawdown.

13 The functions the Treasury performs in relation to Pension Wise moved to the Department for Work and Pensions (DWP) with effect from 1 April 2016 under the statutory instrument Transfer of Functions (Pensions Guidance) Order 2015 (S.I. 2015 No.2013).

8.5 The Bank of England and Financial Services Bill will extend the pensions guidance that Pension Wise can provide to include guidance related to helping consumers considering selling their annuity income. The resulting Act is expected to commence in May/June 2016, enabling Pension Wise to provide guidance to consumers ahead of the new secondary market in annuities coming into effect in April 2017.

Public financial guidance review – impact on Pensions Wise funding

8.6 On the 16 March 2016 the Treasury issued a consultation paper which included proposals to form a new pensions guidance body. This would enable consumers to get all their pensions questions answered in one place including questions on the pension freedoms. The new pensions guidance body will replace the pension guidance services currently provided by Pension Wise, The Pensions Advisory Service (TPAS) and the Money Advice Service (MAS).

8.7 The new body will be accountable to the Department for Work and Pensions (DWP) and will be funded by the pensions levy and from the financial services levy, collected and administered by the Pensions Regulator (TPR) and the FCA respectively. Pensions guidance is currently funded via the existing TPR pensions levy, the FCA's pensions guidance levy (PGL) and the money advice MAS levy. The consultation paper states that the initial expectation is that efficiencies generated through combining services will reduce the overall budget for pensions guidance, allowing more funding to be directed to the front line. However, the detailed funding arrangements will need to be discussed with both the FCA and TPR.

8.8 The outcome of the Treasury consultation is scheduled to be published in the autumn of 2016 and following legislative changes the expected earliest date that the new pensions guidance body will operate from is April 2018.

Pension Wise 2016/17 funding requirement – allocations to PGL fee-blocks

8.9 The framework for recovering Pension Wise funding is based on using five PGL fee blocks covering the regulated activities undertaken by firms who may benefit from the retirement financial products and services that consumers may purchase as a result of the pension reforms[14]. The range of such products/services is wide and includes cash savings accounts, annuities, income draw down, investment funds/schemes, other guaranteed income-generating products that may emerge, as well as the services of financial advisers and managers of investments.

8.10 The framework also included a policy of equal allocation of Pension Wise funding across the five PGL fee blocks with the following two exceptions:

- **A.9 allocation of 16%:** most regulated activities covered by the A.7 and A.9 fee blocks are unique to each fee block. However, the regulated activities of managing an AIF (alternative investment fund) or UCITS (undertaking for collective investment in transferable securities) are common to both fee blocks. Therefore firms managing an AIF or UCITS can pay the PGL in both A7 and A9. In the case of firms managing an AIF or UCITS the potential benefit is the additional charges they receive from enlarged funds if consumers invest their pension pots directly or indirectly in the AIFs or UCITS they are managing. To address this we adjusted the

14 Established through three consultations in 2014 and 2015:
- FCA, CP14/11: Retirement reforms and the Guidance Guarantee, (July 2014) chapter 3, http://www.fca.org.uk/static/documents/consultation-papers/cp14-11.pdf
- FCA, CP14/26: Regulatory fees and levies: policy proposals for 2015/16, (November 2014) chapter 3 feedback on responses to CP14/11, and chapter 4 revised proposals http://www.fca.org.uk/static/documents/consultation-papers/cp14-26.pdf
- FCA, CP15/14: FCA Regulated fees and levies: Rates proposals 2015/16 (March 2015) chapter 9 feedback on responses to C14/26 and chapter 10 proposed allocation across PGL fee-blocks and rates http://www.fca.org.uk/static/documents/consultation-papers/cp15-14.pdf
- FCA, PS15/15: FCA regulated fees and levies 2015/16 Including feedback on CP15/14 and 'made rules' (June 2015) chapter 6 feedback on responses to CP15/14 and confirmed allocation/rates http://www.fca.org.uk/static/documents/policy-statements/ps15-15.pdf

allocation for A.9 to 16%. While firms in both A.7 and. A.9 form around 67% of the total PGL fee payers in A.9 they only form around 5% of PGL fee payers in A.7 so applying the reduced allocation to A.9 better targeted the adjustment to the firms most affected. This situation does not occur for the regulated activities covered by the other PGL fee blocks.

- **A.13 allocation of 12%:** the A.13 fee block includes firms that provide financial advice who will only benefit if, after using Pension Wise, consumers seek advice from regulated financial advisers. However, firms in the other four fee blocks will more likely benefit as the monies released through greater pension flexibility, if used for investment, will be distributed amongst them. The reduced allocation to A.13 is intended to make an allowance for this difference.

8.11 An equal distribution was used as the starting point due to the absence of data about what retirement products and services consumers would choose as a result of the pension reforms/Pension Wise. As we stated when concluding the consultation on the allocations for 2015/16 in PS15/14 such data, if available, could be used to better align the allocation of the Pension Wise funding to the PGL fee blocks and hence the firms that are benefiting from those consumer choices. This data would need to reflect that position for each PGL fee block and be comparable across them. We have not identified the availability of data that would meet this requirement.

8.12 We are also mindful of the Government's current public financial guidance consultation, discussed in paragraphs 8.6 to 8.8 and the resulting changes to the way pensions guidance will be provided and funded in future. This may result in the need for the allocations across fee blocks to take account that the new body will be giving guidance to consumers at the pension accumulation stage as well as when they are considering what to do with their pension pots at retirement.

8.13 We are therefore proposing that the distribution of the 2016/17 Pension Wise funding requirement should be unchanged from that used for 2015/16 as set out in Table 8.2. This unchanged distribution is to also apply to the part of the 2016/17 Pension Wise funding requirement that relates to the extension of Pension Wise to provide guidance to consumers ahead of the new freedoms regarding annuity income, as referred to in paragraphs 8.4 and 8.5.

Table 8.2: 2016/17 Pension Wise funding allocations

		Proposed 2016/17		Actual 2015/16	
PGL Fee-blocks		**£m**	**%**	**£m**	**%**
A.1	Deposit acceptors	5.4	24	9.4m	24
A.4	Insurers – life	5.4	24	9.4m	24
A.7	Portfolio managers	5.4	24	9.4m	24
A.9	Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes	3.6	16	6.2m	16
A.13	Advisory arrangers, dealers or brokers	2.7	12	4.7m	12
Total		**22.6**	**100**	**39.1**	**100**

Q7: Do you have any comments on the proposed 2016/17 pensions guidance levy (PGL) rates?

We must receive any responses by **27 May 2016**

Fee payers should be aware that the draft PGL rates in Appendix 1 are calculated using estimated fee-payer populations and tariff data. This means that the final PGL rates for 2016/17 – which will be made by our Board in June 2016 – could vary from those in this CP.

Pensions guidance providers' levy (PGPL) 2016/17 rates

8.14 The Pension Wise service is provided through designated (by Treasury) guidance providers (DGPs) which are currently those listed in Table 8.3. We recover our pensions guidance costs from the DGPs. These costs can include our costs of setting the standards for giving of pensions guidance by the DGPs and the monitoring of their compliance with meeting those standards.

8.15 Our 2016/17 annual funding requirement (AFR), discussed in Chapter 2, includes our budgeted pensions guidance costs of £310,000 allocated to the 'H' fee block. We are proposing an equal allocation of these costs across the DGPs as set out in Table 8.3, same as 2015/16.

8.16 The £310,000 total levy represents part of the Treasury's estimated £22.6m funding requirement for providing Pension Wise in Table 8.1.

Table 8.3: 2016/17 allocation of FCA monitoring costs

Designated guidance providers	2016/17 £	2015/16 £	Movement
The Pensions Advisory Service Limited	77,500	150,000	-48%
National Association of Citizens Advice Bureaux	77,500	150,000	-48%
Scottish Association of Citizens Advice Bureaux	77,500	150,000	-48%
Northern Ireland Association of Citizens Advice Bureaux	77,500	150,000	-48%
Total	**310,000**	**600,000**	**-48%**

Q8: Do you have any comments on the proposed 2016/17 pensions guidance providers' (PGPL) rates?

We must receive any responses by **27 May 2016**.

9.
Other fees policy proposals

9.1 We are consulting on the following fees policy proposals:

- credit union application fees
- concession on fees for community finance organisations that provide mortgages
- new annual fees framework for operators of multi-lateral trading facilities
- clarification of administration charge for late submission of fees data

Credit union application fee (FEES 3 Annex 1R Part 1(b))

9.2 We are proposing a charge of £150 for all credit union applications. Since credit unions are dual-regulated (i.e. regulated by both the FCA and the PRA), the PRA are consulting on the same basis; as such, the combined fee will be £300. This is the amount currently charged to lower risk 'Version 1' credit unions.

9.3 The change is required following the removal of the distinction between Version 1 and Version 2 credit unions in the credit union sourcebook (CREDS). There are currently separate application fees for Version 1 (£300 combined PRA and FCA fee) and Version 2 (£1,800). As an interim measure, the FCA and the PRA have made a consequential amendment to the rule to refer to applications that would have been categorised as Version 1 or Version 2 before the change took place on 3 February 2016. This maintains the status quo while we are consulting.

9.4 The changes to CREDS do not affect periodic fees for credit unions.

> **Q9: Do you have any comments on our proposed application fee for credit unions?**

Concession on fees for community finance organisations that provide mortgages (FEES 3 Annex 1R Part 1(a), FEES 4, Annex 2AR Part 2(a))

9.5 We are proposing to give concessions to community finance organisations (CFOs) that provide mortgages equivalent to those offered to credit unions.

9.6 CFOs are defined in the FCA Handbook as: 'a community benefit society, a registered charity or a community interest company limited by guarantee (within the meaning of Part 2 of the Companies (Audit, Investigations and Community Enterprise) Act 2004).' They engage with us because they undertake credit-related activities, specialising in services for vulnerable consumers on low incomes. Accordingly, CFOs and credit unions have been given concessions on consumer credit fees to support the government's policy of improving the range of socially responsible credit choices. They pay a standard application fee of £200 and are exempt from minimum fees up to £250,000 of credit-related income. Above that, they pay the minimum fee of £500, in addition to the appropriate variable fee in fee-block CC1 (limited permission) or £1,000 and the variable fee in fee-block CC2 (fully authorised).

9.7 Credit unions also receive longstanding concessions on their non-consumer credit fees in the 'A' fee blocks. We did not consider extending these to CFOs when we set up the consumer credit fees framework because we believed they were engaged only in credit-related activities. However, implementation of the Mortgage Credit Directive (MCD) will take second charge mortgages out of the consumer credit regime and into mortgage regulation. In terms of fees, firms that would otherwise have been restricted to fee-block CC2 for credit-related activities will now be in fee-block A2 as mortgage providers and in fee-block A18 as mortgage intermediaries. Most will be in all three fee blocks since they will retain other credit-related permissions.

9.8 Firms in the 'A' fee blocks pay a minimum fee of £1,084 in fee-block A.0. They only pay variable fees on top of that if they go over the minimum fee threshold in any of the fee blocks where they have permissions. All home finance providers and administrators go into fee-block A.2 as providers/administrators and also into A.18 as intermediaries. The minimum fee threshold in A.2 is 50 mortgage contracts (a new contract entered into during the year counts as 1.0; an existing contract being administered counts as 0.5). On top of its A.0 fee, a firm pays £2.40 for every contract above 50. If it has 50 mortgages or fewer, it pays no fee in A.2. The threshold in A.18 is £100,000 of mortgage intermediation income, so a firm pays £15.76 for every £1,000 above £100,000, and no fee in A.18 below that.

9.9 We have been made aware that some CFOs offer second-charge mortgages that may fall within the definition of a regulated mortgage contract. Instead of the £200 application fee for consumer credit that they will have anticipated, they would pay a £5,000 application fee for the moderately complex activity of home finance provision, then the £1,084 annual minimum fee plus variable rates, if appropriate.

9.10 We believe these CFOs should receive similar concessions to the credit unions that are also in A.2. In addition, it is possible that some CFOs may engage in secured lending beyond second-charge mortgages. It is therefore reasonable to extend any concession to home finance provision more generally rather than restrict it to second-charge mortgages. This would also be simpler to administer.

9.11 Credit unions are primarily authorised as deposit takers in fee-block A.1. As discussed above, we are proposing that they should pay a combined FCA and PRA application fee of £300. The minimum fee threshold in A.1 is £10m of MELs (modified eligible liabilities – i.e. deposits). They pay tiered minimum fees in fee-block A.0; if they take permissions in other fee blocks, they do not pay additional minimum fees.

9.12 Our proposal is to base CFOs' minimum fees on their A2 mortgage provider permission and translate that into a profile comparable to the credit unions' concessions on MELs. Because credit unions are regulated prudentially by the PRA and for conduct by the FCA, their concessions are split between the two regulators. If we based our concessions for CFOs on credit unions' FCA rates only, ignoring the charge for prudential regulation that credit unions pay the PRA and which the FCA will undertake in relation to CFOs, we would be treating CFOs more generously. We accordingly propose to charge them the equivalent of the combined FCA/PRA fee for credit unions. Table 9.1 shows the minimum fees that the credit unions pay now and the rates we would propose for CFOs. Where a CFO exceeds 50 mortgages, it will pay its fees in line with other FCA-authorised firms.

Table 9.1: Minimum fees paid by credit unions and proposed minimum fees for CFOs

Credit union: current rates			CFO: proposed rates	
MELs	FCA fee	PRA fee	Mortgages	FCA fee
Up to £0.5m	£86	£80	Up to 3	£166
Up to £2m	£292	£270	Up to 10	£562
Up to £10m	£542	£500	Up to 50	£1,042
			Over 50	£1,084 + variable fee

9.13 Some CFOs may apply for mortgage permissions before the rules are set out in June. In the meantime, on the assumption that the rules will be made as proposed, we will consider use of the relieving provisions in FEES 2.3 to charge them the discounted fee of £300.

Q10: Do you have any comments on the concessions we are proposing for fees payable by community finance organisations taking out permissions as home finance providers and administrators?

New annual fees framework for operators of multilateral trading facilities (MTFs) (FEES 4 Annex 10R)

9.14 The periodic fees for MTF operators are based on supervisory categories (Categories 1–3) that are no longer in use. Accordingly, we propose to replace them with a structured fee based on our systematic framework for supervision. This is summarised in our web page 'How we supervise firms' (www.fca.org.uk/about/what/regulating/how-we-supervise-firms). Firms that operate an MTF will have their MTF operations supervised by an allocated, named 'fixed portfolio' supervisor and will pay the higher fee. All other MTF operators whose MTF operations are supervised by teams of 'flexible portfolio' supervisors will pay the lower fee. Operators that have their MTF operations supervised on a fixed portfolio basis will have received a letter informing them of their supervisory status. Any MTF operator that has not been formally notified of its status is therefore being supervised on a flexible portfolio basis. It should be noted that, while a firm as a whole may be supervised as a fixed portfolio firm, its MTF operations might be supervised on a flexible portfolio basis. We have also taken the opportunity to simplify the text to make it more clear that EEA firms do not pay MTF fees since they are authorised by their home regulators.

9.15 We consult on the fee rates for MTF operators in Chapter 3.

Q11: Do you have any comments on the fees structure we are proposing for operators of multilateral trading facilities?

Clarify administration charge for late submission of fees data (FFES 4 Annex 2R Part 1, FEES 4 Annex 11R, Part 1, Part 1A)

9.16 We levy an administration charge of £250 if a firm submits its data late. This is intended to recover the costs we incur in chasing it, remodelling its fees and so on, so that these charges are not picked up by all the other firms that have submitted their data on time. Where firms are dual-regulated, we and the PRA split the fee, and the PRA pass their £125 share to us as their collection agent.

9.17 The current rules specify £466 as the minimum amount we may collect from firms in the 'A' fee-blocks and £683 from payment services providers and e-money issuers, made up of the £250 administration charge and any unpaid fee. This restriction has had no operational impact up to now. However, it would theoretically stop us recovering the costs of dealing with the smallest firms if they fail to submit their data. In our view, it is unreasonable to pass these costs on to other firms.

Q12: Do you have any comments on our proposal to remove the restriction on the minimum amount that we may charge firms for late submission of fees data?

10.
Financial Ombudsman Service general levy 2016/17

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

10.1 In this chapter, we consult on the 2016/17 fee rates for firms in the compulsory jurisdiction (CJ) of the Financial Ombudsman Service. In Annex 2, we set out the proposed fee rates for firms in each industry block.[15] In Appendix 1, we set out the draft rules for FEES 5.

10.2 Under the Financial Services and Markets Act (FSMA), the Financial Ombudsman Service's 2016/17 budget must be set before the financial year begins on 1 April 2016. The Financial Ombudsman Service's consultation[16] on its draft budget and corporate plan began on 8 December 2015 and ended on 2 February 2016. In March 2016, the Financial Ombudsman Service presented a final budget to the FCA Board, which approved its total annual budget of £265m for 2016/17, including the general levy, case fees, and the number of free cases. The final plan and budget is available at: www.financialombudsman.org.uk/publications/plan-budget.htm.

10.3 The FCA Board will make rules setting the CJ general levy fee rates in June following this consultation.

Budget and funding

10.4 The Financial Ombudsman Service must budget separately for the CJ and the VJ. Each of these jurisdictions is funded by a combination of annual fees (levies) and case fees, with the majority coming from case fees (which are currently invoiced and collected once cases have been resolved or collected via the group account case fee arrangement).[17]

10.5 Case fees are payable by authorised firms, electronic money issuers and payment service providers that are covered by the CJ[18], as well as financial businesses that are covered by the VJ that have cases referred to the Financial Ombudsman Service.

10.6 The CJ levy (which we raise and collect is payable by all firms authorised or registered by us (as well as electronic money issuers and payment service providers)[19], including those that have not

15 The Financial Ombudsman Service's general levy is calculated using 'industry blocks', which are similar (but not identical) to the FCA fee blocks. Each industry block has a minimum levy and, in most cases, the levy then increases in proportion to the amount of 'relevant business' (i.e. business done with private individuals).

16 www.financial-ombudsman.org.uk/publications/PB-2016-17-consultation.pdf.

17 The FCA's power to raise the general levy from authorised firms arises from section 234 of the FSMA. The Financial Ombudsman Service's power to charge case fees in relation to the VJ is in Schedule 17 paragraph 18 of the FSMA. The rules on funding are in Chapters 1, 2 and 5 of the FEES manual (FEES) in the FCA Handbook.

18 See section 226(1) and (2), and Schedule 17 paragraph 15 of the FSMA.

19 See section 234 of the FSMA.

had any cases referred to the Financial Ombudsman Service, unless they have notified us that they do not deal with retail customers and are exempt.[20]

CJ levy for 2016/17

Apportionment among fee blocks

10.7 The focus of this chapter is the proposed amounts payable towards the 2016/17 CJ levy by firms in the various fee blocks. Table 10.1 shows the proportions in which the CJ levy would be distributed across the fee blocks.

10.8 In line with FEES 5.3.3G, this is based on the Financial Ombudsman Service's forecasts for the proportion of resources that it expects to devote in 2016/17 to cases from firms in each sector. The total amount that needs to be collected from the industry is then allocated across the respective industry blocks to produce the final tariff rate.[21]

Table 10.1 Distribution of CJ levy based on the 2016/17 forecast of relevant business

Industry block	Industry block description	Proposed levy as % of budget
I001	Deposit acceptors, home finance lenders and administrators	47.2%
I002	Insurers: General	14.4%
I003	The Society of Lloyd's	0.1%
I004	Insurers: Life	4.0%
I005	Fund managers	1.0%
I006	Operators, Trustees and depositaries of collective investment schemes	0.1%
I007	Dealers as principal	0.1%
I008	Advisory arrangers, dealers or brokers (holding client money)	2.0%
I009	Advisory-only firms and advisory, arrangers, dealers, or brokers (not holding client money)	2.0%
I010	Corporate finance advisers	0.1%
IA11	Authorised payment institutions	0.1%
IS11	Small payment institutions and small e-money issuers	0.1%
I013	Cash plan health providers	0.0%
I014	Credit unions	0.1%
I015	Friendly societies whose tax-exempt business represents 95% or more of their total relevant business	0.0%
I016	Home finance lenders, advisers and arrangers	1.9%
I017	General insurance mediation	22.1%
IA18	Authorised electronic money institutions	0.0%
I18A	Authorised electronic money institutions	0.0%

20 See DISP 1.1.12R.

21 FEES 5.3.3G. The general levy for the ombudsman service is payable across industry blocks. The amount raised from each industry block is based on the budgeted costs and numbers of Financial Ombudsman Service staff required to deal with the expected volume of complaints about the firms for their relevant business activity in each of those blocks. (FEES manual Chapter 5 (FEES 5).

Industry block	Industry block description	Proposed levy as % of budget
IS18	Small electronic money institutions	0.0%
I021	Consumer buy-to-let	0.0%
I019	Consumer credit: limited	3.1%
IA19	Consumer credit: limited – NFP	0.0%
I020	Consumer credit: full	1.8%

10.9 The Financial Ombudsman Service has asked us to recover £24.5m by general levy and to maintain the same proportions across the industry blocks. This figure is made up of £23.3 m (which is the same amount the Financial Ombudsman Service asked us to collect for 2015/16), plus an additional £1.2m for consumer credit firms which are now included in the CJ. This reflects its forecast that complaints volumes (excluding PPI complaints) will remain broadly stable. Annually, the amounts actually payable by each block will vary to reflect changes in the proportions of cases in each block.

Apportionment of the CJ levy within fee blocks

10.10 Annex 2 sets out the proposed allocation of the CJ levy for 2016/17 within each industry block. The rates for 2015/16 are also included for comparison.

10.11 There is a minimum levy in each industry block and, in most cases, the levy then increases in proportion to the amount of 'relevant business' (ie business done with private individuals) that each firm does.

10.12 For 2016/17, we estimate that 91.4% of firms (including consumer credit firms) will only pay the minimum levy for their block.

10.13 Individual firms can calculate the impact of the proposed fees and levies using our online fees calculator.[22]

10.14 The general levy tariff rates will be finalised in June 2016 for the 2016/17 fee period.

Q13: Do you have any comments on the proposed method of calculating the tariff rates for firms in each fee block towards the CJ levy and our proposals for how the overall CJ levy should be apportioned?

22 www.fca.org.uk/firms/being-regulated/fees/calculator.

11. Money Advice Service levies 2016/17

11.1 In this chapter we consult on the levies proposed for the Money Advice Service[23] for 2016/17.

11.2 Two separate levies are proposed for the Money Advice Service in this consultation:

- The delivery of money advice, to raise £30m in 2016/17 (£34.1m in 2015/16) although only £27.6m will be levied (for the reasons referred to in 11.10 below);
- The coordination and provision of debt advice, to raise £45m in 2016/17 (£45m in 2015/16) although only £41.3m will be levied (for the reasons referred to in 11.18 below).

11.3 In 2015/16 the energy and water industries voluntarily contributed £2m towards the costs of debt advice making a total of £47m. No decision has been reached as to whether there will be any further voluntary contributions for the 2016/17 financial year. If contributions are secured then these will be used towards the funding of more free debt advice.

11.4 Following approval of the draft business plan and budget of £75m by the FCA Board in December 2015, the Money Advice Service consulted on its draft plan. The consultation closed on 15 February and 30 responses were received. Overall the feedback was positive and the Money Advice Service has discussed with the FCA Oversight Committee the responses and agreed how they can constructively influence the plan.

11.5 The Money Advice Service is currently reviewing its business plan to ensure any activity is in line with the government's preferred model for public guidance that was announced on 16 March. Its revised business plan and budget will be published around the end of April and a breakdown of expenditure and its strategic themes for 2016/17 can be found in its plan[24].

11.6 Chapter 6 sets out how consumer credit firms will contribute to the levy for both money and debt advice. Consumer Credit firms have only recently started to contribute to the levy as they become authorised and under the FCA's remit. In the longer term this will reduce the relative Money Advice Service costs from the relevant "A" fee-blocks.

11.7 As firms are being authorised some reduction in costs for the Money Advice Service levy for 2016/17 financial year will be seen across all fee blocks. £2m was collected from consumer credit firms in 2015/16 and £4.1m is expected to be collected during 2016/17. This will be distributed to offset the levy collected from the relevant "A" fee blocks. This means that a total of £68.9m will be levied.

11.8 The Government's consultation on financial guidance, which looked at how financial guidance is delivered, reported on 16 March. The consultation looked at the Money Advice Service, Pension Wise and The Pensions Advisory Service. The outcome of the review is that a consultation

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

24 The Money Advice Business Plan 2016/17:www.moneyadvice service.org.uk/en/static/publications

document has been issued setting out the Government's preferred models for pensions guidance and money guidance. The new delivery model will replace the Money Advice Service with a new slimmed down money guidance body charge with equipping consumers to make more effective financial decisions. This consultation closes in June and the government intends to publish the final outcome in the autumn.

11.9 Until there is more clarity on what and how any new body will deliver we have decided to allocate the levy using the same method we have used in the past couple of years but have taken account of the levy that consumer credit firms have paid during 2015/16 and will pay during 2016/17. Once the Government has reported, we will need to consider what implications this will have on how the method for allocating levies should be changed. The government has made it clear that any new pension body and money guidance body will continue to be funded by the levy. The government has also stated that the three affected organisations will continue to provide guidance to consumers for at least the next two financial years.

Funding and budget for money advice

11.10 The total budget for delivering the money advice function in 2016/17 is £30.0m, a decrease of 12% from 2015/16. This has been enabled by efficiencies and cuts to some budget lines such as face to face provision, marketing, digital and development costs. However, due to consumer credit contributions only £27.6m will be levied.

Allocation and recovery for money advice funding

11.11 The Money Advice Service's 2016/17 funding for money advice will come from levies raised from FSMA-authorised firms, payment institutions and electric money issuers. We propose to allocate the money advice budget on the same basis as last year, based on three components that will carry equal weighting:

- How consumers use the four channels of the Money Advice Service (web, telephone and web chat, face-to-face and printed literature) which will be weighted by the different costs of the different channels.

- Mapping the Money Advice Service's strategic aims and outcomes, in its previous and this business plan to appropriate fee-blocks. These outcomes are: budgeting to live within means, managing debt well, saving regularly, saving for retirement and protecting assets/making provisions for dependents.

- A levy based on our own allocation for 2016/17.

11.12 Table 11.1 sets out how the allocation method is reflected across fee-blocks and the movement between the amounts allocated to each fee block in 2016/17 compared to 2015/16. All fee blocks will see a decrease in their levy because of the overall decrease in the money advice budget and the contributions by consumer credit firms.

11.13 We are proposing to maintain the minimum fee at £10 for 2016/17.

Table 11.1 Proposed money advice allocation method 2016/17

Fee-Block	2015/16 Allocation £m	2016/17 Allocation £m using Usage/Levy/ Outcomes			2016/17 Allocation £m	Percentage change in allocation
Money advice levy:						
		Usage	**Levy**	**Out comes**		
A.0 Minimum fee	0.2	0.0	0.2	0.0	0.2	0.0%
A.1 Deposit acceptors	8.2	3.4	1.6	2.8	7.8	-5.0%
A.2 Home finance providers and administrators	5.2	3.5	0.4	0.9	4.8	-7.0%
A.3 Insurers – general	3.2	0.4	0.5	1.8	2.8	-13.1%
A.4 Insurers – life	5.8	0.4	0.9	2.3	3.6	-38.2%
A.5 Lloyd’s managing agents	0.0	0.0	0.0	0.0	0.0	0.0%
A.6 The Society of Lloyds’	0.0	0.0	0.0	0.0	0.0	0.0%
A.7 Fund managers	1.9	0.0	0.9	0.5	1.4	-28.1%
A.9 Operators, trustees and depositaries of collective investment schemes etc	0.9	0.0	0.3	0.5	0.7	-21.1%
A.10 Firms dealing as principal	1.9	0.0	1.1	0.5	1.5	-20.6%
A.13 Advisers, arrangers, dealers or brokers	4.2	1.5	1.6	0.0	3.1	-25.7%
A.14 Corporate finance advisers	0.3	0.0	0.3	0.0	0.3	-13.9%
A.18 Home finance providers, advisers and arrangers	1.2	0.0	0.4	0.0	0.4	-67.9%
A.19 General insurance mediation	0.7	0.0	0.6	0.0	0.6	-11.7%
A.21 Firms holding client money or assets	0.3	0.0	0.3	0.0	0.3	-8.4%
G Firms covered by Payment Services Regulations 2009 (PSRs) and Electronic Money Regulations 2011 (EMRs)	0.1	0.0	0.1	0.0	0.1	-27.7%
Total	**34.1**	**9.2**	**9.2**	**9.2**	**27.6**	**-19.2%**

Q14: Do you have any comments on the proposed 2016/17 Money Advice Service levy rates for money advice?

We must receive any responses by 27 May 2016.

Debt advice funding and budget

11.14 The Money Advice Service took on responsibility for coordinating debt advice in April 2012 and £47m was provided for this activity in 2015/16, £2m of which was voluntary contributions from the energy and water utilities.

11.15 Although the budget for debt advice this year is £45m, only £41.3m will be levied due to the contributions from consumer credit firms. Confirmation of any voluntary contributions has yet to be received but if any are secured then these will be used for further debt advice funding.

11.16 The Money Advice Service expects to help about 24% more people in 2016/17, by running 450,000 debt advice sessions in England and Wales, and comparably increased numbers in the devolved administrations, in Northern Ireland and Scotland, compared to 370,000 in 2015/16. It will also help a number of clients who may be impacted by the possible exit of some debt management companies who may leave the market or who may not gain authorisation by the Financial Conduct Authority.

11.17 For more details on the role of the Money Advice Service and a full breakdown of its debt advice budget, see its 2016/17 Business Plan which will be published on its website.

Allocation of debt advice funding

11.18 We propose to allocate the debt advice budget on the same basis as last year – between the A1 and A2 blocks, using a model that takes account of both total lending and write off levels, on the basis of 50% for A1 and 50% for A2 based on Bank of England data. We consider that this model reflects the difficulties that can occur during the lending process. We have also taken into account the amounts that have been received from the consumer credit fees and offset some of this contribution.

11.19 We will continue to make appropriate concessions for credit unions in respect of the debt advice levy. We propose that credit unions will operate on a tiered system so that smaller firms with unsecured debt less than £250,000 will pay on the value of unsecured debt above this threshold. This will be the same rate as all other firms in that fee-block.

11.20 We do not levy a debt advice minimum fee.

11.21 Table 11.2 sets out the 2016/17 allocation of debt advice funding compared to 2015/16.

Table 11.2 Proposed allocation of 2016/17 debt advice funding to fee-blocks compared to 2015/16.

Debt advice levy:	Allocation 2015/16	Allocation 2016/17 based on 50% lending	Allocation 2016/17 based on 50% Write Offs	2016/17 Allocation £m	Movement
A.1 Deposit acceptors	22.2	2.3	18.2	20.5*	-8.0%
A.2 Home finance providers and administrators	22.7	18.4	2.5	20.9*	-8.0%
Total	**44.9**	**20.7**	**20.7**	**41.3**	**-8.0%**

*Rounded to the nearest £0.1m

Q15: Do you have any comments on the proposed 2016/17 Money Advice levy rates for debt advice?

We must receive responses by 27 May 2016.

11.22 Fee payers should be aware that the draft fee rates and levies in Appendix A are calculated using estimated fee-payer populations and tariff data. This means that the final periodic fee rates and levies for 2016/17 – which will be made by our Board in June 2016 – could vary from those in this CP.

11.23 We will also have a better idea of the number of firms that will have been authorised and what contributions they will make to consumer credit.

Annex 1
List of questions

Q1: Do you have any comments on the proposed FCA 2016/17 minimum fees and variable periodic fee rates for authorised firms?

Q2: Do you have any comments on the proposed FCA 2016/17 minimum fees and periodic fee rates for fee payers other than authorised firms?

Q3: Do you have any comments on the proposed FCA consumer credit fees for 2016/17 set out in Table 6.2?

Q4: Do you have any comments on the proposed Financial Ombudsman Service consumer credit levies for 2016/17 set out in Table 6.5?

Q5: Do you have any comments on the proposed Money Advice Service consumer credit levies for 2016/17 set out in Table 6.6?

Q6: Do you have any comments on the proposed 2016/17 ring-fencing implementation fee?

Q7: Do you have any comments on the proposed 2016/17 pensions guidance levy (PGL) rates?

Q8: Do you have any comments on the proposed 2016/17 pensions guidance providers' (PGPL) rates?

Q9: Do you have any comments on our proposed application fee for credit unions?

Q10: Do you have any comments on the concessions we are proposing for fees payable by community finance organisations taking out permissions as home finance providers and administrators?

Q11: Do you have any comments on the fees structure we are proposing for operators of multilateral trading facilities?

Q12: Do you have any comments on our proposal to remove the restriction on the minimum amount that we may charge firms for late submission of fees data?

Q13: Do you have any comments on the proposed method of calculating the tariff rates for firms in each fee block towards the CJ levy and our proposals for how the overall CJ levy should be apportioned?

Q14: Do you have any comments on the proposed 2016/17 Money Advice Service levy rates for money advice?

Q15: Do you have any comments on the proposed 2016/17 Money Advice levy rates for debt advice?

Annex 2
Compatibility with the general duties of the FCA

1. This annex explains our reasons for concluding that our proposals in this consultation are compatible with certain requirements under the Financial Services and Markets Act 2000 (FSMA), as amended by the 2012 Act and the Financial Services (Banking Reform) Act 2013 (FSBRA). Under section 138I of FSMA, the FCA, the Financial Ombudsman Service and the Money Advice Service (MAS) are exempt from the requirement to carry out and publish a cost benefit analysis regarding such proposals.

2. When consulting on new rules, we are required by section 138I(2)(d) FSMA to explain why we believe making the proposed rules is compatible with our strategic objective, advances one or more of our operational objectives, and has regard to the regulatory principles in s.3B FSMA. We are also required by s.138K(2) FSMA to state our opinion on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.

3. This annex also sets out our view of how the proposed rules are compatible with the duty us to discharge its general functions (which include rule-making) in a way that promotes effective competition in the interests of consumers (s.1B(4)). This duty applies in so far as promoting competition is compatible with advancing our consumer protection and/or integrity objectives.

4. This annex further includes our assessment of the equality and diversity implications of these proposals.

Our objectives and regulatory principles

5. Our proposals set out in this consultation are not intended in themselves to advance our operational objectives. However, they will enable us to fund the activities we need to undertake in 2016/17 to meet our responsibilities under FSMA. Therefore, these proposals will indirectly advance our operational objectives of:

   - delivering consumer protection – securing an appropriate degree of protection for consumers
   - enhancing market integrity – protecting and enhancing the integrity of the UK financial system
   - building competitive markets – promoting effective competition in the interests of consumers

6. We also consider that these proposals are indirectly compatible with our strategic objective of ensuring that the relevant markets function well because they will again enable us to fund the activities to meet this strategic objective. For the purposes of the our strategic objective, ‘relevant markets’ are defined by s.1F FSMA. In the rest of this annex, reference to objectives means both our strategic objective and operational objectives.

7. In the case of the Financial Ombudsman Service, the proposals in this consultation to raise the general levy to fund its activities in 2016/17 will indirectly meet its statutory function of providing a scheme for the quick and informal resolution of disputes between financial services firms and their customers. The proper functioning of the Financial Ombudsman also helps us to meet our consumer protection objective.

8. In the case of the Money Advice Service, the proposals in this consultation to raise the levies to fund its activities in 2016/17 will indirectly meet its statutory objectives of:

- enhancing the understanding and knowledge of financial matters by members of the public

- improve people's ability to manage their own financial affairs

- assist the public with debt management, with a view to improving the availability, quality and consistency of debt advice services across the UK

9. In preparing the proposals set out in this consultation, we have had regard to the regulatory principles set out in s.3B FSMA. The most relevant regulatory principles are considered below:

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

- Our fee-raising proposals are set to recover our costs in carrying out our responsibilities under FSMA and associated legislation. We endeavour to carry out this work in the most efficient and economical way possible, concentrating on the areas of activity that pose the greatest risk to our objectives.

- Our priorities for each financial year are set out in our annual Business Plan, which for 2016/17 was published on the 5 April 2016. Our Business Plan includes our budget, which is the basis of the £481.6m annual funding requirement (excluding consumer credit) which is unchanged from 2015/16. This reflects that at an underlying level, our ongoing regulatory activities (ORA) has decreased by £7.6m (1.6%) as we have re-prioritised, made savings and a number of operating efficiencies, to absorb the increase in costs arising from changes to our regulatory scope (scope change) we are recovering in 2016/17. As further explained in Chapter 2 2016/17 is the first time we are including consumer credit costs of £37.7m bringing our total 2016/17 AFR to £519.3m representing an increase of £37.7m (7.8%), solely due to the inclusion of consumer credit.

- The Financial Ombudsman Service and the Money Advice Service are operationally independent, but accountable to us, which means that our resources are not directly involved in carrying out their activities.

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

FCA

- The underlying rules for how we raise fees from fee-payers has been consulted on previously.

- Our fees are necessary for us to meet our objectives. As outlined above we take steps to use our resources in the most efficient and economic way, whilst delivering benefits to UK consumers, through our regulatory activities.

- In allocating our costs across the various fee-blocks (regulatory activities) we take into account the risks each fee-block poses to our objectives. This also reflects the resources we apply to these activities. As such, we consider the allocation of the overall 1.6% decrease in our ORA (excluding consumer credit) together with the exceptions outlined in chapter 2 achieves a proportional approach to our funding allocation. In addition, within individual fee-blocks, we consider firm size, to ensure proportionality.

- In chapter 6 our proposals for setting 2016/17 consumer credit fees seek to ensure proportionality by taking into account that a significant number of firms in this market are smaller businesses and that the activities covered by limited permission are lower risk than full permission.

- Our proposals in chapter 7 will target the recovery of our costs for meeting our obligations under ring-fencing to only the banks affected.

- In Chapter 9 we consult on:

  i. A concessionary application fee for credit unions and the extension to community finance organisations that provide mortgages of fees concessions equivalent to those we give credit unions. These will help to deliver consumer protection by supporting firms that specialise in services to vulnerable consumers.

  ii. Relating our fees for operators of multilateral trading facilities to our supervisory approach helps to ensure that our charges are proportionate to the resources we apply to them.

Pensions guidance levies

- Overall using the five pensions guidance fee-blocks enables the burden of the levy on ‘A’ fee-block firms to be more proportionate to the benefit generally expected to result from the pensions reforms/consumers using Pensions Wise Within the five pensions guidance fee-blocks the amounts allocated will be recovered in proportion to the size of the firms business as a proxy for the benefit that these firms may derive.

The Financial Ombudsman Service

- Fees collected to fund the Financial Ombudsman Service enable it to carry out its statutory functions, broadly to provide access to an independent, quick and informal scheme for dispute resolution. The proper functioning of the Financial Ombudsman Service helps us to meet our consumer protection objective. The Financial Ombudsman Service’s general levy is calculated using ‘industry blocks’, which are similar (but not identical) to our ‘fee-blocks’. Each industry block has a minimum levy and, in most cases, the levy then increases in proportion to the amount of ‘relevant business’ (i.e. business done with private individuals) each firm does. The proportion is called ‘tariff rate’. The proportions in which the CJ levy are distributed across the fee blocks are based on the Financial Ombudsman Service’s forecasts for the proportion of resources it expects to devote in 2016/17 to cases from firms in each sector.

Money Advice Service

- Fees collected to fund the Money Advice Service allows it to meet its objectives, providing information and support to consumers to help them play their part in driving effective competition in markets where FCA-regulated firms operate, which should help deliver better market outcomes for everyone.

- The allocation of the money advice levy is based on three equal components; how consumers currently use the Money Advice Service, the service’s business strategy and a levy based on our own allocation.

- For debt advice the allocation is based on total lending and write off levels on a 50% basis for each based on Bank of England data and allocated between A1 and A2 fee-blocks.

The desirability of exercising our functions that recognises differences in the nature of the businesses carried on by different persons we regulate

FCA

- The allocation of our AFR in chapter 2, recognises the differences in the nature of the businesses carried on by the different persons we regulate:

  i. fee-blocks are defined by reference to related types of permitted business fee-payers can undertake

  ii. the proportion of our funding requirement allocated to each-fee-block represents the resources we will apply to mitigate risks to our objectives

  iii. subject to minimum thresholds of size and minimum fees, fee-payers pay fees in each fee-block in line with the scale of the business they undertake in each fee-block

Pensions guidance levies

- The 18,200 firms in the 'A' fee-block, as a whole, undertake a very wide range of financial services business. We believe that by using the five pensions guidance fee-blocks and not the other 11 we are recognising these differences.

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

- For transparency, the FCA, the Financial Ombudsman Service and the Money Advice Service set out each year an explanation of any changes in fees or levy rates and the key drivers of those changes. We also publish a paper that explains the methodology used to calculate fees and levies, How we raise our fees[25], and provide an online facility to help firms calculate their likely periodic fees or levies for the forthcoming year (fees calculator[26])

10. The proposals set out in this CP enable us to fund the activities we need to undertake in 2016/17. These activities include taking action intended to minimise the extent to which it is possible for a business carried on: (i) by an authorised person or a recognised investment exchange; or (ii) in contravention of the general prohibition, to be used for a purpose connected with financial crime (as required by s.1B(5)(b) FSMA).

Expected effect on mutual societies

11. We do not expect the proposals in this paper to have a significantly different impact on mutual societies. The impact of the fees and levy rates proposed for 2016/17 for the FCA, the Financial Ombudsman Service, the Money Advice Service and the pensions guidance levy on authorised firms that are mutual societies is not significantly different from the impact on other authorised firms.

12. Credit unions and many community finance organisations are mutual societies, so the concessions on fees we are proposing in Chapter 9 for them will support their capacity to maintain their services.

25 www.fca.org.uk/static/documents/how-we-raise-our-fees.pdf

26 www.fca.org.uk/firms/being-regulated/fees/calculator

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

13. The proposals set out in this consultation enable us to fund the activities we need to undertake in 2016/17. These activities include meeting our duty to promote effective competition in the interests of consumers.

14. Additionally, the levels of fees set for different types of firms support our objective of promoting effective competition. For example, the allocation of our AFR to fee blocks on which the fee rates are based takes account of the aggregate riskiness of the sector they represent and the recovery of allocations within the fee blocks is based on the size of business undertaken by the individual firms.

15. The pensions guidance levy is raised from a subset of our 'A' fee blocks. This approach has been adopted as we consider that this incorporates the wider range of products and services that consumers could purchase following using the pension guidance (and, therefore, the range of firms that could compete for those consumers' business). We consider that our proposals on allocation of costs across the fee blocks is reasonable pending the availability of data on which financial products and services consumers are using as a result of the pension reforms and which would reflect that position for each pensions guidance levy fee blocks and be comparable across them.

Equality and diversity

16. We are required under the Equality Act 2010 to 'have due regard' to the need to eliminate discrimination and to promote equality of opportunity in carrying out our policies, services and functions. As part of this, we conduct an equality impact assessment (EIA) to ensure that the equality and diversity implications of any new policy proposals are considered.

17. We believe the proposals in this CP do not raise equality or diversity questions.

18. However, we would welcome comments on any equality and diversity issues you believe may arise from our proposals.

Annex 3
Financial Ombudsman Service general levy – overview and industry blocks

Industry block	Description	Tariff base	Consultation 2016/17 tariff rate (£)	Final 2015/16 tariff rate (£)	Consultation 2016/17 minimum levy per firm (£)	Final 2015/16 minimum levy per firm (£)	Consultation 2016/17 gross total	Final 2015/16 gross total	Consultation 2016/17 contribution by block	Final 2015/16 contribution by block
I001	Deposit acceptors, home finance lenders and administrators	Per relevant account	0.04370	0.04425	100	100	£11,551,793	£11,551,793	47.2%	49.6%
I002	Insurers: General	Per £1,000 of relevant annual gross premium income	0.1330	0.133	100	100	£3,516,776	£3,516,776	14.4%	15.1%
I003	The Society of Lloyd's	Flat Fee	N.A.	N.A.	25,989	25,989	£25,989	£25,989	0.1%	0.1%
I004	Insurers: Life	Per £1,000 of relevant adjusted annual gross premium income	0.0183	0.0183	130	130	£978,176	£978,176	4.0%	4.2%
I005	Fund managers	Flat fee	N.A.	N.A.	275	275	£232,899	£232,899	1.0%	1.0%
I006	Operators, Trustees and Depositaries of collective investment schemes	Flat fee	N.A.	N.A.	60	60	£23,290	£23,290	0.1%	0.1%
I007	Dealers as principal	Flat fee	N.A.	N.A.	75	75	£23,290	£23,290	0.1%	0.1%
I008	Advisory arrangers, dealers or brokers (holding client money)	Per £1,000 of annual income	0.149	0.149	45	45	£489,088	£489,088	2.0%	2.1%
I009	Advisory only firms and advisory, arrangers, dealers, or brokers (not holding client money)	Per £1,000 of annual income	0.1	0.1	45	45	£489,088	£489,088	2.0%	2.1%

Industry block	Description	Tariff base	Consultation 2016/17 tariff rate (£)	Final 2015/16 tariff rate (£)	Consultation 2016/17 minimum levy per firm (£)	Final 2015/16 minimum levy per firm (£)	Consultation 2016/17 gross total	Final 2015/16 gross total	Consultation 2016/17 contribution by block	Final 2015/16 contribution by block
I010	Corporate finance advisors	Flat fee	N.A.	N.A.	55	55	£23,290	£23,290	0.1%	0.1%
IA11	Authorised payment service providers	Per £1,000 of relevant Income	0.0007	0.0007	75	75	£23,290	£23,290	0.1%	0.1%
IS11	Small payment institutions and small e-money issuers	Flat fee	N.A.	N.A.	35	35	£23,290	£23,290	0.1%	0.1%
I013	Cash plan health providers	Flat fee	N.A.	N.A.	65	65	£780	£780	0.0%	0.0%
I014	Credit unions	Flat fee	N.A.	N.A.	55	55	£23,290	£23,290	0.1%	0.1%
I015	Friendly societies whose tax exempt business represents 95% or more of their total relevant business	Flat fee	N.A.	N.A.	65	65	£3,640	£3,640	0.0%	0.0%
I016	Home finance lenders, advisers and arrangers	Flat fee	N.A.	N.A.	90	90	£465,798	£465,798	1.9%	2.0%
I017	General insurance mediation	Per £1,000 of relevant business annual income	0.484	0.484	100	100	£5,403,258	£5,403,258	22.1%	23.2%
IA18	Authorised electronic money institutions	Per average outstanding electronic money	0.0016	0.0016	75	75	£2,500	£2,500	0.0%	0.0%
IS18	Small electronic money institutions	Flat fee	N.A.	N.A.	50	50	£475	£475	0.0%	0.0%

Industry block	Description	Tariff base	Consultation 2016/17 tariff rate (£)	Final 2015/16 tariff rate (£)	Consultation 2016/17 minimum levy per firm (£)	Final 2015/16 minimum levy per firm (£)	Consultation 2016/17 gross total	Final 2015/16 gross total	Consultation 2016/17 contribution by block	Final 2015/16 contribution by block
I019	Consumer credit: Limited	Flat fee	N.A.	N.A.	35	35	£765,083	N.A.	3.1%	N.A.
IA19	Consumer credit: Limited (not-for-profit)	Flat fee	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.
I020	Consumer credit: Full	Per £1,000 of consumer Credit Income	0.02 (on income over £250,000 plus minimum fee)	0.02 (on income over £250,000 plus minimum fee)	35	35	£434,917	N.A.	1.8%	N.A.
I021	Consumer buy-to-let				35	N.A.	N.A.	N.A.	N.A.	N.A.
	Total (all blocks)						**£24,500,000**	**£23,300,000**	**100.0%**	**100.0%**

Appendix 1
Periodic Fees (2016/17) and Other Fees Instrument 2016 [draft rules]

PERIODIC FEES (2016/2017) AND OTHER FEES INSTRUMENT 2016

Powers exercised

A. The Financial Conduct Authority makes this instrument in the exercise of:

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

(a) section 73A (Part 6 Rules);
(b) section 137A (The FCA's general rules);
(c) section 137T (General supplementary powers);
(d) section 139A (Power of the FCA to give guidance);
(e) section 234 (Industry funding);
(f) section 333Q (Funding of the FCA's pensions guidance costs);
(g) section 333R (Funding of the Treasury's pensions guidance costs);
(h) paragraph 23 (Fees) of Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority); and
(i) paragraph 12 of Part 2 (Funding) of Schedule 1A (Further provision about the Consumer Financial Education Body);

(2) the following provisions of the Payment Services Regulations 2009 (SI 2009/209):

(a) regulation 82 (Reporting requirements);
(b) regulation 92 (Costs of supervision); and
(c) regulation 93 (Guidance);

(3) the following provisions of the Electronic Money Regulations 2011 (SI 2011/99):

(a) regulation 49 (Reporting requirements);
(b) regulation 59 (Costs of supervision); and
(c) regulation 60 (Guidance);

(4) the following powers and related provisions in the Regulated Covered Bond Regulations 2008 (SI 2008/346):

(a) regulations 18, 20, 24 and 25 (notification requirements);
(b) regulation 42 (Guidance); and
(c) regulation 46 and paragraph 5 of Schedule 1 (fees); and

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

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

Commencement

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

Amendments to the Handbook

D. The Glossary of definitions is amended in accordance with Annex A to this instrument.

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

Citation

F. This instrument may be cited as the Periodic Fees (2016/2017) and Other Fees Instrument 2016.

By order of the Board
[*date*]

Annex A

Amendments to the Glossary of definitions

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

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

assets outside expected RFB subgroups	the assets of a *ring-fencing fees group* which its *ring-fencing business plan* indicated were not intended to be held within a *ring-fenced body* or its *UK* subgroup for *ring-fencing* purposes on 1 January 2019.
core deposit	core deposits within the meaning of article 2(2) of the Financial Services and Markets Act 2000 (Ring-Fenced Bodies and Core Activities) Order 2014 (SI 2014/1960).
RFB	*ring-fenced body*.
ring-fencing fees group	a banking group, or part of a banking group, which (i) has submitted a *ring-fencing business plan* and (ii) was notified by the *FCA* on or prior to 1 May 2016 that a fee relating to *ring-fencing* would be payable by one or more members of its group.
ring-fencing business plan	a near final business plan submitted to the *PRA* on or before 1 March 2016 setting out a *firms'* proposals for *ring-fencing.*
ring-fenced body	has the meaning in Section 142A of the *Act*.
ring-fencing	the *UK ring-fencing* regime as provided for in the *Act*, including any statutory instruments and related *FCA rules*.
ring-fencing implementation fee(s)	the fee or fees in *FEES* 4 Annex 2BR(2).

Amend the existing definition as shown.

FSBRA	~~(in *FEES 9*)~~ the *Financial Services (Banking Reform) Act 2013* <u>(2013 c.33)</u>.

Annex B

Amendments to the Fees manual (FEES)

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

3 Application, Notification and Vetting Fees

…

3.2.7R 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
(a) Any applicant for *Part 4A permission* (including an *incoming firm* applying for *top-up permission*) whose *fee* is not payable pursuant to sub-paragraph (ga) of this table	(1) Unless (2) or (3) <u>or (4)</u> applies, in respect of a particular application, the highest of the tariffs set out in *FEES* 3 Annex 1 part 1 which apply to that application. … <u>(4) No fee is payable if the applicant satisfies the criteria set out in *FEES* 4 Annex 2BR(5)(a).</u>	...
…		
(p) A *firm* applying for a variation of its *Part 4A permission* whose fee is not payable pursuant to sub- paragraph (ga) of this table.	(1) Unless (2), (2A), (3), (3A), (3B) <u>,</u> ~~or~~ 3(C) <u>or 3(D)</u> applies, if the proposed new business of the *firm* would fall within one or more activity groups specified in Part 1 of *FEES* 4 Annex 1AR not applicable before the application, the fee is 50% of the highest of the tariffs set out in *FEES* 3 Annex 1R which apply to that application. … <u>3(D) If the applicant satisfies the criteria set out in *FEES* 4 Annex</u>	

	2BR(5)(a) no fee is payable.	
	…	
…		
(zm) An *issuer* applying for registration of a *regulated covered bond*.	(1) Unless (2) or (3) applies, 45,000. … (3) No fee is payable if the *issuer* satisfies the criteria set out in *FEES* 4 Annex 2BR(6)(b).	…
(zn) An *issuer* who proposes to make a material change to the contractual terms of a *regulated covered bond* under *RCB* 3.5.4 D.	(1) Unless (2) applies 6,500. (2) No fee is payable if the *issuer* satisfies the criteria set out in *FEES* 4 Annex 2BR(6)(c).	…
…		

…

3 Annex 1R **Authorisation fees payable**

…

Part 1(a) Authorisation Fees payable to the FCA by FCA-authorised persons	
Application type	**Amount payable (£)**
(1) *Community finance organisations*	
…	
(ab) *Community finance organisations*, where application is for a *Part 4A permission* as a *home finance provider* or *home finance administrator*	300
…	
Part 1(b) Authorisation Fees payable to the FCA by PRA-authorised persons	

Application type	**Amount payable (£)**
(1) *Credit unions*	
…	
(b) *Credit unions* ~~which would have been categorised as version 1~~ ~~*credit unions*~~ ~~before 3 February 2016~~ (other than where (aa) applies)	150
(c) ~~*Credit unions*~~ ~~which would have been categorised as version 2~~ ~~*credit unions*~~ ~~before 3 February 2016 (other than where (aa) applies)~~ [deleted]	~~900~~
…	

…

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
Any *firm* (except an *AIFM* qualifier, *ICVC* or a *UCITS qualifier*)	~~As~~ (1) Unless (2) applies, as specified in *FEES* 4.3.1R in relation to *FEES* 4 Annex 2AR and *FEES* 4 Annex 11R . (2) Where a *firm* is paying a *ring-fencing implementation fee*, as specified in *FEES* 4 Annex 2BR.	(1) Unless (2) or (3) apply, on or before the relevant dates specified in *FEES* 4.3.6R. …	…

…			

…

4 Annex 2AR FCA Fee rates and EEA/Treaty firm modifications for the period from 1 April ~~2015~~ 2016 to 31 March ~~2016~~ 2017

Part 1 This table shows the tariff rates applicable to each of the fee blocks set out in Part 1 of *FEES* 4 Annex 1AR.		
…		
(3)	For a *firm* which has not complied with *FEES* 4.4.2R (Information on which fees are calculated) for this period:	
	(a)	the fee is calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by the factor of 1.10; and
	(b)	an additional fee of £250 is payable, unless the *firm* is a *PRA-authorised person* in which case an additional fee of £125 is payable instead~~; and~~.
	(c)	~~the minimum total fee (including the administrative fee in (b) is £466; unless the firm is a *PRA-authorised person* in which case the total minimum fee (including the administrative fee in (b)) is £233.~~ [deleted]

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	~~16.04~~ 17.42
	>140 – 630	~~16.04~~ 17.42
	>630 – 1,580	~~16.04~~ 17.42
	>1,580 – 13,400	~~20.05~~ 21.78
	>13,400	~~26.47~~ 28.74

	The tariff rates in A.1 are not relevant for the *permissions* relating to *operating a dormant account fund.* Instead a flat fee of £6,000 is payable in respect of these *permissions*.	
A.2	Band width (No. of mortgages and/or home finance transactions)	Fee (£/mortgage)
	>50	~~2.40~~ 2.57
A.3	Gross premium income (GPI)	Periodic fee
	Band Width (£million of GPI)	Fee (£/m or part m of GPI)
	>0.5	~~353.12~~ 346.10
	PLUS	
	Gross technical liabilities (GTL)	General Periodic fee
	Band Width (£million of GTL)	Fee (£/£m or part £m of GTL)
	>1	~~18.92~~ 18.56
	For *UK ISPVs* the tariff rates are not relevant and a flat fee of £466 is payable in respect of each *FCA* financial year (the 12 *months* ending 31 March).	
A.4	Adjusted annual gross premium income (AGPI)	General Periodic fee
	Band Width (£million of AGPI)	Fee (£/£m or part £m of AGPI)
	>1	~~531.90~~ 515.20
	PLUS	
	Mathematical reserves (MR)	General Periodic fee
	Band Width (£million of MR)	Fee (£/£m or part £m of MR)
	>1	~~10.93~~ 10.75
A.5	Band Width (£million of Active Capacity (AC))	Fee (£/£m or part £m of AC)

	>50	~~8.64~~ 8.48
A.6	Flat fee (£)	~~332,455~~ 327,149
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	~~7.63~~ 7.29
	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	~~1,175.00~~ 1,050.00
A.10	Band Width (No. of traders)	Fee (£/person)
	>1	~~5,380.00~~ 5,270.00
	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	~~3.15~~ 2.97
A.14	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	~~2.13~~ 2.06
A.18	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	~~15.76~~ 15.40
A.19	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)

	>100	~~1.91~~ <u>1.846</u>
A.21	*Client money*	
	Band Width (£ *client money*) (CM) held	Fee (£/£ millions or part £ million of CM)
	less than £1 million	~~138.20~~ <u>127.40</u>
	an amount equal to or greater than £1 million but less than or equal to £1 billion	~~103.65~~ <u>95.55</u>
	more than £1 billion	~~69.10~~ <u>63.70</u>
	PLUS	
	Safe custody assets	
	Band Width (£ *safe custody assets*) (CA) held	Fee (£/£ millions or part £ million of CA)
	less than £10 million	0.52
	an amount equal to or greater than £10 million and less than or equal to £100 billion	0.39
	more than £100 billion	0.26
B. Market operators		~~49,000~~ <u>48,216</u>
B. Service Companies	Band Width	Flat fee (£)
	Annual income up to and including £100,000	~~1,084~~ <u>1,067</u>
	Annual income over £100,000 up to and including £1,000,000	~~11,000~~ <u>10,824</u>
	Annual income over £1,000,000	~~49,000~~ <u>48,216</u>
	A *service company* that fails to provide income data for the relevant *fee year* is deemed to fall within the highest band width.	
~~**B. Principal**~~ <u>B. Principal *benchmark*</u>	~~£200,000~~ <u>£196,800</u>	

administrators		
B. *Benchmark administrators*	~~£50,000~~ £49,200	
…		
CC1. Credit-related regulated activities with limited permission	Band Width (£ thousands of annual income (AI))	Fee (£)
	0 - 10	100
	>10 - 50	250
	>50 - 100	400
	>100	500
	PLUS:	
		Fee (£/£ thousand or part £ thousand of AI)
	>250	0.40
CC2. Credit-related regulated activities	Band Width (£ thousands of annual income (AI))	Fee (£)
	0 - 50	300
	>50 - 100	500
	>100	1,000
	PLUS:	
		Fee (£/£ thousand or part £ thousand of AI)
	>250	~~0.78~~ 1.30

Part 2

This table shows the tariff rates (minimum fees) applicable to each of the fee blocks set out in Part 2 of *FEES* 4 Annex 1AR.

Part 2(a) shows the tariff rates (minimum fees) payable to the *FCA* by *FCA*-

authorised persons and Part 2(b) shows the tariff rates (minimum fees) payable to the *FCA* by *PRA-authorised persons*. …

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

A.0	(1)	£1,084 unless:	
	(a)	it is a *community finance organisation* with a tariff base of up to and including 3 mortgages and/or *home finance transactions*, in which case a minimum fee of £166 is payable; or	
	(b)	it is a *community finance organisation* with a tariff base of more than 3 but no more than 10 mortgages and/or *home finance transactions*, in which case a minimum fee of £562 is payable; or	
	(c)	it is a *community finance organisation* with a tariff base of more than 10 but no more than 50 mortgages and/or *home finance transactions*, in which case a minimum fee of £1,042 is payable.	
	…		
…			

After FEES 4 Annex 2AR (FCA Fee rates and EEA/Treaty firm modifications for the period from 1 April 2016 to 31 March 2017) insert the following new Annex. The text is not underlined.

4 Annex 2BR Ring-Fencing Implementation Fee

In the *fee year* starting 1 April 2016 and subsequent *fee years*:	
(1)	The *FCA* will charge a *ring-fencing implementation fee* to recover the annual cost to the *FCA*, as determined by the *FCA,* of implementing *ring-fencing*.
(2)	All *firms* in a *ring-fencing fees group* are subject to *ring-fencing implementation fees*. The *FCA* may require that a single *firm* in a *ring-fencing fees group* pay all of the applicable *ring-fencing implementation*

	fees.
(3)	In each *fee year* the *FCA* will allocate to each *ring-fencing fees group* the proportion referred to in (4) of the cost referred to in (1). An amount reflecting this proportion will be the total *fee* payable by the *firms* within the *ring-fencing fees group*.
(4)	The proportion was determined by the *FCA* as at 1 March 2016 in accordance with the following formula (all figures rounded to the nearest whole number): [(X + Y) /2] % where $X = \dfrac{\textit{core deposits}\ (\textit{ring-fencing fees group})}{\textit{core deposits}\ (\text{all } \textit{ring-fencing fees groups})} \times 100$ and $Y = \dfrac{\textit{assets outside expected RFB sub-group}\ (\textit{ring-fencing fees group})}{\textit{assets outside expected RFB sub-groups}\ (\text{all } \textit{ring-fencing fees groups})} \times 100$
(5)	(a) Where a *firm* applies for a *Part 4A permission* and/or a variation of a *Part 4A permission* as a result of *ring-fencing*, it is not required to pay an application *fee* under *FEES* 3.2.7R Part 1(1)(a) or (p) if a *ring-fencing implementation fee* is payable by the applicant or another *firm* in the applicant's *ring-fencing fees group*; (b) where an an *issuer* applies for registration of a *regulated covered bond* as a result of *ring-fencing*, it is not required to pay an application *fee* under *FEES 3.2.7*R Part 1(1)(zm) if a *ring-fencing implementation fee* is payable by the applicant or another *firm* in the applicant's *ring-fencing fees group*; and (c) where an *issuer* proposes to make a material change to the contractual terms of a *regulated covered bond* under *RCB* 3.5.4D as a result of *ring-fencing*, it is not required to pay an application *fee* under *FEES* 3.2.7R Part 1(1)(zn) if a *ring-fencing implementation fee* is payable by the applicant or another *firm* in the applicant's *ring-fencing fees group*.

Amend the text as shown. Underlining indicates new text and striking through indicates deleted text.

4 Annex Fees relating to the direct reporting of transactions to the FCA under SUP 17

3AR **for the period 1 April ~~2015~~ 2016 to 31 March ~~2016~~ 2017**

This table shows the fees payable by a *firm*, a third party acting on behalf of a *firm*, an *approved reporting mechanism*, an operator of a *regulated market* or an operator of an *MTF* that makes *transaction reports* directly to the *FCA* under *SUP* 17 (Transaction reporting).	
Fee	**Fee amount (£)**
Technical support fee	~~5,000~~ 4,444
Testing environment fee	~~3,750~~ 3,333
Variable transaction-based fee	~~6.00~~ 4.56 per 100,000 *transaction reports* or part 100,000 *transaction reports* processed during the calendar year ending 31 December before the *fee year* to which the fee relates.

4 Annex 4R **Periodic fees in relation to collective investment schemes, AIFs marketed in the UK and small registered UK AIFMs payable for the period 1 April ~~2015~~ 2016 to 31 March ~~2016~~ 2017**

Part 1 – Periodic fees payable

Scheme type	Basic fee (£)	Total funds/ sub-funds aggregate	Fund factor	Fee (£)
~~ICVC~~ *ICVC*, ~~AUT~~ *AUT*, ~~ACS~~ *ACS*, *UK ELTIFS*, Section 264 of the *Act*, *schemes* other than *non-EEA AIFs* recognised under section 272 of the *Act*~~,~~	~~595~~ 525	1 – 2	1	~~595~~ 525
		3 – 6	2.5	~~1,488~~ 1,313
		7 – 15	5	~~2,975~~ 2,625
		16 – 50	11	~~6,545~~ 5,775
		> 50	22	~~13,090~~ 11,550
Non-EEA AIFs recognised under section	~~2,420~~ 2,135	1 – 2	1	~~2,420~~ 2,135
		3 – 6	2.5	~~6,050~~ 5,337.50

272 of the *Act*~~;~~		7 – 15	5	~~12,100~~ 10,675
		16 – 50	11	~~26,620~~ 23,485
		> 50	22	~~53,240~~ 46,970

…

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*	~~500~~ 440
Notification under regulation 58 of the *AIFMD UK regulation*	~~350~~ 310
Notification under regulation 59 of the *AIFMD UK regulation*	~~500~~ 440

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

The annual fee for *small registered UK AIFMs* is £750

4 Annex 5R **Periodic fees for designated professional bodies payable in relation to the period 1 April ~~2015~~ 2016 to 31 March ~~2016~~ 2017**

Table of fees payable by Designated Professional Bodies

Name of Designated Professional Body	Amount payable (£)
The Law Society of England & Wales	~~75,390~~ 73,280
The Law Society of Scotland	~~14,400~~ 14,280
The Law Society of Northern Ireland	~~13,330~~ 13,190
The Institute of Actuaries	10,100
The Institute of Chartered Accountants in England and Wales	~~54,910~~ 53,250
The Institute of Chartered Accountants of Scotland	~~11,250~~ 11,830
The Institute of Chartered Accountants in Ireland	~~13,200~~ 13,740
The Association of Chartered Certified Accountants	~~18,710~~ 18,060
The Council for Licensed Conveyancers	~~11,370~~ 11,390

Royal Institution of Chartered Surveyors	~~14,360~~ 14,140

...

4 Annex 6R **Periodic fees for recognised investment exchanges, and recognised auction platforms payable in relation to the period 1 April ~~2015~~ 2016 to 31 March ~~2016~~ 2017**

…

Part 1 – Periodic fees for UK recognised investment exchanges

Name of UK recognised body	Amount payable (£)
ICE Futures Europe	~~1,300,000~~ 1,279,200
LIFFE Administration and Management	300,000
London Metal Exchange	~~685,000~~ 674,040
London Stock Exchange plc	~~950,000~~ 934,800
ICAP Securities & Derivatives Exchange Limited (RIE)	~~335,000~~ 329,640
BATS Trading Limited	~~505,000~~ 496,920
CME Europe Limited	~~350,000~~ 344,400
Euronext London Limited	~~320,000~~ 314,880
Any other UK *recognised investment exchange* recognised as such by a *recognition order* made in the *fee year*	~~£~~ 300,000

Part 1A – Periodic fees for recognised auction platforms

Name of recognised auction platform	Amount payable (£)
An *RAP* recognised as such by a *recognition order* made in the *fee year*	~~54,200~~ 53,333

Part 2 – Periodic fees for overseas recognised investment exchanges (£)

The Chicago Mercantile Exchange (CME) (ROIE)	~~62,000~~ 61,008

Chicago Board of Trade	~~62,000~~ 61,008
EUREX (Zurich)	~~62,000~~ 61,008
National Association of Securities and ~~Deals~~ Dealers Automated Quotations (NASDAQ)	~~62,000~~ 61,008
New York Mercantile Exchange Inc.	~~62,000~~ 61,008
The Swiss Stock Exchange	~~62,000~~ 61,008
Sydney Futures Exchange Limited	~~62,000~~ 61,008
ICE Futures US Inc.	~~62,000~~ 61,008
Any other *overseas investment exchange* recognised as such by a *recognition order* made in the *fee year*	~~62,000~~ 61,008

…

4 Annex 10R **Periodic fees for MTF operators payable in relation to the period 1 April ~~2015~~ 2016 to 31 March ~~2016~~ 2017**

General supervisory category of *MTF* operator (see Note below)	Fee payable (£)	Due date
		(i) 1 August ~~2015~~; or (ii) ~~if later,~~ 30 days from the date of the invoice in the case of a *firm* which receives *permission* to be *operating a multilateral trading facility* or whose *permission* is extended to include this activity in the course of the relevant financial year.
~~Category 1~~ *MTF* operator has a named individual fixed portfolio supervisor	300,000	
~~Category 2~~ All other *MTF* operators (i.e.	~~62,000~~ 28,290	

supervised by a team of flexible portfolio supervisors)		
~~Category 3~~ [deleted]	~~18,500~~	
~~Any other *firm* whose *permission* includes *operating a multilateral trading facility*, including:~~ ~~(a)~~ an *EEA firm*~~; or~~ ~~(b) a *firm* that, during the course of the relevant financial year, receives *permission* for *operating a multilateral trading facility* or whose *permission* is extended to include this activity.~~	~~In the case of an *EEA firm* that:~~ ~~(a) has not carried on the activity of *operating a multilateral trading facility* in the *UK* at any time in the calendar year ending 31 December 2013 2014; and~~ ~~(b) notifies the *FCA* of that fact by the end of March 2014 2015;~~ ~~the fee is zero.~~ ~~In the case of an *EEA firm* that :~~ ~~(a) Has not carried on the activity of *operating a multilateral trading facility* in the *UK* at any time in the calendar year ending 31 December~~ ~~In any other case 18,500~~ 0	~~In the case of a *firm* that, during the course of the relevant financial year, receives *permission* for *operating a multilateral trading facility* or whose *permission* is extended to include this activity, within 30 days of receiving that *permission* or extension. In any other case, 1 August 2015~~

…

4 Annex 11R **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 in relation to the period 1 April ~~2015~~ 2016 to 31 March ~~2016~~ 2017**

Part 1 – Method for calculating the fee for fee-paying payment service providers		
…		
(3)	For a *fee-paying payment service provider* which is required to comply with *FEES* 4.4.9D (Information on which fees are calculated) and has not done so for this period:	
	(a)	the fee is calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by the factor of 1.10; and
	(b)	an additional administrative fee of £250 is payable~~; and~~ .
	(c)	~~the minimum total fee (including the administrative fee in (b)) is £683.~~ [deleted]

Part 1A – Method for calculating the fee for fee-paying electronic money issuers		
…		
(3)	For a *fee-paying electronic money issuer* which is required to comply with *FEES* 4.4 (Information on which fees are calculated) and has not done so for this period:	
	(a)	the fee is calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by the factor of 1.10; and
	(b)	the additional administrative fee of £250 is payable~~; and~~.
	(c)	~~the minimum total fee (including the administrative fee in (b)) is £683.~~ [deleted]

…

Part 5 – Tariff rates		
Activity group	Fee payable in relation to ~~2015/16~~ 2016/17	
G.2	Minimum fee (£)	433
	£ million or part £m of Modified Eligible Liabilities (MELS)	Fee (£/£m or part £m of MELS)
	> 0.1	~~0.29990~~ 0.2750

G.3	Minimum fee (£)	433
	£ thousands or part £ thousand of Relevant Income	Fee (£/£thousand or part £ thousand of Relevant Income)
	> 100	~~0.20170~~ 0.18490
G.4	Flat fee (£)	433
G.5	As in G.3 ~~.~~	
G.10	Minimum fee (£)	1,626
	£million or part £m of average outstanding electronic money (AOEM)	Fee (£/£m, or part £m of AOEM)
	>5.0	~~180.00~~ 160.00
G.11	Flat fee (£)	1,084
G.15	Minimum fee for the first registered *programme* (£)	~~91,531~~ 90,071
	…	…
	>0.00	~~12.07~~ 10.79
	…	
G.20	Flat Fee (£)	~~[TBC]~~ 400.00
G.21	Flat Fee (£)	~~[TBC]~~ 200.00

…

4 Annex 14R **UKLA periodic fees**

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* with a *premium listing* (see Note 2)	5,150

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)	19,500
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*	16,260
ES.01	Sponsor	A *sponsor* (see Note 3)	27,100

…

Part 2 Variable fee additional to base fee			
Activity Group		Market capitalisation as at the last *business day* of the November 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	~~29.230818~~ 28.763125
		> 250 – 1,000	~~11.691551~~ 11.504486
		> 1,000 – 5,000	~~7.196630~~ 7.081484
		> 5,000 – 25,000	~~0.175548~~ 0.172739
		> 25,000	~~0.056715~~ 0.055808

5 Financial Ombudsman Service Funding

…

5 Annex 1R **Annual General Levy Payable in Relation to the Compulsory Jurisdiction for ~~2015/16~~ 2016/17**

Introduction: annual budget

1. The *annual budget* for 20~~15/16~~ 2016/17 approved by the *FCA* is ~~£270.3~~ £265m.

2. The total amount expected to be raised through the *general levy* in ~~2015/16~~ 2016/17 will be ~~£23.3m~~ £24.5m.

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*	…	~~£0.04425~~ £0.04370 per relevant account, subject to a minimum levy of £100
…		
12-	N/A for ~~2015/16~~ 2016/17	
…		
21 – *CBTL firms*	Flat fee	~~[TBC]~~ Levy of £35
…		

…

7 **CFEB levies**

…

7 Annex 1R **CFEB levies for the period from 1 April ~~2015~~ 2016 to 31 March ~~2016~~ 2017**

Part 1

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

Activity Group	*CFEB levy* payable

A.1	**Column 1** **Money advice levy**		**Column 2** **Debt advice levy** **(Notes 3 – 6)**	
	Band Width (£ million of Modified Eligible Liabilities (MELs))	~~Fixed sum~~ Fee (£/£m or part £m of MELs)	Band width (£ million of unsecured debt)	~~Fixed sum~~ Fee (£/£m or part £m of unsecured debt)
	> 10	~~2.93~~ 2.77	> 0	~~211.00~~ 193.55
A.2	**Column 1** **General levy**		**Column 2** **Debt advice levy** **(Notes 5 – 6)**	
	Band Width (no. of mortgages and/or *home finance transactions*)	~~Fixed sum~~ Fee (£/ mortgage)	Band width (£million of secured debt)	~~Fixed sum~~ Fee (£/£m or part £m of secured debt)
	>50	~~0.72~~ 0.68	> 0	~~18.29~~ 16.83
A.3	**Gross premium income (GPI)**			
	Band Width (£ million of GPI)	~~Fixed sum~~ Fee (£/£m or part £m of GPI)		
	>0.5	~~45.28~~ 39.28		
	PLUS			
	Gross technical liabilities (GTL)			
	Band Width (£ million of GTL)	~~Fixed sum~~ Fee (£/£m of part £m of GTL)		
	>1	~~2.43~~ 2.11		
A.4	**Adjusted annual gross premium income (AGPI)**			
	Band Width (£ million of AGPI)	~~Fixed sum~~ Fee (£/£m or part £m of AGPI)		

	>1	~~74.05~~ 45.54
	PLUS	
	Mathematical reserves (MR)	
	Band Width (£ million of MR)	~~Fixed sum~~ Fee (£/£m or part £m of MR)
	>1	~~1.53~~ 0.95
A.5	Band Width (£ million of Active Capacity (AC))	~~Fixed sum~~ Fee (£/£m or part £m of AC)
	>50	~~0.00~~ 0.20
A.6	Flat levy	~~0.00~~ 7,128
A.7	For class 1(c), (2), (3) and (4) *firms*:	
	Band Width (£ million of Funds under Management (FuM))	~~Fixed sum~~ Fee (£/£m of part £m of FuM)
	>10	~~0.33~~ 0.24
	…	
A.9	Band Width (£ million of Gross Income (GI))	~~Fixed sum~~ Fee (£/£m of part £m of GI)
	>1	~~80.31~~ 64.10
A.10	Band Width (no. of traders)	~~Fixed sum~~ Fee (£/trader)
	>1	~~207.90~~ 164.30
	…	
A.13	For class (2) firms	
	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	~~0.18~~ 0.13
	…	
A.14	Band Width (£ thousands of	Fee (£/£ thousand or part £

	annual income (AI))	thousand of AI)
	>100	~~0.05~~ 0.045
A.18	Band Width (£ thousands of Annual Income (AI))	~~Fixed sum~~ Fee (£/£ thousand or part £ thousand of AI)
	>100	~~1.14~~ 0.37
A.19	Band Width (£ thousands of Annual Income (AI))	~~Fixed sum~~ Fee (£/£ thousand or part £ thousand of AI)
	>100	~~0.047~~ 0.041
A.21	Band Width (£ *client money*) (CM) held	Fee (£/£ millions or part £ million of CM)
	less than £1 million	~~3.24~~ 2.76
	an amount equal to or greater than £1 million but less than or equal to £1 billion	~~2.43~~ 2.07
	more than £1 billion	~~1.62~~ 1.38
	PLUS	
	Safe custody assets	
	Band Width (£ *safe custody assets*) (CA) held	Fee (£/£ millions or part £ million of CA)
	less than £10 million	~~0.013~~ 0.012
	an amount equal to or greater than £10 million and less than or equal to £100 billion	~~0.010~~ 0.009
	more than £100 billion	~~0.007~~ 0.006
G.3	Minimum fee (£)	10
	£ thousands or part £ thousand of Relevant Income	Fee (£/£thousand or part £ thousand of Relevant Income)
	>100	~~0.0338~~ 0.0205
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	~~10.85~~ 6.46
G.11	Flat fee (£)	10
CC.1	Minimum fee (£)	~~£~~ 10
	~~Band width (~~ £ thousand of annual income (AI) ~~)~~	Fee (£/£ thousand or part thousand of AI)
	>250	0.37
CC.2	Minimum fee £	~~£~~ 10
	~~Band Width (~~ £ thousands of annual income (AI) ~~)~~	Fee (£/£ thousand or part £ thousand of AI
	>250	0.37
…		

10 Pensions guidance levy

10.1 Application, purpose and background

…

Purpose

10.1.2 G This chapter sets out *rules* governing the amounts payable by *firms* to the *FCA* to fund the ~~Treasury's~~ Secretary of State for Work and Pensions' pensions guidance costs and the related *FCA* collection costs.

Background

10.1.3 G The ~~Treasury's~~ Secretary of State's pensions guidance costs are defined in subsection 10 of section 333R (Funding of ~~Treasury's~~ the Secretary of State's pensions guidance costs) of the *Act* as the expenses incurred, or expected to be incurred, by the ~~Treasury~~ Secretary of State:

…

(6) otherwise in connection with the carrying out of ~~its~~ the Secretary of State's functions under section 333B (~~Treasury's~~ the Secretary of

State's role in relation to pensions guidance).

10.1.4 G (1) Section 333R(1) of the *Act* requires the ~~Treasury~~ Secretary of State to notify the *FCA* of the amount of the ~~Treasury's~~ Secretary of State's pensions guidance costs.

(2) Section 333R(2) requires the *FCA* to make *rules* requiring *authorised persons* to pay amounts, or amounts calculated in a specified way, to the *FCA* with a view to recovering the amounts notified by the ~~Treasury~~ Secretary of State.

…

…

10.1.6 G Under section 333R(8) of the *Act*, the *FCA* must pay to the ~~Treasury~~ Secretary of State the amounts that it receives under these *rules*, apart from amounts covering its collection of costs (which it may keep).

10.1.7 G The total amount raised by the *pensions guidance levy* may vary from year to year depending on the amount notified to the *FCA* by the ~~Treasury~~ Secretary of State.

10.1.8 G These *rules* were made with the consent of the ~~Treasury~~ Secretary of State pursuant to section 333R(5) of the *Act*.

…

10 Annex 1R Pension guidance levy for the period 1 April ~~2015~~ 2016 to 31 March ~~2016~~ 2017

Activity Group	Pensions guidance levy payable	
A.1	Band width (£ million of modified eligible liabilities (MELs)) >10	~~Fixed sum~~ Fee (£/£m or part £m of MELS) ~~3.35~~ 1.92
A.4	Band width (£ million of adjusted annual gross premium income (AGPI) >1	~~Fixed sum~~ Fee (£/£m or part £m of AGPI) ~~160.80~~ 91.06
A.7	For class 1(B), 1 (C), (2) and (3) firms: Band width (£ million of funds under management (FuM)) >10	~~Fixed sum~~ Fee (£/£m or part £m of FuM) ~~1.57~~ 0.91

A.9	Band width (£ million of gross income (GI)) >1	~~Fixed sum~~ Fee (£/£m or part £m of GI) ~~551.95~~ 307.99
A.13	Band Width (£ thousands of annual income (AI)) >100	~~Fixed sum~~ Fee (£/£ thousand or part ~~of~~ £ thousand of AI) ~~0.20~~ 0.11

11 Pensions guidance providers' levy

…

11.2 Pensions guidance providers' levy

…

Revocation of designation as pensions' guidance provider

11.2.9 G The *FCA* will not relieve or refund the *pensions guidance providers' levy* paid by a *designated guidance provider* if the ~~Treasury~~ Secretary of State revokes that provider's designation under section 333E(3) of the *Act* after the start of that *fee year*.

Becoming a designated guidance provider

11.2.10 R If the ~~Treasury~~ Secretary of State designates a *person* as a *designated guidance provider* under section 333E(1)(e) of the *Act* in the course of the *fee year*, the following formula must be used to calculate the *pensions guidance providers' levy* to be paid by that provider for that *fee year*:

…

(2) divide the number of *months* calculated in (1) by 12; and

…

…

11 Annex 1R Pensions Guidance providers' levy for the period 1 April ~~2015~~ 2016 to 31 March ~~2016~~ 2017

The table below shows the *pensions guidance providers' levy* applicable to the *designated guidance providers* for the *fee year* 1 April ~~2015~~ 2016 to 31 March ~~2016~~ 2017.

(A)	(B) Name of designated	(C) Pensions guidance providers'

Row	guidance provider	levy payable (£)
1	The Pensions Advisory Service Limited	~~£150,000~~ 77,500
2	The National Association of Citizens Advice Bureaux	~~£150,000~~ 77,500
3	The Scottish Association of Citizens Advice Bureaux	~~£150,000~~ 77,500
4	The Northern Ireland Association of Citizens Advice Bureaux	~~£150,000~~ 77,500
5	Any other person designated as a *designated guidance provider* between 1 April ~~2015~~ 2016 and 31 March ~~2016~~ 2017	~~£150,000~~ 77,500 adjusted in accordance with the formula at *FEES* 11.2.10R

...

Appendix 1 **Unauthorised Mutuals Registration Fees Rules**

App 1 Annex 1R **Periodic fees payable for the period 1 April ~~2015~~ 2016 to 31 March ~~2016~~ 2017**

Part 1 Periodic fee payable by Registered Societies (on 30 June ~~2015~~ 2016)

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

Transaction	Total assets (£'000s)	Amount payable (£)
Periodic fee	0 to 50	60
	> 50 to 100	120
	> 100 to 250	195
	> 250 to 1,000	255
	> 1,000	460

…

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