

Regulatory fees and levies: policy proposals for 2021/22

Consultation Paper

CP20/22**

November 2020

How to respond

We are asking for comments on this Consultation Paper (CP) by **22 January 2021**

You can send them to us using the form on our website at: www.fca.org.uk/cp20-22-response-form

Or in writing to:

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1 Summary

Why we are consulting

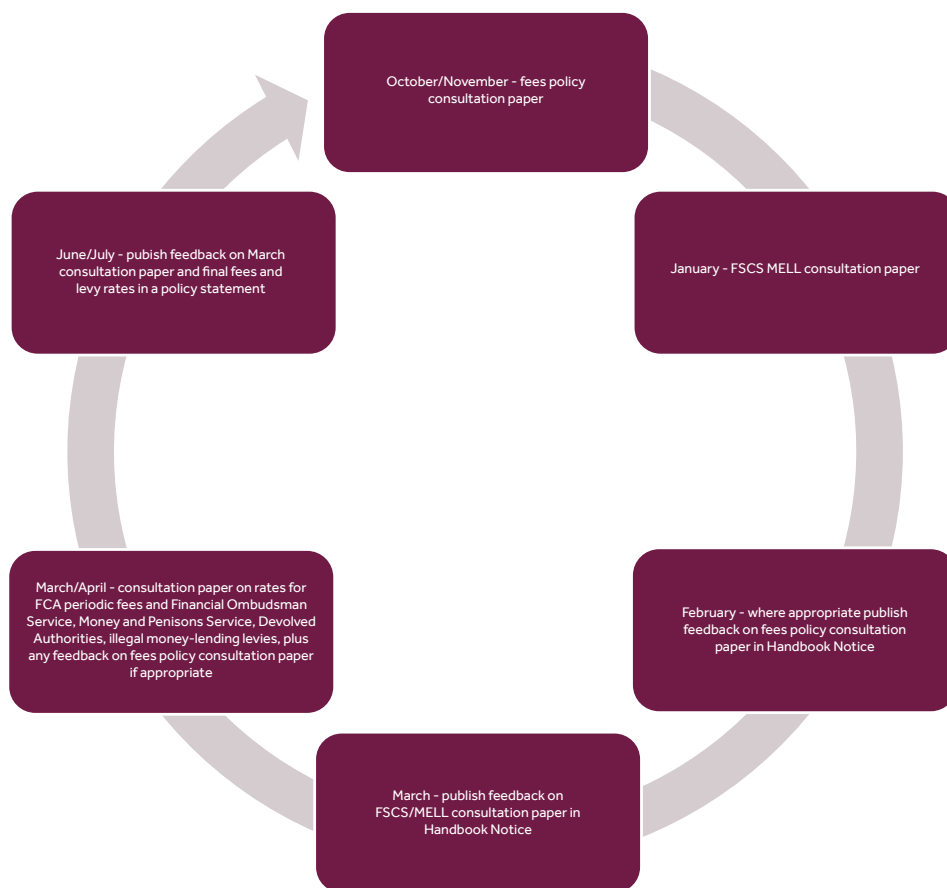
- 1.1** This consultation paper (CP) sets out our proposed policy changes to the way we will raise FCA fees from 2021/22. The FCA is fully funded by the industry we regulate – we receive no government grants. The Financial Services and Markets Act 2000 (FSMA) gives us powers to make rules to recover our costs in carrying out our functions.

Who this applies to

- 1.2** This document applies to all FCA fee-payers and to any businesses considering applying for FCA authorisation or registration. Table 1.1 identifies the fee-payers most directly affected by the proposals in particular chapters.
- 1.3** Each chapter deals with a specific policy area and identifies the bodies it will affect. See Table 1.1 of this CP.
- 1.4** This CP is not directly relevant to retail financial services consumers, although our fees are indirectly paid by users of financial services.

The wider context

- 1.5** Our annual fees consultation follows this cycle:
- October to November – we consult on any changes to our policy on how we raise fees and levies. We give our feedback on the consultation responses in the following February/March Handbook Notice or the March/April CP.
 - January – we consult on the Financial Services Compensation Scheme (FSCS) management expenses levy limit (MELL), a joint consultation with the Prudential Regulation Authority (PRA). We give our feedback on the consultation responses in the March Handbook Notice.
 - March to April – we consult on FCA periodic fees rates for the next financial year (1 April to 31 March) and any proposed changes to application fees or other fees. We also consult on the Financial Ombudsman Service general levy, the Money and Pension Service levy, Devolved Authorities levies and illegal money-lending levies for the next financial year.
 - June to July – we publish feedback on responses received to the March CP with final fees and levy rates in a policy statement.



Summary of proposals

1.6 Each chapter deals with a self-contained area of policy, summarised below.

- Chapter 2 sets out proposals to revalorise and simplify all FCA authorisation application fees and introduce some new transaction fees.
- Chapter 3 proposes the structure of periodic fees for cryptoasset businesses.
- Chapter 4 sets out our proposals for the third stage of our consultation to introduce income to calculate periodic fees for firms that operate Multilateral Trading Facilities (MTFs) and Organised Trading Facilities (OTFs). MTF and OTF regulated activities are covered by a sub-set of the market infrastructure provider B fee-block.

Next steps

1.7 Please consider our proposals and send us your comments on the questions in Annex 1 of this CP by 22 January 2021.

1.8 Use the [online response form](#) or write to us at the address on page 3.

1.9 We will consider your comments and publish our feedback, and our rules, in our Handbook Notice in March 2021.

Equality and diversity considerations

- 1.10** We have considered the equality and diversity issues from our proposals.
- 1.11** Overall, we do not consider that the proposals negatively affect any of the groups with protected characteristics under the Equality Act 2010. We will continue to consider the equality and diversity implications of the proposals during the consultation period, and will revisit them when publishing the final rules.
- 1.12** In the meantime, we welcome your input to this consultation.

Table 1.1: Fee-payers likely to be affected by each chapter of this CP

Issue	Fee-payers likely to be affected	Chapter
Application fees	Any businesses considering applying for FCA authorisation or registration, and any existing fee-payers which may vary their permissions	2
New transaction fees	Any fee-payer considering a change in control or making appointments which are subject to the senior managers regime (SMR)	2
Periodic fees for cryptoasset businesses	Any cryptoasset business	3
Introducing income to calculate periodic fees for firms that operate MTFs and OTFs	Firms in the MTF and OTF sub-set of the market infrastructure provider B fee-block	4

2 Authorisation application fees

(Draft rules in instrument in Appendix 1)

- 2.1** This chapter sets out our proposals for revalorising and simplifying authorisation application fees, and for introducing new transaction fees.
- 2.2** The draft instrument in Appendix 1 replaces the existing fees and introduces the new ones. We have also taken the opportunity to clarify and simplify the text of FEES 3 which covers application fees. In particular, we have redesigned the lengthy table in FEES 3.2.7R into an index for the annexes where the different application fees are listed, and also moved some of the entries in FEES 3.2.7R into new annexes. We believe these presentational changes will make the charges easier to find. We would welcome comments on them and suggestions for further improvement. None of our amendments are intended to affect the principles on which our application fees are based or our requirements for payment, beyond the proposals set out in this chapter.
- 2.3** We reviewed application fees in 2014 and issued a [discussion paper \(DP\)](#) to invite views. We received six responses, all from trade bodies (see [CP14/26](#)). All supported an increase in application fees, at least to catch up with inflation, and some argued for full cost recovery. The FCA decided not to proceed at that time. In [CP20/06](#), published in March 2020, we gave notice that we were reviewing our authorisation application fees with a view to restructuring and uprating them at least in line with inflation from 2021/22. We asked for comments on the factors we should take into account and received three responses. These stressed that we should not use application fees merely to increase our revenue. They raised some concerns about potentially creating barriers to market entry but did not object in principle to increasing our charges. As we explained in our feedback (see chapter 6 of [PS20/07](#)), any increase in our application fees would help redress the balance of cost recovery towards applicants and away from existing fee-payers. We do not believe that our application fees present barriers to entry compared with the wider costs of setting up a new business. We discussed this more fully in [CP14/26](#).
- 2.4** Many of our charges have not changed since our predecessor, the Financial Services Authority (FSA), set them nearly 20 years ago. Over that time, their value has eroded, passing an increasing share of the processing costs to existing fee-payers.
- 2.5** When the FSA first consulted on application fees in 2001, it established the policy principle that the costs of authorisation should be shared between applicants and existing fee-payers. This was on the grounds that, since all market participants benefit from effective policing of the perimeter, all should contribute towards it. At that time, the FSA envisaged that application fees would recover 50% to 90% of the costs of processing different permissions, with deposit takers paying the highest share.
- 2.6** The total cost of Authorisations in 2019 was £19.0m. Application fees raised revenue of £6.2m, equivalent to 33% of the cost. If we were to revalorise all application fees in line with inflation from the dates that they were introduced, it would have increased revenue in 2019 to £9.7m. This would raise the recovery rate to 46%, closer to the FSA's lower target of 50%, but still below it. It would represent an overall increase in

fees of 56%. Full cost recovery through existing application fees would require an increase of 218%.

- 2.7** The proposals set out in this chapter would have raised the revenue from application fees to £12.8m in 2019, raising the cost recovery rate to 67%, in the mid-range of the FSA's original target. This represents an increase in fee rates of 103%. Our proposals for new transaction fees would have raised a further £2.8m, raising total cost recovery to £15.6m or 82%.
- 2.8** We have based our estimates on the calendar year of 2019 rather than the financial year since it is the last 12-month period unaffected by Covid-19. We recognise that 2019 may not be representative of future revenues. Our forecast revenue from application fees for 2020/21 is approximately 80% of the revenue from 2019, so revenues for 2021/22 may be considerably lower.
- 2.9** The impact of application and transaction fees on our annual funding requirement (AFR) is not large, but we believe it is fair in principle that applicants should contribute more towards our costs. This will help to mitigate, however marginally, the fees paid by existing fee-payers as they recover from the recession triggered by the pandemic.
- 2.10** We present our proposals in two parts:
- Application fees
 - Transaction fees

Application fees

- 2.11** Our application fees are based on the permission a firm is applying for. The charge therefore represents our assessment of the complexities likely to be presented by each permission. In practice, the processing time is often determined by the individual circumstances of the applicant. Processing a permission that we have classified as 'straightforward' may turn out to be extremely time-consuming if an applicant has a particularly complicated or unusual business plan. But we may be able to deal more quickly with a 'complex' permission if it slots neatly into the applicant's standard business plan.
- 2.12** In addition, many applications are for several permissions at once. In that case, the applicant pays one fee only, for the most expensive permission. Where there is a bundle of permissions, the relationships between them and the different parts of the business undertaking them may simplify or complicate our assessment, regardless of the intrinsic complexity of the permissions involved.
- 2.13** With these caveats in mind, we have reviewed the time it has taken to process applications in the first six months of 2020, to illustrate the range of costs. Our management information does not classify the data according to the individual FSMA permissions applied for but we have been able to establish a broad equivalence to the three complexity categories which account for around 70% of the total. Table 2.1 presents the range of costs for processing these most common applications.

Table 2.1: Processing costs for the three most common fees, 2020

Application	Current fee	Processing cost		Proposed fee
		Range: up to	Average	
Consumer credit limited permission	£100-£500*	£4,000	£1,200	£500
Straightforward	£1,500	£20,000	£2,450	£2,500
Moderately complex	£5,000	£35,000	£6,750	£10,000

Note: applications for limited consumer credit permission are charged at £100 for applicants projecting income up to £50,000 and £500 for all others.

- 2.14** The most striking feature of this table is the wide range of costs. In each category, a few cases are handled within a matter of hours and for that reason we have not quoted lower limits. While processing any individual application will cost us more or less than the price paid by the applicant, our application fees are at the lower end of our costs. The balance is being passed back to periodic fees paid by firms that are already authorised, rather than distributed between the applicants.
- 2.15** If a firm is already authorised and applies for a variation of permission (VoP), we charge 50% of the standard rate, or £250 if the VoP does not move the applicant into a new fee-block¹. This is because we already have a large amount of background information on the applicant. That should and usually does save us time – but not always. If, for example, the VoP arises out of a restructuring of the applicant’s business, processing can be even more complex and time-consuming than dealing with a new application. When our costs amount to £50,000 or more (£25,000 in the case of dual-registered firms which are also authorised by the PRA), we can recover them from the applicant through a special project fee (SPF). Since the great majority of VoPs are charged within the range of £250 – £2,500, costs can rise considerably higher than the fee without hitting the threshold for direct cost recovery through an SPF. We continue to monitor our use of SPFs and their thresholds, but we are not proposing any changes in this CP.
- 2.16** We have considered the scope for charging the equivalent of an SPF to cover our additional costs on new applications but, as with VoPs, we do not normally know which individual applications are going to present unusual difficulties until we start to process them. Some applicants do discuss their applications with us before submitting them, but others do not. It would be both unfair and counter-productive to penalise those firms that approach us in advance because they want to improve the quality of their applications.
- 2.17** We have identified 83 FCA charges for applications. We believe that such a large number of different charges is confusing and may complicate our communication with prospective applicants. As well as revalorising the current fees, we propose to condense them into a simple table of ten pricing categories.

¹ We are proposing to increase this to a Category 2 fee of £500 – see Table 2.2.

Table 2.2: Permissions grouped into proposed pricing categories

Charging categories and permissions	Reference in current FEES manual	Current Charge (£)	Year introduced	Revalorised Charge (£) (inflation)	Proposed change
Category 1 – £250					
Fee-block G.20: CBTL lender – Applicant with Part 4A permission	FEES 3 Annex 10A: Consumer buy-to-let	100	2015	112	150%
Fee-block G.21: CBTL arranger or adviser – Applicant with Part 4A permission	FEES 3 Annex 10A: Consumer buy-to-let	100	2015	112	150%
Fee-block G.1: Registration under the Money Laundering Regulations	FEES Appendix 3	100	2008	134	150%
Fee-block C: AIFM UK Reg 58 – giving notice	FEES 3 Annex 2: Collective investment schemes	125	2013	144	100%
Fee-block CC1, CC2: Community finance organisations	FEES 3 Annex 1	100 – 200	2014	113-226	N/A*
Payment Services: Notification of electronic communications exclusion	FEES 3 Annex 8: Payment Services Regulations	200	2018	205	25%
Fee-block C: AIFM UK Reg 57 – giving notice	FEES 3 Annex 2: Collective investment schemes	250	2013	289	0%
Fee-block C: AIFM UK Reg 59 – giving notice	FEES 3 Annex 2: Collective investment schemes	250	2013	289	0%
Fee-block A.2: Community finance organisation	FEES 3 Annex 1	300	2016	329	-33%
Payment Services: Notification of limited network exclusion	FEES 3 Annex 8: Payment Services Regulations	300	2018	308	-33%
Fee-block C: FSMA s 272, Money Market Funds Reg – fund exists prior to 2018	FEES 3 Annex 2: Collective investment schemes	300	2013	346	-33%
Senior management regime application	New proposal				
Category 2 – £500					
VoP within the same fee-block	FEES 3.2.7(a)(1)	250	2001	417	100%
Fee-block G.4: Small payment institution	FEES 3 Annex 8: Payment Services Regulations	500	2009	676	0%
Fee-block C: Money Market Funds Reg Art 5 – UK AIF, not non-UCITS retail or qualified investor scheme	FEES 3 Annex 2: Collective investment schemes	500	2013	577	0%
Fee-block C: Money Market Funds Reg Art 5 – Non-UK AIF, not marketed in UK	FEES 3 Annex 2: Collective investment schemes	500	2013	577	0%
Fee-block CC1: Limited consumer credit permission	FEES 3 Annex 1	100-500	2014	113-564	N/A*
Fee-block G.20: CBTL lender – Applicant without Part 4A permission	FEES 3 Annex 10A: Consumer buy-to-let	500	2015	676	0%
Fee-block G.21: CBTL arranger or adviser – Applicant without Part 4A permission	FEES 3 Annex 10A: Consumer buy-to-let	500	2015	676	0%

Charging categories and permissions	Reference in current FEES manual	Current Charge (£)	Year introduced	Revalorised Charge (£) (inflation)	Proposed change
Registration as Protected cell company under Reg 14 Risk Transformation Regulations	FEES 3.2.7(zz)	500	2018	676	0%
Change in control	New proposal				
Category 3 – £1,000					
Fee-block C: FSMA s 264 – operator giving notice	FEES 3 Annex 2: Collective investment schemes	600	2001	1,000	67%
Fee-block C: Money Market Funds Reg Art 5 – Non- UK AIF, not managed by AIFM but marketed in UK	FEES 3 Annex 2: Collective investment schemes	750	2013	866	33%
Fee-block C: Money Market Funds Reg Art 5 – Non- UK AIF, marketed in UK	FEES 3 Annex 2: Collective investment schemes	750	2013	866	33%
Fee-block G.11: Small electronic money institution	FEES 3 Annex 10: Electronic Money Regulations	1,000	2011	1,228	0%
Benchmark endorser	FEES 3.2.7(zzc)	1,500	2019	---	-33%
Fee-block G.26: Third party verifier	FEES 3.2.7 (zze)	1,500	2019	---	-33%
Fee-block G.3: Registered account service provider – activity (h)	FEES 3 Annex 8: Payment Services Regulations	1,500	2017	1,538	-33%
Fee-block CC2: 'Straightforward' charge for consumer credit	FEES 3 Annex 1	600-5,000	2014	677-5,640	N/A*
Category 4 – £2,500					
Fee-block C: OEIC Reg 12- UCITS scheme	FEES 3 Annex 2: Collective investment schemes	1,200	2001	2,000	25%
Fee-block C: FSMA s 242 – UCITS scheme	FEES 3 Annex 2: Collective investment schemes	1,200	2001	2,000	25%
Fee-block C: FSMA s 261C – UCITS scheme*	FEES 3 Annex 2: Collective investment schemes	1,200	2013	1,386	25%
Fee-block C: OEIC Reg 12 – Non-UCITS retail scheme	FEES 3 Annex 2: Collective investment schemes	1,500	2001	2,500	67%
Fee-block C: FSMA s 242 – Non-UCITS retail scheme	FEES 3 Annex 2: Collective investment schemes	1,500	2001	2,500	67%
Fee-blocks A3, A4, A13, A14, A18, A19, A21, some benchmark administrators: 'Straightforward' charge for 'A' fee-blocks	FEES 3 Annex 1	1,500	2004	2,320	67%
Fee-block G.3: Authorised payment institution – activities (f) – (h)	FEES 3 Annex 8: Payment Services Regulations	1,500	2009	2,027	67%
Fee-block C: FSMA s 272 – UK AIF equivalent to qualified investor scheme*	FEES 3 Annex 2: Collective investment schemes	1,500	2013	1,732	67%
Fee-block C: FSMA s 261C – Non-UCITS retail scheme*	FEES 3 Annex 2: Collective investment schemes	1,500	2013	1,732	67%

Charging categories and permissions	Reference in current FEES manual	Current Charge (£)	Year introduced	Revalorised Charge (£) (inflation)	Proposed change
RAO Art 54 – Application for exclusion certificate	FEES 3.2.7(c)	2,000	2001	3,333	25%
Recognition as an accredited body	FEES 3.2.7 (zl)	2,500	2012	2,974	0%
Category 5 – £5,000					
Fee-block C: OEIC Reg 12 – Qualified investor scheme	FEES 3 Annex 2: Collective investment schemes	2,400	2001	3,999	108%
Fee-block C: FSMA s 242 – Qualified investor scheme	FEES 3 Annex 2: Collective investment schemes	2,400	2001	3,999	108%
Fee-block C: FSMA s 261C – Qualified investor scheme*	FEES 3 Annex 2: Collective investment schemes	2,400	2013	2,771	108%
Fee-block C: ELTIF Reg Art 5 – AIF*	FEES 3 Annex 2: Collective investment schemes	2,400	2013	2,771	108%
Recognition as benchmark administrator	FEES 3.2.7(zzb)	5,000	2019	---	0%
Fee-block G.3: Authorised payment institution – activities (a) – (e)	FEES 3 Annex 8: Payments services Regulations	5,000	2009	6,757	0%
Fee-block G.10: Authorised electronic money institution	FEES 3 Annex 10: Electronic Money Regulations	5,000	2011	6,140	0%
Authorisation under Reg 7 of Data Reporting Service Regulations	FEES 3.2.7(zw)	5,000	2017	5,300	0%
Fee-block CC2: 'Moderately complex' charge for consumer credit –	FEES 3 Annex 1	800-10,000	2014	902-11,280	N/A*
Category 6 – £10,000					
Fee-blocks A2, A3, A5, A7, A9, A10, Service companies, some benchmark administrators: 'Moderately complex' charge for 'A' fee-blocks	FEES 3 Annex 1: Authorisation fees payable	5,000	2001	8,332	100%
Fee-group G.15: Change to terms of regulated covered bond	FEES 3.2.7 (zn)	6,500	2012	7,733	54%
Fee-block C: FSMA s 272 – non-UK AIF equivalent to non-UCITS retail scheme or qualified investor scheme	FEES 3 Annex 2: Collective investment schemes	8,000	2013	9,237	25%
Fee-block D: Application to become designated professional body	FEES 3.2.7 (f)	10,000	2001	16,664	0%
Fee-block CC2: 'Complex' charge for consumer credit	FEES 3 Annex 1: Authorisation fees payable	1,000-15,000	2014	1,128-16,920	N/A*
Fee-block G.25: Data reporting service provider, non-transaction reporting	FEES 3.2.7(zy)	10,000	2018	10,257	0%
Fee-block CMC: Claims management company	FEES 3.2.7(zzd), FEES 3 Annex 1: Authorisation fees payable	1,200-10,000	2019	---	N/A*
Fee-block G23: Cryptoasset businesses	FEES Appendix 3	2,000-10,000	2019	---	N/A*
Insurance business transfer scheme – not long term	FEES 3.2.7(s)	12,500	2008	16,803	-20%

Charging categories and permissions	Reference in current FEES manual	Current Charge (£)	Year introduced	Revalorised Charge (£) (inflation)	Proposed change
Category 7 – £25,000					
Insurance business transfer scheme – long term	FEES 3.2.7(s)	20,000	2008	26,886	25%
Fee-block G.25: Data reporting service provider – connection for transaction reporting	FEES 3.2.7(zx)	20,000	2017	21,198	25%
Fee-group G.15: Registration of regulated covered bond, mainly UK mortgages	FEES 3.2.7 (zm)	25,000	2012	29,744	0%
Category 8 – £50,000					
Fee-blocks A1, A3, A4, MTF/OTF, some benchmark administrators: 'Complex' charge for 'A' fee-blocks	FEES 3 Annex 1	25,000	2001	41,659	100%
Fee-block B: UK RIE offering safeguarding and administration services	FEES 3 Annex 3: Recognised Investment Exchanges	25,000	2001	41,659	100%
Fee-block B: UK RIE using new and untested IT systems	FEES 3 Annex 3: Recognised Investment Exchanges	25,000	2001	41,659	100%
Fee-block C: ROIE offering safeguarding and administration services	FEES 3 Annex 3: Recognised Investment Exchanges	25,000	2001	41,659	100%
Fee-group G.15: Registration of regulated covered bond	FEES 3.2.7 (zm)	45,000	2012	53,539	11%
Category 9 – £100,000					
Fee-block B: Recognised Overseas Investment Exchange	FEES 3 Annex 3: Recognised Investment Exchanges	50,000	2001	83,319	100%
Fee-block B: Designated investment exchange	FEES 3.2.7 (n)	50,000	2001	83,319	100%
Category 10 – £200,000					
Fee-block C: UK Recognised Investment Exchange	FEES 3 Annex 3: Recognised Investment Exchanges	100,000	2001	166,637	100%

* Note: Where the current fees are subdivided by income, we have quoted the range of charges in column 3 for comparison but marked the percentage change as not applicable

2.18 We have set out the simplified pricing structure in Table 2.2 and grouped the permissions within each category. The main features of the simplified charges in Table 2.2 are:

- We grouped the charges into the pricing categories in two stages:
 - We increased each of the fee rates in line with inflation, calculated from the year the individual charge was introduced, using the Bank of England’s on-line inflation calculator.
 - We clustered the revalorised charges up or down into the nearest price category. As a result, 49 of the charges have increased, 23 have stayed the same, and 11 have reduced.
- We have set the lowest band at £250. This is equivalent to about 5 hours of staff time. Our experience shows it is not economic to process and account for payments below that. It is the administrative charge we make for late submissions of data.
- The lowest pricing bands are narrower than the highest ones. That is because these are the most common fees, and we believe the charges are more material for smaller firms, so narrow bands mitigate the increases.

2.19 We believe that the simplified structure of application fees will help to make the costs of authorisation more transparent. We have restructured the charges in a defined framework, but we recognise that, when we set a pricing category, some of the nearby fees will go up and others will go down, at different rates that don’t relate to the original fee. We welcome any comments on our approach and suggestions for improvement.

Q1: Do you have any comments on our proposals to revalorise application fees in line with inflation and create a simplified structure with a reduced number of pricing categories?

Application fees based on income

2.20 We have taken the opportunity to simplify 21 application fees which are currently based on the income of the applicant. This structure was introduced to protect small firms which were already trading when we took over the regulation of consumer credit in 2014. We later applied it to claims management companies (CMCs) and cryptoasset businesses. Income is a reasonable basis for charging a firm which is trading and has accounts to quote from, but it is less reliable for a new applicant working from estimates and could be subject to manipulation. Removing the income bands reduces the number of consumer credit fees from 18 to 5. We propose to introduce income-based models in the future only as transitional measures to assist firms that are already trading when we take over their regulation. New applicants will pay a conventional flat-rate fee.

2.21 The full application fee for limited consumer credit permission is £500 but firms which project income up to £50k pay £100. Table 2.1 shows that even the full fee falls towards the lower end of our processing costs. However, over 90% of limited permission applications attract the £100 charge. Removing the lower band and charging all applicants the full rate already represents a substantial increase for the great majority. Similarly, community finance organisations (CFOs) pay £200 for consumer credit

applications, but £100 for limited permission if their projected income is up to £50,000. They would now pay a category 1 charge of £250 for all consumer credit applications. We have applied the same model to applications by CMCs and cryptoasset businesses. The full fee remains £10,000 (ie Category 6) in both cases, but we are proposing to remove the income-based charges of £1,200 and £2,000 respectively.

2.22 Applications for full consumer credit permission are more complicated because the three complexity categories of 'Straightforward,' 'Moderately Complex' and 'Complex' each have 5 income bands, making 15 in all. Removing the income differentials does not produce a fair outcome. For example, the range for 'Straightforward' applications is £600 – £5,000. Setting the rate at Category 5 (£5,000) would be twice the £2,500 Category 4 charge proposed for other FSMA 'Straightforward' applications. Instead, we are reverting to the rates we originally proposed when we first consulted on consumer credit application fees in October 2013 – Category 4 (£1,000) for applications currently classed as Straightforward applications, Category 5 (£5,000) for Moderately Complex and Category 6 (£10,000) for Complex. As with limited permission, most applicants pay the lowest fee bands in each category, so this represents an increase for the majority.

Q2: Do you have any comments on our proposals to remove income bandings from application fees?

Other fees

2.23 We are making two further adjustments to existing fees:

- Claims management companies: while removing the lower fee of £1,200 for CMCs with income up to £1m, we are introducing a Category 4 fee of £2,500 for lead generators applying for the permission of seeking out people who may have a claim. These firms engage only in marketing activities and pass prospective leads to other CMCs or solicitors. It is those firms which then engage proactively with consumers and handle their cases. The Category 4 charge puts these lower risk CMCs in the same bracket as independent financial advisors and mortgage brokers. It would not affect those lead generators who also seek the higher risk permission of 'advice, investigation or representation.' These would now pay the full Category 6 fee of £10,000 regardless of income. This is consistent with the view we set out in PS18/23, when we rejected the argument that lead generators as a group presented lower risks: 'Lead generators are usually the first point of contact with customers. They carry out the initial assessment of the claims, their merits and their chances of success, in the course of which they handle large volumes of personal data. They choose the appropriate agencies to pass their clients on to and, critically, they set clients' expectations.'
- Validation orders (VOs): A VO enables a firm to enforce a debt legally when it has entered into a regulated credit agreement without holding the appropriate permission. At present, applications for VOs are charged £3,500 per type of agreement, up to a maximum of £10,000. Since there may be many types of agreement within any application, this is a complicated basis for a fee and it does not take account of the resources generated by the largest and the smallest applications. The current structure may also deter smaller firms from applying for VOs, which could cause consumer detriment. So we propose a structure based on the total value of the agreements within the VO. This better reflects the work we undertake on higher value VOs. The charges start at £1,000 (Category 3) for debts

up to £500,000, with a maximum of £25,000 (category 7) for debts above £7.5m (for details, see Appendix 1).

Q3: Do you have any comments on our proposals to introduce a Category 4 fee of £2,500 for claims management companies that apply only for the permission of seeking out people who may have a claim and to restructure the charges for validation orders?

Transaction fees

2.24 Our proposals to revalorise application fees still do not recover the full cost of processing the applications. In 2019, they would have passed some 20% of the costs of Authorisations to existing fee-payers through periodic fees. When firms request our services after they are authorised, we believe it is reasonable to seek a contribution from them to reduce the costs recovered from existing fee-payers. We are proposing two new charges:

- Changes in control (CiCs)
- Applications under the Senior Managers Regime (SMR)

Changes in control

2.25 When a business intends to gain or extend its control over an authorised person, it must seek our approval by submitting a notice under section 178 of FSMA. At present there is no charge for this, although the more substantial CiCs may involve restructuring exercises which would be eligible for SPFs if they generate more than £50,000 in FCA costs.

2.26 The majority of CiCs are relatively simple and do not reach the SPF threshold. The average cost to us is about £740. This falls slightly below the mid-point between the category 2 charge of £500 and the category 3 charge of £1,000 so we propose to round down to category 2. We estimate the annual number of CiC applications at about 1,600, so this would generate approximately £800,000.

Senior Managers Regime

2.27 The Senior Managers and Certification Regime (SMCR) applies to employees who hold a senior role in their firm, and is intended to reduce harm to consumers and strengthen market integrity by making individuals more accountable for their personal conduct and competence. Firms are able to self-certify the majority of employees, but the most senior managers who perform key roles need approval from us under the Senior Managers Regime (SMR) before starting their roles.

2.28 When the SMR was introduced in 2016, all the firms affected had to submit applications to us and so we shared cost recovery between all the fee-payers in the relevant fee-blocks. The SMR project costs will be paid off by the end of 2020/21, so from 2021/22 onwards we propose to charge firms as they apply.

2.29 Some SMR applications can involve a considerable amount of work, including interviews with key individuals. But on average they take a few hours, so a pricing category 1 charge of £250 would be appropriate. Approximately 8,000 applications would generate revenue of about £2m. This charge would also apply to principal firms applying on behalf of appointed representatives (ARs). As the SMR does not currently apply to benchmark administrators, although there are plans to extend it in future, the SMR charges will not apply to them in 2021/22.

Other charges

2.30 We have decided not to introduce fees for other potential charges we considered:

- Appointed representatives (ARs): Dealing with notifications is not time-consuming and the costs would fall below the threshold of a category 1 charge of £250. The periodic fees of principal firms take account of the additional demands they impose on our supervisory resources since they are charged on the basis of their own income plus the combined incomes of all their ARs.
- Cancellations: This could involve charging firms that are potentially in distress and might create a barrier that discouraged firms from removing permissions which they do not need.
- Waivers: We do not consider it would be appropriate to charge when the applicant is presenting a case that our rules do not match its particular circumstances.

Q4: Do you have any comments on our proposals to introduce charges for changes in control and applications under the senior managers regime.

Annual revalorisation

2.31 This revalorisation has involved a substantial increase in charges because many of the most significant fees have not changed in two decades. To avoid the charges continuing to be eroded by inflation, we propose to revalorise the pricing categories annually in line with our budget for ongoing regulatory activities (ORA) – ie the cost of running the FCA. This is the same basis on which our periodic fees are revalorised each year. It means that the charges will keep pace with our own operational costs rather than an abstract index of inflation. Our ORA increase for 2020/21 was 2%.

Q5: Do you have any comments on our proposal to revalorise application and transaction charges annually in line with our budget for ongoing regulatory activities (ORA)?

3 Periodic fees for cryptoasset businesses

(Draft rules in instrument in Appendix 2)

- 3.1** Since 10 January 2020, we have been responsible for supervising, under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (MLR), cryptoasset businesses which provide cryptoasset exchanges and custodian wallets. Our remit is limited to registering and supervising them under the anti-money laundering and counter terrorist financing regime. We are not responsible for regulating how they conduct their business with consumers. However, some businesses that carry on cryptoasset related activity will also be authorised by us under FSMA or other regulations for non-cryptoasset related regulated activity that they carry on (e.g. arranging deals in investments). UK cryptoasset businesses carrying on activities under the MLRs have until 10 January 2021 to register with us or cease cryptoasset activity. The application fees have been in place since January 2020 and are contributing towards the recovery of our project set-up costs. We will recover our annual supervisory costs and the balance of our set-up costs through periodic fees from 2021/22.
- 3.2** We set out our approach to periodic fees in CP 19/29 in October 2019. We explained that we would put all cryptoasset businesses into a single fee-block (we have now allocated fee-block G.23) and base their fees on income from the cryptoasset activities that we supervise under the MLR (ie income from the provision of cryptoasset exchanges and custodian wallet services only). As is the case with most of the fees we charge under FSMA, businesses with up to £100,000 of income would pay minimum fees only. Businesses with incomes above £100,000 would pay the minimum fee plus a variable rate.
- 3.3** We presented feedback on the comments we received in CP 20/06 (chapter 10) in April 2020, and we have taken these into account in the draft instrument at Appendix 2. The comments included some helpful suggestions on the detail of our definition of income.
- 3.4** In particular, we agree that the cost of purchasing cryptoassets should be excluded from the income reported to us. Our standard definition of income for calculating fees requires businesses to report their gross revenue, without any deductions for business expenses. Most cryptoasset brokers derive their income from the difference between the purchase price and the sale price of the products they trade. They would therefore have to include the price of the product in the income they report to us. By contrast, fund managers in traditional financial services charge fees which, while based on the values of the products, do not include the prices themselves.
- 3.5** We recognise that not all cryptoasset businesses report income in the same way and have taken this feedback on board. Our standard definition of income might overstate the income of brokers in comparison to other cryptoasset businesses, so we have adjusted it to exclude the purchase costs of cryptoasset products. As an example: if a company buys a cryptoasset unit for £9,000 (including any trading/transaction fees) and sells it for £9,050, the reported income should be £50 – as the equivalent to a fund management fee – and not £9,050.

- 3.6** Cryptoasset businesses should report their supervised cryptoasset income to us on the basis of their own financial years and submit the data within two months of the year-end. We calculate fees from the income reported during the previous calendar year – so the 2022/23 fees will be based on the financial year 2020/21. We will base the periodic fees for 2021/22 on the income businesses reported in their applications.
- 3.7** We will consult on the fee-rate for 2021/22 in our annual CP on FCA fee-rates in April 2021 and finalise the charges in a policy statement in July. Using the data currently available to us, we expect the rate will be around £10 per £k of supervised cryptoasset income above the minimum fee threshold of £100,000. When we set out our approach last October in CP 19/29, we explained that most FSMA fee-blocks had a minimum fee of around £1,000. Since then, our experience of processing applications from cryptoasset businesses since January has highlighted the high risks presented by this sector and we have concluded that a minimum fee of £2,000 would represent a more realistic contribution towards the recovery of our costs from the smaller businesses. Invoices will be issued between July – October.
- 3.8** Please note that the proposals for restructuring application fees that we set out in chapter 2 include removing the lower registration fee of £2,000 for businesses projecting cryptoasset income up to £250,000 (paragraphs 2.20 – 2.21). The registration charge would accordingly be £10,000 for all applicants from 1 April 2021 – i.e. Category 6 of the new pricing categories set out in Table 2.2. The change would take effect from 1 April 2021 so would not affect businesses currently trading, which must register with us by 10 January. We are proposing in paragraph 2.31 that all application charges should be revalorised annually to avoid erosion by inflation.

Q6: Do you have any comments on our proposals for the fees paid by cryptoasset businesses?

4 Introducing income to calculate fees for firms operating Multilateral Trading Facilities and Organised Trading Facilities

(FEES 4 – 4.2, 4.3, 4.4. Annex 1A, 2A,10 and 13 – draft rules in instrument in Appendix 3)

4.1 In this chapter, we set out our proposals for the third stage of our consultation to introduce income to calculate periodic fees for firms that operate Multilateral Trading Facilities (MTFs) and Organised Trading Facilities (OTFs). MTF and OTF regulated activities are covered by a sub-set of the market infrastructure provider B fee-block and currently pay flat periodic fees.

Background

4.2 Following consultation, that started with [CP16/33](#), chapter 4 (November 2016) we have:

- moved the way we calculate periodic fees for Recognised Investment Exchanges (RIEs) and Regulated Benchmark Administrators (RBAs) to one based on the income they derive from these activities
- standardised the way we use income to calculate periodic fees for Service Companies (SCs) in line with RIEs and RBAs

These changes for RIEs, RBAs and SCs were implemented from 2017/18. RIEs, RBAs and SCs are also sub-sets of the market infrastructure provider B fee-block.

4.3 In [CP16/33](#) we committed to consulting on moving MTFs and OTFs on to an income measure, from flat periodic fees, when the Markets in Financial Instrument Directive II (MiFID II) was implemented.

4.4 We repeated this commitment in our Policy Statement [PS19/19](#) chapter 3 (July 2019), (July 2019) following feedback to introduce a more uniform assessment for all trading venues by applying the same income measure to MTFs and OTFs.

4.5 In 2020/21 £8.2m of our total £589.9m annual funding requirement (AFR) was allocated to the B fee-block. We further allocate this to the various market infrastructure providers as sub-sets of the B fee-block. The proportion allocated to the MTF and OTF sub-set fee-block was £1.8m and is currently recovered from individual fee-payers within this sub-set through flat periodic fees. Flat periodic fees do not take account of the scale of the regulated business they undertake.

4.6 We believe using income as a measure of size (tariff base) increases transparency for fee-payers and represents an effective proxy for the impact risk they pose to our objectives. Income as a measure ensures an equitable distribution of cost recovery between fee-payers in the same fee-block, provided all are reporting on the same basis.

Previous consultation stages for MTFs and OTFs

- 4.7** The first-stage consultation established the definition of annual income tariff data from the regulated activities covered by firms operating an MTF and OTF – this definition has been included in FEES 4 Annex 11AR. The second-stage consultation modified the guidance in Table 1 section 10(c) of FEES 4 Annex 13G to enable Recognised Investment Exchanges (RIEs) and firms operating MTFs and OTFs to exclude rebates to their members from their reported annual income. This has placed them in the same position as firms who can exclude rebates to customers.
- 4.8** In Part 3 and Part 5 of FEES 4 Annex 1AR, the second-stage consultation also put in place a requirement for firms operating MTFs and OTFs to submit the tariff data defined in FEES 4 Annex 11AR based on their financial year ending in the calendar year ending 31 December 2019. Firms submitted this tariff data by 30 September 2020 for the purposes of the third-stage consultation.
- 4.9** For further information on these previous consultations stages we set out below the links to the following:
- Chapter 3 of [CP19/30](#) published November 2019
 - Chapter 3 of [Handbook Notice 74](#) published February 2020 (feedback on responses to CP19/20)
 - Chapter 9 of [CP20/06](#) published April 2020
 - Chapter 7 of [PS20/07](#) published July 2020 (feedback on responses to CP20/06)

Third-stage consultation proposals

- 4.10** Using the total annual income tariff data reported by firms operating MTFs and OTFs, we are proposing:
- a £100,000 threshold for determining the level of MTF and OTF annual income at which the operating firm will only pay the MTF/OTF minimum fee
 - a minimum fee aligned to the minimum used for the 'A' fee-blocks, £1,151 in 2020/21
 - firms reporting MTF and OTF annual income above £100,000 will pay a variable fee-rate for every £1,000 or part £1,000 of reported annual income above £100,000
 - a valuation date based on the annual income for the financial year ended in the calendar year ending 31 December before the following fee year to which the fees relate. For example, in the case of MTF/OTF fees for 2021/22, reference to 31 December would mean annual income for their financial year ending in calendar year ending 31 December 2020
- 4.11** The proposed £100,000 size threshold is the standard level we use for fee-blocks where annual income tariff data is the measure of size. This includes the A.13 fee-block (Advisors, arrangers, dealers and brokers) in which most of the firms operating MTFs and OTFs also pay fees. The proposed valuation date is the standard one we use for fee-blocks where annual income tariff data is the measure of size, including fee-block A.13.

4.12 In table 4.1 we set out the current MTF/OTF fee structure with 2020/21 fee-rates. Alongside we set out the proposed structure using indicative fee-rates based on the 2020/21 AFR allocated to the MTF/OTF sub-set B fee-block and the annual income reported in September 2020 by 90% of firms operating MTFs and OTFs. This will enable firms to assess the impact of introducing income for calculating their MTF and OTF fees.

Table 4.1: Current MTF/OTF fees structure compared to proposed MTF/OTF fees structure

Current fees structure		Proposed fees structure	
Basis	2020/21 fee rates	Basis	Indicative 2021/22 fee rates
MTF or OTF operator that has a named individual fixed portfolio supervisor	£350,225	Annual income (AI) up to and including £100,000	£1,151 minimum fee
All other MTF or OTF operators (ie those supervised by a team of flexible portfolio supervisors)	£33,028	AI over £100,000 (£/£ thousand or part thousand of income)	£2,586

Under the proposed fee structure, we overall expect:

- 40 firms will pay lower fees ranging from £1,151 to £30,245 compared to currently £33,028
- 9 firms will be higher fees ranging from £41,184 to £339,877 compared to currently £33,028

4.13 Depending on the responses to this third-stage consultation, we will implement the threshold for the minimum fee level from the 2021/22 fee-year. We'll consult on the minimum fee and variable fee rates to recover our 2021/22 AFR allocated to the MTF/OTF sub-set of the B fee-block in our April 2021 fees' rates consultation paper. Those variable fee-rates will be based on the income data reported by firms operating MTFs and OTFs for their financial year ending in calendar year ending 31 December 2020 and therefore will also contribute to producing a different fee-rate to the indicative fee-rate in table 4.1.

Q7: Do you have any comments on our proposed basis for calculating fees for firms operating MTFs and OTFs from 2021/22?

Administrative correction

4.14 Ring-fencing implementation fees no longer apply and the main rules covering these fees in FEES 4 Annex 2BR were deleted from the FEES Manual on the 1 July 2019. A consequential deletion in the Table at FEES 4.2.11R was not made at the time so we are correcting this omission in the draft instrument at Appendix 3 of this CP.

Annex 1

Questions in this paper

- Q1:** Do you have any comments on our proposals to revalorise application fees in line with inflation and create a simplified structure with a reduced number of pricing categories?
- Q2:** Do you have any comments on our proposals to remove income bandings from application fees?
- Q3:** Do you have any comments on our proposals to introduce a Category 4 fee of £2,500 for claims management companies that apply only for the permission of seeking out people who may have a claim and to restructure the charges for validation orders?
- Q4:** Do you have any comments on our proposals to introduce charges for changes in control and applications under the senior managers regime?
- Q5:** Do you have any comments on our proposal to revalorise application and transaction charges annually in line with our budget for ongoing regulatory activities (ORA)?
- Q6:** Do you have any comments on our proposals for the fees paid by cryptoasset businesses?
- Q7:** Do you have any comments on our proposed basis for calculating fees for firms operating MTFs and OTFs from 2021/22?

Annex 2

Compatibility statement

Compliance with legal requirements

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). Under section 138I of FSMA, the FCA is exempt from the requirement to carry out and publish a cost benefit analysis for such proposals.
2. When consulting on new rules, section 138I(2)(d) of FSMA requires us include an explanation of why we believe making the proposed rules is (a) compatible with our general duty, under s.1B(1) of FSMA, so far as reasonably possible, to act in a way which is compatible with our strategic objective and advances one or more of our operational objectives, and (b) our general duty under s.1B(5)(a) of FSMA to have regard to the regulatory principles in s.3B of FSMA. We are also required by s.138K(2) of 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 our duty to discharge our general functions (which include rule-making) in a way which 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 also explains how we have considered the Treasury's recommendations under s.1JA of FSMA of aspects of Her Majesty's Government's economic policy which we should consider in connection with our general duties.
5. This annex includes our assessment of the equality and diversity implications of these proposals.

The FCA's objectives and regulatory principles: Compatibility statement

6. Our proposals in this consultation are not intended in themselves to advance our operational objectives, but the fees we collect will fund our capacity to achieve them. 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

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

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

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

9. Our fee-raising proposals are set to recover our costs in carrying out our responsibilities under FSMA and associated legislation. We aim 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.

The principle that a burden or restriction should be proportionate to the benefits

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

11. Our proposals in chapter 2 to revalorise and restructure our application fees, will help to rebalance the apportionment of cost recovery between new applicants and existing fee-payers. Over time, the value of application fees has been eroded by inflation, reducing the proportion of processing costs paid by new applicants.

12. In chapter 4, our third stage proposals to use income to calculate periodic fees for operators of Multilateral Trading Facilities (MTFs) and Organised Trading Facilities (OTFs) represents an effective proxy for the impact risk they pose to our objectives.

The desirability of recognising differences in the nature of, and objectives of, businesses carried on by different persons including mutual societies and other kinds of business organisation

13. We are proposing to adjust our definition of supervised cryptoasset income to take account of the business models of different types of businesses. Our proposals do not affect mutual societies.

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

14. Our consultation processes are intended to ensure that we are transparent about the thinking behind our proposals and clearly explain what we expect to achieve. We believe that this CP meets these objectives.

15. We believe that the simplified structure of application fees will make our charges more accessible and easier to find.

16. In chapter 4, our third stage consultation for operators of MTFs and OTFs will make the basis for how periodic fees are calculated for these fee payers more transparent

Expected effect on mutual societies

17. We do not expect the proposals in this paper to have any impact on mutual societies.

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

18. These proposals enable us to fund the activities we need to undertake in 2018/19. These activities include meeting our duty to promote effective competition in the interests of consumers. Fees are not intended in themselves to influence firms' behaviour.

Equality and diversity

19. 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 to ensure that the equality and diversity implications of any new policy proposals are considered.
20. As explained in paragraphs 1.10 and 1.11 of this CP, we do not think that the proposals negatively impact any of the groups with protected characteristics under the Equality Act 2010. But we will continue to consider the equality and diversity implications of the proposals during the consultation period, and will revisit them when publishing the final rules.

The Treasury's recommendations about economic policy

21. Each year, the Treasury makes recommendations to us under section 1JA of FSMA about aspects of economic policy which we should consider when undertaking our functions. Our fees proposals indirectly take account of the Treasury's recommendations by providing the resources that enable us to meet our objectives in taking responsibility for the claims management market.

Annex 3

Abbreviations used in this paper

AFR	Annual funding requirement
AIF	Alternative investment fund
AIFM	Alternative investment fund manager
AR	Appointed representative
CBTL	Consumer buy-to-let
CFO	Community finance organisation
CiC	Change in control
CMC	Claims management company
CP	Consultation paper
DP	Discussion paper
ELTIF	European long-term investment fund
FCA	Financial Conduct Authority
FSA	Financial Services Authority
FSCS	Financial Services Compensation Scheme
FSMA	Financial Services and Markets Act 2000
MiFID	Markets in Financial Instrument Directive
MLR	Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
MTF	Multilateral Trading Facility
ORA	Ongoing regulatory activities
OTF	Organised Trading Facility
PRA	Prudential Regulation Authority
PS	Policy statement

RBA s	Regulated Benchmark Administrators
RIE s	Recognised Investment Exchanges
SC s	Service companies
SMCR	Senior managers and certification regime
SMR	Senior managers regime
SPF	Special project fee
UCITS	Undertakings for collective investment in transferable securities
VO	Validation order
VoP	Variation of permission



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.

All our publications are available to download from www.fca.org.uk. If you would like to receive this paper in an alternative format, please call 020 7066 7948 or email: publications_graphics@fca.org.uk or write to: Editorial and Digital team, Financial Conduct Authority, 12 Endeavour Square, London E20 1JN

Appendix 1

Application Fees (Amendment) Instrument 2021 (draft rules)

APPLICATION FEES (AMENDMENT) INSTRUMENT 2021

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the powers and related provisions in or under:
- (1) the following powers and related provisions of 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) paragraph 23 (Fees) of Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority) of the Act;
 - (2) regulation 118 (Costs of supervision) of the Payment Services Regulations 2017 (SI 2017/752);
 - (3) regulation 59 (Costs of supervision) of the Electronic Money Regulations 2011 (SI 2011/99);
 - (4) regulation 46 and paragraph 5 of Schedule 1 (Fees) in the Regulated Covered Bond Regulations 2008 (SI 2008/346);
 - (5) article 25(a) (Application 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);
 - (6) regulation 40 (FCA: penalties, fees and exemption from liability in damages) of the Data Reporting Services and Regulations 2017 (SI 2017/699);
 - (7) section 27 of the Financial Guidance and Claims Act 2018;
 - (8) regulation 26 of the Financial Services and Markets Act (2000) (Benchmarks) Regulations 2018 (SI 2018/135);
 - (9) regulation 40 (FCA: penalties, fees and exemption from liability in damages) of the Data Reporting Services Regulations 2017 (SI 2017/699);
 - (10) paragraph 25 of Schedule 1 of the Financial Services and Markets Act 2000 (Markets in Financial Instruments) Regulations (SI 2017/701);
 - (11) regulation 21 of the Small and Medium Sized Business (Credit Information) Regulations 2015 (SI 2015/1945);

- (12) regulation 18 of the Small and Medium Sized Business (Finance Platforms) Regulations 2015 (SI 2015/1946); and
- (10) paragraph 11 (Penalties and fees) of Schedule 1 and paragraph 4(7) of Schedule 2 of the Securitisation Regulations 2018 (SI 2018/1288).

B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

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

Notes

D. In this instrument, notes shown as “**Note:**” and “*Editor’s note:*” are intended for the convenience of the reader but do not form part of the legislative text.

Amendments to the Handbook

E. The Fees Manual is amended in accordance with the Annex to this instrument.

Citation

F. This instrument may be cited as the Application Fees (Amendment) Instrument 2021.

By order of the Board
[*date*]

Annex

Amendments to the Fees Manual

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

[Editor's note: this instrument amends provisions made by the Exiting the European Union: High Level Standards (Amendments) Instrument 2019 (FCA 2019/20) which will come into force on 1 January 2021.]

3 Application, Notification and Vetting Fees

3.1 Introduction

Application

3.1.1 R This chapter applies to every *person* set out in column 1 of the Table of application, notification and vetting fees in *FEES 3.2.7R* and every *person* set out in annexes to *FEES 3* referred to in column 1 of the Table of application, notification and vetting fees in *FEES 3.2.7R*.

3.1.1A R A reference to *firm* in this chapter refers to *fee-paying payment service provider*, a *CBTL firm*, a *fee-paying electronic money issuer*, a *designated finance platform*, a *designated credit reference agency* and a *data reporting services provider*.

...

Purpose

...

3.1.4 G Most of the detail of what fees are payable by the persons referred to in *FEES 3.1.3G* is set out in *FEES 3 Annex 1 – ~~FEES 3 Annex 12R~~ FEES 3 Annex 16*.

...

3.1.6 G ~~Applications for *Part 4A permission* other than in respect of *credit-related regulated activities* are categorised by the *FCA* for the purpose of fee raising as straightforward, moderately complex and complex as identified in *FEES 3 Annex 1*. This differentiation is based on the *permitted activities* sought and does not reflect the *FCA's* risk assessment of the applicant.~~
[deleted]

3.1.6A G ~~Application fees for authorisation or registration~~ Fees for applications and notifications under the *Payment Services Regulations* are set out in *FEES 3 Annex 8R*. The fee depends on

the type of *payment services* a *firm* wishes to provide and whether it will be a *small payment institution* or an *authorised payment institution*. The fee may also depend on the number of *agents* it has.

3.1.6B G ~~Application fees for authorisation or registration~~ Fees for applications and notifications under the *Electronic Money Regulations* are set out in *FEES 3 Annex 10R*. The fee depends on whether the firm is an *authorised electronic money institution* or a *small electronic money institution*.

3.1.6C G Application fees for registration under article 8(1) of the *MCD Order* are set out in *FEES 3 Annex 10AR*. The fee depends on whether the *firm* holds an existing *Part 4A permission* ~~or an interim permission~~ or has previously registered as a *CBTL firm* and that registration has been revoked under article 13 of the *MCD Order*.

...

3.1.8A G Application fees for applications for and variations of *Part 4A permission* in respect of *credit-related regulated activities* are also set out in ~~*FEES 3 Annex 1F*~~ *FEES 3 Annex 1* and *FEES 3 Annex 16R*. ~~Applications for *Part 4A permission* in respect of *credit-related regulated activities* are categorised by the FCA for the purposes of fee raising as straightforward, moderately complex and complex as identified in *FEES 3 Annex 1*, unless the application is for a *limited permission*.~~

[Note: *PRA-authorised persons* may also pay regulatory transaction fees to the *PRA* set out in Chapter 4 of the Fees Part of the *PRA Rulebook*.]

3.2 **Obligation to pay fees**

General

3.2.1 R A *person referred to* in column (1) of the table in *FEES 3.2.7R* as the relevant fee payer for a particular activity must pay to the FCA (in its own capacity or, if the fee is payable to the *PRA*, in its capacity as collection agent for the *PRA*) a fee for each application or request for vetting, or request for support relating to compatibility of its systems with FCA systems, or admission approval made, or notification, or other matter as is applicable to it, as set out or calculated in accordance with the provisions referred to in column (2) of the appropriate table:

- (1) In full and without deduction; and
- (2) On or before the date given in column (3) of that table or the relevant annexes.

...

...

- 3.2.2 G If an application for a *Part 4A permission* falls within more than one pricing category set out in *FEES 3 Annex 1A*, other than where one of the applications is an application under the *benchmarks regulation*, only one fee is payable. That fee is the one for the category to which the highest fee tariff applies, unless the contrary intention appears. Where applications are made under the *benchmarks regulation*, a separate fee will be payable for this application. ~~The relevant fee is set out in *FEES 3.2.7R*.~~

Method of payment

- 3.2.3 R ~~(1) Unless (2), (3) or (4) applies, the sum payable under *FEES 3.2.1R* must be paid by bankers draft, cheque or other payable order.~~
- ~~(2) The *FCA* does not specify a method of payment for a *person* seeking to:~~
- ~~(a) become a *recognised body* or a *designated professional body*; or~~
- ~~(b) be added to the list of *designated investment exchanges* or *accredited bodies*.~~
- ~~(3) The sum payable under *FEES 3.2.1R* by a *firm* applying for a variation of its *Part 4A permission* which is not an application for new *permission* solely in respect of one or more *credit-related regulated activities* (*FEES 3.2.7R(p)(1)* or *FEES 3.2.7R(p)(4)* and, if applicable, *FEES 3.2.7R(c)*) must be paid by any of the methods described in (1) or by Maestro, Visa Debit or credit card (Visa/Mastercard/American Express only).~~
- ~~(4) Unless *FEES 3.2.3AR* applies, the sum payable under *FEES 3.2.1R* by a *firm* applying for a *Part 4A permission* in respect of *credit-related regulated activities* only or a variation of its *Part 4A permission* to add solely one or more *credit-related regulated activities* must be paid by Maestro, Visa Debit or credit card (Visa/Mastercard/American Express only).~~
- Unless *FEES 3.2.3AR* applies, the sum payable under *FEES 3.2.1R* must be paid online by Maestro, Visa Debit or credit card. If payment is made by credit card, it must be made by Visa, Mastercard or American Express.
- 3.2.3A ~~(4)~~ If the fee payer (as specified in column (1) of *FEES 3.2.7R*) in relation to *FEES 3.2.3R(4)* is:

- (a) unable to make a payment ~~by credit or debit card~~ by any of the methods of payment set out in FEES 3.2.3R; or
- (b) permitted to make a paper application rather than an online application for a *Part 4A permission* in respect of *credit-related regulated activities* only or a variation of its *Part 4A permission* to add a *credit-related regulated activity*;

the sum payable under FEES 3.2.1R can be paid by bankers draft, cheque or other payable order.

...

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

Part 1A: Application, notification and vetting fees		
(1) Fee payer	(2) Fee payable (£) <u>by reference to the pricing category in FEES 3 Annex 1A.</u>	Due date
(a) Any applicant for <i>Part 4A permission</i> (including an <i>incoming firm</i> applying for <i>top-up permission</i>) whose fee is not payable pursuant to sub-paragraph (zza) of this table	<p>(1) Unless (2) or (3) applies, in respect of a particular application, the highest of the tariffs set out in FEES 3 Annex 1A part 1 which apply to that application.</p> <p>When both (A) and (B) apply, 50% of the tariff payable under (1):</p> <p><u>(2) 50% of the tariff payable under (1) is payable when either (a), (b) or (c) apply.</u></p> <p>When both (A) and (B) apply, 50% of the tariff payable under (1):</p> <p>(A) the application only involves a simple change of legal status as set out in FEES 3 Annex 1 part 6; and</p> <p>(B) the application is:</p> <p>(i) a straightforward case under paragraph 2(d) or 3(g) of FEES 3 Annex 1;</p> <p>(ii) a moderately complex case under paragraph 2(e) or 3(h) of FEES 3 Annex 1; or</p> <p>(iii) a <i>limited permission</i> case under paragraph 3(i) of FEES 3 Annex 1.</p>	On or before the application is made

	<p>(a) <u>the application is one referred to in paragraph p; or</u></p> <p>(b) <u>the application is made by a PRA- authorised person or persons seeking to become PRA-<u>authorised persons</u>;-(iii</u></p> <p>(c) <u>The application is a limited permission case under FEES 3 Annex 1.</u></p> <p>(3) If the applicant applies for registration under article 8(1) of the <i>MCD Order</i> at the same time as applying for a <i>Part 4A permission</i>, the fee payable is the higher of:</p> <p>(i) the fee otherwise payable in (1) or (2a); and</p> <p>(ii) the fee payable in <i>FEES 3 Annex 10AR</i>.</p> <p>(4) No fee is payable if the applicant satisfies the criteria set out in FEES 4 Annex 2BR(5)(a).</p>	
<p>...</p>		
<p>(e) Any applicant for a certificate under article 54 of the Regulated Activities Order [deleted]</p>	<p>2,000</p>	<p>On or before the application is made</p>
<p>(d) Applicants for the authorisation of an AIF as a <i>LTIF Persons</i> making an application or notification in relation to applications set out in <i>FEES 3 Annex 2R</i>:</p> <p>(i) authorisation order for or recognition under section 272 of the Act of a collective investment scheme;</p> <p>(ii) Application for the authorisation of an AIF as an <i>LTIF</i>;</p>	<p><i>FEES 3 Annex 2R</i>, part 2A</p> <p><u>Category applicable to the application or notification set out in <i>FEES 3 Annex 2R</i></u></p>	<p>On or before the application or notification is made</p>

<p><u>(iii) The management company of a scheme making a notification under section 264 of the Act;</u></p> <p><u>(iv) A non-UK AIFM (with a branch in the UK) notifying the FCA of its intention to market an AIF in the UK under regulation 59 of the AIFMD UK regulation;</u></p> <p><u>(v) An AIFM notifying the FCA of its intention to market an AIF in the UK under regulation 58 or 59 of the AIFMD UK regulation;</u></p> <p><u>(vi) An applicant for registration on the register of small registered UK AIFM.</u></p>		
<p>(da) Applicants for the authorisation of an AIF as a LTIF [deleted]</p>	<p>FEES 3 Annex 2R, part 2A</p>	<p>On or before the application is made</p>
<p>(e) The management company of a scheme making a notification under section 264 of the Act</p> <p><u>Any applicant making an application set out in FEES 3 Annex 14R- Other FCA application fees:</u></p> <p><u>(i) Any person seeking an order under section 326(1) of the Act to become a designated professional body;</u></p> <p><u>(ii) Applicant to be added to the list of designated investment exchanges;</u></p> <p><u>(iii) Any applicant for recognition as an accredited body;</u></p> <p><u>(iv) Any applicant for registration under regulation 14 of the Risk Transformation Regulations as a protected cell company;</u></p>	<p>FEES 3 Annex 2R, part 3 Pricing category applicable to the application set out in FEES 3 Annex 14R</p>	<p><u>As specified in FEES 3 Annex 14R</u></p>

<p><u>(v) Application for recognition of an administrator in accordance with article 32 of the <i>benchmarks regulation</i>;</u></p> <p><u>(vi) Application for endorsement of a <i>benchmark</i> or family of <i>benchmarks</i> in accordance with article 33 of the <i>benchmarks regulation</i>;</u></p> <p><u>(vii) Application for authorisation under regulation 7 of the <i>DRS Regulations</i>, or the operator of a <i>trading venue</i> seeking verification of their compliance with Title V of <i>MiFID</i> under regulation 8 of the <i>DRS Regulations</i></u></p> <p><u>(viii) Application for variation of an authorisation under regulation 12 of the <i>DRS Regulations</i>;</u></p> <p><u>(ix) Applications for connection to the <i>market data processor system</i> to provide reports directly to the <i>FCA</i> under <i>MiFIR</i>.</u></p> <p><u>(x) Application to connect to the <i>market data processor system</i> to provide <i>markets data (other than transaction reports)</i> under <i>MAR 10</i></u></p> <p><u>(xi) An application for authorisation as a <i>third party verifier</i></u></p>		
<p>(ea)</p> <p><u>(i) A <i>non-UK AIFM</i> (with a <i>branch</i> in the <i>UK</i>) notifying the <i>FCA</i> of its intention to market an <i>AIF</i> in the <i>UK</i> under regulation 59 of the <i>AIFMD UK regulation</i></u></p> <p><u>(ii) An <i>AIFM</i> notifying the <i>FCA</i> of its intention to market an <i>AIF</i> in the <i>UK</i> under regulation 58 or 59 of</u></p>	<p><i>FEES 3 Annex 2R, part 4</i></p>	<p>On or before the date the notification is made</p>

the <i>AIFMD UK regulation</i> [deleted]		
(eb) An applicant for registration on the register of <i>small registered UK AIFM</i> which the <i>FCA</i> is required to maintain under regulation 10 of the <i>AIFMD UK regulation</i> [deleted]	£750	On or before the date the notification is made
<p>(f) <u>Any person seeking an order under section 326(1) of the Act to become a designated professional body. Persons making an application referred to in FEES 3 Annex 15R – Transaction fees:</u></p> <p><u>(i) Any applicant for a certificate under article 54 of the Regulated Activities Order;</u></p> <p><u>(ii) A transferor in the case of an insurance business transfer scheme;</u></p> <p><u>(iii) An issuer applying for registration of a regulated covered bond;</u></p> <p><u>(iv) An issuer who proposes to make a material change to the contractual terms of a regulated covered bond under RCB 3.5.4D;</u></p> <p>(v) Applicant for <i>FCA</i> permission for an agreement to be enforced under section 28A(3)(a) and/or money paid or property transferred under an agreement to be retained under and agreement to be retained under 28A(3)(b) of the <i>Act</i>;</p> <p>(vi) Application for change in control under section 178 of the <i>Act</i>;</p> <p>(vii) Applications in respect of controlled functions under the Senior Managers and Certification Regime (SMCR), including</p>	10,000 Pricing category applicable to the application or notification set out in <u>FEES 3 Annex 15R.</u>	As specified in <i>FEES 3 Annex 15R</i>

applications by <i>principal firms</i> in respect of SMCR functions in <i>appointed representatives</i>		
...		
(n) Applicants to be added to the list of <i>designated investment exchanges</i> [deleted]	50,000	On or before the date the notification is made
...		
(p) A <i>firm</i> applying for a variation of its <i>Part 4A permission</i> , as referred to in <i>FEES 3 Annex 16R</i> , whose fee is not payable pursuant to sub- paragraph (zza) of this table.	<p>(1) Unless (2), (2A), (3), (3A), (3B), (3C), (3D) or 3(E) applies, if the proposed new business of the <i>firm</i> would fall within one or more activity groups specified in Part 1 of <i>FEES 4 Annex 1AR</i> not applicable before the application, the fee is 50% of the highest of the tariffs set out in <i>FEES 3 Annex 1R</i> which apply to that application.</p> <p>(1) An applicant who makes an application set out in <i>FEES 3 Annex 2 – Annex 16</i> must pay the fee that is set out in the applicable pricing category in <i>FEES 3 Annex 1A</i>. (2) Subject to (2A) below, if the <i>firm's</i> application includes an application for a <i>Part 4A permission</i> to carry on a new <i>credit related regulated activity</i>, the fee is 50% of the highest of the tariffs set out in <i>FEES 3 Annex 1R</i> that would be payable in relation to the new <i>credit related regulated activity</i> that would be payable under (1) above or, if higher, 50% of the highest of the tariffs set out in <i>FEES 3 Annex 1R</i></p> <p>(2) Subject to (3) below, if the new business of the <i>firm</i> would fall within more than one pricing category in <i>FEES 3 Annex 1A</i>, the fee payable is that in the highest pricing category applicable to the application.</p> <p>(2A) If an applicant which already has a <i>Part 4A permission</i> to carry on a <i>credit related regulated activity</i> exclusively applies for a <i>Part 4A permission</i> to carry</p>	As specified in <i>FEES 3 Annex 16R</i>

	<p>on a new <i>credit related regulated activity</i>, that is specified in Part 3 of <i>FEES 3 Annex 1R</i> in the straightforward category (or if it exclusively applies for a number of such <i>permissions</i>), the fee is £250.</p> <p>(the A.1 fee block at the date of the application and the variation involves adding any of the <i>regulated activities of meeting of repayment claims or managing dormant account funds (including the investment of such funds)</i>, the fee is 50% of the fee in <i>FEES 3 Annex 1R</i> that applies to that application</p> <p>(3A) If the applicant had a <i>limited permission</i> prior to the application to vary its <i>Part 4A permission</i>, 100% of the highest of the tariffs set out in <i>FEES 3 Annex 1R</i> which apply to that application.</p> <p>(3B) If the applicant has a <i>limited permission</i> and its application exclusively relates to another limited permission, the fee is 0</p> <p>(3) If the applicant applies for registration under article 8(1) of the <i>MCD Order</i> at the same time as it applies for a variation of its <i>Part 4A permission</i>, the fee payable is the highest of;</p> <p>(i) the fees set out in <i>FEES 3 Annex 10AR</i>;</p> <p>(ii) the amount otherwise payable in (1), (2), (2A), (3), (3A) or (3B), or (4) accordance with <i>FEES 3 Annex 16</i>;</p> <p>(3D) No fee is payable if the applicant satisfies the criteria set out in <i>FEES 4 Annex 2BR(5)(a)</i>.</p> <p>(4) In all other cases, other than applications by credit unions, the fee payable is 250 for <i>firms</i> which are not, or are not seeking to become, a <i>PRA- authorised person</i>, and 125 for <i>firms</i> which are, or are seeking to become, a</p>	
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	<p><i>PRA authorised person</i>, unless the variation involves only the reduction (and no other increases) in the scope of a <i>Part 4A permission</i> in which case no fee is payable.</p> <p>(3E) The fee is 12,500 if the <i>firm</i> applying:</p> <p>(i) is an <i>MTF</i> operator and the proposed new business of the <i>firm</i> is to be an <i>OTF</i> operator; or</p> <p>(ii) is an <i>OTF</i> operator and the proposed new business of the <i>firm</i> is to be an <i>MTF</i> operator.</p>	
<p>...</p>		
<p>(s) In the case of an <i>insurance business transfer scheme</i>, a transferor.</p> <p>Note— for the purpose of this paragraph an <i>insurance business transfer scheme</i> consists of a single transferor and a single transferee. Where however such a scheme is part of a single larger scheme, that larger scheme is treated as a single <i>insurance business transfer scheme</i>. If an <i>insurance business transfer scheme</i> includes more than one transferor in accordance with this paragraph, the transferors are liable to pay the fee under column (2) jointly. [deleted]</p>	<p>Either (1) or (2) as set out below:</p> <p>(1) In the case of an <i>insurance business transfer scheme</i> involving <i>long term insurance business</i>, 20,000; or</p> <p>(2) in the case of an <i>insurance business transfer scheme</i> not involving <i>long term insurance business</i>, 12,500.</p>	<p>On or before any application is made for the appointment of a person as an independent expert.</p>
<p>...</p>		
<p>(y) An applicant for authorisation as an <i>authorised payment institution</i> under regulation 5 of the <i>Payment Services Regulations</i>. <u>A person who makes an application or notification to the FCA under the <i>Payment Services Regulations</i>, including an application for</u></p>	<p>The highest of the tariffs set out in <i>FEES 3 Annex 8</i> which apply to that application.</p> <p>Where an application only involves a simple change of legal status as set out in <i>FEES 3 Annex 1 Part 6</i>, the fee payable is 50% of the tariff that would otherwise be payable in <i>FEES 3 Annex 8R</i>.</p>	<p>On or before the date the application is made.</p>

<p><u>variation of authorisation or registration.</u></p>	<p>The fee payable is that in the highest pricing category applicable to the application or notification as set out in <i>FEES 3 Annex 8R</i>.</p>	
<p>(ya) An applicant for registration as an account information service provider under regulation 17 of the <i>Payment Services Regulations</i>. [deleted]</p>	<p><i>FEES 3 Annex 8R</i>, paragraph (2)(i). Where an application only involves a simple change of legal status as set out in <i>FEES 3 Annex 1 Part 6</i>, the fee payable is 50% of the tariff that would otherwise be payable in <i>FEES 3 Annex 8R</i>.</p>	<p>On or before the date the application is made.</p>
<p>(z) An application by a <i>small payment institution</i> for authorisation as an <i>authorised payment institution</i> because regulation 16 of the <i>Payment Services Regulations</i> applies [deleted]</p>	<p>The highest of the tariffs set out in <i>FEES 3 Annex 8R</i> which apply to that application.</p>	<p>On or before the date the application is made.</p>
<p>(za) An applicant for registration as a <i>small payment institution</i> under regulation 13 of the <i>Payment Services Regulations</i>. [deleted]</p>	<p><i>FEES 3 Annex 8R</i>, paragraph (1). Where an application only involves a simple change of legal status as set out in <i>FEES 3 Annex 1R Part 6</i>, the fee payable is 50% of the tariff that would otherwise be payable in <i>FEES 3 Annex 8R</i></p>	<p>On or before the date the application is made.</p>
<p>(zb) An <i>authorised payment institution</i> applying to vary its authorisation under regulation 5 of the <i>Payment Services Regulations</i>. [deleted]</p>	<p>(1) If prior to the variation the <i>authorised payment institution</i> is authorised to carry on any one or more of the payment services falling within paragraph (f), (g) or (h) of Part 1 of Schedule 1 to the <i>Payment Services Regulations</i> and the <i>authorised payment institution</i> is applying to extend its authorisation to include any one or more of the payment services in (a) to (e), the fee is 50% of the highest of the tariffs set out in <i>FEES 3 Annex 8R</i> which apply to that application.</p> <p>(2) Where the <i>authorised payment institution</i> already has authorisation to provide <i>payment services</i> within any one or more of paragraphs (a) to (e) of Part 1 of Schedule 1 to the <i>Payment Services Regulations</i> and wishes to add one or more other services in (a) to (f);</p>	<p>On or before the date the application is made.</p>

	<p>the fee payable is £250 irrespective of the number of <i>agents</i> it has.</p> <p>(3) Where the <i>authorised payment institution</i> already has authorisation to provide <i>payment services</i> within any one or more of paragraphs (a) to (f) of Part 1 of Schedule 1 to the <i>Payment Services Regulations</i> and wishes to add one or both of the services in (g) and (h) the fee payable is £750, irrespective of the number of agents it has.</p> <p>(4) In cases where the variation involves only the reduction (and no increases) of the types of <i>payment services</i> to be carried on after the variation, no fee is payable.</p>	
(zc) A <i>small payment institution</i> applying to vary its registration under regulation 13 of the <i>Payment Services Regulations</i> [deleted]	<p>(1) The fee is 50% of the tariff set out in <i>FEES 3 Annex 8R</i>, paragraph (1).</p> <p>(2) In cases where the variation involves only the reduction (and no increases) of the types of <i>payment services</i> to be carried on after the variation, no fee is payable.</p>	On or before the date the application is made.
...		
(zg) An applicant for authorisation as an <i>authorised electronic money institution</i> under regulation 5 of the <i>Electronic Money Regulations</i> . <u>A person who makes an application or notification to the FCA under the <i>Electronic Money Regulations</i>, including an application for variation of authorisation or registration.</u>	The amount set out in <i>FEES 3 Annex 10R</i> . Where an application only involves a simple change of legal status as set out in <i>FEES 3 Annex 1R Part 6</i> , the fee payable is 50% of the tariff that would otherwise be payable in <i>FEES 3 Annex 10R</i> . The fee payable is that in the highest pricing category applicable to the application or notification as set out in <i>FEES 3 Annex 10R</i> .	On or before the date the application is made.
(zh) An applicant for registration as a <i>small electronic money institution</i> under regulation 12 of the <i>Electronic Money Regulations</i> . [deleted]	The amount set out in <i>FEES 3 Annex 10R</i> . Where an application only involves a simple change of legal status as set out in <i>FEES 3 Annex 1R Part 6</i> , the fee payable is 50% of the tariff that would otherwise be payable in <i>FEES 3 Annex 10R</i> .	On or before the date the application is made.

<p>(zi) An application by a <i>small electronic money institution</i> for authorisation as an <i>authorised electronic money institution</i> because regulation 16 of the <i>Electronic Money Regulations</i> applies. [deleted]</p>	<p>The amount set out in <i>FEES 3 Annex 10R</i>.</p>	<p>On or before the date the application is made.</p>
<p>(zj) An <i>authorised electronic money institution</i> applying to vary its authorisation under regulation 8 of the <i>Electronic Money Regulations</i>. [deleted]</p>	<p>(1) Subject to (2) below, the fee is 50% of the tariff for an <i>electronic money institution</i> authorisation application set out in <i>FEES 3 Annex 10R</i>.</p> <p>(2) Where the <i>authorised electronic money institution</i> applies to vary its permission so as to be able to provide one or both of the payment services in paragraphs (g) and (h) of Part 1 of Schedule 1 to the <i>Payment Services Regulations</i> the fee payable is £750.</p>	<p>On or before the date the application is made.</p>
<p>(zk) A <i>small electronic money institution</i> applying to vary its registration under regulation 12 of the <i>Electronic Money Regulations</i>. [deleted]</p>	<p>The amount set out in <i>FEES 3 Annex 10R</i>.</p>	<p>On or before the date the application is made.</p>
<p>(zl) An applicant for recognition as an <i>accredited body</i>. [deleted]</p>	<p>2,500</p>	<p>On or before the date the application is made.</p>
<p>(zm) An <i>issuer</i> applying for registration of a <i>regulated covered bond</i>. [deleted]</p>	<p>(1) Unless (2) or (3) applies, 45,000.</p> <p>(2) In the case of a proposed <i>covered bond</i> or <i>programme</i> where the <i>assets</i> in the <i>asset pool</i> will consist primarily of UK residential mortgages, 25,000.</p> <p>(3) No fee is payable if the <i>issuer</i> satisfies the criteria set out in <i>FEES 4 Annex 2BR(5)(b)</i>.</p>	<p>On or before the date the application is made.</p>
<p>(zn) An <i>issuer</i> who proposes to make a material change to the contractual terms of a <i>regulated covered bond</i> under <i>RCB 3.5.4D</i>. [deleted]</p>	<p>(1) Unless (2) applies 6,500.</p> <p>(2) No fee is payable if the <i>issuer</i> satisfies the criteria set out in <i>FEES 4 Annex 2BR(5)(c)</i>.</p>	<p>On or before the date the notification under <i>RCB</i></p>

		3.5.4D is made.
...		
<p>(zs) Applicant for <i>FCA</i> permission for an agreement to be enforced under section 28A(3)(a) and/or money paid or property transferred under an agreement to be retained under 28A(3)(b) of the <i>Act</i>. [deleted]</p>	<p>(1) If the application is for permission for an agreement to be enforced under section 28A(3)(a) of the <i>Act</i> and for permission for money paid or property transferred under an agreement to be retained under section 28A(3)(b) of the <i>Act</i>, the fee is £3,500 per type of agreement specified in the application.</p> <p>(2) If the application is for permission for an agreement to be enforced under section 28A(3)(a) of the <i>Act</i> only, the fee is £3,500 per type of agreement specified in the application.</p> <p>(3) If the application is for permission for money paid or property transferred under an agreement to be retained under section 28A(3)(b) of the <i>Act</i> only, the fee is £3,500 per type of agreement specified in the application.</p> <p>Where there are a number of agreements of the same type, only one fee is payable in respect of those agreements. A number of agreements are of the same type when those agreements are entered into on the same terms and conditions.</p>	On or before the date the application is made.
...		
<p>(zw) An applicant for authorisation under regulation 7 of the <i>DRS Regulations</i>, or the operator of a <i>trading venue</i> seeking verification of their compliance with Title V of <i>MiFID</i> under regulation 8 of the <i>DRS Regulations</i> or an applicant for variation of an authorisation under regulation 12 of the <i>DRS Regulations</i>. [deleted]</p>	<p>Either (1), (2), or (3) applies as set out below:</p> <p>(1) If the applicant is applying for permission to operate one <i>data reporting service</i>, 5,000.</p> <p>(2) If the applicant is applying for permission to operate more than one <i>data reporting services</i>, 50% of the fee at (1) for each additional service plus the fee at (1).</p>	On the date the application is made.

	(3) If the applicant is applying for variation of an authorisation, 50% of the fee at (1) for each additional service.	
<p>(zx) (1) Unless (2) applies any person applying to connect to the market data processor system to make transaction reports directly to the FCA under MiFIR.</p> <p>(2) If a person has previously applied as stated in (zx)(1) above and has been connected then no further fee is payable for any further such applications. [deleted]</p>	<p>(1) Unless (2) applies, 20,000.</p> <p>(2) Any incoming data reporting services provider will pay 80% of the fee at (1).</p>	On the date the application is made.
<p>(zy) (1) Subject to (2) and (3) below, any person applying to connect to the market data processor system to provide markets data (other than transaction reports) under MAR 10.</p> <p>(2) If a person has previously applied as stated in (zy)(1) above and has been connected then no further fee is payable for any further such applications in relation to reporting the same data.</p> <p>(3) If a person has previously applied as stated in (zy)(1) above and makes a further application in relation to the provision of different data then a separate fee is payable for such application.</p>		
(zz) an applicant for registration under regulation 14 of the Risk Transformation Regulations as a protected cell company. [deleted]	500	On or before the date the application is made.
(zza) An application for authorisation as a regulated benchmark administrator.	<p>The highest of the applicable pricing category set out in FEES 3 Annex 1R <u>FEES 3 Annex 1AR</u>.</p> <p>Where an applicant intends to administer benchmarks falling into different</p>	...

	complexity groupings, it will pay one fee only, for the highest category applied for. If, once authorised, a <i>regulated benchmark administrator</i> notifies the FCA of its intention to administer other/additional <i>benchmarks</i> no further application fee is payable (even if the other/additional benchmark falls into a higher complexity category).	
(zzb) An application for recognition of an administrator in accordance with article 32 of the <i>benchmarks regulation</i> . [deleted]	5,000	On the date the application is made.
(zzc) An application for endorsement of a <i>benchmark</i> or family of <i>benchmarks</i> in accordance with article 33 of the <i>benchmarks regulation</i> . [deleted]	1,500	On the date the application is made.
(zzd) applications for <i>claims management companies</i>	<p>(1) £1,200 for <i>claims management companies</i> with annual turnover of up to and including £1,000,000; and</p> <p>(2) £10,000 for <i>claims management companies</i> with annual turnover of over £1,000,000. <u>The fee applicable to the application as set out in paragraph CMC of Part 2 of FEES 3 Annex 1.</u></p> <p><i>Firms</i> which already have <i>Part 4A permissions</i> and are applying to vary their permissions receive a 50% <u>reduction in pay 50% of the relevant fee.</u></p>	...
(zze) An application for authorisation as a <i>third party verifier</i> [deleted]	<p>(1) Unless (2) applies, 1,500.</p> <p>(2) <i>Firms</i> which already have <i>Part 4A permissions</i> will not receive a 50% reduction in the authorisation fee.</p>	On the date the application is made.
...		

...

3 Annex 1R	Authorisation fees payable
Part 1 – Authorisation fees payable <u>in the A, B, C, CC and CMC fee-blocks</u>	
For <i>FCA-authorised persons</i> and <i>persons</i> seeking to become <i>FCA-authorised persons</i> , the amount payable to the <i>FCA</i> is the amount in the pricing category applicable to the application as set out:	
<ul style="list-style-type: none"> (i) under Part 1(a) below; <u>or</u> (ii) <u>under Part 2 below.</u> 	
For <i>PRA-authorised persons</i> and <i>persons</i> seeking to become <i>PRA-authorised persons</i> , <u>save for credit unions</u> , the amount payable to the <i>FCA</i> is the amount payable under Part 1(b) <u>50% of the amount applicable to the application in Part 1a or Part 2 as the case may be.</u>	
<u>The fees applicable to credit unions are set out in Part 1b below.</u>	
[Note: <i>PRA-authorised persons</i> may also pay regulatory transaction fees for new authorisations to the <i>PRA</i> as set out in Chapter 4 of the Fees Part of the <i>PRA</i> ’s Rulebook.]	
The Tables below set out the following:	
<ul style="list-style-type: none"> (1) fees for applications by <i>community finance organisations</i> <u>in Part 1(a)</u>; (2) fees for applications by <i>credit unions</i> in Part 1(b); (3) application fees in respect of the complexity groupings that relate to regulated activities that are not credit-related regulated activities; and <u>fees for applications in the A, B, C, CC and CMC fee blocks in Part 2.</u> (3) application fees in respect of the complexity groupings that relate to credit-related regulated activities. 	
Part 1(a) Authorisation Fees payable to the FCA by FCA-authorised persons <u>Community Finance Organisations</u>	
Application type	Amount payable (£)
(1) <i>Community finance organisations</i>	
(a) [deleted]	
(aa) <i>Community finance organisations</i> – where application is for a <i>Part 4A permission</i> limited to	200 <u>Pricing category 1 in FEES 3 Annex 1A</u>

permission to carry on <i>credit-related activity</i>	
(ab) <i>Community finance organisations</i> – where application is for a <i>Part 4A permission</i> as a <i>home finance provider</i> or <i>home finance administrator</i>	300 Pricing category 1 in <i>FEES 3 Annex 1A</i>
(ac) <i>Community finance organisations</i> – where application is for <i>limited permission</i>	(i) 100 If consumer credit annual income is between £0 – £50,000; and (ii) 200 if consumer credit annual income is more than £50,000
...	
(2) Complexity groupings not relating to <i>credit-related regulated activities</i> – see Part 2 [deleted]	
(d) Straightforward [deleted]	1,500 (unless otherwise specified in Part 2)
(e) Moderately complex [deleted]	5,000 (unless otherwise specified in Part 2)
(f) Complex [deleted]	25,000
(3) Complexity groupings relating to <i>credit-related regulated activity</i> – see Part 3 [deleted]	
	Consumer credit annual income (£)
	0 – 50,000
	> 50,000
(g) <i>Limited permission</i> [deleted]	100 unless the application is for <i>limited permission</i> as a <i>not-for-profit debt advice body</i>, in which case the amount payable is 0
	500 unless the application is for <i>limited permission</i> as a <i>not-for-profit debt advice body</i>, in which case the amount payable is 0
	Consumer credit annual income (£) [deleted]

	0– 50,000	>50,000 –100,000	>100,000– 250,000	>250,000– 1,000,000	> 1,000,000
(h) Straightforward [deleted]	600	750	1,000	1,500	5,000
(i) Moderately complex [deleted]	800	1,000	1,500	5,000	10,000
(j) Complex [deleted]	1,000	1,250	2,000	7,000	15,000
(4) Complexity groupings relating to claims management companies [deleted]					
(k) Claims management companies with turnover of up to and including £1,000,000 [deleted]	1,200				
(l) Claims management companies with turnover of over £1,000,000 [deleted]	10,000				
(5) Complexity groupings relating to third party verifiers [deleted]					
(m) Third party verifiers [deleted]	1,500				
Part 1(b) Authorisation Fees payable to the FCA by PRA-authorized persons					
Application type				Amount payable (£)	
(1) <i>Credit unions</i>					
...				...	
(2) Complexity groupings not relating to credit related regulated activities – see Part 2					
(d) Straightforward [deleted]	750 (unless otherwise specified in Part 2)				

(e) Moderately complex [deleted]	2,500 (unless otherwise specified in Part 2)				
(f) Complex [deleted]	12,500				
(3) Complexity groupings relating to credit related regulated activity – see Part 3 [deleted]					
	Consumer credit annual income (£) [deleted]				
	0–50,000 [deleted]		>50,000 [deleted]		
(g) Limited permission [deleted]	50 unless the application is for limited permission as a not for-profit debt advice body, in which case the amount payable is 0		250 unless the application is for limited permission as a not for-profit debt advice body, in which case the amount payable is 0		
	Consumer credit annual income (£) [deleted]				
	0–50,000	>50,000–100,000	>100,000–250,000	>250,000–1,000,000	>1,000,000
(h) Straightforward [deleted]	300	375	500	750	2,500
(i) Moderately complex [deleted]	400	500	750	2,500	5,000
(j) Complex [deleted]	500	625	1,000	3,500	7,500

Part 2 – ~~Complexity groupings not relating to credit regulated activities~~ Pricing categories applicable to applications made in the following activity groupings in the A, B, C, CC and CMC fee blocks

Straightforward cases

--

Activity grouping	Description	<u>Applicable pricing category in FEES 3 Annex 1A</u>
<u>A.1</u>	<u>Deposit acceptors (excluding e-money issuers and credit unions) and dormant account fund operators</u>	<u>8</u>
<u>A.2</u>	<u>Home finance providers and administrators</u>	<u>6</u>
A.3	<i>Friendly societies only</i>	<u>4</u>
	<u>UK ISPVs</u>	<u>6</u>
	<u>Insurers - general (excluding friendly societies and UK ISPVs)</u>	<u>8</u>
A.4	<i>Friendly societies only</i>	<u>4</u>
	<u>Insurers - life (excluding friendly societies)</u>	<u>8</u>
<u>A.5</u>	<u>Managing agents at Lloyd's</u>	<u>6</u>
<u>A.7</u>	<u>Portfolio managers</u>	<u>6</u>
<u>A.9</u>	<u>Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes</u>	<u>6</u>
A.10	<u>Firms dealing as principal</u>	<u>6</u>
A.13	Advisors, arrangers, dealers or brokers	<u>4</u>
A.14	Corporate finance advisers	<u>4</u>
A.18	<i>Home finance providers, advisers and arrangers (excluding home finance providers).</i>	<u>4</u>
A.19	General insurance distribution	<u>4</u>
A.21	Holding client money or assets or both.	<u>4</u>
B.	<i>Regulated benchmark administrators where the applicant intends to administer a non-significant benchmark</i>	<u>4</u>
<u>B.</u>	<u>Service companies</u>	<u>6</u>
<u>B.</u>	<u>Regulated benchmark administrators where the applicant intends to administer:</u>	<u>6</u>

	<p><u>- a significant benchmark; or</u></p> <p><u>- a commodity benchmark or an interest rate benchmark which has not been designated as a critical benchmark;</u></p> <p><u>or</u></p> <p><u>- a regulated-data benchmark other than one which is a non-significant benchmark.</u></p>	
<u>B.</u>	<u>MTF operators and OTF operators</u>	<u>8</u>
<u>B.</u>	<u>Regulated benchmark administrators where the applicant intends to administer a critical benchmark</u>	<u>8</u>
<u>CC1</u>	<u>Credit-related regulated activity – limited permission</u>	<u>2</u>
	<u>Not-for-profit debt advice body</u>	<u>No fee payable</u>
<u>CC2</u>	<p><u>Credit broking;</u></p> <p><u>Providing credit information services;</u></p> <p><u>Advising on regulated credit agreements for the acquisition of land</u></p>	<u>3</u>
	<p><u>Debt administration</u></p> <p><u>Debt collecting</u></p> <p><u>Entering into a regulated consumer hire agreement as owner</u></p> <p><u>Entering into a regulated credit agreement as lender (excluding in relation to high-cost short-term credit, bill of sale loan agreements and home credit loan agreements)</u></p> <p><u>Exercising, or having the right to exercise, the owner's rights and duties under a regulated consumer hire agreement</u></p> <p><u>Exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement (excluding in relation to high-cost short-term credit, bill of sale loan agreements and home credit loan agreements)</u></p>	<u>5</u>

	<u>Operating an electronic system in relation to lending</u>	
<u>CC.2</u>	<u>Debt adjusting</u> <u>Debt counselling</u> <u>Entering into a regulated credit agreement as lender in relation to high-cost short-term credit, bill of sale loan agreements and home credit loan agreements</u> <u>Exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement in relation to high-cost short-term credit, bill of sale loan agreements and home credit loan agreements</u> <u>Providing credit references</u>	<u>6</u>
<u>CMC</u>	<u>Claims management companies applying only for the permission of seeking out persons who may have a claim.</u>	<u>4</u>
	<u>Claims management companies applying for any other permission</u>	<u>6</u>

Moderately Complex Cases [deleted]

Moderately complex cases [deleted]	
Activity grouping	Description
[deleted]	[deleted]
A.2	Home finance providers and administrators.
A.3	<i>UK ISPVs</i>
[deleted]	[deleted]
A.5	<i>Managing agents at Lloyd's</i>
A.7	Portfolio managers
A.9	Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes

A.10	<i>Firms dealing as principal</i>
B.	<i>Service companies</i>
B.	<p>Regulated benchmark administrators where the applicant intends to administer:</p> <ul style="list-style-type: none"> – a significant benchmark; or – a commodity benchmark or an interest rate benchmark which has not been designated as a critical benchmark; or – a regulated data benchmark other than one which is a non-significant benchmark.

Complex Cases [deleted]

Complex cases <u>[deleted]</u>	
Activity grouping	Description
A.1	Deposit acceptors (excluding e-money issuers and credit unions) and dormant account fund operators
A.3	Insurers – general (excluding friendly societies and UK ISPVs)
A.4	Insurers – life (excluding friendly societies)
B	<i>MTF operators and OTF operators</i>
B.	<i>Regulated benchmark administrators where the applicant intends to administer a critical benchmark</i>

Part 3 – Complexity Groupings relating to *credit related regulated activity*Straightforward cases [deleted]

Activity grouping	Description <u>[deleted]</u>
CC.2	<p><i>Credit broking;</i></p> <p><i>Providing credit information services;</i></p> <p><i>Advising on regulated credit agreements for the acquisition of land</i></p>

Moderately complex cases [deleted]

Activity grouping	Description [deleted]
CC.2	<p><i>Debt administration</i></p> <p><i>Debt collecting</i></p> <p><i>Entering into a regulated consumer hire agreement as owner</i></p> <p><i>Entering into a regulated credit agreement as lender (excluding in relation to high cost short term credit, bill of sale loan agreements and home credit loan agreements)</i></p> <p><i>Exercising, or having the right to exercise, the owner's rights and duties under a regulated consumer hire agreement</i></p> <p><i>Exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement (excluding in relation to high cost short term credit, bill of sale loan agreements and home credit loan agreements)</i></p> <p><i>Operating an electronic system in relation to lending</i></p>

Complex cases [deleted]

Activity grouping	Activity grouping [deleted]
CC.2	<p><i>Debt adjusting</i></p> <p><i>Debt counselling</i></p> <p><i>Entering into a regulated credit agreement as lender in relation to high-cost short term credit, bill of sale loan agreements and home credit loan agreements</i></p> <p><i>Exercising, or having the right to exercise, the lender's rights and duties under a regulated credit agreement in relation to high cost short term credit, bill of sale loan agreements and home credit loan agreements</i></p> <p><i>Providing credit references</i></p>

After FEES 3 Annex 1 Authorisation fees payable, insert the following new section, FEES 3 Annex 1A FCA Pricing categories. The text is not underlined.

<u>3 Annex 1AR</u> <u>FCA pricing categories</u>	
<u>Category</u>	<u>Price</u>
<u>Category 1</u>	<u>£250</u>
<u>Category 2</u>	<u>£500</u>
<u>Category 3</u>	<u>£1,000</u>
<u>Category 4</u>	<u>£2,500</u>
<u>Category 5</u>	<u>£5,000</u>
<u>Category 6</u>	<u>£10,000</u>
<u>Category 7</u>	<u>£25,000</u>
<u>Category 8</u>	<u>£50,000</u>
<u>Category 9</u>	<u>£100,000</u>
<u>Category 10</u>	<u>£200,000</u>

Amend the following as shown:

...				
3 Annex 2R	Application and notification fees payable in relation to collective investment schemes, LTIFs, money market funds and AIFs marketed in the UK			
Legislative provision	Nature and purpose of fee	Payable by	Amount of fee (£) <u>Applicable pricing category in FEES 3 Annex 1A</u>	Umbrella factor (note 1)
Part 1 [deleted]				

...				
Part 2 Application fees payable for firms to be subject to <i>COLL</i>				
<p>(1) Regulation 12 of the <i>OEIC Regulations</i>, application for order declaring a <u>scheme to be an ICVC</u>;</p> <p>This section applies to funds where an application is also made to be authorised under the <i>Money Market Funds Regulation</i>.</p> <p>(2) <u>Section 242 of the Act</u>, application for order declaring a <u>scheme to be an AUT</u></p> <p>(3) <u>Section 261C of the Act</u>, application for order declaring a <u>scheme to be an ACS</u>, whether it is established as a <u>co-ownership scheme</u> or a <u>limited partnership scheme</u></p> <p>(1),(2) and (3) also apply to <u>funds</u> where an application is also made to be authorised under the <i>Money</i></p>	<p>On application for an order declaring a scheme to be an ICVC, where the <i>scheme</i> is:</p>	An applicant		2
	<i>UCITS scheme</i>		1,200 <u>4</u>	
	<i>Non-UCITS retail scheme</i>		1,500 <u>4</u>	
	<i>Qualified investor scheme</i>		2,400 <u>5</u>	

<u>Market Funds Regulation.</u>				
...				
<i>Section 272 of the Act</i>	On application for an order declaring a <i>scheme</i> to be recognised where the <i>scheme</i> is:	An applicant		
	<i>A non-UK AIF or AIF equivalent to a UK UCITS, non UCITS retail scheme or a qualified investor scheme</i>		8,000 6	2
	Where funds of any kind set out in Part 2 exist prior to 21 July 2018, a flat fee will be payable on an application for authorisation under the <i>Money Market Funds Regulation</i>		300 1	

Part 2A Application fees payable for firms applying for a UK AIF to be authorised under the ELTIF regulation

Article 5 of the <i>ELTIF regulation</i>	On application for an <i>AIF</i> to be authorised under the <i>ELTIF regulation</i>	An applicant	2,400 <u>5</u>	2
Part 2B Application fees payable for UK or non-EEA firms applying for authorisation under article 5 of the Money Market Funds Regulation				
Article 5 of the <i>Money Market Funds Regulation</i>	<i>UK AIF</i> (apart from those authorised as a <i>UK UCITS</i> , a <i>non-UCITS retail scheme</i> or a <i>qualified investor scheme</i>)		<u>500</u> <u>2</u>	
	<i>Non-UK AIF</i> which is marketed in the <i>UK</i> ¹		<u>750</u> <u>3</u>	
	<i>Non-UK AIF</i> which is not marketed in the <i>UK</i>		<u>500</u> <u>2</u>	
	<i>Non-UK AIF</i> which is not managed by an <i>AIFM</i> but is marketed in the <i>UK</i>		<u>750</u> <u>3</u>	
Part 3 (notifications)				
<i>Section 264</i> of the <i>Act</i>	On giving notice under <i>section 264</i> of the <i>Act</i>	The operator	600 <u>3</u>	2
Part 4 (Alternative Investment Funds: fees payable for making a notification to the FCA to market an AIF)				
<u>Regulation 10</u> of the <u><i>AIFMD UK regulation</i></u>	<u>Application for registration on the register of small registered <i>UK AIFMs</i>.</u>	<u>the <i>AIFM</i></u>	<u>3</u>	<u>N/A</u>

Regulation 57 of the <i>AIFMD UK regulation</i>	On giving notice under regulation 57 of the <i>AIFMD UK regulation – price payable per AIF</i>	the <i>AIFM</i>	250 per AIF 1	N/A
Regulation 58 of the <i>AIFMD regulation</i>	On giving notice under regulation 58 of the <i>AIFMD UK regulation – price payable per AIF</i>		125 per AIF 1	
Regulation 59 of the <i>AIFMD regulation</i>	On giving notice under regulation 59 of the <i>AIFMD UK regulation – price payable per AIF</i>		250 per AIF 1	
...				

Part 5 (Administration fee for money market funds that exist prior to 21 July 2018 which need to apply for authorisation by the FCA by 21 January 2019)

Article 4 of the <i>Money Market Funds Regulation</i>	On application by an existing money market fund which from 21 July 2018 seeks to be authorised under the <i>Money Market Funds Regulation</i>	21 July 2018	300 1	2
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...

3 Annex 3R	Application fees payable in connection with Recognised Investment Exchanges		
Description of applicant	Amount payable Applicable pricing category in FEES 3 Annex 1A	Due date	

Part 1 (UK recognised bodies)		
Applicant for recognition as a <i>UK RIE</i>	100,000 <u>10</u>	Date the application is made
...		
Additional fees for a <i>UK RIE</i> applicant who proposes to:		
- offer safeguarding and administration services	25,000 <u>8</u>	Date the application is made
- use substantially new and untested information technology systems in the performance of its relevant functions	25,000 <u>8</u>	Date the application is made
Part 2 (<i>ROIEs</i>)		
Applicant for recognition as a recognised overseas investment exchange	50,000 <u>9</u>	Date the application is made
Additional fees for applicant who proposes to:		
- offer safeguarding and administration services	25,000 <u>8</u>	Date the application is made

...

3 Annex 8R Fees payable under the Payment Services Regulations, including for authorisation as an authorised payment institution, or registration as a small payment institution, including notification fees and fees for variation of authorisation and registration, in accordance with the Payment Services Regulations

Authorisation and registration fees payable Where an application involves a simple change of legal status as set out in *FEES 3 Annex 1A Part 6* the fee payable is 50% of the tariff that would otherwise be payable.

Where more than one fee is applicable to an application, the tariff payable is the highest of the applicable tariffs.

Application type for authorisation, registration and notification under Part 2 of the Payment Services Regulations	Amount payable <u>Applicable pricing category in FEES 3 Annex 1A</u>
(1) <i>small payment institution</i>	500 <u>2</u>
(2) <i>authorised payment institution</i> - where the applicant is applying for authorisation to provide payment services in paragraph(s) (f) (money remittance) and/or (g) (payment initiation services) and/or (h) (account information services) 3 of Part 1 of Schedule 1 to the Payment Services Regulations	1,500 <u>4</u>
(2)(i) <i>registered account information service provider</i> - where the applicant is applying for registration to provide payment services in paragraph (h) (account information services) of Part 1 of Schedule 1 to the <i>iii</i> only	1,500 <u>3</u>
(3) <i>authorised payment institution</i> - where the applicant is applying for authorisation to provide payment services in any one or more of paragraph(s):	5,000 <u>5</u>
...	
...	
<p>(6) A person (service provider) - where, during the course of the <i>FCA</i> financial year (12 months ending 31 March) that <i>person</i> notifies the <i>FCA</i> under regulation 38 of the <i>Payment Services Regulations</i> of its use of the limited network exclusion <u>or the electronic communications exclusion</u></p> <p>[<u>Note: If the <i>FCA</i> determines that the claim for exemption is not valid and the business must apply for authorisation or registration, then the latest exemption charge paid by the business will be deducted from the relevant application fee.</u>]</p>	<p>300 <u>1</u></p> <p>If the <i>FCA</i> determines that the claim for exemption is not valid and the business must apply for authorisation or registration, then the latest exemption charge paid by the business will be deducted from the relevant application fee.</p>
(7) A person (service provider) — where, during the course of the <i>FCA</i> financial year (12 months ending 31 March), that person	<p>200</p> <p>If the <i>FCA</i> determines that the</p>

	notifies the FCA under regulation 39 of the <i>Payment Services Regulations</i> of its use of the electronic communications exclusion	claim for exemption is not valid and the business must apply for authorisation or registration, then the latest exemption charge paid by the business will be deducted from the relevant application fee.
(8)	The fees set out in paragraphs (8)(a), (b) and (c) are applicable to an <i>authorised payment institution</i> applying to vary its authorisation under regulation 5 of the <i>Payment Services Regulations</i> where the <i>authorised payment institution</i> is applying to increase the <i>payment services</i> that it is permitted to carry on. The fees in these paragraphs are irrespective of the number of agents the applicant has.	
	(a) If the <i>authorised payment institution</i> is authorised to carry on <i>payment services</i> in paragraphs (f) (g) or (h) of Part 1 of Schedule 1 to the <i>Payment Services Regulations</i> and is applying to extend its authorisation to include any one or more of the <i>payment services</i> in (a) to (e) of Part 1 of Schedule 1;	<u>50% of 4</u>
	(b) If the <i>authorised payment institution</i> is authorised to carry on <i>payment services</i> in paragraphs (a) to (e) of Part 1 of Schedule 1 to the <i>Payment Services Regulations</i> and is applying to add one or more of the services in (a) and (f);	<u>50% of 4</u>
	(c) If the <i>authorised payment institution</i> is authorised to carry on <i>payment services</i> in paragraphs (a) to (f) of Part 1 of Schedule 1 to the <i>Payment Services Regulations</i> and is applying to add one or both services in (g) and (h).	<u>50% of 4</u>
	These charges are irrespective of the number of agents the applicant has	
(9)	Variation of registration under regulation 13 of the <i>Payment Services Regulations</i> where the small payment institution is applying to increase the <i>payment services</i> that it is permitted to carry on.	<u>50% of 2</u>

Note: See FEES TP 17 for transitional provisions relating to fees payable for authorisation as an authorised payment institution or registration as a small payment institution under the Payment Services Regulations 2017 (SI 2017/752).

3 Annex 10R	Fees payable <u>under the <i>Electronic Money Regulations</i>, including for authorisation as an <i>authorised electronic money institution</i>, or registration as a <i>small electronic money institution</i> or variation thereof, including and notification fees, in accordance with the <i>Electronic Money Regulations</i></u>
Authorisation, registration and variation fees payable	
Application type for authorisation, registration, variation or notification under Part 2 of the <i>Electronic Money Regulations</i>	Amount payable <u>Applicable pricing category in FEES 3 Annex 1A</u>
(1) small electronic money institution	1,000 <u>3</u>
(2) authorised electronic money institution	5,000 <u>5</u>
...	
(5) <u>An authorised electronic money institution applying to vary its authorisation under regulation 8 of the <i>Electronic Money Regulations</i>.</u>	
(a)	Subject to (5)(b) below, where the <i>authorised electronic money institution</i> is applying to vary its authorisation to increase the services that it can carry on;
(b)	Where the <i>authorised electronic money institution</i> applies to vary its authorisation to provide one of both of the one or both of the <i>payment services</i> in paragraphs (g) and (h) of Part 1 of Schedule 1 to the <i>Payment Services Regulations</i> .
(6) <u>A small electronic money institution applying for a variation of registration under regulation 12 of the <i>Electronic Money Regulations</i>.</u>	50% of <u>3</u>

3 Annex 10AR	Fees payable for registration as a CBTL firm under article 9 of the MCD Order	
Application type for registration under article 9 of the MCD Order	Amount payable <u>Applicable pricing category in FEES 3 Annex 1A</u>	
(1) An applicant who, at the time of application, holds a <i>Part 4A permission</i> or <i>interim permission</i> and has not had a registration as a <i>CBTL firm</i> revoked under article 13 of the <i>MCD Order</i> .	£100 <u>1</u>	
(2) An applicant who, at the time of application, (a) does not hold a <i>Part 4A permission</i> or <i>interim permission</i> ; or (b) has previously held a registration as a <i>CBTL firm</i> which was revoked under article 13 of the <i>MCD Order</i> .	£500 <u>2</u>	
...		

After FEES 3 Annex 13R Fees payable for registration as a credit rating agency, trade repository or securitisation repository, insert the following new annexes, FEES 3 Annex 14R Other FCA application fees, FEES 3 Annex 15R FCA Transaction fees and FEES 3 Annex 16R Fees for an application of variation of permission. This text is not underlined.

3 Annex 14R		Other FCA application fees	
	Application type	Pricing category in FEES 3 Annex 1A	Due date
1	Any person seeking an order under <i>section 326(1)</i> of the Act to become a <i>designated professional body</i>	6	30 days after the order is granted
2	Any applicant to be added to the list of <i>designated investment exchanges</i>	9	On or before the date the

			application is made
3	Any applicant for recognition as an <i>accredited body</i>		4 On or before the date the application is made
4	Any applicant for registration under regulation 14 of the <i>Risk Transformation Regulations</i> as a <i>protected cell company</i>		2 On or before the date the application is made
5	Applications under the <i>benchmarks regulation</i>		
	(a)	recognition of an administrator in accordance with article 32 of the <i>benchmarks regulation</i>	5 On the date the application is made
	(b)	endorsement of a <i>benchmark</i> or family of <i>benchmarks</i> in accordance with article 33 of the <i>benchmarks regulation</i>	3 On the date the application is made
6	Applications under the <i>Data Reporting Services Regulations</i> in relation to <i>MiFID</i> and/or <i>MiFIR</i> and/or <i>MAR</i>		
	(a)	Application for authorisation under regulation 7 of the <i>DRS Regulations</i> , or the operator of a <i>trading venue</i> seeking verification of their compliance with Title V of <i>MiFID</i> under regulation 8 of the <i>DRS Regulations</i> . The pricing categories in either (a) (i), (ii) or (iii) below apply	
	(i)	Application to operate one <i>data reporting service</i> , plus 50% of the fee for each additional service applied for.	5 On the date the application is made
	(ii)	Application to operate more than one data reporting services	50% of 5 for each additional

				service plus 5.	
		(iii)	Variation of an authorisation under regulation 12 of the <i>DRS Regulations</i> :	50% of 5	
	(b)		Application to connect to the <i>market data processor system</i> to provide reports directly to the <i>FCA</i> under <i>MiFIR</i> , subject to (b) (i) below	7	On the date the application is made
		(i)	If a person has previously applied as stated in (d) and had been connected then no further fee is payable for any further applications.		
	(c)		Application to connect to the <i>market data processing system</i> to provide <i>markets data (other than transaction reports)</i> under <i>MAR 10</i> , subject to (c)(i) and (ii) below.	6	On the date the application is made
		(i)	If a <i>person</i> has previously applied as stated in (c) above and has been connected then no further fee is payable for any further such applications in relation to reporting the same data		
		(ii)	If a person has previously applied as stated in (c) above and makes a further application in relation to the provision of different data then a separate fee is applicable for such an application	Category 6 fee for each application	On the date the application is made
7			An application for authorisation as a <i>third party verifier</i>	3	On the date the application is made

3 Annex 15R FCA Transaction Fees			
	Application type	Pricing category in FEES 3 Annex 1A	Due date

1	Any applicant for a certificate under <i>article 54</i> of the <i>Regulated Activities Order</i>		4	On or before the date the application is made
2	A transferor in an <i>insurance business transfer scheme</i> :			
	(a)	<i>Insurance business transfer scheme</i> involving <i>long-term insurance business</i>	7	On or before the date any application is made for the appointment of a person as an <i>independent expert</i>
	(b)	<i>Insurance business transfer scheme</i> not involving <i>long-term insurance business</i>	6	
	<p>[Note - for the purpose of this charge an insurance business transfer scheme consists of a single transferor and a single transferee.</p> <p>Where a scheme is part of a single larger scheme, that larger scheme is treated as a single insurance business transfer scheme. If an insurance business transfer scheme includes more than one transferor, they are liable to pay the fee under column (2) jointly.]</p>			
4	<i>Regulated Covered Bonds</i>			
	(a)	An <i>issuer</i> applying for registration of a <i>regulated covered bond</i> :		
		(i) When the assets in the asset pool will consist primarily of UK residential mortgages;	7	On or before the date the application is made
		(ii) Any other application for registration.	8	
	(c)	An <i>issuer</i> who proposes to make a material change to the contractual terms of a <i>regulated covered bond</i> under <i>RCB 3.5.4D</i> .	5	On or before the date the notification

				under RCB 3.5.4 D is made
5	Validation Orders			
	Any applicant for <i>FCA</i> permission for an agreement to be enforced under section 28A(3)(a) and/or money paid or property transferred under an agreement to be retained under and agreement to be retained under 28A(3)(b) of the <i>Act</i> is charged according to the total value of the agreements specified in the application. Payment must be made on or before the application is made.			
	Value of agreements			
	Up to £500,000	3	On or before the date the application is made	
	Above £500,000 - £750,000	4		
	Above £750,000 - £1,000,000	5		
	Above £1,000,000-£7,500,000	6		
	Over £7,500,000	7		
6	Application for change in control under section 178 of the <i>Act</i> .		2	On or before the date the application is made
7	Applications in respect of controlled functions under the Senior Managers and Certification Regime (SMCR), including applications by <i>principal firms</i> in respect of SMCR functions in <i>appointed representatives</i> .		1	On or before the date the application is made

3 Annex 16R Fees for an application for variation of permission

The fee relevant to the application is due on or before the date the application is made.

	Application type	Applicable pricing category in FEES 3 Annex 1A
1	Reduction in the scope of the applicant's permissions and no other increases	N/A
Where the application is to increase permissions:		
2.	An application for a variation of <i>Part 4A permission</i> for <i>firms</i> that are, or are seeking to become, a <i>PRA-authorised person</i>	50% of the fee that would be payable by an <i>FCA- authorised person</i> or <i>person</i> seeking to become an <i>FCA- authorised person</i> if they made the same application in paragraphs.
3	Unless (4)-(11) applies, an application for a variation of <i>Part 4A permission</i> for <i>firms</i> that are not <i>PRA- authorised persons</i> or are not seeking to become <i>PRA-authorised persons</i> .	Category 2
4	The proposed new business falls within an activity group specified in <i>FEES 4 Annex 1AR</i> within which the applicant does not already hold any permission.	50% of the highest pricing category relevant to the application.
5	The proposed new business falls within an activity group specified in <i>FEES 3 Annex 1A</i> within which the applicant does not already hold any permission.	50% of the highest pricing category relevant to the application.
6	Credit-related permissions	
	(a) Activity group CC1 – any applicant which already holds a limited permission and applies for:	
	(i) Another limited permission activity	No fee payable
	(ii) Any other credit-related permission	100% of highest pricing category relevant to the application.

	(b)	Activity group CC2 – any applicant which already holds a permission within activity group CC2 and applies for another permission within CC2:	
	(i)	If all of the new business is in <i>FEES 3 Annex 1A</i> Category 3.	50% of the fee in pricing category 3
	(ii)	If any of the new business is in <i>FEES 3 Annex 1A</i> Category 5 or 6	50% of the highest pricing category relevant to the application.
	(c)	<i>Community finance organisations and credit unions.</i>	50% of the highest pricing category relevant to the application
7		Any applicant in activity group A.1 which applies for the permissions of <i>meeting of repayment claims</i> or <i>managing dormant account funds (including the investment of such funds)</i>	50% of the highest pricing category relevant to the application.
8		<i>Credit union</i> applying to vary its permission for:	
	(a)	Credit-related activity	£50
	(b)	Any other activity	£75
9		Simple change of legal status (see definition in <i>FEES 3 Annex 1 Part 6</i>)	50% of the highest pricing category relevant to the application.
10		Application by <i>MTF</i> operator to become an <i>OTF</i> operator or an <i>OTF</i> operator to become an <i>MTF</i> operator	50% of Category 8
11		Notification of the intention of a <i>regulated benchmark administrator</i> to administer benchmarks additional to those included in its original application for authorisation.	0

...

Amend the following as shown.

[*Editor's note:* Subject to consultation it is intended that the amendments to Appendix 4 of this instrument come into force after the amendments made by the Fees (Cryptoasset Business) (Periodic Fees) Instrument 2021 (Appendix 3 and 4 of the consultation paper)].

App 4 **Application fee payable by cryptoasset businesses registered under the**
Annex 1 **Money Laundering Regulations**

...

(1)	Registration fee:
Cryptoasset business with revenue up to and including £250,000	£2000
Cryptoasset business with revenue over £250,000	£10,000 <u>Category 6</u>

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

Appendix 2

Fees (Cryptoasset Business) (Periodic Fees) Instrument 2021 (draft rules)

FEES (CRYPTOASSET BUSINESS) (PERIODIC FEES) INSTRUMENT 2021

Powers exercised

- A. The Financial Conduct Authority (the “FCA”) makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000:
 - (a) section 139A (Power of the FCA to give guidance);
 - (2) the following provisions in the Money Laundering Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692, as amended) (the “Money Laundering Regulations”):
 - (a) regulation 74A(1)(b) (Reporting requirements: cryptoasset businesses);
 - (b) regulation 101 (Recovery of charges and penalties through the court);
and
 - (c) regulation 102 (Costs of supervision).

Commencement

- B. This instrument comes into force on [*date*].

Amendments to the Handbook

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

Notes

- D. In this instrument, the “notes” (indicated by “**Note:**”) after a provision indicates, for the convenience of readers, that it is a provision pursuant to the relevant regulation of the Money Laundering Regulations.
- E. In this instrument, notes shown as “**Note:**” and “*editor’s note*” are intended for the convenience of the reader but do not form part of the legislative text.

Citation

- F. This instrument may be cited as the Fees (Cryptoasset Business) (Periodic Fees) Instrument 2021.

By order of the Board
[*date*]

Annex

Amendments to the Fees manual (FEES)

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

1 Fees Manual

1.1 Application and Purpose

...

1.1.1G G *FEES* Appendix 3 (Fees payable by persons registered under the Money Laundering Regulations that are not cryptoasset businesses) applies to ~~MLR~~ persons registered with the *FCA* under the Money Laundering Regulations that are not:

(1) authorised persons, or

(2) cryptoasset businesses, or

(3) otherwise registered with the FCA.

1.1.1H G *FEES* Appendix 4 (Fees payable by cryptoasset businesses registered under the Money Laundering Regulations) applies to cryptoasset businesses registered with the FCA under the Money Laundering Regulations.

...

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

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

Application and Periodic Fees

App 3.1.1 G Regulation 102 of the *Money Laundering Regulations* provides the *FCA* with the power to charge fees to ~~MLR persons~~ persons registered with the FCA under the Money Laundering Regulations to recover the cost of carrying out its functions under those regulations. The *FCA* charges a fee for registration forms submitted to it. The *FCA* ~~will also charge~~ charges an annual periodic fee. ~~These charges are set out in this Appendix.~~ The purpose of this Appendix is to set out the charges relating to persons registered with the FCA under the Money Laundering Regulations that are not authorised persons or cryptoasset businesses or otherwise registered with the FCA. The fees for cryptoasset businesses

registered with the FCA under the Money Laundering Regulations are set out in FEES Appendix 4.

[*Editor's note:* The instrument titled 'Application Fees (Amendment) Instrument 2021', set out in Appendix 1 of this Consultation Paper, proposes to revise the registration fees payable under FEES Appendix 3. Subject to consultation, it is intended that the Application Fees (Amendment) Instrument 2021 comes into force after this instrument. Therefore, for the avoidance of doubt, the text below does not take account of the revised fees proposed by the Application Fees (Amendment) Instrument 2021.]

App 3.1.2

...

(2) Periodic fee:

Activity Group	Fee-payer falls in the activity group if:	Fee payable in 2020/21
...	it is registered with the <i>FCA</i> under the <i>Money Laundering Regulations</i> or any predecessor legislation <u>and it is not an authorised person or a cryptoasset business or otherwise registered with the FCA.</u>	...

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

App 3.1.3 ~~A person making an application to the FCA to be registered as a cryptoasset business must pay to the FCA, in full and without deduction, the fee specified in FEES Appendix 3.1.4. An application for registration will be treated as incomplete and the FCA will not issue a decision until the relevant fee is paid in full. [deleted]~~

App 3.1.4

(1)

Registration fee:

~~Cryptoasset business with revenue up to and including £250,000~~ £2,000

~~Cryptoasset business with revenue over £250,000~~ £10,000 [deleted]

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

After FEES Appendix 3 (Fees payable by persons registered under the Money Laundering Regulations that are not cryptoasset businesses) insert the following new Appendix. The text is not underlined.

App 4 Fees payable by cryptoasset businesses registered under the Money Laundering Regulations

App 4.1 Introduction

Application

- App 4.1.1 G Regulation 102 of the *Money Laundering Regulations* provides the *FCA* with the power to charge fees to *persons* registered with the *FCA* under the *Money Laundering Regulations* to recover the cost of carrying out its functions under those regulations. The *FCA* charges a fee for registration forms submitted to it. The *FCA* also charges an annual periodic fee. The purpose of this Appendix is to set out the fees relating to *cryptoasset businesses* registered with the *FCA* under the *Money Laundering Regulations*. The fees for *persons* registered under the *Money Laundering Regulations* that are not *cryptoasset businesses*, *authorised persons* or otherwise registered with the *FCA* are set out in *FEES* Appendix 3.
- App 4.1.2 G (1) The application fee which will be payable by a *cryptoasset business* applying for registration in the register maintained by the *FCA* under regulation 54(1A) of the *Money Laundering Regulations* is set out in *FEES* Appendix 4 Annex 1.
- (2) The detail of the periodic fees which will be payable by *cryptoasset businesses* registered with the *FCA* under the *Money Laundering Regulations* is set out in *FEES* Appendix 4 Annex 2.
- App 4.1.3 G In this Appendix:
- (1) a “note” (indicated by “Note:”) after a provision indicates, for the convenience of readers, that it is a provision made pursuant to the *Money Laundering Regulations*;
- (2) a “G” in the margin indicates that the provision is guidance, which is designed to throw light on a particular aspect of a direction or the provisions imposing charges, but is neither binding nor an exhaustive description of a *cryptoasset business*’s obligations; and
- (3) a “D” in the margin indicates that the provision contains a direction made pursuant to the *Money Laundering Regulations*. Directions are binding upon the *person* or categories of *persons* to whom they are addressed.

Glossary

- App 4.1.4 G In this Appendix, except where we indicate otherwise, an expression in italics has the meaning given in the *FCA’s Glossary*.

App 4.2 Application fees

General

App 4.2.1 A *cryptoasset business* making an application to register with the *FCA* under the *Money Laundering Regulations* must pay to the *FCA*, in full and without deduction, the fee specified in *FEES* Appendix 4 Annex 1.

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

- App 4.2.2 G (1) (a) The registration fee is an integral part of a *cryptoasset business's* registration with the *FCA* under the *Money Laundering Regulations*.
- (b) Any application received by the *FCA* without payment made of the fee specified in *FEES* Appendix 4 Annex 1, in full and without deduction, will not be treated as an application made under the *Money Laundering Regulations*.
- (c) Where this is the case, the *FCA* will contact the applicant to point out that the application cannot be progressed until the fee payable under *FEES* Appendix 4.2.1 has been received. If the fee, in full and without deduction, is not received, the application will be returned to the applicant and no application will have been made.

Method of payment

App 4.2.3 The sum payable under *FEES* Appendix 4.2.1 must be paid in pounds sterling online by Maestro, Visa Debit or credit card (Visa/Mastercard/American Express only). If this is not possible for technical or other reasons, the *FCA* may accept payment by banker's draft, cheque or other payable order.

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

Due Dates

App 4.2.4 A *person* making an application to register with the *FCA* under the *Money Laundering Regulations* as a *cryptoasset business* must pay the application fee on, or before, making the application.

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

Refunds

App 4.2.5 G Application fees paid under this Appendix are not refundable.

App 4.3 Periodic fees

General

- App 4.3.1 (1) A *cryptoasset business* registered with the *FCA* under the *Money Laundering Regulations* must pay to the *FCA* the periodic fee applicable to it under *FEES* Appendix 4 Annex 2.
- (2) The payment in (1) must be made:
- (a) in full and without deduction; and
- (b) for every *fee year* during which, or part of which, it is registered with the *FCA* under the *Money Laundering Regulations*.
- (3) This provision is modified where *FEES* Appendix 4.3.5 applies, as stated in *FEES* Appendix 4.3.5.

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

- App 4.3.2 G The *FCA* will issue invoices at least 30 *days* before the dates on which payments fall due.

Method of payment

- App 4.3.3 A periodic fee payable under *FEES* Appendix 4.3.1(1) must be paid in pounds sterling using either direct debit, credit transfer (BACS/CHAPS), cheque, Maestro, Visa Debit or by credit card (Visa/Mastercard only).

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

- App 4.3.4 Modifications for *cryptoasset businesses* becoming subject to periodic fees during the course of the *fee year*

- (1) A *cryptoasset business* which becomes registered with the *FCA* under the *Money Laundering Regulations* during the course of a *fee year* must pay a fee based on its projected valuation for the first twelve *months* of its new business.
- (2) This is the valuation provided by the *cryptoasset business* in the course of its application or if not provided at that time, the valuation provided subsequently.

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

Calculating the fee in the first year

- App 4.3.5 To calculate its fee in its first year of registration a *cryptoasset business* must apply the formula $(A+B) \times C$, where:

- (1) A = the minimum fee set out in *FEES* Appendix 4 Annex 2, unless already paid in which case this figure is 0;
- (2) B = the amount arrived at by applying the tariff rates to the *cryptoasset business*'s projected valuation for the first twelve *months* of its new

business, as provided by it in accordance with *FEES* Appendix 4.3.4; and

- (3) C = the number of calendar *months* (inclusive) between the calendar *month* during which the *cryptoasset business* was registered with the *FCA* under the *Money Laundering Regulations* and the last *month* of that *fee year* \div 12.

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

Calculating fees in the second fee-year where the cryptoasset business is registered between 1 January and 31 March in its first fee year

App 4.3.6 When a *cryptoasset business* is registered with the *FCA* under the *Money Laundering Regulations* between 1 January and 31 March, its fee for the following *fee year* starting 1 April will be calculated from:

- (1) the projected valuation for the first twelve *months* of its new business that it provided in accordance with *FEES* Appendix 4.3.4; or
- (2) an annualised figure based on actual data provided by 30 April in the *fee year* following obtaining its registration.

The annualised figure referred to in (2) is calculated by applying the formula $(A \div B) \times 12$, where:

A = the total income from the date of registration up to the *cryptoasset business's* financial year end or 31 March (whichever is sooner) of its first *fee year*; and

B = the number of *months* in the period referred to in A.

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

Calculating all other fees in the second and subsequent years of registration where a full year of tariff data is not available

App 4.3.7 D If it can, a *cryptoasset business* must provide data from a complete period that begins on or after the date that it was registered with the *FCA*.

[**Note:** Regulation 74A of the *Money Laundering Regulations*]

App 4.3.8 If a *cryptoasset business* does not have sufficient tariff data to enable the periodic fee to be calculated in respect of that *fee year*, it must calculate an annualised figure based on actual data where possible, applying the formula $(A \div B) \times 12$, where:

A = the total income from the date of registration with the *FCA* under the *Money Laundering Regulations* up to the *cryptoasset business's* financial year end or 31 December (whichever is sooner); and

B = the number of *months* in the period referred to in A.

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

App 4.3.9 G For example, the valuation date specified in *FEES* Appendix 4 Annex 2 is based on income for the financial year ending during the calendar year ending 31 December before the relevant *fee year* starting the following April. If the *cryptoasset business* is registered in October and its financial year ends in June, by April it will not have been able to report on the basis of its financial year. The value of A would therefore cover the period from October to December and the value of B would be two i.e. November and December.

If the *cryptoasset business* was registered in June and its financial year ended in October, the value of A would cover June to October and the value of B would be four i.e. July to October.

Time of payment

App 4.3.10 If a *cryptoasset business*'s periodic fee paid under this appendix for the previous *fee year* was £50,000 or more, it must pay its periodic fee for the current *fee year* in two instalments as follows:

- (1) an amount equal to 50% of the periodic fee payable for the previous *fee year* by:
 - (a) 1 April; or
 - (b) if the fee is payable after 1 April, within 30 *days* of the date of the invoice, in the *fee year* to which that sum relates; and
- (2) the balance of the periodic fee due for the current *fee year* by:
 - (a) 1 September; or
 - (b) if the fee is payable after 1 September, within 30 *days* of the date of the invoice, in the *fee year* to which that sum relates.

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

App 4.3.11 If a *cryptoasset business*' periodic fee paid under this appendix for the previous *fee year* was less than £50,000, it must pay the periodic fee within 30 *days* of the date of the invoice for the *fee year* to which that sum relates.

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

Late payment

App 4.3.12 If a *cryptoasset business* registered with the *FCA* under the *Money Laundering Regulations* does not pay the total amount of the relevant periodic fee before the end of the date on which it is due, it must pay an additional amount as follows:

- (1) if the fee was not paid in full before the end of the due date, an administrative fee of £250; plus
- (2) interest on any unpaid part of the fee at the rate of 5% per annum above the Official Bank Rate from time to time in force, accruing on a daily basis from the date on which the amount concerned became due.

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

Recovery of Fees

- App 4.3.13
- (1) Regulation 101 of the *Money Laundering Regulations* permits the *FCA* to recover charges imposed on *cryptoasset businesses* by the *FCA* under the *Money Laundering Regulations* as a debt owed to the *FCA*.
 - (2) The *FCA* will consider taking action for recovery through the civil courts.

[**Note:** Regulation 101 of the *Money Laundering Regulations*]

Information on which fees are calculated

- App 4.3.14
- D A registered *cryptoasset business* must submit to the *FCA* in writing the income information prescribed in *FEES* Appendix 4 Annex 2 as soon as reasonably practicable, and in any event, within two *months* of the valuation date. The *FCA* will use this information to calculate the periodic fee payable by the *cryptoasset business*.

[**Note:** Regulation 74A of the *Money Laundering Regulations*]

[*Editor's note:* The instrument titled 'Application Fees (Amendment) Instrument 2021', set out in Appendix 1 of this Consultation Paper, proposes to revise the registration fees payable under the proposed new *FEES* Appendix 4. Subject to consultation, it is intended that the Application Fees (Amendment) Instrument 2021 comes into force after this instrument. Therefore, for the avoidance of doubt, the text below does not take account of the revised fees proposed by the Application Fees (Amendment) Instrument 2021.]

App 4 Annex 1 **Application fee payable by cryptoasset businesses registered under the Money Laundering Regulations**

(1)	Registration fee:
<i>Cryptoasset business</i> with revenue up to and including £250,000	£2,000
<i>Cryptoasset business</i> with revenue over £250,000	£10,000
[Note: Regulation 102 of the <i>Money Laundering Regulations</i>]	

App 4 Annex 2

Periodic fees payable by cryptoasset businesses registered under the Money Laundering Regulations

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

- (1) This table sets out the tariff base relating to the fee-block for *cryptoasset businesses* registered with the *FCA* under the *Money Laundering Regulations*. The tariff base in this Part is the means by which the *FCA* calculates the annual periodic fee payable to it by a *cryptoasset business* registered with the *FCA* under the *Money Laundering Regulations*.

Fee-block	Fee-payer	Tariff base	Valuation date
G.23	<i>Cryptoasset business</i> registered with the <i>FCA</i> under the <i>Money Laundering Regulations</i>	Annual income, as defined in <i>FEES</i> Appendix 4 Annex 3	The business's financial year ended in the calendar year ending 31 December before the start of the period to which the fee applies

- (2) This table sets out the tariff rates applicable to *cryptoasset businesses* registered with the *FCA* under the *Money Laundering Regulations*.

Tariff rates in relation to 2021/22	
Fee payable	Amount payable
Minimum fee, payable by all <i>cryptoasset businesses</i>	£2,000
Variable fee, payable in addition to the minimum fee, on income above £100,000	£[] per £1,000 or part-£1,000

App 4 Annex 3

Definition of annual income for the calculation of fees

In this Annex, “cryptoasset” has the meaning given to it in regulation 14A(3)(a) of the *Money Laundering Regulations*.

Part 1

Definition of annual income

- (1) “Annual income” is the gross inflow of economic benefits (i.e. *cash*, receivables and other assets) recognised in the *cryptoasset business's* accounts during the reporting year in respect of, or in relation to, the provision in the *United Kingdom* of the activities for which it is registered as a *cryptoasset business* under the *Money Laundering Regulations*.
- (2) The figure should be reported without netting off the operating costs or business expenses (except under (3) below), but should include:

- (a) all brokerages, commissions, fees, and other related income (for example, administration charges, overrides, profit shares etc) due to the *cryptoasset business* in respect of, or in relation to, the provision in the *United Kingdom* of the activities for which it is registered as a *cryptoasset business* under the *Money Laundering Regulations* and which it has not rebated to clients or passed on to other registered *cryptoasset businesses* (for example, where there is a commission chain).

PLUS:

- (b) any ongoing commission from previous business received by the *cryptoasset business* during the reporting year.

PLUS:

- (c) the “fair value” of any goods or services the *cryptoasset business* provided to clients. This is the commission equivalent or an estimate of the amount the *cryptoasset business* would otherwise have received, but for which it has made a business decision to waive or discount its charges.

- (3) The following deduction should be made:

- (a) The cost of purchasing a cryptoasset which is subsequently sold. This is to ensure parity between businesses which derive their income from fees and those which derive their income from the margins on sales.

Part 2 **Guidance on reporting income**

Calculating annual income

- (1) For the avoidance of doubt, the only revenue streams reportable are those which relate to the activities for which the fee payer is registered as a *cryptoasset business* under the *Money Laundering Regulations*. Other revenue streams that do not relate to these activities should not be reported.

Reporting period

- (2) The “reporting year” is the *cryptoasset business’s* financial year end during the calendar year prior to the *FCA fee year*. The *fee year* starts on 1 April.
- (3) The income that should be submitted to the *FCA* is the income that was recognised in the accounts of the relevant reporting year. This means that some income due may not be reported until the following year because it has not yet been recognised in the accounts, while other income may be carried forward from previous years.

Fair value

- (4) The *cryptoasset business* should report a “fair value” price for any services for which it has made a business decision not to charge to clients:
-

- (a) We consider fair value to refer to the amount at which goods or services could be exchanged in an arm’s length transaction between informed and willing parties, other than in a forced or liquidation sale.
- (b) For example, where a *cryptoasset business* has forgone or discounted the commission or fee it would actually have charged but for the business decision to grant a discount in a particular case or on a temporary basis, it should report the amount it would have otherwise have charged for providing equivalent activities.

Inclusions

- (5) Annual income should include:
- (a) all amounts due to the *cryptoasset business* arising out of the provision of the activities for which it is registered as a *cryptoasset business* under the *Money Laundering Regulations*, including regular charges and instalments due to it during the reporting year;
 - (b) any payment from a parent to facilitate the discounting or forgoing of any amounts that would otherwise be charged in full to a client, to the extent that the payment exceeds the “fair value” price reported in accordance with paragraph (4) above;
 - (c) administrative charges and any interest from income related to the activities for which it is registered as a *cryptoasset business* under the *Money Laundering Regulations*.

Prohibited deductions

- (6) Deductions should not be made for:
- (a) bad debts;
 - (b) customer benefits such as cash rewards, complimentary travel insurance, air miles vouchers etc.;
 - (c) items such as general business expenses (e.g. employees’ salaries and overheads);
 - (d) fines or penalties levied against the *cryptoasset business*;
 - (e) commission a *cryptoasset business* pays another party to arrange a transaction with a client unless it receives a fee in respect of the same transaction;
 - (f) the difference (if positive) between the fee payable by a *cryptoasset business* to another party for arranging a transaction and the amount

payable to the *cryptoasset business* by the end client in respect of that transaction (here, the *cryptoasset business* must net any excess payable by the end client to zero); and

- (g) payments made to clients by way of redress.

Exclusions

- (7) The following should be excluded from the calculation of annual income:
 - (a) The cost of purchasing cryptoassets which are subsequently sold – see Part 1 Note (3).
 - (b) To avoid double-counting, amounts which have been passed on to other *cryptoasset businesses* registered under the *Money Laundering Regulations* may be excluded from the calculation of annual income, for example, where there is a commission chain. Transfers of income to other businesses may be especially common within *groups* where, to present a single interface to clients, all amounts due to the *group* may be collected by one business for subsequent redistribution to other businesses within the *group*. It is for *groups* themselves to decide the most convenient way to report such annual income - i.e. whether the business which receives the full amount should declare that full amount, or whether each business in the *group* should report its separate distribution.
 - (c) Any payment from a parent to facilitate the discounting or forgoing of any amount that would otherwise be charged in full to a client should be excluded to the extent that the payment does not exceed or equal the “fair value” price reported in accordance with paragraph (4) above.
 - (d) Rebates to customers and fees or commissions passed onto other *cryptoasset businesses* registered under the *Money Laundering Regulations* should be excluded.

Apportioning annual income

- (8) Where a *cryptoasset business* cannot separate its income on the basis of activities, it may apportion the income on the basis of the proportionate split of business that the firm otherwise undertakes. For instance:
 - (a) A *cryptoasset business* may estimate the proportion of its business that is derived from activities for which it is registered as a *cryptoasset business* under the *Money Laundering Regulations* and split its income for individual invoices accordingly.
 - (b) If a *cryptoasset business* receives annual income from a platform-based business it may report this in line with a wider breakdown of its activities.

- (c) A *cryptoasset business* may allocate ongoing commission from previous business on the basis of the type of business it receives the commission from. This avoids tracking back legacy business which may no longer match the provider's current business model.
 - (d) If a firm has invested income from the activities for which it has been registered as a *cryptoasset business* under the *Money Laundering Regulations*, then any interest received should be reported as income, in proportion to the volume of business it undertakes to avoid tracking back old payments.
- (9) It is for individual *cryptoasset businesses* to determine how they should calculate the appropriate split of income. The *FCA* is not prescriptive about the methodology. It requires only that:
- (a) The approach should be proportionate - the *FCA* is looking for *cryptoasset businesses* to make their best efforts to estimate the split.
 - (b) The *cryptoasset business* must be able on request to provide a sound and clearly expressed rationale for its approach - for example, if all invoices were analysed over a particular period, it should be able to justify the period as representative of its business across the year.
 - (c) The methodology should be objective - for example, based on random sampling of invoices or random stratified sampling.
 - (d) The *cryptoasset business* must on request be able to provide an audit trail which demonstrates that the choice of methodology was properly considered at an appropriate level or in the appropriate forums within the business, and the decision periodically reviewed at the same level or in an equivalent forum.

Appendix 3 Fees (Multilateral Trading Facilities and Organised Trading Facilities Fees Amendments) Instrument 2021 (draft rules)

FEES (MULTILATERAL TRADING FACILITIES AND ORGANISED TRADING FACILITIES FEES AMENDMENTS) INSTRUMENT 2021

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137A (General rule-making power);
 - (2) section 137T (General supplementary powers);
 - (3) section 139A (Power of the FCA to give guidance); and
 - (4) paragraph 23 (Fees) in Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

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

Amendments to the Handbook

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

Notes

- E. In this instrument, notes shown as “Editor’s Note” are intended for the convenience of the reader but do not form part of the legislative text.

Citation

- F. This instrument may be cited as the Fees (Multilateral Trading Facilities and Organised Trading Facilities Fees Amendments) Instrument 2021.

By order of the Board
[date]

Annex

Amendments to the Fees manual (FEES)

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

4 Periodic fees

...

4.2 Obligation to pay periodic fees

...

Calculating all other fees in the second and subsequent years of authorisation where a full year of tariff data is not available

...

- 4.2.7K R Where the measure is not cumulative (e.g. the number of traders for fee-block A10), the *firm* must use the figure relating to the valuation date specified in *FEES* 4 Annex 1R Part 5 (e.g. 31 December for A10). Table A sets out the reporting requirements for the key fee-blocks when full actual data is not available:

Table A: calculating tariff data for second and subsequent years of authorisation when full trading figures are not available

Fee-block	Tariff base	Calculation where trading data are not available
...		
B. Market operators, MTF operators and OTF operators	<u>Flat fee Annual income for the financial year ended in the calendar year ending 31 December</u>	Not applicable. <u>Apply the formula (A÷B) x 12 to arrive at the annualised figure.</u>
...		

...

[*Editor's note:* the Exiting the European Union: High Level Standards (Amendments) Instrument 2019 (FCA 2019/20) made amendments to FEES 4.2.11R. The text below takes account of the changes made by this instrument.]

- 4.2.11 R 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
<p>Any <i>firm</i> (except an <i>ICVC</i>)</p>	<p>(1) Unless (2) applies, as <u>As</u> specified in <i>FEES</i> 4.3.1R in relation to <i>FEES</i> 4 Annex 2AR and <i>FEES</i> 4 Annex 11R.</p> <p>(2) Where a firm is paying a ring-fencing implementation fee, as specified in FEES 4 Annex 2BR.</p>	<p>(1) Unless (2) or (3) <u>apply</u> applies, on or before the relevant dates specified in <i>FEES</i> 4.3.6R.</p> <p>(2) Unless (3) applies, if <u>If</u> an event specified in column 4 occurs during the course of a <i>fee year</i>, 30 days after the occurrence of that event, or if later the dates specified in <i>FEES</i> 4.3.6R.</p> <p>(3) Where the permission is for operating a multilateral trading facility or operating an organised trading facility, the date specified in FEES 4 Annex 10R (Periodic fees for MTF and OTF operators).</p>	<p>...</p>

...

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

...

Modification for firms with new or extended permissions

4.3.4 G ...

- (4) ~~These provisions do not apply to a *firm's* periodic fees in relation to its *permission* for *operating a multilateral trading facility* obtained from the *FCA* during the course of a *fee-year*. [deleted]~~

...

Time of payment

4.3.6 R ...

- (6) Paragraphs (1) and (2) do not apply to any periodic fee in relation to a *firm's permission* for *operating a multilateral trading facility* or *operating an organised trading facility* and such a fee is not taken into account for the purposes of the split in (1). Instead any fee for this *permission* is payable: ~~on the date specified in FEES 4 Annex 10 (Periodic fees for MTF and OTF operators).~~

(a) on 1 August; or

(b) 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 to be *operating an organised trading facility* or whose *permission* is extended to include either activity in the course of the relevant financial year.

4.4 Information on which fees are calculated

4.4.1 R A *firm* (other than the *Society* ~~or an *MTF* or *OTF* operator in relation to its *MTF* or *OTF* business~~) must notify to the *FCA* (in its own capacity and, if applicable, in its capacity as collection agent for the *PRA*) the value (as at the valuation date specified in Part 5 of *FEES* 4 Annex 1AR) of each element of business on which the periodic fee payable by the *firm* is to be calculated.

...

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

...

Part 3

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

The tariff base in this Part is the means by which the *FCA* measures the amount of business conducted by a *firm* for the purposes of calculating the annual periodic fees payable to the *FCA* by that *firm*.

Activity group	Tariff base
...	

B. MTF and OTF operators	<p>SUPERVISORY CATEGORY</p> <p>The general supervisory category to which the <i>MTF</i> or <i>OTF</i> operator was assigned as at the start of the relevant <i>fee-year</i>.</p> <p>Annual income as defined in <i>FEES 4 Annex 11AR</i> for the purposes of the valuation date and submission time in Part 5 of <i>FEES 4 Annex 1AR</i>.</p>
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...

Part 5

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

Activity group	Valuation date
...	
B. MTF and OTF operators	<p>The start of the relevant <i>fee-year</i>.</p> <p>Annual income for the financial year ended in the calendar year ending 31 December 2019, to be submitted to the <i>FCA</i> in writing by 30 September 2020.</p>
...	

...

4 Annex 2AR FCA Fee rates and ~~EEA/Treaty firm modifications~~ for the period from 1 April 2020 to 31 March 2021

Part 1

...

Activity group	Fee payable	
...		
B. MTF and OTF operators	<p>As set out in <i>FEES 4 Annex 10R</i> (Periodic fees for MTF and OTF operators).</p> <p><u>Band width</u></p>	<p><u>Fee (£) for the period from 1 April 2021 to 31 March 2022</u></p>

	<u>Annual income up to and including £100,000</u>	[tbc]
	<u>PLUS:</u>	
	<u>Band width</u>	<u>Fee (£/£ thousand or part £ thousand of income) for the period from 1 April 2021 to 31 March 2022</u>
	<u>Annual income over £100,000</u>	[tbc]
...		

...

FEES 4 Annex 10 (Periodic fees for MTF operators payable in relation to the period 1 April 2020 to 31 March 2021) is deleted in its entirety. The deleted text is not shown but the annex is marked [deleted] as shown below.

4 Annex 10R Periodic fees for MTF operators payable in relation to the period 1 April 2020 to 31 March 2021 [deleted]

Amend the following as shown.

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

...

Calculating and apportioning annual income - FEES 4 Annex 11AR	
Calculating annual income	
Defining relevant income streams	
...	
(2)	For the avoidance of doubt, the only income streams reportable for a relevant fee-block are those income streams which relate to a <i>regulated activity</i> listed in that fee-block. Income streams that do not relate to a <i>regulated activity</i> listed in the relevant fee-block

	<p>should not be reported. <i>Service companies</i>, operators of <i>recognised investment exchanges</i>, <i>multilateral trading facilities</i>, <i>organised trading facilities</i> and <i>regulated benchmark administrators</i> should report the income relating to each of these activities, excluding income from any other activities in the B fee-block on which they pay <i>FCA</i> fees. Operators of <i>recognised investment exchanges</i> should include all income derived from operating <i>multilateral trading facilities</i> and <i>organised trading facilities</i>.</p> <p>Under <i>FEES 4 Annex 11AR</i>, where the sales and marketing of a benchmark are undertaken by a separate legal entity within the same <i>group</i>, the income generated as a result is also deemed to relate to the <i>regulated activity</i> carried on by the <i>benchmark administrator</i> and so should be reported to the <i>FCA</i> by the <i>benchmark administrator</i> as its own income (for fees setting purposes).</p> <p><i>Firms</i> should exclude from the calculation of their annual income for any particular fee-block all income directly derived from the performance of <i>regulated activities</i> belonging to other fee-blocks. For example:</p> <p>...</p> <p>(c) income from managing investments, collective investment schemes or pensions schemes (A.7 or A.9) or income from operating multi-lateral trading facilities (FEES 4 Annex 10R) <i>multilateral trading facilities</i> should be excluded from income derived from investment intermediation (A.13) or operating a <i>recognised investment exchange</i> or administering a <i>specified benchmark</i>.</p>
...	

...

