**Application for Authorisation

Fees and levies supplement – Retail firms – Notes**

Please take time to read these notes carefully. They will help you to fill in the supplement correctly.

When completing the application forms you will need to refer to the Handbook: <https://www.handbook.fca.org.uk/handbook>

If after reading these notes you need more help please:

* check our website: [www.fca.org.uk](http://www.fca.org.uk)
* consult the Handbook: <https://www.handbook.fca.org.uk/handbook>
* call the Customer Contact Centre: 0300 500 0597
* email the Customer Contact Centre: Firm.Queries@fca.org.uk

These notes, while aiming to help you, do not replace the rules and guidance in the Handbook.

**Terms in these notes**

These notes use the following terms:

* 'you' refers to the person(s) signing the form on behalf of the applicant firm
* 'the applicant firm' refers to the firm applying for authorisation
* ‘the FCA ,'we', ‘us’ or 'our' refers to the Financial Conduct Authority
* FSMA refers to the Financial Services and Markets Act 2000

**Important information**

**At the point of authorisation we expect the applicant firm to be ready, willing and organised to start business.**

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| --- | --- |
|  | Fees and levies –Retail firms |

Firms fall into fee blocks according to their permissions. If the applicant firm is authorised to sell investments, home finance and non-investment insurance contracts it will be allocated to the following FCA fee blocks:

* A.13 – Advisors arrangers, dealers or brokers
* A.18 – Home finance providers, advisers and arrangers.
* A.19 – General insurance distribution.
* A.21 – Firms holding client money or asset, or both.

The regulatory fees and levies for the FCA, Money Advice Service, the Financial Ombudsman Service and the Financial Services Compensation Scheme are based on tariff data submitted within this section. The firm will be billed on the information supplied here for the first fee year of being authorised. For firms that gain their authorisation between 1 January and 31 March, the data provided here will also be used for the following fee year.

**Please ensure the data submitted in this section is as accurate as possible as a poor estimate or forecast is unlikely to be grounds to revise fees at a later stage.** We will only accept changes to the data provided here in exceptional cases, eg where the business plan has been revised. For more information see FEES 4.2.7A G and 4.2.7B R at: <https://www.handbook.fca.org.uk/handbook/FEES/4/2.html>

When reporting monetary fee tariff data, firms should provide a projected valuation covering the first 12 months from the date of authorisation measured according to the relevant tariff base(s). Monetary figures must be in **GBP**. If the answer is ‘nil’ please write ‘nil’ – do not leave any boxes blank.

All authorised firms pay minimum fees towards the annual regulatory costs. Larger firms will pay a variable fee in proportion to the size of its tariff data. You can estimate your regulatory fees and levies using our fee calculator at <https://www.fca.org.uk/firms/calculate-your-annual-fee/fee-calculator>.

Guidance notes for calculating the tariff data are available under the fees section of the FCA website at: <https://www.fca.org.uk/firms/fees/report-fee-tariff-data>. Links to the relevant parts of the Handbook can be found in the notes below.

Please contact the Customer Contact Centre on 0300 500 0597 if you require further clarification for this section.

FCA fees

**1.1 Fee block A.13 – Advisers, arrangers, dealers or brokers**

 **How much annual income does the applicant firm estimate for the first year of authorisation in relation to the regulated activities for fee-block A.13 ie advisors, arrangers, dealers or brokers?**

A firm authorised for investment business is likely to be in fee-block A.13

Fees for A.13 are based on the net amount of income retained from the regulated activities proscribed in fee block A.13. This includes income from:

* Advisory and consultancy charges
* Brokerage
* Fees
* Commissions
* Related income arising from the proscribed activities (eg administration charges, overriders, profit shares etc.)
* Interest earned from above income

Firms should deduct:

* Rebates to customers
* Fees or commissions passed to other authorised firms – for example, where there is a commission chain (this is to avoid double counting).

Business expenses cannot be deducted. A firm must exclude advisory activity income arising from its corporate finance business – this should be included in fee block A.14.

For further details on this fee block, please see the fees section of the FCA website and the Handbook under FEES 4 Annex 1A fee block A.13: <https://www.handbook.fca.org.uk/handbook/FEES/4/Annex1A.html>

**1.2 Fee block A.18 – Home finance providers, advisers and arrangers**

 How much annual income does the applicant firm estimate for the first year of authorisation in relation to its home finance mediation business? (including home reversion, home purchase and regulated sale and rent back activities)?

Firms authorised for home finance mediation business will be allocated to fee block A.18. Your firm is required to report the amount of annual income the firm estimates it will receive from such business from the first year of business, ie over 12 months from the date of authorisation.

Reference to home finance mediation activity includes mortgages, home purchase or reversion and regulated sale and rent back mediation activities.

For further details on this fee block, please see the fees section of the FCA website and the Handbook under FEES 4 Annex 1A fee block A.18: <https://www.handbook.fca.org.uk/handbook/FEES/4/Annex1A.html>

**1.3 Fee block A.19 – General insurance distribution**

 How much annual income does the applicant firm estimate for the first year of authorisation in relation to its non-investment insurance contracts business?

Firms authorised for non-investment insurance distribution business will be allocated to fee block A.19. Your firm is required to report the amount of annual income the firm estimates it will receive from such business from the first year of business, that is over 12 months from the date of authorisation.

General insurance distribution activities include general insurance contracts, pure protection contracts and connected travel insurance contracts.

For further details on this fee block, please see the fees section of the FCA website and the Handbook under FEES 4 Annex 1A fee block A.19: <https://www.handbook.fca.org.uk/handbook/FEES/4/Annex1A.html>

**1.4 Fee block A.21 – Firms holding client money or assets, or both**

**What is the highest value of client money and/or safe custody assets the applicant firm expects to hold during the first year of authorisation?**

 Firms that hold or control client money are subject to the client asset rules (CASS) and will be placed into fee block A.21.

Firms should forecast the highest total amount of client money held by the firm, PLUS the highest total value of safe custody assets held by the firm, during the first 12 months of authorisation.

1.5 Fee block CC.02 – Credit-related regulated activities

**How much annual income does the applicant firm estimate for the first year of authorisation in relation to credit related regulated activities? Annual income for credit related regulated activities is defined in FEES 4 Annex 11B R.**

Annual income for credit related regulated activities is defined in FEES 4 Annex 11B R. It is income from credit-related regulated activities. If you conduct activities for which you receive no income, you may need to report using the ‘fair value’ or ‘proxy’ measure. Our guidance sheet at <https://www.fca.org.uk/publication/fees-information/cc01-cc02.pdf> provides an explanation and examples.

The Ombudsman Service (FOS) general levy

The Ombudsman Service general levy is based on relevant business. Relevant business is business conducted with **eligible complainants who are consumers only**. If an applicant firm will conduct business with eligible complainants who are not consumers then it should report ‘nil’ in this section. Alternatively, if the firm will not conduct any business with eligible complainants it can apply for an exemption from the Financial Ombudsman Service levy. We define an 'eligible complainant' under DISP 2.7 in the Handbook: <https://www.handbook.fca.org.uk/handbook/DISP/2/7.html>.

1.6 The ombudsman service’s industry block I008 / I009 – Advisers, arrangers, dealers or brokers

 How much relevant annual income does the applicant firm estimate for the first year of authorisation in relation to advisers, arrangers, dealers or brokers?

The data submitted here is to calculate the firm's ombudsman service levy in relation to investment business. Please only include income in relation to consumers. If all the applicant firm's investment business is conducted with consumers then the data you report here will be the same as that reported under fee block A.13.

See FEES 5 Annex 1 R in the Handbook for detailed notes on this industry block: <https://www.handbook.fca.org.uk/handbook/FEES/5/Annex1R.html>

1.7 The ombudsman service’s industry block I016 – Home finance providers, advisers and arrangers

 How much relevant annual income does the applicant firm estimate for the first year of authorisation in relation to its home finance mediation business?

The data submitted here is to calculate the firm's ombudsman service levy in relation to home finance mediation business.

Please only include income in relation to consumers. If the firm's entire home finance mediation business is conducted with consumers then the data you report here will be the same as that reported under fee block A.18.

See FEES 5 Annex 1 R in the Handbook for detailed notes on this industry block: <https://www.handbook.fca.org.uk/handbook/FEES/5/Annex1R.html>

1.8 The ombudsman service’s industry block I017 – General insurance distribution

 How much relevant annual income does the applicant firm estimate for the first year of authorisation in relation to its non-investment insurance contracts business?

The data submitted here is to calculate the firm's Financial Ombudsman Service levy in relation to its non-investment insurance distribution business.

Please only include income in relation to consumers. If the firm's entire non-investment insurance distribution business will be conducted with consumers then the data you report here will be the same as that reported under fee block A.19.

See FEES 5 Annex 1 R in the Handbook for detailed notes on this industry block: <https://www.handbook.fca.org.uk/handbook/FEES/5/Annex1R.html>

Financial Services Compensation Scheme (FSCS) Levy

The FSCS levy comprises three parts:

* Base Costs - operating costs not directly related to the payment of compensation.
* Specific Costs - operating costs that are directly related to the payment of compensation arising from valid claims.
* Compensation Costs - provides the funds to make valid compensation payments.

As a newly authorised firm your first invoice will only cover the Base Costs of the FSCS levy, which is based on your FCA fees. After this the firm will be liable for the full FSCS levy. The tariff data provided here will only be used to calculate your FSCS levy in the second fee year if your firm receives its permission between 1 January and 31 March.

For specific and compensation costs firms are allocated to one or more FSCS classes according to their permission. Details of FSCS classes and tariff bases are set out in FEES 6 Annex 3A of the Handbook: <https://www.handbook.fca.org.uk/handbook/FEES/6/Annex3A.html>

The levy is based on the amount of eligible business a firm undertakes in each class.

Eligible business refers to business conducted with eligible claimants. An eligible claimant is a person or entity that is able to bring a claim for compensation to the FSCS under COMP 4.2 of the Handbook. For details of persons that qualify for FSCS compensation, see: <https://www.handbook.fca.org.uk/handbook/COMP/4/2.html>

If the applicant firm will not carry on any business with eligible claimants, it can apply for an exemption from the FSCS specific and compensation levy.

1.9 Class B2 / Category 1.1 – General insurance distribution

 How much annual eligible income does the applicant firm estimate for the first year of authorisation in relation to its non-investment insurance contracts business?

The data submitted here is to calculate the firm's FSCS levy in relation to general insurance distribution contracts only. Income expected from distribution activities relating to pure protection business should be excluded in SB02 and reported in class SC02 instead.

Detailed information on how to calculate the annual eligible income (AEI) for SB02 is provided in the fees section of the FCA website and in the Handbook under FEES 6 Annex 3A: <https://www.handbook.fca.org.uk/handbook/FEES/6/Annex3A.html>

1.10 Class C2 / Category 2.1 – Life distribution and pensions distribution

 How much annual eligible income does the applicant firm estimate for the first year of authorisation in relation to its life and pensions distribution business?

The data submitted here is to calculate the firm's FSCS levy in relation to life and pensions investments and long term insurance contracts distribution activities including pure protection business.

Detailed information on how to calculate the annual eligible income (AEI) for SC02 is provided in the fees section of the FCA website and in the Handbook under FEES 6 Annex 3A: <https://www.handbook.fca.org.uk/handbook/FEES/6/Annex3A.html>

1.11 Class D2 / Category 2.2 – Investment mediation

 How much annual eligible income does the applicant firm estimate for the first year of authorisation in relation to its investment mediation business?

 The data submitted here is to calculate the firm’s FSCS levy for investment mediation activities. It includes all mediation activities in relation to designated investment business except activities that relate to long term insurance contracts for rights under a stakeholder pension scheme or a personal pension scheme. Investment mediation activities relating to long term insurance contracts should be reported in FSCS class SC02.

Detailed information on how to calculate the annual eligible income (AEI) for SD02 is provided in the fees section of the FCA website and in the Handbook under FEES 6 Annex 3A: <https://www.handbook.fca.org.uk/handbook/FEES/6/Annex3A.html>

1.12 Class E2 / Category 4.1 – Home finance mediation

 How much annual eligible income does the applicant firm estimate for the first year of authorisation in relation to its home finance mediation business?

The data submitted here is to calculate the firm's FSCS levy in relation to home finance mediation business ie advising and arranging a home finance transaction.

Detailed information on how to calculate the annual eligible income (AEI) for SE02 is provided in the fees section of the FCA website and in the Handbook under FEES 6 Annex 3A: <https://www.handbook.fca.org.uk/handbook/FEES/6/Annex3A.html>

Declaration of ongoing FCA fees liability

1.13 You must confirm that the applicant firm understands that it is liable and remains liable to pay fees until such time as the FCA cancels its permission. This is irrespective of whether it is trading, or even if it has notified us of intention to cease trading or submitted an application to cancel.

No additional notes