



31 January 2013

Dear Sir/Madam

FSCS 2010/11 Levy True Up Invoice

We enclose a final levy invoice for the funding of the 2010/11 financial year.

In 2010/11, compensation claims largely resulting from the failure of Keydata Investment Services Limited led to an interim levy requirement in January 2011 of £326m on the investment intermediation sub-class, which triggered a cross-subsidy levy on the investment fund management class.

The compensation projections underpinning this 2010/11 interim levy assumed that compensation paid to 30 June 2011 would be £344m. In the event, the compensation paid was £7m lower and recoveries achieved, mainly from Norwich & Peterborough Building Society, were £30m higher. This gave rise to an overall fund surplus to FSCS of £37m as at 30 June 2011, of which £35m was attributable to the investment fund management class, and £2m to the investment intermediation class. The £2m surplus on investment intermediation was set against the 2011/12 interim levy, but the £35m surplus for investment fund management has been offset in calculating the true-up levy for firms.

Since the 2010/11 interim levy, a number of firms submitted requests to resubmit their tariff data and thereby obtain a reduction or remission of their share of the interim levy. All of those requests have now been reviewed and decided upon by FSCS, and for those resubmission requests that were successful, credit notes have been issued. The total of these credit notes was £66.6m (£66.3m for investment fund management, and £0.3m for investment intermediation).

Now that all of the credit notes have been issued, we need to “true up” the 2010/11 levy to ensure that the compensation costs actually incurred in that year are redistributed on the corrected levy base, and to take into account the £30m of recoveries received in 2010/11. The total shortfall to be collected from firms is £31.3m (£31.0m from investment fund management and £0.3m from investment intermediation).

The enclosed invoice is the amount now payable by your firm for the difference between your firm’s original invoice for the 2010/11 levy and your revised liability..

The invoice is based on your tariff data for the FSCS financial year 2010/11 (corrected for any resubmitted tariff data that was accepted by FSCS), and is

payable within 30 days of the date of the invoice. A statement is also enclosed showing each invoice and credit note issued to your firm for the 2010/11 costs.

In case you wish to seek funding for this cost, you can apply for an instalment facility from Premium Credit Limited, which is available on line: <http://www.premium-credit.co.uk/fsa.html>

As previously advised, if this invoice is not paid by the due date (i.e. within 30 days), the "late payment" provisions contained in the FEES rules (at FEES 2.2.1R) will be triggered. This means that an additional amount will be charged as follows:

1. an administrative fee of £250; plus
2. interest on the unpaid part of the fee at the rate of 5% per annum above the Bank of England's repo rate from time to time in force, accruing on a daily basis from the date on which the amount concerned became due.

If you have any questions about the calculation of this invoice please contact the FSA's Customer Contact Centre on 0845 6069966 or email the fees helpline on fsafees@fsa.gov.uk.

Yours faithfully,



Rommel Pereira
Director of Central Services