**Application for Authorisation

Fees and levies supplement – Wholesale firms – notes**

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

For further help on this supplement, please refer to the notes and to the rules at [www.handbook.fca.org.uk/handbook/FEES/4/Annex1A.html](http://www.handbook.fca.org.uk/handbook/FEES/4/Annex1A.html) (FEES 4 Annex 1A).

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: [www.handbook.fca.org.uk](http://www.handbook.fca.org.uk).
* call our Customer Contact Centre: 0300 500 0597; or
* 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 this form**

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.**

|  |  |
| --- | --- |
|  | Fees and levies – Wholesale firms |

If we authorise the applicant firm to carry on investment business then it is likely to be allocated to one or more of the following FCA fee blocks:

* A.7 - Portfolio managers
* A.9 – managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes
* A.10 – firms dealing as principal
* A13 – Advisors arrangers, dealers or brokersA.14 – Corporate finance advisers.
* A.21 – Firms holding client money or assets or both

The fee for each of these fee blocks is based on tariff data submitted within this supplement. We use your answers to calculate the applicant firm's invoice for the first fee period and may also use them for the following fee period. Please ensure the data you submit is accurate as we will only accept changes to the data provided here in exceptional cases; for instance where the business plan has been revised.

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 should be denominated in **pound sterling**. Please do not leave any section blank, if relevant enter **Nil**. FEES 4 Annex 1A of the Handbook has detailed notes on the fee blocks and tariff bases and this is located at: <https://www.handbook.fca.org.uk/handbook/FEES/4/Annex1A.html>

All authorised firms pay a minimum fee to cover the annual costs of being regulated. Where a firm’s business in any fee-block exceeds the amount covered by the minimum fee, the firm will be subject to an additional fee. If you want to work out your firm’s forthcoming fees please use the Fee Calculator on our website.

To do this you will need to know which fee blocks your firm will fall under and the fee tariff data you have entered in Section 6. To find out which fee blocks your firm will fall into please see:
<https://www.handbook.fca.org.uk/handbook/FEES/4/Annex1A.html>

If you need further help with completing Section 6, please contact the FCA Customer Contact Centre on 0300 500 0597.

FCA fees

 1.1 Fee block A.7 – Portfolio Managers

**How much total funds under management does the applicant firm estimate it will have at the end of the first year of authorisation?**

A firm authorised to manage funds or assets will fall within FCA fee block A.7. The basis for calculating fees is the estimated amount of Funds under Management or assets managed for the first year of business, that is 12 months from the date of authorisation.

For the purpose of calculating the total value of funds under management, ‘assets’ means all assets that include any investment which is designated investment and which is managed on a discretionary basis.

In respect of collective investment schemes, ‘assets’ means the total value of the assets of the scheme.

**Please note – only assets that will be managed from an establishment maintained by the firm in the United Kingdom are relevant.**

See the fees section of our website for detailed guidance on this fee block**,** please select A.7.

 1.2 Fee block A.9 – Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes

 How much total gross income does the applicant firm estimate from the activities relating to fee block A.9 for the first year of authorisation?

A firm authorised to establish, operate, wind up or act as a trustee and/or depositaries of collective investment schemes. Firms who also have permission as operators of personal pension schemes or stakeholder pension schemes will fall within fee block A.9. The data we require is the amount of total gross income the firm projects it will receive for the first 12 months from the date of authorisation.

Note for operators of CIS including ACDs and managers of unit trust, gross income excludes box management profits.

Note for operators of personal pension / stakeholder pension schemes, gross income calculation excludes charges made to an investor in respect of third party suppliers.

Note: Only the gross income corresponding to United Kingdom business is relevant.

See the fees section of our website for detailed guidance on this fee block, please select A.9.

 **1.3 Fee block A.10 – Firms dealing as principal**

**How many traders does the applicant firm estimate in the first year of authorisation?**

A firm authorised as a principal dealer will be in fee block A.10. The basis for calculating fees for this fee block is the number of traders estimated in the first 12 months of trading following authorisation. We define a trader as any employee or agent who:

* ordinarily acts within the United Kingdom on behalf of an authorised person liable to pay fees to the FCA in its A10 fee block; and who
* as part of their duties in relation to those activities of the authorised person, commits the firm in market dealings or in transactions in securities or in other specified investments in the course of regulated activities.

See the fees section of our website for detailed guidance on this fee block, please select A.10.

 **1.4 FCA Fee Block A.13 – Advisors, 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 (see FEES 4 Annex 1R, Part 1) i.e. advisors, arrangers, dealers or brokers?**

 **Please exclude income arising from corporate finance business. This should be declared in fee block A.14.**

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 (e.g. 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.

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>

**1.5 FCA Fee Block A.14** – **Corporate finance advisers**

 **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.14 (see FEES 4 Annex 1 R, Part 1), that is corporate finance business?**

Fees for A.14 are based on the net amount of income retained from the advisory activity income arising from its corporate finance business.

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.14: <https://www.handbook.fca.org.uk/handbook/FEES/4/Annex1A.html>

**1.6 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

The Financial Ombudsman Service general levy

The Financial Ombudsman Service general levy is based on relevant business. Relevant business is business conducted with consumers. If an applicant firm will conduct business with eligible complainants who are not consumers then it should report ‘nil’ in this section.

The tariff data are calculated in the same way as they would for the FCA fee blocks with adjustments made for **relevant business only**.

See the fees section of our website for detailed guidance on the fee blocks below selecting the appropriate file.

If the firm will not conduct any business with eligible complainants it can apply for an exemption from the ombudsman service general levy. We define an 'eligible complainant' under DISP 2.7 of the Handbook: <https://www.handbook.fca.org.uk/handbook/DISP/2/7.html> . To apply for an exemption, please complete the declaration section on the supplementary form.

 **1.7 Fee block I005 – Portfolio Managers**

**How much relevant funds under management does the applicant firm estimate it will have at the end of the first year of authorisation?**

The data submitted here is to calculate the firm's Financial Ombudsman Service general levy in relation to its discretionary investment business. If the applicant firm’s entire investment activity will be with consumers, then the data reported here will be same as FCA fee-block A.7.

 **1.8 Fee block I006 – Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes**

**How much relevant gross income does the applicant firm estimate for the first year of authorisation?**

The data submitted here will be used to calculate the firm’s Financial Ombudsman Service general levy in relation to activities relating to setting up, running and winding up collective investment schemes and/or personal pensions and stakeholder pension schemes. If the applicant firm’s entire business will be carried on with consumers then the data reported here will be the same as FCA fee-block A.9.

 1.9 Fee block I007 – Dealers as Principal

**How many relevant traders does the applicant firm estimate in the first year of authorisation?**

The data submitted here will be used to calculate the firm’s Financial Ombudsman Service general levy in relation to its investment activities that falls within fee block A.10 (dealing as principal). If the applicant firm’s entire business will be carried on with consumers then the data reported here will be the same as FCA fee block A.10.

 **1.10 Fee blocks I008/I009 – Advisory, Arrangers, Dealers or Brokers**

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

* **holding and/or controlling client money/assets (I008); or**
* **not holding or controlling client money/assets (I009)?**

The data submitted here will be used to calculate the firm’s Financial Ombudsman Service general levy in respect of investment arranging and non discretionary advising and related activities. Please only include individuals that will perform the above customer functions with consumers. If the applicant firm’s entire business with be carried on with consumers only then the data reported here will be the same as FCA fee block A.13.

1.11 Fee block I010 – Corporate finance advisers

**How many annual income does the applicant firm estimate for the first year of authorisation in relation to the regulated activities for fee-block I010 –corporate finance business?**

The data submitted here is to calculate the firm's Financial Ombudsman Service levy in relation to corporate finance business.

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. From the subsequent fees period the firm will be liable for the full FSCS levy. The tariff data provided here will 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.[Please](http://Please) complete the declaration section on the supplementary form to apply for an exemption.

 **1.12 Sub Class SC02 – Life and Pensions Intermediation**

**How much annual eligible income (AEI) does the applicant firm estimate for the first year of authorisation in relation to its life and pensions intermediation business only?**

The data submitted here is to calculate the firm's FSCS levy in relation to **life and pensions investments** and long term insurance contracts intermediation activities. Life and pensions contracts mean long term insurance contracts (including pure protection) and rights under a stakeholder pension scheme or a personal pension scheme.

Detailed information on how to calculate AEI for SC02 is provided in the fees section of our website: <https://www.handbook.fca.org.uk/handbook/FEES/6/Annex3A.html>

**1.13 FSCS class SD01 – Investment provision**

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

The data submitted here is to calculate the firm's FSCS levy in relation to fund management business. It also includes activities relating to collective investment schemes, authorised unit trust schemes, and acting as depositary of an open-ended schemes.

Income expected from assets managed on a non-discretionary basis, being assets that the applicant firm will have a contractual duty to keep under continuous review but in respect of which prior consent of the clients must be obtained for proposed transactions should be reported in sub class SD02.

Detailed information on how to calculate AEI for SD01 is provided in the fees section of our website: <https://www.handbook.fca.org.uk/handbook/FEES/6/Annex3A.html>

 **1.14 FSCS class SD02 – Investment Intermediation**

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

The data submitted here is to calculate the firm’s FSCS levy for the investment intermediation activities. It includes all intermediation 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 sub class SC02 where applicable.

Detailed information on how to calculate AEI for SD02 is provided in the fees section of our website: <https://www.handbook.fca.org.uk/handbook/FEES/6/Annex3A.html>

Declaration of ongoing FCA fees liability

 1.15 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

Declaration of FSCS and the Financial Ombudsman Service exemption

 **1.16 The Financial Ombudsman Service exemption – if the applicant firm will not carry on business with eligible complainants and does not foresee doing so in the immediate future, please tick the box below.**

Applicant firms that do not conduct business with eligible complainants qualify for exemption from the Financial Ombudsman Service general levy. Exemption will mean the applicant firm will not have to pay an ombudsman general levy.

If this application has highlighted that the applicant firm will conduct business with retail clients then an exemption is unlikely to be available. This is because retail clients are likely to qualify as eligible complainants.

If the applicant firm will not carry out business with eligible complainants please tick the relevant box in Question 6.15 of the form. If at any point in the future the applicant firm is to initiate business with eligible complainants it must notify us immediately.

 **1.17 FSCS Exemption – if the applicant firm will not carry on business that could give rise to a protected claim by an eligible claimant and does not foresee doing so in the immediate future, please tick the box below.**

Applicant firms that will not conduct business with eligible claimants can qualify for exemption from the Specific and Compensation costs of the FSCS levy. Please note that all applicant firms will pay toward the Base cost of the FSCS regardless of exemption unless they are non-participant firms. Non-participants firms include authorised professional firms who are members of the Law Society in England and Wales or Scotland. Please refer to:

<https://www.handbook.fca.org.uk/handbook/glossary/G837.html> for the full list of non-participant firms.

If this application has highlighted that the applicant firm will conduct business with retail clients then exemption is unlikely to be available. This is because retail clients are likely to qualify as eligible claimants. For a full definition of an 'eligible claimant' see COMP 4.2 of our handbook at: <https://www.handbook.fca.org.uk/handbook/COMP/4/2.html> .

If the applicant firm will not conduct business with eligible claimants please tick the relevant box in Question 6.16 of the form. If at any point in the future the applicant firm is to initiate business with eligible claimants it must notify us immediately.

**Please note the Financial Ombudsman Service and FSCS exemption(s) are not automatic and are subject to approval. You will be notified if your exemptions are not granted.**