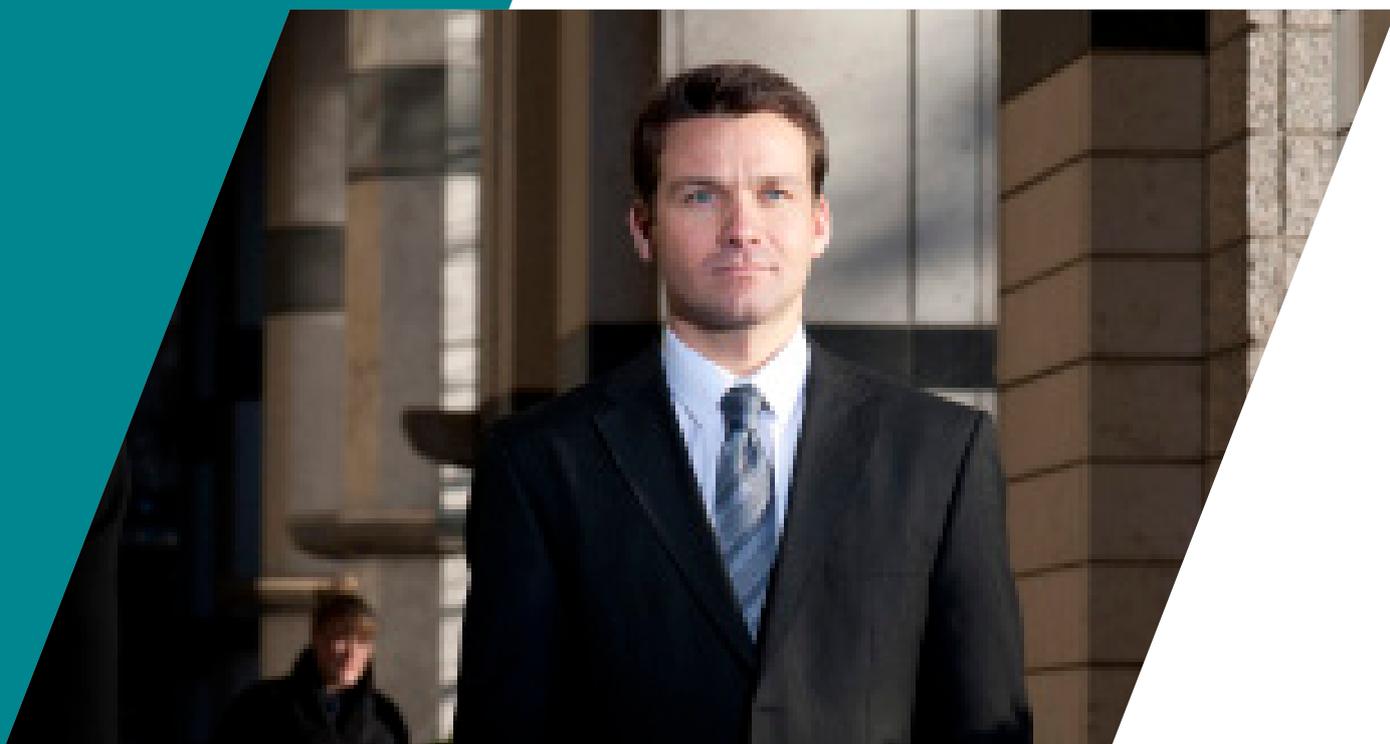


Regulatory fees and levies: policy proposals for 2016/17

November 2015



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We are asking for comments on this Consultation Paper by 8 January 2016. You can send them to us using the form on our website at: www.fca.org.uk/your-fca/documents/consultation-papers/cp15-34-response-form.

Or in writing to:

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Abbreviations used in this paper

APA	Approved publication arrangement
ARM	Approved reporting mechanism
CP	Consultation paper
CTP	Consolidated tape provider
DP	Discussion paper
DRSP	Data reporting service provider
DTRs	Disclosure and transparency rules
EEA	European Economic Area
ESMA	European Securities and Markets Authority
EU	European Union
FCA	Financial Conduct Authority
FEES	Fees handbook
FSA	Financial Services Authority
FSMA	Financial Services and Markets Act
LRs	Listing Rules
MCD	Mortgage Credit Directive
MDP	Market Data Processor
MiFID II	Markets in Financial Instruments Directive
MiFIR	Markets in Financial Instruments Regulation
MTF	Multilateral trading facility

OTF	Organised trading facility
PIP	Primary information provider
PRA	Prudential Regulation Authority
PRs	Prospectus Rules
PS	Policy statement
RFB	Ring-fenced body
RM	Regulated market
SI	Systematic internaliser
UKLA	UK Listing Authority
VoP	Variation of permission

1. Overview

- 1.1** This Consultation Paper (CP) sets out our proposed policy changes to how our fees will be raised from 2016/17¹. We are funded entirely by the fees and levies recovered from the firms we regulate – we receive no subsidies from other sources.

Who does this consultation affect?

- 1.2** Each chapter identifies the firms and other bodies it will affect. There is a summary in Table 1.1.

Is this of interest to consumers?

- 1.3** Our fees rules are not directly of interest to consumers, although indirectly our fees are met by them.

Context

- 1.4** Generally, our annual fees consultation follows this cycle:
- **October/November** – we consult on any changes to the policy on how fees and levies are raised. Depending on the proposed policy change, we would expect to provide feedback on the responses received to this consultation in the following February or March Handbook Notice.
 - **January** – we consult on the Financial Services Compensation Scheme (FSCS) management expenses levy limit (MELL). This is a joint consultation with the Prudential Regulation Authority (PRA). We provide feedback on responses received to this consultation in the March Handbook Notice.
 - **March** – 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, Money Advice Service and Pensions Guidance levies for the next financial year.
 - **June/July** – we expect to publish feedback on the responses received to the March CP together with final fees and levy rates in a policy statement end of June or early July.

¹ The separation of the FCA and PRA handbooks (see chapter 2) will take effect from 1 March 2016 but will not have any practical impact on 2015/16 fees.

- 1.5** This CP covers the first part of this annual cycle. Further information about our approach to fees is presented in our brief guide, *How we raise our fees*, which is available on our website: <http://www.fca.org.uk/your-fca/documents/how-we-raise-our-fees>.

Summary of our proposals

- 1.6** Each chapter covers a self-contained area of policy, as summarised below:
- Chapter 2 sets out our proposals for creating a free-standing FCA fees handbook, separate from the PRA handbook. The PRA is carrying out a similar consultation on its handbook. At present our handbooks are linked. We are making the minimum textual changes necessary. We are not proposing any policy changes.
 - Chapter 3 presents proposals for recovering the data reporting costs associated with market monitoring under MiFID II (Markets in Financial Instruments Directive) and MiFIR (Markets in Financial Instruments Regulation):
 - Recovery of regulatory costs under the Financial Services and Markets Act 2000 (Data Reporting Services) Regulations 2016 (DRS Regulations)
 - Recovery of costs of maintaining IT systems for reporting data to us as required under the Markets in Financial Instruments Directive (MiFID II) and Markets in Financial Instruments Regulation (MiFIR)
 - Chapter 4 follows up a discussion paper we issued in February about the fees we charge to recover our costs as the UK Listing Authority (UKLA). Our proposals are intended to simplify and clarify our transaction charges and annual fees, and to target cost recovery more effectively towards the demands made on UKLA's resources.
 - Chapter 5 presents two proposals:
 - 10% discount on fees paid by EEA (European Economic Area) branches 'passporting' into the UK market as home finance intermediaries under the Mortgage Credit Directive
 - Bringing forward from 30 April to 1 April the 'on-account' date when larger firms pay the first instalment of their annual fees with effect from 1 April 2016.
 - Chapter 6 invites credit providers to express interest in offering credit to firms that wish to pay their fees in instalments.

Recovery of our ring-fencing costs

- 1.7** The Financial Services (Banking Reform) Act 2013 inserted provisions into the Financial Services and Markets Act 2000 (FSMA) that establish a ring-fencing regime for the UK's largest banks from 1 January 2019.
- 1.8** In broad terms, the legislation aims to isolate retail banking activities from investment banking activities. The core objective is to reduce the likelihood of disruption of key retail services by

insulating ring-fenced bodies (RFBs) from risks arising elsewhere in their own groups or in the wider financial system.

- 1.9** Only banks with average total core deposits of more than £25 billion for a three-year period fall within the scope of ring fencing. The ring-fencing regime will not apply to banks below the £25 billion threshold, building societies, foreign banks and independent private banks. The regulated activity of accepting deposits is in most cases² identified as a 'core' activity which banking groups must place into RFBs. 'Excluded activities', which RFBs may not undertake, consist of dealing in investments as principal and commodities trading.
- 1.10** We have set up a project to manage the activities we will need to undertake in order to meet our responsibilities for the implementation of the ring-fencing regime. In our March 2016 fees rates CP, we will be consulting on proposed rules aimed at recovering the 2015/16 costs and future costs of this project from the firms affected by ring-fencing implementation. These costs will therefore not form part of our annual funding requirement allocated to the A.1 fee-block (deposit acceptors).
- 1.11** We intend to develop these proposed rules in conjunction with the PRA, which will also be consulting in March 2016 on proposed rules to recover its related structural reform costs.

Equality and diversity considerations

- 1.12** Our equality impact assessment (EIA) has concluded that none of the proposals presented in this CP appear to raise issues of equality or diversity. We would welcome your comments if you believe equality and diversity issues might arise from our proposals.

Next steps

What do I need to do next?

- 1.13** Please consider our proposals and send us your comments on the questions in this CP by 8 January 2016.

How do I send my comments?

- 1.14** Use the online response form www.fca.org.uk/your-fca/documents/consultation-papers/cp15-34-response-form on our website or write to us at the address on page 2 of this document.

What will the FCA do?

- 1.15** We will consider your comments and publish our feedback, along with our rules, through a Handbook notice in February or March 2016.

² The ring-fencing legislation states that all deposits held with deposit takers are deemed to be core deposits unless one or more of the account holders is: an individual with assets (money and transferable securities) of at least £250,000, a medium- or large-sized company, an entity in the same group as a medium- or large-sized company, or a financial institution. A medium- or large-sized company for this purpose is a company that has one or more of the following criteria: a turnover of not less than £6.5 million, a balance sheet total of not less than £3.26 million and/or no fewer than 50 employees.

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

Issue	Fee payers likely to be affected	Chapter
Separating FCA and PRA fees handbooks.	Only minimum textual changes being made, so no practical effect on any fee payers, but all should be aware.	2
Recovering costs of new regulatory regime for data reporting service providers (DRSPs).	Any entity considering registration as a DRSP.	3
Recovering the costs of maintaining IT system for submission to us of the market monitoring data required under MiFID II (Markets in Financial Instruments Directive) and MiFIR (Markets in Financial Instruments Regulation).	All firms, DRSPs and other entities that submit or intend to submit market monitoring data to us.	3
Recovering the costs of the UK Listing Authority (UKLA).	All issuers of securities, sponsors and other bodies that undertake, advise on or distribute information relating to transactions or documents that require UKLA approval (see list in paragraph 4.2).	4
Discount for EEA (European Economic Area) branches 'passporting' into the UK market as home finance intermediaries under the Mortgage Credit Directive.	Any EEA branch that might undertake home finance intermediation in the UK.	5
Bring forward date when larger firms pay the first instalment of their annual fees with effect from 1 April 2016.	Any firm paying FCA periodic fees of £50,000 or more.	5
Invite credit providers to express interest in offering credit to firms that wish pay their fees in instalments.	Any credit provider.	6

2. Separation of Financial Conduct Authority and Prudential Regulation Authority fees handbooks (Draft rules in appendix 1)

- 2.1** We and the Prudential Regulation Authority (PRA) are consulting on the separation of our fees handbooks. This chapter sets out our proposals for the FCA handbook. The PRA's proposals were published in a Consultation Paper (CP) in October 2015³.
- 2.2** Our proposals affect chapters 1 to 4 of the fees handbook (FEES 1-4) so are of interest to all FCA fee payers. They do not affect FEES 5 - 12 or Appendix 1– i.e. the levies for the Financial Ombudsman Service, Financial Services Compensation Scheme, Money Advice Service, Payment Systems Regulator, Pensions Guidance Levy or Unauthorised Mutuals Registration Fees - since these are not part of the PRA handbook. There are no transitional provisions. The rules will come into effect from 1 March 2016. This means they will be in place for the 2016/17 fee year, which starts on 1 March for the PRA and 1 April for the FCA. Having the new handbook in place for the final month of 2015/16 will have no effect on the current FCA fees regime.
- 2.3** All policy proposals in the subsequent chapters of this CP are based on the proposed new free-standing FCA fees handbook, not the handbook as it currently stands.

Background

- 2.4** When our predecessor body, the Financial Services Authority (FSA), was replaced by the FCA and PRA on 1 April 2013, the FSA handbook was used as the basis of the handbooks for the new regulators. To maintain continuity during the transition, most of the provisions in the FSA handbook were carried forward without substantive changes, and designated between the two regulators in line with their respective responsibilities and objectives. As a result, many of the provisions in the new handbooks were common to both. These 'shared rules', as they are known⁴, ensured a safe transition to the new regulatory regimes both for firms and the regulators, and maintained the familiarity of the old FSA handbook. It was the intention that, over time, the two handbooks would be fully separated, becoming free-standing documents with no shared rules. This is the aspiration that we and the PRA are now implementing with respect to the fees handbooks.
- 2.5** The removal of shared rules will avoid the need for duplicate consultation exercises. Currently, when one regulator proposes amendments to shared rules that have no material impact on the other, both regulators are required to consult before rules can be changed. We and the PRA

³ *The PRA Rulebook: Fees* (CP40/15, October 2015)

⁴ Technically, they are not 'shared', but the same rule adopted by both regulators.

will continue to consult each other before publishing Consultation Papers, as required under the Financial Services and Markets Act (FSMA).

Proposed changes to the FCA handbook

- 2.6** To keep the process of separation as straightforward as possible, we have decided to keep changes to the separated FCA handbook to the minimum. We have removed unnecessary references to the PRA and ‘the appropriate regulator’ and checked consistency with the separated PRA rulebook. In particular, we have worked closely with the PRA to make sure that our free-standing handbooks maintain the FCA’s capacity to act as the PRA’s collection agent for fees.
- 2.7** We are making no policy changes but we have introduced an important set of textual amendments to clarify the charges for applications in FEES 3 Annex 1R Part 1 and minimum periodic fees in FEES 4 Annex 2AR Part 2. Dual-regulated firms supervised by both the PRA and the FCA pay fees to both regulators. At present, our handbook sets separate variable periodic fees for FCA authorised persons (ie firms regulated only by us) and PRA-authorised persons (ie ‘dual-regulated’ firms supervised by both regulators).
- 2.8** However, the application fees and minimum fees payable by PRA-authorised persons are currently presented as proportions of the fees paid by FCA authorised persons. We have decided instead to follow the more straightforward model of variable periodic fees and list the charges separately for the two types of authorised person.
- 2.9** This does not affect the sums the firms actually pay. For example, looking at application fees, the total charge for a ‘complex’ application at section 2 of the current table in FEES 3 Annex 1R is £25,000. In our new handbook, we have kept the fee at £25,000 for an FCA-authorised person and set £12,500 for a PRA-authorised person. In its handbook, the PRA too has set the fee at £12,500, so the total paid by a PRA-authorised person remains £25,000. We explain in the redrafted rules at FEES 3 Annex 1R Part 1 that PRA-authorised persons will also pay regulatory transaction fees to the PRA for new authorisations.
- 2.10** Similarly in relation to minimum periodic fees (Part 2 of FEES 4 Annex 2A) we have decided to list the charges separately for the two types of authorised person.
- 2.11** Firms make advance payments of their fees on account when their fee for the previous year is £50,000 or more. We have clarified FEES 4.3.6(1) to confirm that PRA-authorised persons meet this condition when their total liability for FCA and PRA fees combined is £50,000 or more. This maintains our current policy and practice.
- 2.12** We have removed a number of references to the division of responsibility between ourselves and PRA, notably:
- We have simplified FEES 3 Annex 6A, which sets out the fees payable by investment firms that need permission or guidance on internal approaches for credit risk (except counterparty credit risk) and operational risk. We have changed the description of the firms concerned to ‘IFPRU investment firms’ (investment firms subject to the prudential sourcebook) because this is more accurate than the current description of them as ‘CRR firms’ (capital resource requirement).
 - We have amended FEES 3 Annex 9R by restricting the calculation methodology to the FCA

and removing the PRA hourly rates. We have clarified that the FCA will levy its own special project fees (SPFs) separately from any levy issued by the PRA and this may be in relation to the same events or circumstances.

Q1: Do you have any comments on our proposal to make minimum textual adjustments to the fees handbook in order to separate it from the PRA fees handbook?

3.

Recovering the costs associated with the market data reporting elements of MiFID II/MiFIR (Draft rules in appendix 2)

3.1 In this chapter, we are consulting on two sets of charges:

- Recovery of regulatory costs under the Financial Services and Markets Act 2000 (Data Reporting Services) Regulations 2016 ('DRS Regulations').
- Recovery of costs of connecting to and maintaining IT systems for reporting data to us as required under the Markets in Financial Instruments Directive (MiFID II) and Markets in Financial Instruments Regulation (MiFIR): transaction reports (Article 26 MiFIR), reference data (Article 27 MiFIR), transparency calculation data (Article 22 MiFIR) and commodity position reports (Article 58 MiFID II).

3.2 The Markets in Financial Instruments Directive (MiFID) prescribes the EU standards for the regulation of financial markets, including the authorisation and supervision of investment firms, requirements for the provision of investment services and activities, the authorisation and supervision of trading venues and the requirements for trading activities of financial instruments across the EU. MiFID has been revised to strengthen investor protection and market transparency, with MiFID II taking effect from 3 January 2017. Some of the revisions have been incorporated into the Markets in Financial Instruments Regulation (MiFIR). Further information about MiFID II/MiFIR and some aspects of our regulatory approach are set out in a discussion paper we issued in March 2015.⁵ We expect to issue a consultation paper on our proposals for regulating MiFID II later this year.

3.3 MiFID II and MiFIR prescribe the types of data relevant firms have to submit to their competent authorities as the basis for effective market monitoring. Some firms will submit their data directly to us, but many will rely on commercial suppliers to provide secure connections to our systems.

3.4 MiFID II also creates a new regulatory regime for data reporting service providers (DRSPs). Since the DRS Regulations implementing this regime in the UK have not yet been brought into law, the proposals in this chapter are based on the draft regulations at the time of writing. If the final regulations involve any material changes, we will adjust our own proposals accordingly when we make the rules. Our rules relating to DRSP fees will be made when the DRS regulations come into force, which we expect to be in mid-2016.

⁵ DP15/3, *Developing our approach to implementing MiFID II conduct of business and organisational requirements* (March 2015): <http://fca.org.uk/your-fca/documents/discussion-papers/dp15-03>

Recovery of regulatory costs under the DRSP Regulations

- 3.5** Since DRSPs will be regulated outside FSMA (the Financial Services and Markets Act) under the DRSP Regulations, we will have to ring-fence recovery of the costs of our authorisation and supervision activities by setting up a separate structure of application and periodic fees.

Fee payers

- 3.6** The fees will apply to all entities seeking authorisation by us under the DRS regulations (Regulation 5) - ie: approved reporting mechanisms (ARMs), approved publication arrangements (APAs) and consolidated tape providers (CTPs). This includes those entities/systems that are currently approved by us as ARMs or Trade Data Monitors (TDMs) or as trade repositories by the European Securities and Markets Authority (ESMA).
- 3.7** Once MiFID II/MiFIR comes into effect, some entities may already be authorised under FSMA because they are carrying out other regulated activities such as operating an investment firm, a regulated market (RM), a multilateral trading facility (MTF), or an organised trading facility (OTF). When a RM, MTF or OTF takes advantage of a 'derogation' (i.e. exception) in Article 59(2) of MiFID II which allows them to provide data reporting services, they will still fall under the DRS Regulations and pay application and periodic fees to cover our expenses for verifying that they comply with Title V of MiFID II and our supervision costs. For these 'derogated entities', their DRSP fees will be additional to their FSMA fees in the A or B fee blocks.
- 3.8** Fees under the DRS regulations will not apply to entities that have been authorised in other EU member states but are providing data reporting services in the UK – known as 'incoming' DRSPs. However, they will have to contribute at a discounted rate towards the costs of connecting to our IT reporting systems. Our proposed connection charges are set out in the second part of this chapter.

Application fees

- 3.9** Entities that apply to us for authorisation or verification under the DRS regulations will pay a fee to contribute towards the cost of processing their applications. Although MiFID II/MiFIR will not come into effect until January 2017, we propose to accept formal applications once the DRS Regulations come into effect (expected to be mid-2016) to allow time for applicants to go through the authorisations process and set up and test their systems.
- 3.10** We will have up to six months to process those applications, but will seek to expedite our analysis as much as possible to give DRSPs sufficient certainty of their status ahead of the new regulatory regime.
- 3.11** The standard FSMA application charges are: straightforward - £1,500; moderately complex - £5,000; complex - £25,000. Our best estimate of the anticipated costs of processing DRSP applications indicates that the moderately complex fee of £5,000 would represent a reasonable contribution towards the costs of authorising DRSPs or entities seeking verification of their compliance with Title V MiFID II. When a firm applies for several FSMA permissions, it pays only one application fee, for the most costly of the permissions. If it later seeks a variation of permission (VoP) to increase the number of permissions, it pays 50% of the highest application fee. If the costs of processing authorisations are in practice higher than the revenue generated

by application and VoP fees, any balance will be recovered from the full population through periodic fees.

- 3.12** If an entity applies for more than one category of DRSP – for example, to become both an ARM and an APA – we would need to undertake additional work because each category will be assessed against different criteria, but there would also be a base of common requirements. We therefore propose to charge 50% of the application fee for each additional category applied for. This discount would apply whether the applications were made at the same time or later. This discount arrangement translates the FSMA model of VoPs to the DRSP regime.
- 3.13** It should be noted that applications under the DRS regulations from firms already authorised for FSMA permissions will not be treated as VoPs but as new applications. This is because the regulatory regimes are separate and so the information we already hold will be insufficient to justify concessions for existing firms.

Q2: Do you have any comments on our proposed application fees for authorisation under the DRS (Data Reporting Service) Regulations?

Periodic fees

- 3.14** Entities authorised or verified under the DRS regulations will pay annual periodic fees to cover the costs of supervision and any balance of the costs of processing applications. At this stage we are consulting only on the structure of fees. We will consult on the fee rates in March 2016 when we have a clearer picture of our total costs, but we are including an indicative range of charges in this CP to help firms with their business planning. Since MiFID II will not come into effect until January 2017, entities authorised under the DRS regulations will only pay one quarter's periodic fees in 2016/17, pro-rated on a monthly basis.
- 3.15** Entities regulated outside FSMA, such as payment services providers and e-money issuers, are allocated to the 'G' fee blocks, so we are proposing a new 'G' fee block – G25 – for DRSPs. We are proposing an annual flat-rate fee, expected to be in the range £20,000 to £30,000 per entity. Where an entity is authorised to provide more than one category of DRSP (see paragraph 3.6), we propose charging 50% of the periodic fee for each additional DRSP category to cover the additional supervisory cost.

Q3: Do you have any comments on our proposed structure of periodic fees to recover the costs of supervision under the DRS (Data Reporting Service) Regulations?

Recovery of costs of maintaining systems for reporting MiFID II/MiFIR data to the FCA

- 3.16** We propose to recover the cost of providing the IT systems for submitting regulatory data under MiFID II and MiFIR from all entities that use them. This section proposes:
- On-boarding fees

- Annual fees for infrastructure maintenance

3.17 These fees are additional to any applicable fees that some of the bodies will pay to cover authorisation and supervision costs under the DRSP regulations.

Fee-payers

3.18 The entities affected will be submitting the data described in paragraph 3.1 and are likely to include:

- ARMs: for the transaction reports they are submitting to the FCA (Article 26 MiFIR)
- APAs and CTPs: for the transparency calculation data they are submitting to the FCA (Article 22 MiFIR)
- RMs, MTFs and OTFs that are submitting transparency calculation data (Article 22 MiFIR), reference data (Article 27 MiFIR) and transaction reports on behalf of non-MiFID member firms (Article 26(5) MiFIR) and transaction reports for MiFID member firms in relation to the market-side transaction report (Article 26(7) MiFIR)
- SIs (systematic internalisers) that are submitting reference data to the FCA (Article 27 MiFIR)
- Any entities submitting commodity position reports directly to the FCA (Article 58 MiFID II)
- Investment firms that are submitting transaction reports directly to the FCA on their own behalf (Article 26 MiFIR)

On-boarding fee

3.19 FEES 3.2.7R Part 1 (r) sets a fee of £100,000 for providers of reporting or trade matching systems applying for recognition as ARMs. FEES 3.2.7R Part 1 (t) also sets a fee of £100,000 for firms, third parties acting on firms' behalf or operators of regulated markets or MTFs applying to report transaction reports directly to us.

3.20 MiFIR and MiFID II set new technical requirements for market reporting. Consequently, both we and the entities that submit market monitoring data to us as listed in paragraph 3.18 have to develop new systems to process the data. Once they have developed their own systems, reporting entities will need to connect to the new system our market data processor (MDP) supplier will develop for us. We are proposing to charge them fees to recover the technical on-boarding costs our MDP supplier will charge to us. Entities which are connected to our existing system and have already paid the fees discussed in paragraph 3.19, will have to connect their new systems to our new MDP and pay the full on-boarding fee. Our new system will be available in 2016 for testing but will only accept data for regular reporting when MiFID II/MiFIR comes into effect, so entities already reporting to us should continue to use the existing system until that time.

- 3.21** As we have to maintain our existing system so long as the current reporting requirements are in place, and allow entities to connect to it if they wish, fees under FEES 3.2.7R Part 1 (r) and (t) will continue to be payable until MiFID II comes into effect.
- 3.22** Since we have not finalised the arrangements for our new MDP, it is not possible for us to provide a definitive on-boarding fee at this stage, but we expect to be able to charge a lower fee for transaction reporting under Article 26 MiFIR than the present charges under FEES 3.2.7R Part 1 (r) and (t). However, we expect the on-boarding cost for transaction reporting to be significantly greater than for all other types of data, given the complexities of the fields to be populated and the associated conformance and validation tests to be performed. A single charge for the different types of data to be submitted does not therefore appear to be appropriate and so we are proposing a two-tiered flat rate to distinguish between transaction reporting and the other types of data – i.e. reference data (Article 27 MiFIR), transparency calculation data (Article 22 MiFIR) and commodity position reports (Article 58 MiFID II). Where an entity is connecting to provide both transaction reports and other types of data it will pay both fees. At this stage we expect the upper limit of the fees to be as follows:

Type of data	Anticipated upper limit of on-boarding charge
Article 26 (transaction reporting)	£80,000
All other types of data	£40,000

- 3.24** When we feed back on the consultation responses in February or March 2016, we expect to have finalised the arrangements for our new MDP so will confirm the final rates and indicate when the new system should be available for those entities that wish to connect to it. In the meantime, we continue to monitor ongoing developments in MiFID II as regards their impact on our systems.

Incoming DRSPs

- 3.25** Incoming DRSPs will be subject to authorisation and supervision by their home competent authority. Consequently, as explained in paragraph 3.8, they will be exempt from all application and periodic fees for supervision under the DRSP regulations. There is nevertheless a regulatory function which falls to us as a host competent authority. Although, as part of its function, the home regulator should have ensured that the incoming DRSP has appropriate systems and controls, as the host competent authority we will also need to ensure the DRSP can connect to our system safely and effectively. As such, we propose to charge an incoming DRSP 80% of the on-boarding charge. This recognises and reflects our role in ensuring compliance with the technical specifications for the submission of market data, as well as the complementary role of the home regulator in regulating the incoming DRSP.

Q4: Do you have any comments on our proposed on-boarding fees for bodies using our systems to report information as required under MiFID II (Markets in Financial Instruments Directive) and MiFIR (Markets in Financial Instruments Regulation)?

Annual fee for infrastructure maintenance

- 3.26** Entities currently making transaction reports directly to us pay fees under FEES 4 Annex 3A to recover the ongoing maintenance and administration costs of our existing reporting system. These charges will continue until MiFID II comes into effect and they start reporting through the new MDP.
- 3.27** As we are in the process of replacing our existing data processor and the associated IT support arrangements, we do not yet know the costs of running the MDP. Our current thinking is that, instead of charging the firms that submit the data, we should recover the ongoing costs of the new MDP from the relevant firms that benefit from effective market reporting.
- 3.28** We will consult on our proposals in March 2016. Meanwhile, we would welcome comments on our proposal that the costs of the MDP should be recovered on a proportionate basis from the relevant firms that benefit from effective market reporting.

Q5: Do you have any comments on our proposal that the costs of maintaining the MDP (Market Data Processor) system should be recovered on a proportionate basis from the relevant firms that benefit from effective market reporting?

4.

Recovering the costs of the UK Listing Authority (Draft rules in appendix 3)

- 4.1** This chapter sets out our proposals for restructuring the fees we charge to recover the costs we incur in our capacity as the UK Listing Authority (UKLA). The chapter falls into three parts:
- Feedback on UKLA fees discussion paper (DP): review of the comments we received in response to the DP on UKLA fees we published in February 2015⁶.
 - Transaction/vetting fees: proposals for revised fees from 1 April 2016.
 - Periodic fees: proposals for a new structure for periodic fees from 2016/17. We will consult on the rates to be levied in 2016/17 in our fee rates CP in March 2016.
- 4.2** The UKLA is the FCA department that exercises our responsibilities as the competent authority overseeing the listing, transparency and prospectus regimes. It maintains the Official List of securities and enforces compliance with the Disclosure and Transparency Rules (DTRs), the Prospectus Rules (PRs) and the Listing Rules (LRs). This chapter affects any:
- company that has its securities listed on the Official List or that may apply for listing of securities in the future
 - person who is required to publish an approved prospectus or who may be required to do so in the future
 - company that has been approved by the FCA to act as a sponsor advising premium listed companies on their obligations under the listing regime, or that might seek approval in the future
 - primary information provider (PIP) that has been approved by the FCA to distribute regulated information on behalf of issuers, or a person who might seek approval in the future
 - person or company who is considering, or may in the future consider, advising on transactions or documents that require UKLA approval.

Feedback on UKLA fees Discussion Paper

- 4.3** The DP we published in February invited views on two topics:
- The appropriate balance of cost recovery between transaction/vetting fees and periodic

⁶ UK Listing Authority fees: covering the costs of regulation (DP15/1, February 2015).

fees. At present we recover around 80% of the UKLA's costs through periodic fees. We presented scenarios illustrating the impact on fees of varying the ratio from 60% to 100%.

Our question for discussion was:

Q6: Do you have any views on the appropriate balance of cost recovery between transaction/vetting and periodic fees?

- Scope for simplifying transaction/vetting fees. We discussed options for removing minor fees, for increasing some fees to achieve a more realistic recovery of the costs of labour-intensive work and for simplifying our transaction/vetting fees.

We asked two questions:

Q7: Do you have any comments on our suggestions in paragraphs 4.8 – 4.9 for adjusting individual transaction/vetting fees?

Q8: Would it be helpful to simplify our transaction/vetting fees into a limited number of broad categories as discussed in paragraphs 4.12 – 4.18?

We also asked a more general question:

Q9: Do you have any comments on the impact, if any, the issues discussed in this DP might have on the principles of good regulation we are required to consider when carrying out our work?

We said that, after considering the responses, we would consult on proposals for implementation from 2016/17. This chapter meets that commitment.

Responses to the DP

We received two responses, one confidential and the other from BDO LLP. Both considered that our discussion did support the principles of good regulation (Question 4). One urged us to consider the 'competitiveness of London and promoting access to capital markets' when taking our proposals forward, arguing that: 'Without a vibrant and diverse issuer community, capital markets cannot serve their primary function of bringing together issuers and investors in an efficient and well regulated manner.'

On Question 1, both respondents agreed that the market would benefit from some rebalancing of cost recovery towards transaction fees. There was strong support for replacing the annual fees for issuers of securitised derivatives with higher transaction fees for vetting their prospectuses. Going further, BDO favoured a more general rebalancing, arguing that even if cost recovery through periodic fees was reduced to 60%, the increases in transaction fees would be modest but the lower periodic fees would be welcome and it would improve the alignment between the fees and the time spent by the UKLA.

Both respondents supported our proposals in Questions 2 and 3 to reduce the administrative burden on both those who use the UKLA's services and the UKLA by removing minor fees, and to simplify the catalogue of transaction/vetting fees by grouping them into broader categories. One warned against sharp increases in fees, especially for issuers of global depository receipts (GDRs) whose periodic fees had increased substantially over the past few years.

Our feedback on the DP

We appreciate the time and effort the two respondents put into considering our DP. We are pleased that they believed our discussion supported the principles of good regulation.

We have decided not to consult on changing the overall balance of cost recovery between transaction fees and periodic fees, keeping it at about 20:80. We are however consulting on readjusting the individual transaction/vetting fees charges, removing or reducing some and increasing others, so that they better reflect the use of the UKLA's resources. We are consulting on our proposal to discontinue the periodic fees for issuers of securitised derivatives and instead charge them for the use they make of our services.

Transaction/vetting fees

- 4.4** There are currently 18 different transaction/vetting fees, ranging from £250 to £50,000. They are set out in different parts of the fees manual. Table 4.1 brings them together into a single list. A review we undertook at the end of 2014 to match the UKLA's revenue streams with the deployment of its resources indicated that there is not always a strong correlation between the UKLA's fees and its costs.
- 4.5** By contrast, we found that the administrative burden of collecting some of the smaller fees complicated what would otherwise be straightforward activities, presenting barriers to doing business with us. In particular, we identified minor fees of £225 for new listings and £100 for subsequent amendments to existing listings where the costs of collection were disproportionate to the revenue generated. We said in the DP that removing these fees would streamline the process, and so we consulted on their removal at the first opportunity in March 2015⁷ and deleted them from 1 July 2015, as reported in our June Policy Statement (PS).⁸ We also propose clarifying our drafting to make it clear that super and significant transaction fees are only charged once per transaction.

⁷ CP15/14, *FCA regulated fees and levies: rates proposals 2015-16* (March 2015)

⁸ PS15/15, *FCA regulated fees and levies 2015-16: including feedback on CP15/14 and 'made rules'* (June 2015)

Table 4.1: Current UKLA transaction fees

FEES 3.2.7: Table of application, notification, vetting and other fees payable to the FCA		
Part 1: Application, notification and vetting fees		
(q)	A super transaction where: (i) the issuer has a market capitalisation in excess of £1.5 billion and is a new applicant for a premium listing under the listing rules, or involved in a reverse or hostile takeover or a significant restructuring or (ii) the issuer has a market capitalisation in excess of 5 billion and is involved in a class 1 transaction, a transaction requiring vetting of an equity prospectus or equivalent document or a transaction requiring vetting of a prospectus or listing particulars in relation to a depository receipt.	£50,000
(v)	A significant transaction where: (i) the issuer has a market capitalisation in excess of £500 million and is producing an equity prospectus or equivalent document, a prospectus or listing particulars in relation to a depository receipt or a document in relation to a class 1 transaction or (ii) the issuer is producing a document for vetting in relation to a reverse takeover, a hostile takeover or a significant restructuring. A significant transaction does not include a super transaction.	£20,000
(x)	(i) An issuer or person who: (1) is a fee payer under one or more of the categories set out in (ii) and (2) requests the FCA's approval or vetting of a document that includes a mineral expert's report. (ii) The categories are (1), (m) (q), and (v) of this table. (iii) A fee under this category is payable in addition to any fee payable under the categories set out in (ii).	£5,000
Part 2: other fees		
(a)	(i) An issuer that has not made public its annual financial report before the latest time specified in DTR 4.1.3 R. (ii) An issuer that has not made public its half-yearly financial report before the latest time specified in DTR 4.2.2 R (2).	£250
FEES 3 Annex 4: Application and administration fees in relation to listing rules		
Part 2 sponsor application fees		
	Application for approval as sponsor	£15,000
	Application for approval as sponsor following change of legal status (FEES 3 Annex 1, Part 7)	£5,000
FEES 3 Annex 5: Document vetting and approval fees in relation to listing and prospectus rules		
Part 1: Transaction vetting fees		
New applicants for:	Standard listings and premium listings where companies satisfy Listing Rule 6.1.1A R	£1,100
	£2,450	
Category 1	Class 1 transactions	£6,270
Category 2	Listing particulars for issuers of specialist securities (excluding depository receipts)	£2,750
Category 2A	Approval of a material change to the published investment policy of a closed-ended investment fund under LR 15.4.8 R	
Category 3	All other vetting only transactions	£2,750
Category 4	Supplementary listing particulars	£550

Part 2: approval or vetting of documents referred to in the second column of this table arising in relation to specific events or transactions that an issuer, offeror or person requesting admission might be involved in during the year.		
Category 1	Equity prospectus or listing particulars Equivalent document referred to in PR 1.2.2R(2) or (3) or PR 1.2.3R(3) or (4) Depository receipt prospectus ⁴ or listing particulars, or convertible securities or asset backed security prospectus or listing particulars	£6,270
Category 2	Equity registration document	£3,520
Category 3	Equity securities note and summary Summary document referred to in PR 1.2.3R(8)	£2,750
Category 4	Non-equity prospectus or base prospectus Equivalent document referred to in PR 1.2.2R(2) or (3) or PR 1.2.3R(3) or (4)	£2,750
Category 5	Non-equity registration document	£1,925
Category 6	Non-equity securities note and summary Summary document referred to in PR 1.2.3R(8)	£825
Category 7	Supplementary prospectus and any details produced in a document in relation to LR 16.3.6R	£550

4.6 We suggested in the DP that we should rationalise UKLA transaction fees by:

- removing more of the minor fees
- aligning fees for labour-intensive activities more closely to the deployment of our resources
- introducing a smaller number of broad categories of fees in recognition that the rates represent average costs so cannot be tailored precisely to the cost of dealing with every type of document

4.7 These suggestions were endorsed by both respondents.

4.8 Table 4.2 sets out our proposals. For ease of reference, all transaction/vetting fees will be listed together in a new annex in FEES 3. We have divided the fees into six categories, ranging from £0 for Category A1 to £50,000 for super transaction fees in Category A6. If the UKLA considers that it is necessary to vet further documents, we will consult on which fee category to include them in.

4.9 We have proposed removing many smaller fees by placing the relevant transaction/vetting service in Category A1 with a fee of zero. This category includes assessing eligibility for listing of debt securities, approval of a supplementary prospectus/listing particulars, a securities note or a prospectus summary. We propose that fees start at £2,000. We have also proposed that several fees should be reduced. For example, issuing debt equities would fall into Category A2, with a fee of £2,000 compared with the current rate of £2,750. We propose that a number of fees should be increased. We now charge £6,270 for vetting an equity prospectus, but under our proposals this would fall into Category A4 with a more realistic fee of £15,000. Where multiple categories are applied for, we propose to charge the lower of the relevant fees, except for category A4(g), which would be additional to any other fee. We are proposing that significant transaction fees and super transaction fees should remain at £20,000 and £50,000 respectively, and are taking the opportunity to confirm that a fee is payable only once per transaction. Our modelling indicates that the overall impact on the revenue received should be neutral.

Table 4.2: Proposed UKLA transaction/vetting fees

Category	Application	Fee
A1	<ul style="list-style-type: none"> (a) applying for a listing of securities under LR 17; (b) applying for a listing of miscellaneous securities under LR 20; (c) applying for a premium listing of equity shares where LR 6.1.1AR applies; (d) applying for approval as a primary information provider; (e) applying for the approval of a material change to the published investment policy of a closed-ended investment fund under LR 15.4.8R; (f) submitting a summary document for review under PR 1.2.3R(8); (g) applying for the approval of: <ul style="list-style-type: none"> (i) a supplementary prospectus; (ii) supplementary listing particulars; (iii) a securities note; (iv) a summary. 	£0
A2	<ul style="list-style-type: none"> (a) applying for the approval of: <ul style="list-style-type: none"> (i) a prospectus in relation to non-equity transferable securities; (ii) a registration document in relation to non-equity transferable securities; (iii) listing particulars in relation to non-equity transferable securities; (b) where an issuer has a market capitalisation of less than £500 million: <ul style="list-style-type: none"> (i) applying for the approval of a prospectus in relation to equity securities; (ii) applying for the approval of a registration document in relation to equity securities; (iii) applying for the approval of listing particulars in relation to equity securities; (iv) submitting a document equivalent to a prospectus for review under PR 1.2.2R(2), PR 1.2.2R (3) or PR 1.2.3R (4); (c) submitting a circular for approval; (d) where an issuer is a closed-ended investment fund: <ul style="list-style-type: none"> (i) applying for the approval of a prospectus in relation to equity securities; (ii) applying for the approval of a registration document in relation to equity securities; (iii) applying for the approval of listing particulars in relation to equity securities; (iv) submitting a document equivalent to a prospectus for review under PR 1.2.2R(2), PR 1.2.2R (3) or PR 1.2.3R (4) (e) where an issuer is an open-ended investment fund, applying for the approval of listing particulars. 	£2,000
A3	<ul style="list-style-type: none"> a) applying for a premium listing of equity shares under LR 15; (b) applying for a premium listing of equity shares under LR 16; (c) applying for approval as a sponsor following a change in legal status. 	£5,000

A4	(a) applying for a premium listing of equity shares under LR 6; (b) applying for a listing of shares under LR 14; (c) applying for a listing of securities representing certain securities under LR 18; (d) applying for a listing of securities under LR 19; (e) applying for the approval of: (i) a prospectus in relation to equity securities; (ii) a registration document in relation to equity securities; (iii) listing particulars in relation to equity securities; (f) submitting a document equivalent to a prospectus for review under PR 1.2.2R(2), PR 1.2.2R (3), PR 1.2.3R(3) or PR 1.2.3R (4); (g) applying for the approval of a document that includes a mineral expert's report; (h) applying for approval as a sponsor.	£15,000
A5	Significant transaction: applying for the approval of a document in relation to a significant transaction.	£20,000
A6	Super transaction: applying for the approval of a document in relation to a super transaction.	£50,000

Q6: Do you agree with our proposals for UKLA transaction fees? If not, please give your reasons

Periodic fees

4.10 Our DP did not discuss UKLA periodic fees, except to suggest the removal of the fee block for issuers of securitised derivatives, which was supported by the respondents, but we have been considering periodic fees internally at the FCA. As with transaction/vetting fees, we believe they could be simplified and better presented. In particular, the 'E' fee blocks on which issuers' invoices are based are not named or defined in the rules. Instead, their characteristics are described in FEES 4 Annexes 7 and 8. Following consultation in our March 2015 CP, we have taken a first step by setting out separate tables of fees for premium and standard listed issuers. We propose to build on this by defining the fee blocks explicitly in a single annex and simplifying some of the fee structures.

4.11 Our proposals are set out in Table 4.3. The overall impact on revenue is marginal – a reduction of 0.6% on 2015/16 figures. The key features are:

- All the 'E' fee blocks would be clearly identified and defined in a single annex in a similar style to the 'A' fee blocks. We intend to retain discontinued fee blocks for the record to help with queries on past fees.
- There would be no change for premium listed issuers in fee block E2. They would retain the current minimum and variable fees based on market capitalisation.
- All the other fee blocks would be based on fixed rates.
- Standard listed issuers in E3 and issuers of global depository receipts (GDRs) (currently in E5) would be merged into a single fee block and pay a flat fee of £19,500 instead of the current variable rate:
 - On this year's figures, this would have raised the fees of about 160 issuers and lowered those of about 110 issuers. The net effect would be a reduction in revenue under 0.1%.
 - The largest decreases in fees would have been up to £25,000.

- The largest increase would have been £15,380 for about 20 issuers that are now paying the minimum fee of £4,120.
- We recognise that this is a substantial percentage increase for the smallest UKLA standard listed issuers and issuers of GDRs, several of whom have been paying fixed or minimum fees at £4,000 or a little above for many years. However, we do not believe a fee of £19,500 represents a material expense for them. More significantly, our review of the deployment of the UKLA's resources in preparation for the DP confirmed the UKLA's experience that size is not a good indicator of risk in the case of standard listed issuers and issuers of GDRs. The current fees structure is not proportionate to the resources the UKLA puts into enforcing the Listing Rules or disclosure and transparency rules (DTRs) and so smaller issuers are not making an appropriate contribution towards recovery of the UKLA's costs, which are being covered by larger issuers.
- We are clarifying that an issuer that has both premium listed shares and standard listed shares will be allocated to fee-block E2 only, so will not pay fees in E3 as well.
- We propose discontinuing fee block E4 (issuers of securitised derivatives). These will instead pay for their use of the UKLA's services via the prospectus vetting fees and the eligibility fees.
- Fee block E6 (non-listed issuers under the DTRs) is not needed at present but we have decided to retain it in the manual without fee rates for the time being in case we need to reactivate it when MiFID II extends the DTRs to additional issuers.

Table 4.3: Current and proposed UKLA periodic fee blocks

Fee block	Current fee block	Proposed fee block
E1	Discontinued (originally all UKLA periodic fees were in a single fee block)	
E2	Premium Listed issuer: Listed issuer of equity shares and certificates representing certain securities with a premium listing	No change – retain variable rate
E3	Standard Listed issuer: listed issuer of equity shares and certificates representing certain securities with a standard listing and not with a premium listing	Merge with E5: Replace variable rate with flat rate - £19,500
E4	Issuer: securitised derivatives	Discontinue - replace with higher transaction fees for prospectuses
E5	Issuer: depositary receipts and global depositary receipts	Discontinue - merge into E3
E6	Non-listed issuer	Retain: not needed at present but retain for reactivation if needed when MiFID II is implemented, but with no structure charges
E7	Primary information provider	No change - flat fee of £16,260
ES01	Sponsor	No change – flat fee of £27,100

Q7: Do you agree with our proposals for UKLA periodic fees? If not, please give your reasons?

5. Other fees policy proposals (Draft rules in appendix 3)

5.1 We propose to consult on two fees policy proposals:

- Discount on fees paid by EEA (European Economic Area) branches 'passporting' into the UK market as home finance intermediaries under the Mortgage Credit Directive.
- Bringing forward the date of 'on-account' payment by larger firms.

Discount on fees paid by EEA (European Economic Area) branches 'passporting' into the UK under the Mortgage Credit Directive (FEES 4 Annex 2A Part 3)

5.2 We are primarily responsible for the conduct regulation of the branches of firms based in other states within the European Economic Area (EEA) that 'passport' into the UK market under European Union (EU) Directives. Their home state regulators retain some supervisory responsibilities, especially in relation to systems and controls, and this reduces the work we have to undertake in relation to passporting firms compared with UK-based firms. We accordingly do not charge them for authorisation and reduce their periodic fees in proportion to the supervisory role the Directive reserves for their home regulators. We currently set a discount of 10% for all passported activities under FSMA except general insurance intermediation, where the discount is 50% to reflect the higher degree of supervisory responsibility retained by the home regulator.

5.3 The Mortgage Credit Directive (MCD), which comes into effect from 21 March 2016, will allow passporting EEA branches to undertake business in the UK as mortgage intermediaries, carrying out the regulated activities of home finance advising and arranging. Our assessment of the demarcation of responsibility between the home and host regulators under MCD indicates that as host we will take on a relatively high level of regulatory responsibility for passporting branches, including supervision of the knowledge and competence of their staff, and so we do not anticipate significant savings in resources. We therefore consider 10% to be the appropriate discount on their fees.

Q8: Do you agree that the discount on the fees paid by EEA branches that passport into the UK under the Mortgage Credit Directive as home finance intermediaries should be 10%? If not, please give your reasons.

Bring forward date of 'on-account' payment by larger firms (FEES 4.3.6R(1)(a), FEES 7.2.1AR(1)(a))

- 5.4** We recover fees from the larger firms in two instalments to help us with our cash flow. If a firm's total fees were £50,000 or more in the previous year, it currently pays 50% of that year's fee by 30 April. At this stage, the fee rates for the current year will not have been set. It pays the balance by 1 September, after the current year's fees have been fixed. Bringing the date by which the larger firms must make their on-account payments forward to 1 April would provide revenue at the start of our financial year, when there are no fee-income receipts and help with the management of our cash flow. We propose to introduce this rule from 2016/17, so next year's on-account payments would be due on 1 April 2016. We are not proposing to change the date of the balancing payment, which will still be payable by 1 September.
- 5.5** We propose to make the same change to the on-account date for the Money Advice Service levy in FEES 7.

Q9: Do you agree with our proposal to bring forward the date of on-account payments by larger firms from 30 April to 1 April? If not, please give your reasons.

6.

Payment of fees by instalments: invitation to credit providers to express interest in offering credit to firms

- 6.1** In this chapter, we invite credit providers to express interest in offering credit to firms that wish to pay their regulatory fees and levies to us in instalments.
- 6.2** We accept payments of periodic fees by various means. Our preferred method is direct debit, but we also accept credit transfers, cheques and some credit and debit cards (see FEES 4.2.4 for details).
- 6.3** In response to industry feedback, our predecessor body, the FSA, facilitated representatives from the trade associations and the Smaller Businesses Practitioner Panel to select a credit provider to enable firms to pay regulatory fees and levies in instalments.
- 6.4** Following discussion with several potential credit providers, Premium Credit Limited was chosen by the industry as the company that offered a competitive product that was made available to all authorised firms. Firms contract directly with Premium Credit Limited and we provide a link to their services on our invoices and through the online payment system.
- 6.5** The current three-year deal that representatives from the trade associations and the Smaller Businesses Practitioner Panel selected is due to end and we are considering how firms can continue to pay through an instalment option if they wish.
- 6.6** We are accordingly inviting any credit providers that are interested in this market to come forward by 8 January 2016. Please send expressions of interest to the address on page 2 of this CP.

Annex 1

List of questions

- Q1:** Do you have any comments on our proposal to make minimum textual adjustments to the fees handbook in order to separate it from the PRA fees handbook?
- Q2:** Do you have any comments on our proposed application fees for authorisation under the DRS (Data Reporting Service) Regulations?
- Q3:** Do you have any comments on our proposed structure of periodic fees to recover the costs of supervision under the DRS (Data Reporting Service) Regulations?
- Q4:** Do you have any comments on our proposed on-boarding fees for bodies using our systems to report information as required under MiFID II (Markets in Financial Instruments Directive) and MiFIR (Markets in Financial Instruments Regulation)?
- Q5:** Do you have any comments on our proposal that the costs of maintaining the MDP (Market Data Processor) system should be recovered on a proportionate basis from the relevant firms that benefit from effective market reporting?
- Q6:** Do you agree with our proposals for UKLA transaction fees? If not, please give your reasons.
- Q7:** Do you agree with our proposals for UKLA periodic fees? If not, please give your reasons?
- Q8:** Do you agree that the discount on the fees paid by EEA branches that passport into the UK under the Mortgage Credit Directive as home finance intermediaries should be 10%? If not, please give your reasons.
- Q9:** Do you agree with our proposal to bring forward the date of on-account payments by larger firms from 30 April to 1 April? If not, please give your reasons.

Annex 2

Compatibility with the general duties of the FCA

1. This annex explains our reasons for concluding that our proposals in this consultation are compatible with certain requirements under the Financial Services and Markets Act 2000 (FSMA), as amended by the 2012 Act and the Financial Services (Banking Reform) Act 2013 (FSBRA). Our proposals relate only to the FCA, except for one that also affects the Money Advice Service. Under section 138I of FSMA, the FCA and the Money Advice Service are exempt from the requirement to carry out and publish a cost benefit analysis regarding such proposals.
2. When consulting on new rules, we are required by section 138I(2)(d) FSMA to explain why we believe making the proposed rules is compatible with our strategic objective, advances one or more of our operational objectives, and has regard to the regulatory principles in s.3B FSMA. We are also required by s.138K(2) FSMA to state our opinion on whether the proposed rules will have a significantly different impact on mutual societies as opposed to other authorised persons.
3. This annex also sets out our view of how the proposed rules are compatible with the duty of the FCA to discharge its general functions (which include rule making) in a way that promotes effective competition in the interests of consumers (s.1B(4)). This duty applies in so far as promoting competition is compatible with advancing our consumer protection and/or integrity objectives.
4. This annex further includes our assessment of the equality and diversity implications of these proposals.

The FCA's objectives and regulatory principles`

5. The proposals we set out in this consultation are not intended in themselves to advance our operational objectives. However, they will contribute to enabling us to fund the activities we need to undertake in 2015/16 to meet our responsibilities under FSMA. Therefore, these proposals will indirectly advance our operational objectives of:
 - Delivering consumer protection – securing an appropriate degree of protection for consumers.
 - Enhancing market integrity – protecting and enhancing the integrity of the UK financial system.
 - Building competitive markets – promoting effective competition in the interests of consumers.
6. We also consider that these proposals are compatible with our strategic objective of ensuring

that the relevant markets function well, because they will again contribute to funding activities to meet this strategic objective. For the purposes of our strategic objective, 'relevant markets' are defined by s.1F FSMA. In the rest of this annex, reference to objectives means both our strategic objective and operational objectives.

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

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

- Fees proposals generally address the way we recover our costs rather than the way we carry out our business. However, in this Consultation Paper two proposals will improve the way we use our resources:
 - Removing a number of relatively small UK Listing Authority (UKLA) transaction charges that made a marginal contribution to cost recovery but which complicated what would otherwise have been straightforward activities and presented barriers to doing business with us.
 - Bringing forward the date of the 'on account' payment by larger firms will support the management of both our and the Money Advice Service's cash flow at the start of the financial year, when there are no fee-income receipts.

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

- Introducing charges to recover the costs associated with market data reporting under MiFID II and MiFIR targets cost recovery at the businesses that we supervise under the data reporting service provider (DRSP) regulations and that make use of our gateway reporting system. This prevents charges falling on firms that are not involved with these arrangements.
- One of the objectives of restructuring the UKLA's fees is to target cost recovery at those that make the biggest demands on the UKLA's resources. In addition, as mentioned above, we have removed some minor charges that created an unnecessary administrative burden for ourselves and firms.

The desire to exercise our functions in a way that recognises differences in the nature of the businesses carried on by different persons we regulate

- Readjusting the UKLA's transaction charges to match more closely the deployment of its resources, and replacing the annual fees for issuers of securitised derivatives with higher vetting charges, targets the individual businesses that require our services for cost recovery, rather than spreading the costs across the wider population of fee payers.
- Similarly, businesses that connect to our gateway for market monitoring reporting will pay for the time and resources they require from our market data provider through the onboarding charges we are introducing.

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

- Separating the FCA and PRA fees manuals will make our respective fees regimes more transparent and easier to understand by removing duplication and cross references.
- We believe we have considerably enhanced the transparency of our UKLA fees by putting the list of transaction charges that had developed over time into a limited number of clearly described categories, and by defining the fee blocks for UKLA periodic fees.

Expected effect on mutual societies

8. We do not expect any of these proposals to affect mutual societies.

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

9. The changes we are proposing are intended to improve the targeting of our cost recovery, to ensure we apply our fees as fairly as possible across all fee payers and/or to clarify our rules where we have become aware that some firms may not be interpreting them consistently. Precisely targeting our cost recovery should help to ensure that distortions to competition are minimised.
10. Introducing discounts for European Economic Area businesses intending to provide data reporting services in the UK under MiFID II and MiFIR and to undertake home finance intermediation under the Mortgage Credit Directive supports their capacity to exercise their rights of free movement within the single market.

Equality and diversity

11. We are required under the Equality Act 2010 to have due regard to the need to eliminate discrimination and to promote equality of opportunity in carrying out our policies, services and functions. As part of this, we conduct an equality impact assessment (EIA) to ensure that the equality and diversity implications of any new policy proposals are considered. Our EIA concluded that none of our current proposals are relevant to the equality and diversity agenda.

Appendix 1

Fees (Handbook Separation) Instrument 2016

FEES (HANDBOOK SEPARATION) INSTRUMENT 2016

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137T (General supplementary powers);
 - (b) section 139A (Power of the FCA to give guidance);
 - (c) section 234 (Industry funding);
 - (d) section 213(3)(b) (The scheme);
 - (e) section 224F (Rules about relevant schemes);
 - (f) section 333Q (Funding of the FCA’s pensions guidance costs);
 - (g) section 333R (Funding of the Treasury’s pensions guidance costs);
 - (h) paragraph 23 (Fees) of Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority) of the Act; and
 - (i) paragraph 12 of Part 2 (Funding) of Schedule 1A (Further provision about the Consumer Financial Education Body);
 - (2) the following provisions of the Payment Services Regulations 2009 (SI 2009/209):
 - (a) regulation 82 (Reporting requirements);
 - (b) regulation 92 (Costs of supervision); and
 - (c) regulation 93 (Guidance);
 - (3) the following provisions of the Electronic Money Regulations 2011 (SI 2011/99):
 - (a) regulation 49 (Reporting requirements);
 - (b) regulation 59 (Costs of supervision); and
 - (c) regulation 60 (Guidance);
 - (4) article 25 (Application of provisions of the Act to the FCA in respect of its supervision of consumer buy-to-let mortgage firms) of the Mortgage Credit Directive Order 2015; and
 - (5) regulation 15A of the Alternative Dispute Resolution for Consumer Disputes (Competent Authorities and Information Regulations 2015 (SI 2015/542).
- B. The rule-making powers listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.

Commencement

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

Amendments to the Handbook

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

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

Notes

F. In Annex B to this instrument, the “notes” (indicated by “**Note:**”) are intended for the convenience of readers but do not form part of the legislative text.

Citation

G. This instrument may be cited as the Fees (Handbook Separation) Instrument 2016.

By order of the Board
[*date*]

Annex A

Amendments to the Glossary of definitions

Amend the following definition as shown.

fee year ~~(2) in relation to the FCA,~~ 1 April to 31 March inclusive.

Annex B

Amendments to the Fees manual (FEES)

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

1.1 Application and Purpose

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Application

1.1.2 R This manual applies in the following way:

- (1) *FEES* 1, 2 and 3 apply to the fee payers listed in column 1 of the Table of application, notification and vetting fees in *FEES* 3.2.7R and ~~*FEES* 3.2.7AR.~~

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...

1.1.2B R *FEES* 1 and *FEES* 11 apply to a *designated guidance provider*.

1.1.2C R *FEES* 1 and *FEES* 12 applies to *FOS Ltd*.

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1.1.3A G ~~The rules in *FEES* should be read in conjunction with *GEN* 2.2.23R to *GEN* 2.2.25G. In relation to *FEES*, some rules are made by both the *FCA* and *PRA*. Those rules may contain obligations for or references to *FCA* authorised persons (for example *payment service providers* and *electronic money issuers*) notwithstanding that they also are made by the *PRA* in order to apply them to *PRA* authorised persons. *GEN* 2.2.23R limits the application of those rules so that the *PRA* will only apply them in respect of *PRA* authorised persons and not to such *FCA* authorised persons as are specifically included within the rule. [deleted]~~

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2 General Provisions

2.1 Introduction

Application

2.1.1 R Except to the extent referred to in *FEES* 2.1.1AR, this chapter applies to every person who is required to pay a fee or share of a levy to the *appropriate regulator* *FCA*, *FOS Ltd* or *FSCS*, as the case may be, by a

provision of the *Handbook*.

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Purpose

- 2.1.4 G The purpose of this chapter is to set out the general provisions applicable to those who are required to pay fees or levies to the ~~appropriate regulator~~ FCA or a share of the *FSCS* levy.

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- 2.1.6 G The ~~appropriate regulator~~ FCA's fees payable will vary from one *fee year* to another, and will reflect the ~~appropriate regulator's~~ FCA's funding requirement for that period and the other key components, as described in *FEES* 2.1.7G. Periodic fees, which will normally be payable on an annual basis, will provide the majority of the funding required to enable the ~~appropriate regulator~~ FCA to undertake its statutory functions.

- 2.1.7 G The key components of the ~~appropriate regulator~~ FCA fee mechanism (excluding the *FSCS* levy, the *FOS* levy and case fees, and the *CFEB* levy which are dealt with in *FEES* 5, *FEES* 6 and *FEES* 7) are:

- (1) a funding requirement derived from:
 - (a) the ~~appropriate regulator's~~ FCA's financial management and reporting framework;
 - (b) the ~~appropriate regulator's~~ FCA's budget; and
 - (c) adjustments for audited variances between budgeted and actual expenditure in the previous accounting year, and reserves movements (in accordance with the ~~appropriate regulator's~~ FCA's reserves policy);
- (2) mechanisms for applying penalties received during previous financial years for the benefit of fee payers;
- (3) fee-blocks, which are broad groupings of fee payers offering similar products and services and presenting broadly similar risks to the ~~appropriate regulator's~~ FCA's regulatory objectives;
- (4) a costing system to allocate an appropriate part of the funding requirement to each fee-block; and
- (5) tariff bases, which, when combined with fee tariffs, allow the calculation of fees.

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- 2.1.9 G By basing fee-blocks on categories of business, the ~~appropriate~~

~~regulator~~ FCA aims to minimise cross-sector subsidies. The membership of the fee-blocks is identified in the *FEES* provisions relating to the type of fees concerned.

- 2.1.9A G *PRA-authorised persons* and *persons* seeking to become *PRA-authorised persons* should note that the *FCA* and the *PRA* have agreed for the *FCA* to act as the *PRA's* collection agent in relation to the collection of *PRA* fees. Where applicable, both *PRA* and *FCA* fees should be paid as a single payment to the *FCA*, which will receive the payment in its own capacity in respect of *FCA* fees and in its capacity as collection agent for the *PRA* in respect of the *PRA* fees. References to this arrangement will be referred to in *FEES* where applicable.

2.2 Late Payments and Recovery of Unpaid Fees

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Recovery of Fees

- 2.2.3 G ~~Paragraphs~~ Paragraph 23(8) of Schedule 1ZA and ~~paragraphs~~ 31(7) of ~~Schedule 1ZB~~ of the *Act* ~~permit~~ permits the *FCA* and *PRA* respectively to recover fees (including ~~in respect of the~~ *FCA*, fees relating to *payment services*, the issuance of *electronic money*, fees relating to *CBTL firms* and, where relevant, *FOS* levies and *CFEB levies*), and section 213(6) permits the *FSCS* to recover shares of the *FSCS* levy payable, as a debt owed to the *FCA*, *PRA* and *FSCS* respectively, ~~and the~~ The *FCA*, *PRA* and *FSCS*, as relevant, will consider taking action for recovery (including interest) through the civil courts.

[~~Note:~~ For the *PRA* version of this guidance, see this provision as it was on 31 March 2015.]

- 2.2.4 G In addition, the ~~appropriate regulator~~ FCA may be entitled to take regulatory action in relation to the non-payment of fees, *FOS* levies and *CFEB levies*. The ~~appropriate regulator~~ FCA may also take regulatory action in relation to the non-payment of a share of the *FSCS* levy, after reference of the matter to the ~~appropriate regulator~~ FCA by the *FSCS*. What action (if any) that is taken by the ~~appropriate regulator~~ FCA will be decided upon in the light of the particular circumstances of the case.

2.3 Relieving Provisions

Remission of Fees and levies

- 2.3.1 R If it appears to the ~~appropriate regulator~~ FCA or the *FSCS* (in relation to any *FSCS* levy only) that in the exceptional circumstances of a particular case, the payment of any fee, *FSCS* levy, *FOS* levy or *CFEB levy* would be inequitable, the ~~appropriate regulator~~ FCA or the *FSCS* as relevant,

may (unless *FEES* 2.3.2BR applies) reduce or remit all or part of the fee or levy in question which would otherwise be payable.

- 2.3.2 R If it appears to the ~~appropriate regulator~~ FCA or the *FSCS* (in relation to any *FSCS* levy only) that in the exceptional circumstances of a particular case to which *FEES* 2.3.1R does not apply, the retention by the ~~appropriate regulator~~ FCA, the *FSCS*, or the *CFEB*, as relevant, of a fee, *FSCS* levy, *FOS* levy or *CFEB* levy which has been paid would be inequitable, the ~~appropriate regulator~~ FCA, the *FSCS* or the *CFEB*, may (unless *FEES* 2.3.2BR applies) refund all or part of that fee or levy.

...

- 2.3.2B R The ~~appropriate regulator~~ FCA or the *FSCS* may not consider a claim under *FEES* 2.3.1R and/or *FEES* 2.3.2R to reduce, remit or refund any overpaid amounts paid by a fee or levy payer in respect of a particular period, due to a mistake of fact or law by the fee or levy payer, if the claim is made by the fee or levy payer more than 2 years after the beginning of the period to which the overpayment relates.

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 ~~*FEES* 3.2.7AR~~.

...

Purpose

- 3.1.3 G The purpose of this chapter is to set out the ~~appropriate regulator~~ FCA fee paying requirements on the persons set out in *FEES* 1.1.2R(1).

...

- 3.1.5 G (1) The rates set for authorisation fees represent an appropriate proportion of the costs of the ~~appropriate regulator~~ FCA in processing the application or exercise of *Treaty rights*.

...

- 3.1.6 G Applications for *Part 4A permission* (and exercises of *Treaty rights*) other than in respect of *credit-related regulated activities* are categorised by the ~~appropriate regulator~~ 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 ~~appropriate regulator's~~ FCA's risk assessment of the applicant (or *Treaty firm*).

...

- 3.1.7 G A potential applicant for *Part 4A permission* (or *Treaty firm*) has the opportunity to discuss its proposed application (or exercise of *Treaty rights*) with the ~~appropriate regulator~~ FCA before submitting it formally. If an applicant for *Part 4A permission* (or *Treaty firm*) does so, the ~~appropriate regulator~~ FCA will be able to use that dialogue to make an initial assessment of the fee categorisation and therefore indicate the authorisation fee that should be paid.

...

3.2 Obligation to pay fees

General

- 3.2.1 R A person in column (1) of the table in *FEES 3.2.7R* and, if applicable, ~~*FEES 3.2.7AR*~~ 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 ~~appropriate regulator~~ FCA systems, or admission approval made, or notification or notice of exercise of a *Treaty right* given, or other matter 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.

...

Method of payment

...

- 3.2.5 G (1) (a) The appropriate authorisation or registration fee is an integral part of an application for, or an application for a variation of, a *Part 4A permission*, authorisation, registration or variation under the *Payment Services Regulations* or the *Electronic Money Regulations*, registration under article 8(1) of the *MCD Order* or notification or registration under the *AIFMD UK regulation*.
- (b) Any application or notification received by the ~~appropriate regulator~~ FCA without the accompanying

appropriate fee, in full and without deduction (see *FEES* 3.2.1R), will not be treated as an application or notification made, incomplete or otherwise, in accordance with section 55U(4), or section 55H ~~or 55I (as the case may be)~~, of the *Act* or regulation 5(3) or 12(3) of the *Electronic Money Regulations* or regulation 11(1) and 60(a) of the *AIFMD UK regulation* or article 9 of the *MCD Order*.

(c) Where this is the case, the ~~appropriate regulator~~ FCA will contact the applicant to point out that the application cannot be progressed until the appropriate fee has been received. In the event that the appropriate fee, in full and without deduction, is not forthcoming, the application will be returned to the applicant and no application will have been made.

(2) With the exception of *persons* seeking to become a *designated professional body*, all applications, notifications, requests for vetting or admission approval will be treated as incomplete until the relevant fee is fully paid and the ~~appropriate regulator~~ FCA will not consider an application, notification, request for vetting or admission approval until the relevant fee is fully paid. *Persons* seeking to become a *designated professional body* have 30 days after the designation order is made to pay the relevant fee.

...

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

Part 1: Application, notification and vetting fees		
(1) Fee payer	(2) Fee payable	Due date
...
(oa) Either: (i) a <i>firm</i> applying to the appropriate regulator <u>FCA</u> for permission to use one of the internal approaches listed in <i>FEES</i> 3 Annex 6AR (or <i>guidance</i> on its availability),	(1) Unless (2) applies, <i>FEES</i> 3 Annex 6A. (2) (a) Unless (b) applies a <i>firm</i> submitting a second application for the permission or <i>guidance</i> described in column (1) within 12 months of the first application (where the fee was paid in	Where the <i>firm</i> has made an application directly to the appropriate regulator <u>FCA</u> , on or before the date the application is made, otherwise within 30 days after the appropriate regulator <u>FCA</u> notifies the <i>firm</i> that its <i>EEA</i> parent's consolidating supervisor has requested assistance.

<p>including any future proposed amendments to those approaches or (in the case of any application being made for such permission to the <i>appropriate regulator FCA</i> as consolidating supervisor under the <i>EU CRR</i>) any <i>firm</i> making such an application; or (ii) in the case of an application to the consolidating supervisor other than the <i>appropriate regulator FCA</i> for the use of the IRB approach and the consolidating supervisor requesting the <i>appropriate regulator's FCA's</i> assistance in accordance with the <i>EU CRR</i>, any <i>firm</i> to which the <i>appropriate regulator FCA</i> would have to apply any decision to permit the use of that approach.</p>	<p>accordance with (1)) must pay 50% of the fee applicable to it under <i>FEES 3 Annex 6AR</i>, but only in respect of that second application. (b) No fee is payable by a <i>firm</i> in relation to a successful application for a permission based on a minded to grant decision in respect of the same matter following a complete application for <i>guidance</i> in accordance with prescribed submission requirements. (c) No fee is payable where the consolidating supervisor has requested the assistance described in paragraph (oa)(ii) of column 1 except in the cases specified in <i>FEES 3 Annex 6A</i>.</p>	
...
<p>(s) In the case of an <i>insurance business transfer</i></p>	<p>Either (1) or (2) as set out below:</p>	<p>On or before any application is made to the the <i>PRA</i> for the appointment</p>

<p><i>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.</p>	<p>(1) In the case of an <i>insurance business transfer scheme</i> involving <i>long term insurance business</i>, 9,250 to the PRA and 9,250 to the FCA; or</p> <p>(2) in the case of an <i>insurance business transfer scheme</i> not involving <i>long term insurance business</i>, 5,000 to the PRA and 5,000 is payable to the FCA.</p> <p>The amount payable to the PRA above is collected by the FCA as agent of the PRA.</p>	<p>of a person as an <i>independent expert</i>.</p>
...
<p>(zp) A <i>person</i> in respect of which the appropriate regulator <u>FCA</u> has given notice of its intention to itself appoint a <i>skilled person</i> to provide it with a report pursuant to section 166(3)(b) of the</p>	<p>Any amount invoiced to the appropriate regulator <u>FCA</u> by a <i>skilled person</i> in relation to any work carried out by that <i>skilled person</i> in connection with its appointment by the appropriate regulator <u>FCA</u> pursuant to section</p>	<p>Within 30 <i>days</i> of the date of the invoice.</p>

<i>Act and SUP 5.2.</i>	166(3)(b) of the <i>Act</i> .	
(zq) A <i>person</i> in respect of which the <i>appropriate regulator FCA</i> has given notice of its intention to itself appoint a <i>skilled person</i> to collect or update information pursuant to section 166A(2)(b) of the <i>Act</i> .	Any amount invoiced to the <i>appropriate regulator FCA</i> by a <i>skilled person</i> in relation to any work carried out by that <i>skilled person</i> in connection with its appointment by the <i>appropriate regulator FCA</i> pursuant to section 166A(2)(b) of the <i>Act</i> .	Within 30 <i>days</i> of the date of the invoice.
...

3 Annex 1R Authorisation fees payable

Part 1 - Authorisation fees payable

~~For *PRA-authorised persons* and *persons* seeking to become *PRA-authorised persons*, the amount payable to the *PRA* is 50% of the amount payable under *Part 1* and the amount payable to the *FCA* is 50% of the amount payable under *Part 1*. The amount payable to the *PRA* above is collected by the *FCA* as agent of the *PRA*.~~

~~For *FCA-authorised persons* and *persons* seeking to become *FCA-authorised persons*, the amount payable to the *FCA* is the amount payable under *Part 1(a)* below. No amount is payable to the *PRA*.~~

~~For *PRA-authorised persons* and *persons* seeking to become *PRA-authorised persons*, the amount payable to the *FCA* is the amount payable under *Part 1(b)*.~~

~~[**Note:** *PRA-authorised persons* will also pay regulatory transaction fees for new authorisations to the *PRA* as set out in the *PRA's* Rulebook.]~~

The ~~table~~ tables below ~~sets~~ set out the following:

- (1) fees for applications by *credit unions* and *community finance organisations*;
- (2) application fees in respect of the complexity groupings that relate to *regulated activities* that are not *credit-related regulated activities*; and
- (3) application fees in respect of the complexity groupings that

relate to *credit-related regulated activities*.

<u>Part 1(a) Authorisation Fees payable to the FCA by FCA- authorised persons</u>		
<u>Application type</u>	<u>Amount payable (£)</u>	
(1) Credit unions and community <i>Community finance organisations</i>		
(a) Credit unions – registration of a common bond [deleted]	200	
(aa) Credit unions or community <i>Community finance organisations</i> - where application is for a <i>Part 4A permission</i> limited to <i>permission to carry on credit-related regulated activity</i>	200	
(b) Version 1 credit unions – authorisation (other than where (aa) applies) [deleted]	300	
(c) Version 2 credit unions – authorisation (other than where (aa) applies) [deleted]	1,800	
(2) Complexity groupings not relating to <i>credit-related regulated activities</i> - see Part 2		
(d) Straightforward	1,500 (unless otherwise specified in Part 2)	
(e) Moderately complex	5,000 (unless otherwise specified in Part 2)	
(f) Complex	25,000	
(3) Complexity groupings relating to <i>credit-related regulated activity</i> - see Part 3		
	Consumer credit annual income (£)	
	0 – 50,000	>50,000
(g) <i>Limited permission</i>	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 (£)				
	0 - 50,000	>50,000 - 100,000	>100,000 - 250,000	>250,000 - 1,000,000	>1,000,000
(h) Straightforward	600	750	1,000	1,500	5,000
(i) Moderately complex	800	1,000	1,500	5,000	10,000
(j) Complex	1,000	1,250	2,000	7,000	15,000

<u>Part 1(b) Authorisation Fees payable to the FCA by PRA- authorised persons</u>	
<u>Application type</u>	<u>Amount payable (£)</u>
<u>(1) Credit unions</u>	
<u>(a) Credit unions – registration of a common bond</u>	<u>100</u>
<u>(aa) Credit unions where application is for a Part 4A permission limited to permission to carry on credit-related regulated activity</u>	<u>100</u>
<u>(b) Version 1 credit unions - authorisation (other than where (aa) applies)</u>	<u>150</u>
<u>(c) Version 2 credit unions - authorisation (other than where (aa) applies)</u>	<u>900</u>
<u>(2) Complexity groupings not relating to credit-related regulated activities - see Part 2</u>	
<u>(d) Straightforward</u>	<u>750 (unless otherwise specified in Part 2)</u>
<u>(e) Moderately complex</u>	<u>2,500 (unless otherwise specified in Part 2)</u>
<u>(f) Complex</u>	<u>12,500</u>

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

...

3 Annex 6AR

Fees payable for a permission or guidance on its availability in connection with the EU CRR

Part 1

Fees payable in relation to internal approaches that require permission under Part Three of the EU CRR other than the internal model method for counterparty credit risk.

(1) Subject to (3), for applications made to the ~~appropriate regulator~~ FCA to authorise a new *internal approach*:

(i) where the application relates to ~~CRR firms~~ IFPRU investment firms and to five or more significant overseas entities within the same group (Group 1) and the application is for a permission to use one of the internal approaches in Tables 1 or 2 or guidance on the

availability of such a permission, the fees in Table 1 are applicable;
and

(ii) for all other ~~CRR firms~~ IFPRU investment firms the fees in Table 2 are applicable.

~~(2) Subject to (3), for applications made to the consolidating supervisor other than the appropriate regulator for a joint decision under article 20 of the EU CRR on the use of one of the internal approaches in Tables 1 or 2 and where the appropriate regulator is requested to assist the consolidating supervisor, the fees in Table 1 and Table 2 are applicable if the CRR firm concerned meets the following conditions:~~

~~(i) it is a CRD credit institution; and~~

~~(ii) the firm does not fall within Group 4 as defined in Table 2 [deleted]~~

(3) If however the application or request for assistance is in relation to the use of the Advanced IRB approach and the ~~appropriate regulator~~ FCA (in the case of (1)) ~~or the relevant consolidating supervisor (in the case of (2))~~ has already granted permission for the use of the Foundation IRB approach then table 3 applies.

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Table 2

Application Group	Description of group		Application fee		
	Modified eligible liabilities (m)	Number of traders as at 31 December prior to the appropriate regulator's <u>FCA's</u> fee year <u>fee year</u> in which the fee is payable	Advanced IRB ('000)	Foundation IRB ('000)	AMA ('000)
Group 2	>40,	>200	232	198	146

	000				
Group 3	>5,000 - 40,000	26 - 200	94	72	51
Group 4	0-5,000	0 - 25	42	30	24

...

Table 3 (Advanced IRB approach where the appropriate regulator FCA or consolidating supervisor has already given permission to use Foundation IRB)	
Application group	Advanced IRV Application fee
Group 1	67,000
Group 2	58,000
Group 3	23,500
Group 4	10,500
The four application groups have the same meaning as they do in Tables 1 and 2.	

...

3 Annex 9R Special Project Fee for restructuring

(1)R	The Special Project Fee for restructuring (the SPFR) is only payable by a <i>person</i> in one of the following categories:	
	(a)	if it is in any of the A fee-blocks (as defined in Part 1 of <i>FEES 4 Annex 1A</i> in respect of the <i>FCA</i> and Part 1 of <i>FEES 4 Annex 1B</i> in respect of the <i>PRA</i>); or
	...	
	(e)	if it is in any of the B fee-blocks (as defined in Part 1 of <i>FEES 4 Annex 1A</i> and <i>FEES 4 Annex 1B</i>).
	...	
(4)R	Where the transaction in (2) involves raising capital outside the <i>group</i> to which the <i>firm</i> belongs, any SPFR in relation to that transaction is only payable by the largest <i>firm</i> in that <i>group</i> . The largest <i>firm</i> is the one that pays the highest	

	periodic fee in the appropriate regulator <u>fee year</u> fee year in which the bill is raised. For the purpose of the calculation in (9), all time spent and fees and disbursements incurred in relation to the group are added together.
...	
(7A) R	The FCA and the PRA will levy separate SPFRs The use of the term " appropriate regulator " in FEES 3 Annex 9R refers to the regulator levying the SPFR. <u>The FCA will levy its own SPFR separate to any levy issued by the PRA and this may be in relation to the same event or circumstance.</u>
(8)R	Subject to FEES TP 8.1R , no SPFR is payable to an appropriate regulator <u>the FCA</u> :
	(a) if the amount calculated in accordance with (9) in relation to the regulatory work conducted by the appropriate regulator <u>FCA</u> totals less than 50,000; or
	(b) for time spent giving <i>guidance</i> to the <i>person</i> in relation to the same matter if the appropriate regulator <u>FCA</u> has charged that <i>person</i> for that <i>guidance</i> .
(9)R	The SPFR for the appropriate regulator <u>FCA</u> is calculated as follows:
	(a) Determine the number of hours, or part of an hour, taken by the appropriate regulator <u>FCA</u> , or, if applicable, both the FCA and PRA under FEES TP 8.1R , in relation to regulatory work conducted as a consequence of the activities referred to in (2) or (6).
	(b) Next, multiply the applicable rate in the table at (11) by the number of hours or part hours obtained under (a).
	(c) Then add any fees and disbursements invoiced to the appropriate regulator <u>FCA</u> by any <i>person</i> in respect of services performed by that <i>person</i> for the appropriate regulator <u>FCA</u> in relation to assisting the appropriate regulator <u>FCA</u> in performing the regulatory work referred to in (a).
	(d) The resulting figure is the fee.
	(e) The number of hours or part hours referred to in (a) are the number of hours or part hours as recorded on the appropriate regulator's <u>FCA's</u> systems in relation to the regulatory work referred to in (a).
(10)	The first column in the table at (11) sets out the relevant pay

R	grades of those employed by the <i>appropriate regulator FCA</i> and the second column sets out the hourly rates chargeable in respect of those pay grades.	
...		
(11) AR	Table of <i>PRA</i> hourly rates: [deleted]	
	<i>PRA</i> pay grade	Hourly rate (£)
	Administrator	30
	Associate	60
	Technical Specialist	90
	Manager	115
	Any other person employed by the <i>PRA</i>	170
(12) G	The obligation to pay the SPFR is ongoing. Accordingly, there is no limitation on the number of times that the <i>appropriate regulator FCA</i> may invoice a <i>person</i> for the SPFR in relation to the same events or circumstances referred to in (2) or (6). If the <i>appropriate regulator FCA</i> does so, there is a single floor under (8)(a) and not a separate one for each instalment. Therefore, for example, if a <i>person</i> is subject to an administration order, the <i>appropriate regulator FCA</i> may invoice the <i>person</i> on a periodic basis for all the related regulatory work, but may only do so once the total fee (including disbursements) equals 50,000.	

...

3 Annex 11G

Guidance on fees due under FEES 3.2.7R and ~~FEES 3.2.7AR~~

- G The following table sets out *guidance* on how a *firm* liable to pay a fee under both *FEES* 3.2.7R(s) and *FEES* 3.2.7R(ze) ~~in respect of fees payable to the *FCA* and *FEES* 3.2.7AR(e) and *FEES* 3.2.7AR(d) in respect of fees payable to the *PRA*~~ for the same transaction should expect to be treated.

~~Firms liable under both *FEES* 3.2.7R(s) and *FEES* 3.2.7R(ze) in respect of fees payable to the *FCA* and *FEES* 3.2.7AR(e) and *FEES*~~

3.2.7AR(d) in respect of fees payable to the PRA

(1)	The transferor in <i>insurance business transfer schemes</i> is liable to pay the fee set out in <i>FEES 3.2.7R(s)</i> and/or <i>FEES 3.2.7AR(e)</i> . However, it may also be liable to pay the Special Project Fee for restructuring set out in <i>FEES 3.2.7R(ze)</i> and/or <i>FEES 3.2.7AR(d)</i> , calculated in accordance with <i>FEES 3 Annex 9</i> . It is possible then for a <i>firm</i> to have to pay two types of fees in respect of the same <i>insurance business transfer scheme</i> .
(2)	Where the situation described in (1) arises, the <i>appropriate regulator</i> will consider whether to reduce or remit a fee under <i>FEES 2.3 (Relieving Provisions)</i> .

4 Periodic fees

4.1 Introduction

...

Background

- 4.1.3 G Most of the detail of the periodic fees that are payable by *firms* is set out in *FEES 4 Annexes 1A to 11BR*. *FEES 4 Annex 12G* and ~~(for the *FCA only*) *FEES 4 Annex 13G*~~ provide guidance on the calculation of certain tariffs. Most of the provisions of the Annexes will vary from one *fee year* to another. Accordingly fresh *FEES 4 Annexes* will come into force, following consultation, for each *fee year*.

...

4.2 Obligation to pay periodic fees

General

- 4.2.1 R A person shown in column (1) of the table in *FEES 4.2.11R* ~~and, if applicable, *FEES 4.2.11AR*~~ as the relevant fee payer must pay each periodic fee applicable to it, calculated in accordance with the provisions referred to in column (2) of the applicable table, as adjusted by any relevant provision in this chapter:

...

- 4.2.2 G ~~(1)~~ A relevant fee payer will be required to pay a periodic fee for every year during which they have the status in column 1 of the table in *FEES 4.2.11R* ~~and/or *FEES 4.2.11AR*~~ (or in relation to collective investment schemes, for every year during which it is a regulated collective investment scheme) subject to any reductions or exemptions applicable under this chapter. If a

person is the relevant fee payer for more than one status listed in column 1 of the table in *FEES* 4.2.11R and/or ~~*FEES* 4.2.11AR~~ (or in relation to collective investment schemes, the relevant fee payer for more than one regulated collective investment scheme) he will be required to pay a fee in relation to each.

...

- 4.2.3 G The *FCA* will issue invoices in respect of the *FCA* and *PRA*, to *firms* and other fee payers and expects to do so at least 30 *days* before the dates on which payments fall due under *FEES* 4.2.1R.

...

Modifications for persons becoming subject to periodic fees during the course of the fee year

- 4.2.6 R (1) For the *fee year* during which the event described in column 4 of the table in *FEES* 4.2.11R and/or ~~*FEES* 4.2.11AR~~, giving rise to, or giving rise to an increase in, the fee payable in *FEES* 4.2.1R occurs, the periodic fee required under *FEES* 4.2.1R is modified for:
- (a) *firms* (other than *AIFM qualifiers*, *ICVCs* and *UCITS qualifiers*) in accordance with *FEES* 4.2.7R and *FEES* 4.2.8R;
- (b) all other fee payers in column (1) of the table in *FEES* 4.2.11R or ~~*FEES* 4.2.11AR~~, in accordance with the formula set out below.

Formula for the calculation of fees payable under <i>FEES</i> 4.2.6R(1)		
(1)	calculate the number of calendar months between and including:	
	(i)	the calendar month in which the event described in column 4 of the table in <i>FEES</i> 4.2.11R and/or <i>FEES</i> 4.2.11AR occurred; and
	(ii)	...
...		

- 4.2.7 R A *firm* (other than an *AIFM qualifier*, *ICVC* or *UCITS qualifier*) which becomes authorised or registered, or whose *permission* and/or *payment service* activities are extended, during the course of the *fee year* must pay a fee which is calculated by:
- (1) identifying each of the tariffs set out in Part 1 of *FEES* 4 Annex 2AR, ~~Part 1 of *FEES* 4 Annex 2BR~~ and/or Part 1 of *FEES* 4 Annex 11 as appropriate for the relevant *fee year* that apply to

the *firm* only after the *permission* is received or extended or *payment service* activities are authorised or registered or extended or *electronic money* issuance activities are authorised or registered under the *Electronic Money Regulations*;

- (2) calculating the amount for each of the applicable tariffs which is the higher of:
 - (a) any applicable minimum fee specified in relation to a particular tariff in *FEES 4 Annex 2AR* ~~or *FEES 4 Annex 2BR*~~ (but note, for the avoidance of doubt, that these are not the A.0 ~~or PA.0~~ minimum fees set out under Part 2 of *FEES 4 Annex 2AR* ~~and Part 2 of *FEES 4 Annex 2BR*~~); and
 - (b) the result of applying the tariff to the projected valuation, for its first year (as provided in the course of the *firm's* application), of the business to which the tariff relates;
- (3) adding together the amounts calculated under (2) ~~in relation to fees payable to the *FCA* and, if applicable, separately adding together the amounts calculated under (2) in relation to the fees payable to the *PRA*~~;
- (4) working out whether an A.0 ~~or a PA.0~~ minimum fee is payable under Part 2 of *FEES 4 Annex 2AR* ~~or Part 2 of *FEES 4 Annex 2BR*~~ (except that minimum fee is not payable again by a *firm* whose *permission* is extended if the fee was already payable before the extension);
- (4A) working out whether an AP.0 *FCA* prudential fee is payable under Part 2 of *FEES 4 Annex 2AR* and if so how much;
- (4B) ~~working out whether a PT.1 *PRA* transitional fee is payable under Part 2 of *FEES 4 Annex 2BR* and if so how much;~~
[deleted]
- (5) adding together the amounts calculated under (3), (4) and (4A) ~~that relate to fees payable to the *FCA* and then adding this sum to any applicable flat rate fee, and, if applicable, separately adding together the amounts calculated under (3), (4) and (4B) that relate to fees payable to the *PRA* and then adding this sum to any applicable flat rate fee~~; and
- (6) modifying the result ~~for the *FCA* and, if applicable, the *PRA*~~ in accordance with the formula set out in *FEES 4.2.6R* (except that *FEES 4 Annex 10R* (Periodic fees for MTF operators) deals with a *firm* that receives *permission* for *operating a multilateral trading facility* or has its *permission* extended to include this activity during the course of the relevant *fee year* and *FEES 4.2.6R* does not apply).

...

- 4.2.7B R (1) ...
- (2) The starting point for calculating the fees referred to in (1)(a) is determining whether or not the *firm's* tariff base for the relevant *fee year* can be calculated using data from a complete period (as specified in Part 5 of *FEES 4 Annex 1AR*, ~~Part 5 of *FEES 4 Annex 1BR*~~ or Part 4 of *FEES 4 Annex 11R*) that begins on or after the date that the firm obtained the relevant permission to which that tariff base relates.
- ...
- ...
- (5) ...
- (f) Where a *firm* is required to use actual data under this rule *FEES 4 Annex 1AR Part 5*, ~~*FEES 4 Annex 1BR Part 5*~~ and *FEES 4 Annex 11 Part 4*, are modified, where applicable, in relation to the calculation of that *firm's* valuation date in the *fee years* to which this rule applies.

Application of FEES 4.2.7BR

- 4.2.7C G The table below sets out the period within which a *firm's* tariff base is calculated (the data period) for second year fees calculated under *FEES 4.2.7BR*. The example is based on a *firm* that acquires *permission* on 1 November 2009 and has a financial year ending 31 March. Where valuation dates fall before the *firm* receives *permission* it should use projected valuations in calculating its fees.

References in this table to dates or months are references to the latest one occurring before the start of the ~~*appropriate regulator's*~~ *FCA's* *fee year* unless otherwise stated.

...

...

Fee payers ceasing to hold relevant status or reducing the scope of their permission after start of relevant period

- 4.2.9 G The ~~*appropriate regulator*~~ *FCA* will not refund periodic fees if, after the start of the period to which they relate:
- (1) a fee payer ceases to have the status set out in column (1) of the table in *FEES 4.2.11R* ~~or *FEES 4.2.11AR*~~; or

...

Extension of Time

- 4.2.10 R A *person* need not pay a periodic fee on the date on which it is due under the relevant provision in *FEES* 4.2.1R, if:
- ...
- (2) unless *FEES* 4.3.6R(3), *FEES* 4.3.6R(4) or *FEES* 4.3.6R(4A) (Time and method for payment) applies, that date would otherwise fall on or before the 30th *day* after the date on which the *FCA* (in its own capacity or in its capacity as collection agent for the *PRA*) has sent written notification to that *person* of the fee payable on that date, in which case he must pay on or before the 30th *day* after the date on which the *FCA* sends the notification.

...

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

- 4.3.1 R The periodic fee payable by a *firm* (except an *AIFM* *qualifier*, *ICVC* or a *UCITS* *qualifier*) is:

...

- (2) any deductions from the periodic fee specified in Part 2 of *FEES* 4 Annex 2AR, ~~*FEES* 4 Annex 2BR~~ or Part 7 of *FEES* 4 Annex 11R.

- 4.3.2 G (1) The amount payable by each *firm* will depend upon the category (or categories) of *regulated activities* or *payment services* it is engaged in (fee-blocks) and whether it is issuing *electronic money*, and on the amount of business it conducts in each category (tariff base). The fee-blocks and tariffs are identified in *FEES* 4 Annex 1AR in respect of the *FCA* and ~~*FEES* 4 Annex 1BR in respect of the *PRA*~~ (and guidance on calculating certain of the tariffs is at *FEES* 4 Annex 12G and ~~(for the *FCA* only) *FEES* 4 Annex 13G~~), while *FEES* 4 Annex 2AR in respect of ~~the *FCA* and *FEES* 4 Annex 2BR in respect of the *PRA*~~ sets out the tariff rates for the relevant *fee year*. In the case of *firms* that provide *payment services* and/or issue *electronic money*, the relevant fee blocks, tariffs and rates are set out in *FEES* 4 Annex 11R.

...

Calculation of periodic fee (excluding fee-paying payment service providers and fee-paying electronic money issuers)

- 4.3.3 R The periodic fee referred to in *FEES* 4.3.1R is (except in relation to

the *Society*, *fee-paying payment service providers* and *fee-paying electronic money issuers*) calculated as follows:

- (1) identify each of the tariffs set out in Part 1 of *FEES 4 Annex 2AR* and ~~Part 1 of *FEES 4 Annex 2BR*~~ which apply to the business of the *firm* for the period specified in that annex;
- ...
- (3) add together the amounts calculated under (2) in relation to fees payable to the *FCA* and, if applicable, ~~separately add together the amounts calculated under (2) in relation to the fees payable to the *PRA*;~~
- (4) work out whether an A.0, or CC.0 ~~or a PA.0~~ minimum fee is payable under Part 2 of *FEES 4 Annex 2AR* and ~~Part 2 of *FEES 4 Annex 2BR*~~ and if so how much (except that that minimum fee is not payable again by a *firm* whose *permission* is extended if the fee was already payable before the extension);
- ...
- (4B) ~~work out whether a PT.1 *PRA* transitional fee is payable under Part 2 of *FEES 4 Annex 2BR* and if so how much; [deleted]~~
- (5) add together the amounts calculated under (3), (4) and (4A) ~~that relate to fees payable to the *FCA* and, if applicable, separately adding together the amounts calculated under (3), (4) and (4B) that relate to fees payable to the *PRA*;~~ and
- (6) apply any applicable payment charge specified in *FEES 4.2.4R*, provided that:
 - (a) for payment by direct debit, successful collection of the amount due is made at the first attempt by the *FCA* (in its own capacity and, if applicable, in its capacity as collection agent for the *PRA*); or
 - (b) for payment by credit transfer, the amount due is received by the *FCA* (in its own capacity and, if applicable, in its capacity as collection agent for the *PRA*) on or before the due date.
- ...

Amount payable by the Society of Lloyd's

- 4.3.5 R The periodic fee referred to in *FEES 4.3.1R* in relation to the *Society* is specified against its name in *FEES 4 Annex 2AR* and ~~*FEES 4 Annex 2BR*~~.

...

Time of payment

- 4.3.6 R (1) Subject to ~~FEES TP 8~~, if the ~~firm's, designated professional body's, recognised investment exchange's, or regulated covered bond issuer's~~ periodic fee for the previous *fee year* was at least £50,000, it must pay the *FCA*:
- (a) an amount equal to ~~50%~~ of the *FCA* periodic fee payable for the previous *fee year*, by 30 April or, if later, within 30 days of the date of the invoice, in the *fee year* to which the sum due under *FEES 4.2.1R* relates; and
 - (b) ~~the balance of the *FCA* periodic fee due for the current *fee year* by 1 September or, if later, within 30 days of the date of the invoice, in the *fee year* to which that sum relates. [deleted]~~
- (1A) Subject to ~~FEES TP 8~~, if the ~~firm~~ is also a *PRA authorised person* and its periodic fee for the previous *fee year* was at least 50,000, it must pay the *PRA* (through the *FCA* acting as its collection agent):
- (a) an amount equal to ~~50%~~ of the *PRA* periodic fee payable for the previous *fee year*, by 30 April in the *fee year* to which the sum due under *FEES 4.2.1R* relates; and
 - (b) ~~the balance of the *PRA* periodic fee due for the current *fee year* by 1 September or, if later, within 30 days of the date of the invoice, in the *fee year* to which that sum relates. [deleted]~~
- (1B) If the ~~firm~~ paid periodic fees to both the *FCA* and the *PRA* in the previous *fee year*, *FEES 4.3.6R(1)* and (1A) only apply if the ~~firm's combined *FCA* and *PRA* periodic fees for that *fee year* were at least £50,000. [deleted]~~
- (1C) If a person meets either of the conditions in (1D) it must pay the *FCA* the fee in (1E).
- (1D) A person meets the conditions referred to in (1C) if:
- (a) its periodic fee for the previous *fee year* was at least £50,000 and it is:
 - (i) an *FCA*-authorised person;
 - (ii) a designated professional body;
 - (iii) a recognised investment exchange; or

(iv) a regulated covered bond issuer; or

(b) it is a PRA-authorised person and its combined FCA and PRA periodic fees for the previous fee year were at least £50,000.

(1E) The fee in (1C) is:

(a) an amount equal to 50% of the FCA periodic fee payable for the previous fee year by:

(i) 30 April or,

(ii) if later, within 30 days of the date of the invoice, in the fee year to which the sum due under FEES 4.2.1R relates; and

(b) the balance of the FCA periodic fee due for the current fee year by:

(i) 1 September or,

(ii) if later, within 30 days of the date of the invoice, in the fee year to which that sum relates.

[Note: If the firm is a PRA-authorised person that meets the condition at FEES 4.3.6R(1)(D)(b), the firm will also pay its PRA periodic fees in two tranches as specified in the PRA's Rulebook. The FCA, acting as the PRA's collection agent, will collect these fees.]

...

(4) If the ~~appropriate regulator~~ FCA has exercised its *own-initiative powers* to cancel a firm's Part 4A permission, then (1) and (2) do not apply but the firm must pay the total amount due immediately before the cancellation becomes effective.

...

(5A) ~~(In relation to PRA-authorised persons only) paragraphs (1A) and (2) do not apply to any Solvency 2 Special Project fee or Solvency 2 Implementation fee (as defined in FEES 4 Annex 2B) and such fees are not taken into account for the purposes of the split in (1A). Instead any Solvency 2 Special Project fee or Solvency 2 Implementation fee is payable on the date specified in (1A)(b) or (2) (depending on which applies to the rest of its periodic fee) or any earlier date required by (3) or (4). [deleted]~~

...

Groups of firms

- 4.3.7 R A *firm* which is a member of a *group* may pay all of the amounts due from other *firms* in the same *group* under FEES 4.2.1R, if:
- (1) it notifies the *FCA* (in its own capacity and, if applicable, in its capacity as collection agent for the *PRA*) in writing of the name of each other *firm* within the *group* for which it will pay; and
 - (2) it pays the fees, in accordance with this chapter, as a single amount as if that were the amount required from the *firm* under FEES 4.2.1R.

...

- 4.3.9 G If the payment made does not satisfy in full the periodic fees payable by all of the members of the *group* notified to the *FCA* under FEES 4.3.7R, the *FCA* (in its own capacity and, if applicable, in its capacity as collection agent for the *PRA*) will apply the sum received among the *firms* which have been identified in the notification given under FEES 4.3.7R(1) in proportion to the amounts due from them. Each *firm* will remain responsible for the payment of the outstanding balance attributable to it.

- 4.3.10 G If a *firm* pays its fees through an agent outside the scope of FEES 4.3.7R, the *firm* is responsible for ensuring that the *FCA* (in its own capacity and, if applicable, in its capacity as collection agent for the *PRA*) is informed that the sum being paid is for that *firm's* periodic fees.

Incoming EEA firms, incoming Treaty firms, EEA authorised payment institutions and EEA authorised electronic money institutions

- 4.3.11 G (1) The ~~appropriate regulator~~ *FCA* recognises that its responsibilities in respect of an *incoming EEA firm*, an *incoming Treaty firm*, an *EEA authorised payment institution* or an *EEA authorised electronic money institution* are reduced compared with a *firm* which is incorporated in the *United Kingdom*.

(2) Accordingly the periodic fees which would otherwise be applicable to *incoming EEA firms*, *incoming Treaty firms*, *EEA authorised payment institutions* and *EEA authorised electronic money institutions* are reduced.

- 4.3.12 R For an *incoming EEA firm*, (excluding *MTF operators*), or an *incoming Treaty firm*, the calculation required by FEES 4.3.3R is modified as follows:

(1) the tariffs set out in Part 1 of FEES 4 Annex 2AR ~~and, if applicable, Part 1 of FEES 4 Annex 2BR~~ are applied only to the *regulated activities* of the *firm* which are carried on in the *United Kingdom*; and

- (2) those tariffs are modified in accordance with Part 3 of *FEES 4 Annex 2AR* and, if applicable, Part 3 of ~~*FEES 4 Annex 2BR*~~.

...

Firms Applying to Cancel or Vary Permission Before Start of Period

...

- 4.3.14 R Where a *firm* has applied to cancel its *Part 4A permission*, or its authorisation or registration under the *Payment Services Regulations* or the *Electronic Money Regulations*, or its registration as a *CBTL firm* under article 13(c) the *MCD Order*, or the ~~appropriate regulator~~ *FCA* has exercised its *own-initiative powers* to cancel a *firm's Part 4A permission* or the ~~appropriate regulator~~ *FCA* has exercised its powers under regulation 10 (Cancellation of authorisation), including as applied by regulation 14 (Supplementary provisions) of the *Payment Services Regulations* to cancel a *firm's* authorisation or registration under the *Payment Services Regulations* or the ~~appropriate regulator~~ *FCA* has exercised its powers under regulation 10 (Cancellation of authorisation), including as applied by regulation 15 (Supplementary provisions) of the *Electronic Money Regulations*, or the *FCA* has exercised its powers under article 13 (Revocation of registration), excluding article 13(c), of the *MCD Order*, the due dates for payment of periodic fees are modified by *FEES 4.3.6R(3)*, *FEES 4.3.6R(4)* and *FEES 4.3.6R(4A)* respectively.

...

Firms acquiring businesses from other firms

- 4.3.15 R ...
- (3) If the acquisition occurs after the valuation date applicable to the business (as set out in *FEES 4 Annex 1AR*, ~~*FEES 4 Annex 1BR*~~ and *FEES 4 Annex 11*) which A acquired from B, for the period following that in which the acquisition occurred, *FEES 4.2.1R* applies to A, in relation to that following period, as if the acquisition had occurred immediately before the relevant valuation date.

4.4 Information on which Fees are calculated

- 4.4.1 R A *firm* (other than the *Society* and an *MTF* operator in relation to its *MTF* 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* in

~~relation to fees payable to the FCA or Part 5 of FEES 4 Annex 1BR in relation to fees payable to the PRA) of each element of business on which the periodic fee payable by the firm is to be calculated.~~

- 4.4.2 R A *firm* (other than the *Society*) must send to the *FCA* (in its own capacity and, if applicable, in its capacity as collection agent for the *PRA*) in writing the information required under *FEES* 4.4.1R as soon as reasonably practicable, and in any event within two *months*, after the date specified as the valuation date in Part 5 of *FEES* 4 Annex 1AR in relation of fees payable to the *FCA* ~~or Part 5 of FEES 4 Annex 1BR in relation to fees payable to the PRA~~ (or *FEES* 4.2.7BR where applicable).
- 4.4.3 R To the extent that a *firm* has provided the information required by this section ~~to the appropriate regulator~~ as part of its compliance with another provision of the *Handbook*, it is deemed to have complied with the provisions of this section.
- 4.4.4 G In most cases a *firm* will provide the information required by this section as part of its compliance with the provisions of *SUP*. To the extent that the *FCA* ~~(in its own capacity and, if applicable, in its capacity as collection agent for the PRA)~~, does not obtain sufficient, or sufficiently detailed, information ~~the FCA or the PRA, as appropriate,~~ it may seek this by using the general information gathering powers (see *SUP* 2 (Information gathering by the ~~appropriate regulator~~ *FCA* or *PRA* on its own initiative)).

...

Delete FEES Annex 1BR (PRA activity groups, tariff bases and valuation dates) in its entirety. The deleted text is not shown.

Amend the following as shown.

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

...

Part 2

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

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

[Note: PRA-authorised persons will also pay minimum fees to the PRA as set out in the PRA's Rulebook.]

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

A.0	(1)	£1,084 unless:	
		(a)	It is a <i>credit union</i> that meets the conditions in (2), in which case the minimum fee payable is as set out in (2);
		(b)	it is a <i>non-directive friendly society</i> that falls into the A.3 activity group but not the A.4 activity group and meets the conditions set out in (3)(a), in which case the minimum fee payable is £466; or
		(c)	it is a <i>non-directive friendly society</i> that falls into the A.4 activity group but not the A.3 activity group and meets the conditions in (3)(b), in which case the minimum fee payable is £466; or
		(d)	it is a <i>non-directive friendly society</i> that falls into the A.3 and A.4 activity groups and meets the conditions in (3)(a) and (3)(b), in which case the minimum fee payable is £466.
	(2)	The conditions referred to in (1)(a) are that the <i>credit union</i> has a tariff base (Modified Eligible Liabilities) of:	
		(a)	0 to 0.5million, in which case a minimum fee of £172 is payable; or
		(b)	greater than 0.5million but less than 2.0million, in which case a minimum fee of £584 is payable. [deleted]
	(3)	The conditions referred to in (1) are that:	
		(a)	the <i>non-directive friendly society</i> falls into the A.3 activity group and has, for that activity, 0.5 million or less in gross <i>premium</i> income and holds gross technical liabilities of 1.0 million or less;
		(b)	the <i>non-directive friendly society</i> falls into the A.4 activity group and has, for that activity, written 1.0 million or less in adjusted gross <i>premium</i> income and holds mathematical reserves of 1.0 million or less. [deleted]

	The figures for <i>gross premium</i> income, gross technical liabilities, adjusted <i>gross premium</i> income and mathematical reserves are the same as used for Part 1 of this Annex. [deleted]	
	(4)	For <i>PRA-authorised persons</i> , the minimum fee is 50% of any fee stated in (1) or (2) above. [deleted]
AP.0	Periodic fees payable under fee blocks A.2, A.7 to A.19 and A. 21 in Part 1 multiplied by rate £0.116	

<u>Part 2(b) tariff rates (minimum fees) payable to the FCA by PRA- authorised persons</u>		
<u>A.0</u>	(1)	£542 unless:
	(a)	<u>It is a <i>credit union</i> that meets the conditions in (2), in which case the minimum fee payable is as set out in (2);</u>
	(b)	<u>it is a <i>non-directive friendly society</i> that falls into the A.3 activity group but not the A.4 activity group and meets the conditions set out in (3)(a), in which case the minimum fee payable is £233; or</u>
	(c)	<u>it is a <i>non-directive friendly society</i> that falls into the A.4 activity group but not the A.3 activity group and meets the conditions in (3)(b), in which case the minimum fee payable is £233;or</u>
	(d)	<u>it is a <i>non-directive friendly society</i> that falls into the A.3 and A.4 activity groups and meets the conditions in (3)(a) and (3)(b), in which case the minimum fee payable is £233.</u>
	(2)	<u>The conditions referred to in (1)(a) are that the <i>credit union</i> has a tariff base (Modified Eligible Liabilities) of:</u>
	(a)	<u>0 to 0.5million, in which case a minimum fee of £86 is payable; or</u>
	(b)	<u>greater than 0.5million but less than 2.0million, in which case a minimum fee of £292 is payable.</u>
	(3)	<u>The conditions referred to in (1) are that:</u>
	(a)	<u>the <i>non-directive friendly society</i> falls into the A.3 activity group and has, for that activity, 0.5 million or less in <i>gross premium</i> income and holds <i>gross</i></u>

			<u>technical liabilities of 1.0 million or less;</u>
		(b)	<u>the non-directive friendly society falls into the A.4 activity group and has, for that activity, written 1.0 million or less in adjusted gross premium income and holds mathematical reserves of 1.0 million or less.</u>
		<u>The figures for gross premium income, gross technical liabilities, adjusted gross premium income and mathematical reserves are the same as used for Part 1 of this Annex.</u>	

...

4 Annex 12G Guidance on the calculation of tariffs set out in FEES 4 Annex 1AR Part 3 and ~~FEES 4 Annex 1BR Part 3~~

...

Appendix 2

Fees (Market Data Reporting) Instrument 2016

FEES (MARKET DATA REPORTING) INSTRUMENT 2016

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of:
- (1) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137A (The FCA’s general rules);
 - (b) section 137T (General supplementary powers);
 - (c) section 139A (Power of the FCA to give guidance); and
 - (d) paragraph 23 (Fees) of Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority); and
 - (2) [regulation 20 (fees) of the Financial Services and Markets Act (2000) Data Reporting Services Regulations 2016 which applies paragraph 23 of Schedule 1ZA of the Act].
- B. The rule-making powers listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.

Commencement

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

Amendments to the Handbook

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Fees manual (FEES) is amended in accordance with Annex B to this instrument.

Notes

- F. In Annex A to this instrument, the “notes” (indicated by “**Note:**”) are intended for the convenience of readers but do not form part of the legislative text.

Citation

- G. This instrument may be cited as the Fees (Market Data Reporting) Instrument 2016.

By order of the Board
[*date*] 2016

Annex A

Amendments to the Glossary of definitions

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

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

<i>APA</i>	an <i>approved publication arrangement</i> .
<i>approved publication arrangement</i>	a <i>person</i> permitted under regulation 5 of the <i>DRS Regulations</i> to provide services to an <i>investment firm</i> in order for it to meet its obligations under articles 20 and 21 of <i>MiFIR</i> .
<i>ARM</i>	an <i>approved reporting mechanism</i> .
<i>CTP</i>	a <i>consolidated tape provider</i> .
<i>consolidated tape provider</i>	a <i>person</i> permitted under regulation 5 of the <i>DRS Regulations</i> to provide the service of collecting trade reports for <i>financial instruments</i> listed in articles 6, 7, 10, 12, 13, 20 and 21 of <i>MiFIR</i> from <i>regulated markets</i> , <i>MTFs</i> , <i>OTFs</i> and <i>APAs</i> and consolidating them into a continuous electronic live data stream providing price and volume data per <i>financial instrument</i> .
<i>data reporting service</i>	(in accordance with regulation 2(1) of the <i>DRS Regulations</i>) the operation of an <i>APA</i> , an <i>ARM</i> or a <i>CTP</i> when carried out as a regular occupation or business activity.
<i>data reporting services provider</i>	a <i>person</i> operating one or more <i>data reporting services</i> in accordance with regulation 5 of the <i>DRS regulations</i> .
<i>DRS Regulations</i>	the Financial Services and Markets Act (2000) Data Reporting Services Regulations 2016.
<i>incoming data reporting service provider</i>	a <i>data reporting services provider</i> authorised in an <i>EEA State</i> under Title V <i>MiFID II</i> providing <i>data reporting services</i> in the <i>UK</i> .
<i>market data processing system</i>	the IT system set up and maintained by the <i>FCA</i> to receive data under <i>MiFID II</i> and <i>MiFIR</i> .
<i>markets data</i>	data that must be reported to the <i>FCA</i> under articles 27 and 22 <i>MiFIR</i> and article 58 <i>MiFID II</i> .
<i>organised trading facility</i>	(in accordance with article 3(1) of the <i>Regulated Activities Order</i>):

- (a) an organised trading facility (within the meaning of article 4(1)(23) of *MiFID*) operated by an *investment firm*, a *credit institution* or a *market operator*; or
- (b) a facility which:
 - (i) is operated by an *investment firm*, a *credit institution* or a *market operator* which does not have a *Home State*; and
 - (ii) if its operator had a *Home State*, would be an *organised trading facility* within the meaning of article 4(1)(23) of *MiFID*.

[**Note:** article 4(1)(23) of *MiFID*]

OTF an *organised trading facility*.

Amend the following definitions as shown.

approved reporting mechanism ~~a trade matching or reporting system approved by the FCA in accordance with Section 412A of the Act~~ a person permitted under regulation 5 of the *DRS Regulations* to provide services to an *investment firm* in order for it to meet its obligations under article 26 of *MiFIR*.

regulated market (1) a multilateral system operated and/or managed by a *market operator*, which brings together or facilitates the bringing together of multiple third-party buying and selling interests in *financial instruments* – in the system and in accordance with its non-discretionary rules – in a way that results in a contract, in respect of the *financial instruments* admitted to trading under its rules and/or systems, and which is authorised and functions regularly and in accordance with ~~the provisions of Title III of *MiFID*.~~

[**Note:** article ~~4(1)(14)~~4(1)(21) of *MiFID*]

...

trading venue (1) (except in *FINMAR*) a *regulated market*, *MTF* or *OTF* ~~*systematic internaliser* acting in its capacity as such, and, where appropriate, a system outside the EU with similar functions to a *regulated market* or *MTF*.~~

~~[**Note:** article 2(8) of the *MIFID Regulation*]~~

[**Note:** article 4(1)(24) *MiFID*]

(2) (in *FINMAR*) (as defined in article 2(1)(l) of the *short selling*

regulation) a regulated market or an MTF.

Annex B

Amendments to the Fees manual (FEES)

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

[*Editor's Note:* The amendments shown in this Annex assume that the amendments made by the Fees (Handbook Separation) Instrument 2016 are made in the form shown in that draft instrument.]

1.1 Application and Purpose

- 1.1.1 G *FEES* applies to all *persons* required to pay a fee or levy under a provision of the *Handbook*. The purpose of this chapter is to set out to whom the *rules* and *guidance* in *FEES* apply. *FEES* 2 (General Provisions) contains general provisions which may apply to any type of fee payer. *FEES* 3 (Application, Notification and Vetting Fees) covers one-off fees payable on a particular event for example various application fees (including those in relation to authorisation, variation of *Part 4A permission*, registration as a *CBTL firm*, authorisation of a *data reporting service provider*, listing and the Basel Capital Accord) and fees relating to certain notifications and document vetting requests. *FEES* 4 (Periodic fees) covers all periodic fees and transaction reporting fees. *FEES* 5 (Financial Ombudsman Service Funding) relates to *FOS* levies and case fees (in *FEES* 5.5B). *FEES* 6 (Financial Services Compensation Scheme Funding) relates to the *FSCS* levy. *FEES* 7 relates to the *CFEB* levy.

...

Application

- 1.1.2 R This manual applies in the following way:
- (1) ...
 - (2) *FEES* 1, 2 and 4 apply to:
 - ...
 - (n) every *AIFM* notifying the *FCA* under regulation 57, 58 and 59 of the *AIFMD UK regulation* and every *AIFM* which has made such a notification; ~~and~~
 - (o) each of the following that makes transactions reports directly to the *FCA* under SUP 17 (Transaction reporting):
 - (i) a *firm*;
 - (ii) a third party acting on a *firm's* behalf;

- (iii) an *approved reporting mechanism*;
- (iv) an operator of a *regulated market*; and
- (v) an operator of an *MTF*; and
- (p) a data reporting service provider.

...

2.1 Introduction

...

Purpose

...

- 2.1.5 G (1) ~~Paragraph 23 of Schedule 1ZA of the Act, regulation 92 of the *Payment Services Regulations*, and regulation 59 of the *Electronic Money Regulations* and article 25(a) of the *MCD Order*~~ The following enable the FCA to charge fees to cover its costs and expenses in carrying out its functions:
- (a) paragraph 23 of Schedule 1ZA of the Act;
 - (b) regulation 92 of the *Payment Services Regulations*;
 - (c) regulation 59 of the *Electronic Money Regulations*;
 - (d) article 25(a) of the *MCD Order*; and
 - (e) regulation 20 of the *DRS Regulations*.
- (2) The corresponding provisions for the *FSCS* levy, *FOS* levies and *CFEB* levies are set out in *FEES* 6.1, *FEES* 5.2 and *FEES* 7.1.4G respectively.
- (3) Case fees payable to the *FOS Ltd* are set out in *FEES* 5.5B.
- (4) *Fee-paying payment service providers* and *fee-paying electronic money issuers* and *CBTL firms* are not required to pay the *FSCS* levy but are liable for *FOS* levies.
- ...
- 2.1.5C G (1) The FCA also has a fee-raising power as a result of regulation 20 of the *DRS Regulations*.
- (2) The FCA's functions under these regulations are treated as functions conferred on the FCA under the Act for the purposes of its fee-raising power in paragraph 23 of Schedule 1ZA to the Act.

...

2.2 Late Payments and Recovery of Unpaid Fees

...

Recovery of Fees

- 2.2.3 G Paragraph 23(8) of Schedule 1ZA ~~of~~ to the *Act* permits the *FCA* to recover fees (including fees relating to *payment services*, the issuance of *electronic money*, fees relating to *CBTL firms*, fees relating to data reporting service providers and, where relevant, *FOS levies* and *CFEB levies*), and section 213(6) permits the *FSCS* to recover shares of the *FSCS* levy payable, as a debt owed to the *FCA* and *FSCS* respectively. The *FCA* and *FSCS*, as relevant, will consider taking action for recovery (including interest) through the civil courts.
- ...

3 Application, Notification and Vetting Fees

3.1 Introduction

...

- 3.1.1A R A reference to *firm* in this chapter includes a reference to a *fee-paying payment service provider*, a *CBTL firm* ~~and~~, a *fee-paying electronic money issuer* and a data reporting service provider.

- 3.1.2 G This chapter does not apply to:
- (1) an *EEA firm* that wishes to exercise an *EEA right*; ~~or~~ unless it is:
- (a) an incoming data reporting service provider connecting to the market data processing system; or
- (b) an EEA firm connecting to the market data processing system;
or
- ...
- ...

- 3.1.6D G Application fees for authorisation under regulation 7 of the *DRS Regulations* or for operators of *trading venues* seeking verification of their compliance with Title V *MiFID II* are set out in the table at *FEES* 3.2.7R. The fee depends on the number of *data reporting services* for which the *firm* is making an application.
- ...

3.2 Obligation to pay fees

...

Method of payment

...

- 3.2.5 G (1) (a) The appropriate authorisation or registration fee is an integral part of an application for, or an application for a variation of, a *Part 4A permission*, authorisation, registration or variation under the *Payment Services Regulations* or the *Electronic Money Regulations*, registration under article 8(1) of the *MCD Order*, or authorisation under regulation 7 of the *DRS Regulations* or notification or registration under the *AIFMD UK regulation*.
- (b) Any application or notification received by the *FCA* without the accompanying appropriate fee, in full and without deduction (see *FEES* 3.2.1R), will not be treated as an application or notification made, incomplete or otherwise, in accordance with section 55U(4), or section 55H, of the *Act* or regulation 5(3) or 12(3) of the *Payment Services Regulations* or regulation 5 or 12 of the *Electronic Money Regulations* or regulation 11(1) and 60(a) of the *AIFMD UK regulation*, regulation 7(2) of the *DRS Regulations* or article 9 of the *MCD Order*.
- (c) Where this is the case, the *FCA* will contact the applicant to point out that the application cannot be progressed until the appropriate fee has been received. In the event that the appropriate fee, in full and without deduction, is not forthcoming, the application will be returned to the applicant and no application will have been made.

...

...

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

Part 1: Application, notification and vetting fees		
(1) Fee payer	(2) Fee payable	Due date
...		
<u>(zu) An applicant for authorisation under regulation 7 of the <i>DRS Regulations</i>, or the operator of a trading venue seeking</u>	<u>Either (1) or (2) as set out below:</u> <u>(1) If the applicant is applying for permission to operate one <i>data</i></u>	<u>On or before the application is made.</u>

<u>verification of their compliance with Title V MiFID II.</u>	<u>reporting service, 5,000.</u> <u>(2) If the applicant is applying for permission to operate more than one data reporting services, 50% of the fee at (1) for each additional service plus the fee at (1).</u>	
<u>(zv) Any person applying to connect to the market data processing system to report transaction reports directly to the FCA under MiFIR</u>	<u>(1) Unless (2) applies, [TBC]</u> <u>(2) Any data reporting service provider authorised by another EEA State will pay 80% of the fee at (1)</u>	<u>On or before the application is made.</u>
<u>(zw) Any person applying to connect to the market data processing system to provide markets data under MiFID II and MiFIR.</u>	<u>(1) Unless (2) applies, [TBC]</u> <u>(2) Any data reporting service provider authorised by another EEA State will pay 80% of the fee at (1)</u>	<u>On or before the application is made.</u>

4 Periodic fees¹

4.1 Introduction

...

- 4.1.1A R A reference to *firm* in this chapter includes a reference to a *fee-paying payment service provider, data reporting service provider* and a *fee-paying electronic money issuer*.

...

Background

...

- 4.1.4 G ...

¹ FEES 4 is amended without changes introduced by Part 2 of Annex B of the Fees (Consumer Buy to Let) Instrument 2015, which come into effect on 1 April 2016.

- (3) The periodic fees for *fee-paying payment service providers, fee-paying electronic money issuers, data reporting service providers* and *issuers of regulated covered bonds* are set out in *FEES 4 Annex 11R*. This annex sets out the activity groups, tariff base, valuation dates and, where applicable, the flat fees due for these *firms*.

...

4.2 Obligation to pay periodic fees

...

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
Any <i>firm</i> (except an <i>AIFM</i> qualifier, <i>ICVC</i> or a <i>UCITS</i> qualifier)	<i>Firm</i> receives <i>permission</i> , or becomes authorised or registered under the <i>Payment Services Regulations</i> , <i>DRS Regulations</i> or the <i>Electronic Money Regulations</i> ; or <i>firm</i> extends <i>permission</i> or its <i>payment service</i> activities
...			

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

...

- 4.3.3 R The periodic fee referred to in *FEES 4.3.1R* is (except in relation to the Society, fee-paying payment service providers, *data reporting service providers* and fee-paying electronic money issuers) calculated as follows:

...

...

Calculation of periodic fee for fee-paying payment service providers, data reporting service providers and fee-paying electronic money issuers

- 4.3.3A R The periodic fee referred to in *FEES* 4.3.1R in relation to *fee-paying payment service providers, data reporting service providers* and *fee-paying electronic money issuers* is calculated in accordance with *FEES* 4 Annex 11R.

...

Time of payment

- 4.3.6 R ...
- (3) If a *firm* has applied to cancel its *Part 4A permission* in the way set out in *SUP* 6.4.5D (Cancellation of permission), or its status as a *payment institution* under regulation 10 of the *Payment Services Regulations* (Cancellation of authorisation) or as regulation 10 is applied by regulation 14 of the *Payment Services Regulations* (Supplementary provisions), or its status as an *electronic money issuer* under regulation 10 of the *Electronic Money Regulations* (Cancellation of authorisation) or as regulation 10 is applied by regulation 15 of the *Electronic Money Regulations* (Supplementary provisions), or its authorisation as a *data reporting service provider* under regulation 10 of the *DRS Regulations*, then (1) and (2) do not apply but it must pay the total amount due when the application is made.

...

- (4A) If the *FCA* has cancelled a *firm's* authorisation or registration under regulation 10 of the *Payment Services Regulations* or regulation 10 of the *Electronic Money Regulations* or its registration under regulation 10 as applied by regulation 14 of the *Payment Services Regulations* or its registration under regulation 10 as applied by regulation 15 of the *Electronic Money Regulations*, or its authorisation as a *data reporting service provider* under regulation 10 of the *DRS Regulations*, then (1) and (2) do not apply but the *firm* must pay the total amount due immediately before the cancellation becomes effective.

...

...

Firms Applying to Cancel or Vary Permission Before Start of Period

- 4.3.13 R (1) If:
- (a) a *firm* makes an application to vary its *permission* (by reducing its scope), or cancel it, in the way set out in *SUP 6.3.15D(3)* (Variation of permission) and *SUP 6.4.5D* (Cancellation of permission), or applies to vary (by reducing its scope) or cancel its authorisation or registration (regulation 8 and 10(1) of the *Payment Services Regulations* including as applied by regulation 14 of the *Payment Services Regulations*) or applies to cancel its authorisation or registration (regulation 10 and 12 of the *Electronic Money Regulations* including as applied by regulation 15 of the *Electronic Money Regulations*) or applies to vary (by reducing its scope) or cancel its authorisation as a *data reporting service provider* under regulation 11 and 10 of the *DRS Regulations*; or an *issuer* makes an application for de-listing; or a *sponsor* notifies the *FCA* of its intention to be removed from the list of approved *sponsors*; and
 - (b) the *firm*, *issuer* or *sponsor* makes the application or notification referred to in (a) before the start of the *fee year* to which the fee relates;

FEES 4.2.1R applies to the *firm* as if the relevant variation or cancellation of the *firm's permission* or authorisation or registration under the *Payment Services Regulations*, *DRS Regulations* or the *Electronic Money Regulations*, de-listing or removal from the list of approved *sponsors*, took effect immediately before the start of the *fee year* to which the fee relates.

- (2) But (1) does not apply if, due to the continuing nature of the business, the variation, cancellation, de-listing or removal is not to take effect on or before 30 June of the *fee year* to which the fee relates.

- 4.3.14 G Where a *firm* has applied to cancel its *Part 4A permission*, or its authorisation or registration under the *Payment Services Regulations* or the *Electronic Money Regulations*, or its authorisation under regulation 10 of the *DRS Regulations* or the *FCA* has exercised its *own-initiative powers* to cancel a *firm's Part 4A permission* or the *FCA* has exercised its powers under regulation 10 (Cancellation of authorisation), including as applied by regulation 14 (Supplementary provisions) of the *Payment Services Regulations* to cancel a *firm's* authorisation or registration under the *Payment Services Regulations* or the *FCA* has exercised its powers under regulation 10 (Cancellation of authorisation), including as applied by regulation 15 (Supplementary provisions) of the *Electronic Money Regulations*, or regulation 10 of the *DRS Regulations*, the due dates for payment of periodic fees are modified by *FEES 4.3.6R(3)*, *FEES 4.3.6R(4)* and *FEES 4.3.6R(4A)* respectively.

...

4 Annex 11R Periodic fees in respect of payment services carried on by fee-paying payment service providers under the Payment Services Regulations and electronic money issuance by fee-paying electronic money issuers under the Electronic Money Regulations and issuance of regulated covered bonds by issuers and data reporting service providers under the DRS Regulations in relation to the period 1 April 2015 to 31 March 2016

...

<u>Part 2C – Activity group relevant to data reporting service providers</u>	
<u>Activity Group</u>	<u>Fee payer falls into this group if</u>
<u>G.25 DRSP</u>	<u>it is a <i>data reporting service provider</i></u>

Part 3	
This table indicates the tariff base for each fee-block. The tariff base is the means by which the <i>FCA</i> measures the amount of business conducted by <i>fee-paying payment service providers, fee-paying electronic money issuers, data reporting service providers</i> and <i>issuers of regulated covered bonds</i> .	
<u>Activity Group</u>	<u>Tariff base</u>
...	
<u>G.25</u>	<u>Not applicable</u>

...

Part 5 – Tariff rates		
<u>Activity group</u>	<u>Fees payable in relation to 2015/16</u>	
...		
<u>G.25</u>	<u>Flat fee (£) for first <i>data reporting service</i> plus 50% flat fee for each additional <i>data reporting service</i> for which the <i>data reporting service provider</i> has authorisation.</u>	<u>[TBC]</u>

Appendix 3

UKLA fees and other fees Instrument 2016

UKLA FEES AND OTHER FEES INSTRUMENT 2016

Powers exercised

- A. The Financial Conduct Authority 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 73A (Part 6 Rules);
 - (2) section 74 (the official list);
 - (3) section 137T (General supplementary powers);
 - (4) paragraph 23 (Fees) of Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority); and
 - (5) paragraph 12 of Part 2 (Funding) of Schedule 1A (Further provision about the Consumer Financial Education Body)
- B. The rule-making powers listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.

Commencement

- C. (1) Part 1 of Annex B (FEES) to this instrument comes into force on [date].
 (2) The remainder of this instrument comes into force on [date].

Amendments to the Handbook

- D. The modules of the FCA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Fees manual (FEES)	Annex B

Citation

- E. This instrument may be cited as the UKLA Fees and Other Fees Instrument 2016.

By order of the Board
 [date]

Annex A

Amendments to the Glossary

In this Annex, underlining indicates new text, unless otherwise stated.

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

- significant transaction* a transaction where:
- (a) the *issuer* has a market capitalisation of less than £1.5 billion and has submitted to the *FCA* for approval or review a *document* in relation to a *reverse takeover*, hostile takeover or significant restructuring; or
 - (b) the *issuer* has a market capitalisation that is equal to or more than £500 million and less than £5 billion and has submitted to the *FCA* for vetting:
 - (i) a *prospectus for equity securities or equivalent document*; or
 - (ii) a *prospectus or listing particulars* in relation to a *certificate representing certain securities*; or
 - (iii) a *document* in relation to a *class 1 transaction*.
- super transaction* a transaction where:
- (a) the *issuer* has a market capitalisation that is equal to or more than £1.5 billion; and
 - (i) it is a new *applicant* for a *premium listing*; or
 - (ii) it has submitted to the *FCA* for approval or review a *document* in relation to a *reverse takeover*, hostile takeover or significant restructuring; or
 - (b) the *issuer* has a market capitalisation that is equal to or more than £5 billion and has submitted to the *FCA* for vetting:
 - (i) a *prospectus for equity securities or equivalent document*; or
 - (ii) a *prospectus or listing particulars* in relation to a *certificate representing certain securities*; or
 - (iii) a *document* in relation to a *class 1 transaction*.

Amend the following as shown.

equity security ...

- (2) (in *FEES* and *PR*) (as defined in Article 2.1(b) of the *prospectus directive*) shares and other transferable securities equivalent to shares in companies, as well as any other type of transferable securities giving the right to acquire any of the aforementioned securities as a consequence of their being converted or the rights conferred by them being exercised, provided that securities of the latter type are issued by the issuer of the underlying shares or by an entity belonging to the group of the said issuer.

Annex B

Amendments to the Fees manual (FEES)

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

Part 1: Comes into force on [date]

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

...

Time of payment

4.3.6 R ...

(1E) The fee in (1C) is:

(a) an amount equal to 50% of the *FCA* periodic fee payable for the previous *fee year* by:

(i) ~~30~~ 1 April or

...

...

...

7.2 The CFEB levy

Obligation to pay CFEB levy

...

7.2.1A R (1) For the purposes of *FEES* 7.2.1R(2), *FEES* 4.3.6R(1), as applied by *FEES* 7.2.8R, is modified so that if a *firm's* periodic fees for the previous financial year was at least 50,000, the *firm* must pay:

(a) an amount equal to 50% of the *CFEB levy* payable for the previous year, by ~~30~~ 1 April in the financial year to which the sum due under *FEES* 7.2.1R relates; and

...

...

Part 2: Comes into force on *[date]*

3 Application, Notification and Vetting Fees

...

3.2 Obligation to pay fees

...

3.2.1A R As an exception to *FEES 3.2.1R*:

(a) after the specified fee in Category A5 of *FEES 3 Annex 12R* is paid for the first submission of a *document* to the *FCA* for approval or review in relation to a *significant transaction*, a *person* must pay a fee in accordance with Categories A1 to A4 of *FEES 3 Annex 12R* for any further *documents* submitted for vetting in relation to the same transaction.

(b) after the specified fee in Category A6 of *FEES 3 Annex 12R* is paid for the first submission of a *document* to the *FCA* for approval or review in relation to a *super transaction*, a *person* must pay a fee in accordance with Categories A1 to A4 of *FEES 3 Annex 12R* for any further *documents* submitted for vetting in relation to the same transaction.

...

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

Part 1: Application, notification and vetting fees		
(1) Fee payer	(2) Fee payable	Due date
...		
(j) Applicant for approval as <i>sponsor</i> (under the <i>listing rules</i>) [deleted]	<i>FEES 3 Annex 4, part 2</i>	On or before the date the application is made
...
(l) Under the <i>listing rules</i> , an <i>issuer</i> involved in specific events or transactions	<i>FEES 3 Annex 5, part 1</i> unless the transaction would come within the definition of significant	On or before the date that relevant documentation is first submitted to the <i>FCA</i>

<p>during the year where documentation is subject to a transaction vetting [deleted]</p>	<p>transaction under category (v) or super transaction under category (q) in this table, in which case the fee payable under that category.</p>	
<p>(m) Under the <i>prospectus rules</i>, an <i>issuer</i> or <i>person</i> requesting approval or vetting of the <i>documents</i> arising in relation to specific events or transactions that it might be involved in during the year [deleted]</p>	<p>FEES 3 Annex 5, part 2 unless the transaction would come within the definition of significant transaction under category (v) or super transaction under category (q) in this table, in which case the fee payable under that category.</p>	<p>On or before the date that relevant documentation is first submitted to the <i>FCA</i></p>
<p>...</p>		
<p>(q) A super transaction, being one where:</p> <p>(i) the <i>issuer</i> has a market capitalisation in excess of 1.5 billion and it is a new applicant for a <i>premium listing</i> under the <i>listing rules</i>, or involved in a reverse or hostile takeover or a significant restructuring; or</p> <p>(ii) the <i>issuer</i> has a market capitalisation in excess of 5 billion and is involved in a <i>class 1 transaction</i>, a transaction requiring vetting of an equity <i>prospectus</i> or <i>equivalent document</i> or a <i>transaction</i> requiring vetting of a <i>prospectus</i> or <i>listing particulars</i> in relation to a Depositary Receipt. [deleted]</p>	<p>50,000</p>	<p>On or before the date that the relevant documentation is first submitted to the <i>FCA</i>.</p>

...		
<p>(v) A significant transaction, being one where:</p> <p>(i) the <i>issuer</i> has a market capitalisation in excess of 500 million and is producing an equity <i>prospectus</i> or <i>equivalent document</i>, a <i>prospectus</i> or <i>listing particulars</i> in relation to a Depository Receipt or a document in relation to a <i>class-I transaction</i>; or</p> <p>(ii) the <i>issuer</i> is producing a document for vetting in relation to a <i>reverse takeover</i>, a hostile takeover or a significant restructuring.</p> <p>A significant transaction does not include a super transaction. [deleted]</p>	20,000	On or before the date that the relevant documentation is first submitted to the <i>FCA</i> .
...		
<p>(x)</p> <p>(i) An <i>issuer</i> or <i>person</i> who:</p> <p>(1) is a fee payer under one or more of the categories set out in (ii); and</p> <p>(2) requests the <i>FCA</i>'s approval or vetting of a document that includes a mineral expert's report.</p> <p>(ii) The categories are (1), (m) (q), and (v) of this table.</p>	5,000	On or before the date that the relevant documentation is first submitted to the <i>FCA</i> .

(iii) A fee under this category is payable in addition to any fee payable under the categories set out in (ii). [deleted]		
...		
(zr) An applicant for approval as a <i>primary information provider</i> . [deleted]	1,500	On or before the application for approval is made.
...		
Part 2: Other <u>UKLA</u> fees		
(1) Fee payer	(2) Fee payable	Due date
(a) (i) An <i>issuer</i> which has not made public its annual financial report before the latest time specified in <i>DTR</i> 4.1.3R. (ii) An <i>issuer</i> which has not made public its half-yearly financial report before the latest time specified in <i>DTR</i> 4.2.2R(2).	(i) Where the <i>issuer</i> has not made public its annual financial report before the latest time specified in <i>DTR</i> 4.1.3R, £250 in respect of that annual financial report. (ii) Where the <i>issuer</i> has not made public its half-yearly financial report before the latest time specified in <i>DTR</i> 4.2.2R(2), £250 in respect of that half-yearly financial report. <i>FEES</i> 3 Annex 12R	Within 30 days of the date of the invoice.
<u>(b) An applicant for approval as a <i>sponsor</i></u>	<u><i>FEES</i> 3 Annex 12R</u>	<u>On or before the date the application is made</u>
<u>(c) Under the <i>listing rules</i>, an <i>issuer</i> requesting approval of a <i>document</i> arising in relation to a specific event or transaction, which is not a <i>significant transaction</i> or a <i>super transaction</i>.</u>	<u><i>FEES</i> 3 Annex 12R</u>	<u>On or before the date that relevant <i>document</i> is first submitted to the <i>FCA</i></u>

<u>(d) Under the prospectus rules, an issuer or person requesting approval or review of a document arising in relation to a specific event or transaction, which is not a significant transaction or a super transaction</u>	<u>FEES 3 Annex 12R</u>	<u>On or before the date that relevant document is first submitted to the FCA</u>
<u>(e) An issuer requesting the approval or review of a document in connection with a super transaction</u>	<u>FEES 3 Annex 12R</u>	<u>On or before the date that the relevant document is first submitted to the FCA.</u>
<u>(f) An issuer requesting the approval or review of a document in connection with a significant transaction</u>	<u>FEES 3 Annex 12R</u>	<u>On or before the date that the relevant document is first submitted to the FCA.</u>
<u>(g) A person who requests the FCA's approval of a document that includes a mineral expert's report and is a fee payer under one or more of the categories (c), (d), (e), and (f) above must additionally pay a fee under this category.</u>	<u>FEES 3 Annex 12R</u>	<u>On or before the date that the relevant document is first submitted to the FCA.</u>
<u>(h) An applicant for approval as a primary information provider.</u>	<u>FEES 3 Annex 12R</u>	<u>On or before the application for approval is made.</u>

...

The following annexes are deleted in their entirety. The deleted text is not shown.

3 Annex 4R Application and administration fees in relation to listing rules

3 Annex 5R Document vetting and approval fees in relation to listing and prospectus rules

After FEES 3 Annex 11 insert the following new annex. The text is not underlined.

**3 Annex UKLA transaction fees
12R**

Category	Fee payable (£)
A1	0
A2	2,000
A3	5,000
A4	15,000
A5	20,000
A6	50,000

For the purposes of *FEES* 3 Annex 12R:

Category A1 includes:

- (a) applying for a *listing of securities* under *LR* 17;
- (b) applying for a *listing of miscellaneous securities* under *LR* 20;
- (c) applying for a *premium listing of equity shares* where *LR* 6.1.1AR applies;
- (d) applying for approval as a *primary information provider*;
- (e) applying for the approval of a material change to the published investment policy of a *closed-ended investment fund* under *LR* 15.4.8R;
- (f) submitting a summary document for review under *PR* 1.2.3R(8);
- (g) applying for the approval of:
 - (i) a *supplementary prospectus*;
 - (ii) *supplementary listing particulars*;
 - (iii) a *securities note*;
 - (iv) a *summary*;

Category A2 includes:

- (a) applying for the approval of:

- (i) a *prospectus* in relation to *non-equity transferable securities*;
 - (ii) a *registration document* in relation to *non-equity transferable securities*;
 - (iii) *listing particulars* in relation to *non-equity transferable securities*;
- (b) where an *issuer* has a market capitalisation of less than £500 million:
- (i) applying for the approval of a *prospectus* in relation to *equity securities*;
 - (ii) applying for the approval of a *registration document* in relation to *equity securities*;
 - (iii) applying for the approval of *listing particulars* in relation to *equity securities*;
 - (iv) submitting a *document* equivalent to a *prospectus* for review under *PR 1.2.2R(2)*, *PR 1.2.2R (3)*, *PR 1.2.3R(3)* or *PR 1.2.3R (4)*;
- (c) submitting a *circular* for approval;
- (d) where an *issuer* is a *closed-ended investment fund*,:
- (i) applying for the approval of a *prospectus* in relation to *equity securities*;
 - (ii) applying for the approval of a *registration document* in relation to *equity securities*;
 - (iii) applying for the approval of *listing particulars* in relation to *equity securities*;
 - (iv) submitting a *document* equivalent to a *prospectus* for review under *PR 1.2.2R(2)*, *PR 1.2.2R (3)*, *PR 1.2.3R(3)* or *PR 1.2.3R (4)*;
- (e) where an *issuer* is an *open-ended investment fund*, applying for the approval of *listing particulars*;

Category A3 includes:

- (a) applying for a *premium listing* of *equity shares* under *LR 15*;
- (b) applying for a *premium listing* of *equity shares* under *LR 16*;
- (c) applying for approval as a *sponsor* following a change in legal status;

Category A4 includes:

- (a) applying for a *premium listing* of *equity shares* under *LR 6*;
- (b) applying for a *listing* of *shares* under *LR 14*;
- (c) applying for a *listing* of *securities representing certain securities* under *LR 18*;
- (d) applying for a *listing* of *securities* under *LR 19*;
- (e) applying for the approval of:
 - (i) a *prospectus* in relation to *equity securities*;
 - (ii) a *registration document* in relation to *equity securities*;
 - (iii) *listing particulars* in relation to *equity securities*;
- (f) submitting a *document* equivalent to a *prospectus* for review under *PR 1.2.2R(2)*, *PR 1.2.2R (3)*, *PR 1.2.3R(3)* or *PR 1.2.3R (4)*;
- (g) applying for the approval of a *document* that includes a *mineral expert's report*;
- (h) applying for approval as a *sponsor*;

Category A5 includes applying for the approval of a *document* in relation to a *significant transaction*; and

Category A6 includes applying for the approval of a *document* in relation to a *super transaction*.

Amend the following as shown.

4.2 Obligation to pay periodic fees

...

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
...			
<u>Listed issuers A</u> <u>listed issuer</u> (in	FEES 4 Annex 7 <u>FEES 4 Annex</u>	Within 30 days of the date of the	<u>Listed issuer</u> (in <u>LR</u>) becomes

<p><i>LR</i>) of <i>shares</i> and <i>depository receipts certificates representing certain securities and securitised derivatives (in LR)</i>, unless the conditions set out below apply. The first condition is that the <i>listed issuer</i>, or a related entity, has already paid a periodic fee in respect of the period concerned. The second condition is that the <i>listed issuer</i> is subject to <i>listing rules</i> as a result of a reverse takeover, or that the <i>listed issuer</i> is a newly formed entity, created as a result of a restructuring.</p>	<p><u>14R</u></p>	<p>invoice</p>	<p>subject to <i>listing rules</i></p>
<p><u><i>Sponsors A sponsor</i></u></p>	<p>£27,100 per fee year (see Note) <u>FEES 4 Annex 14R</u></p>	<p>Within 30 <i>days</i> of the date of the invoice</p>	<p>(1) Approval of a <i>sponsor</i> unless (2) applies. (2) In the case of approval of a <i>sponsor</i> following a change of legal status in accordance with <i>FEES 3 Annex 1 R Part 7</i>, the balance of the fee otherwise due from the original</p>

			<i>sponsor.</i> Where a payment is made in accordance with (2) the original <i>sponsor's</i> obligation to pay that fee ceases.
All non-listed issuers (in DTR) of shares and <u>depository receipts certificates representing certain securities and securitised derivatives.</u>	<i>FEES 4 Annex 8, except for Table 3 FEES 4 Annex 14R</i>	Within 30 days of the date of the invoice	Non-listed issuer (in DTR) becomes subject to <i>disclosure rules</i> and <i>transparency rules</i>
Any primary information provider	<i>FEES 4 Annex 8, Table 3 FEES 4 Annex 14R</i>	Within 30 days of the date of the invoice	A person is approved as a <i>primary information provider</i>
...			

...

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

...

Part 3

This table shows the modifications to fee tariffs that apply in respect of the *FCA* to *incoming EEA firms* and *incoming Treaty firms* which have established branches in the UK.

Activity Group	Percentage deducted from the tariff payable under Part 1 applicable to the <i>firm</i>
...	

A.13	10%
<u>A.18</u>	<u>10%</u>
A.19	50%

...

The following annexes are deleted in their entirety. The deleted text is not shown.

4 Annex 7R Periodic fees in relation to the Listing Rules for the period 1 April 2015 to 31 March 2016

4 Annex 8R Periodic fees in relation to the Disclosure and Transparency Rules for the period 1 April 2015 to 31 March 2016

After FEES 4 Annex 13, insert the following new annex. The text is not underlined.

**4 Annex UKLA periodic fees
14R**

Part 1 Base fee

Activity group or invoice code (Note 1)	Description	Base fee payable (£)
E.1 Discontinued		
E.2 Premium listed issuer	<i>A listed issuer of equity shares with a premium listing (see Note (2))</i>	5,150
E.3 Standard listed issuer	<i>A listed issuer of shares and certificates representing certain securities with a standard listing and not with a premium listing (see Note (2))</i>	19,500
E.4 Discontinued		
E.5 Discontinued		
E.6 Non-listed issuer	<i>A non-listed issuer</i>	
E.7 Primary information provider	<i>A primary information provider</i>	16,260
ES.01 Sponsor	<i>A sponsor (see Note (3))</i>	27,100

Notes:

Note 1: The 'E' activity groups are codes that appear on *FCA* invoices for periodic fees.

Note 2: A *listed issuer* of shares and certificates representing certain securities need not pay periodic fees if the following conditions apply :

- (1) the *listed issuer*, or a related entity, has already paid a periodic fee in respect of the period concerned; or
- (2) the *listed issuer* is subject to *listing rules* as a result of a reverse takeover; or
- (3) the *listed issuer* is a newly formed entity, created as a result of a restructuring.

Note 3: In the case of approval of a *sponsor* following a change of legal status in accordance with *FEES 3 Annex 1R Part 7*, the balance of the fee otherwise due from the original *sponsor* is due from the *sponsor* that is a result of the change of legal status.

Part 2 Variable fee additional to base fee

Activity Group	Market capitalisation as at the last <i>business day</i> of the November prior to the <i>fee-year</i> in which the fee is payable in £million	Fee payable in £per £million or £part million
E.2 Premium listed issuer (as described in Part 1)	0 - 100	0
	> 100 - 250	29.230818
	> 250 – 1,000	11.691551
	> 1,000 – 5,000	7.196630
	> 5,000 – 25,000	0.175548
	> 25,000	0.056715



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