

FCA regulated fees and levies 2020/21:

Including feedback on CP20/06 and
'made rules'

Policy Statement

PS20/7

July 2020

This relates to

Consultation Paper 20/6
which is available on our website at
www.fca.org.uk/publications

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1 Summary

Introduction

- 1.1** We are publishing the 2020/21 periodic regulatory fees and levies for the:
- Financial Conduct Authority (FCA)
 - Financial Ombudsman Service
 - Money and Pensions Service (The Money and Pensions Service is referred to in our FEES manual as the Single Financial Guidance Body(SFGB))
 - Devolved Authorities
 - Treasury's expenses for tackling illegal money lending
- 1.2** We are also publishing our feedback on the responses received to the consultation on the draft fees and levies rules in [CP20/06 'FCA Regulated fees and levies: Rates proposals 2020/21'](#), published on 7 April 2020. The consultation period for CP20/06 closed on 19 May 2020.

Who this affects

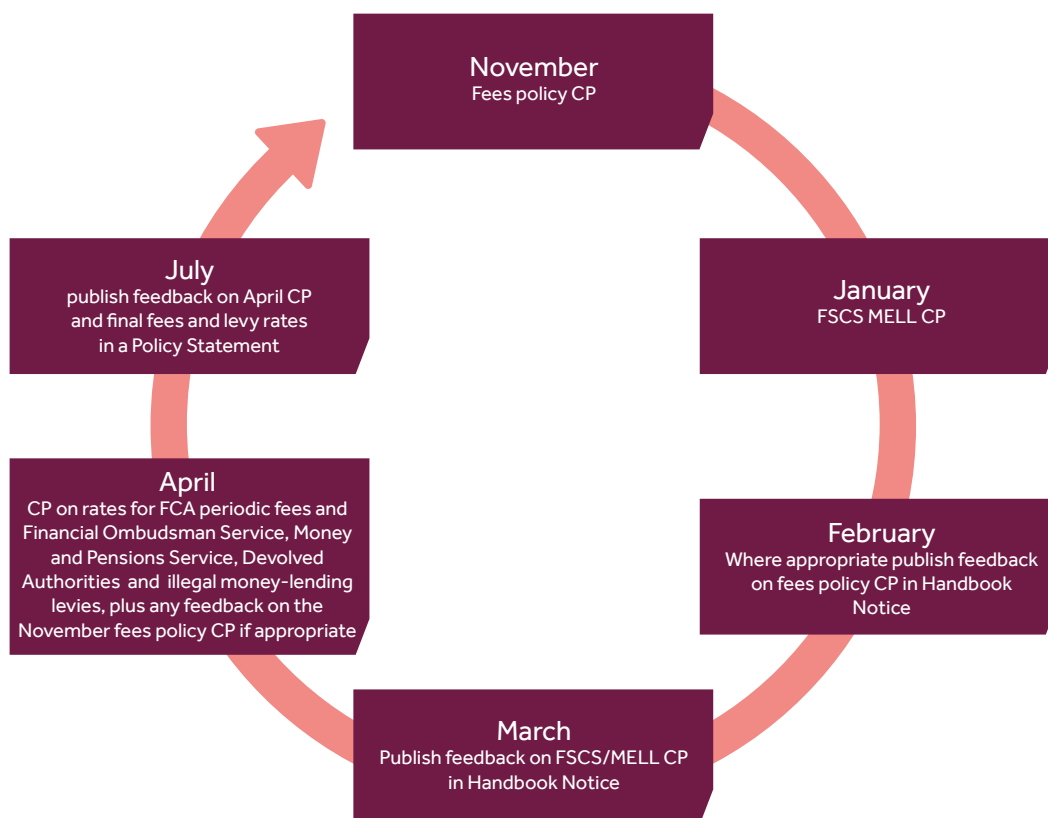
- 1.3** All fee-payers will be affected by this Policy Statement (PS). Table 1.1 at the end of this chapter will help fee payers identify which chapters relate to them.

Relevance to consumers

- 1.4** This PS is not directly relevant to retail financial services consumers or consumer groups, although fees are indirectly met by financial services consumers.

Context

1.5 Generally, our annual fees consultation follows this cycle:



- November – we consult on any changes to the policy on how fees and levies are raised. We give feedback on the responses received to this consultation in the following February Handbook Notice or the April Consultation Paper (CP).
- 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 give feedback on responses received in the March Handbook Notice.
- April – we consult on FCA periodic fees rates for the 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 and Pensions Service, Devolved Authorities and illegal money-lending levies for the financial year.
- July – we publish feedback on the responses to the April CP, together with final fees and levy rates in a policy statement.

Summary of feedback and our response

1.6 We received feedback from 33 stakeholders on our proposals in CP20/06. The non-confidential respondents are listed in Annex 1.

1.7 A full breakdown of the 'A' to 'G', 'CC' (consumer credit) and claims management companies fee-blocks referred to in this section is in Table 2.2 of Chapter 2.

Feedback on FCA periodic fees

- 1.8** We received feedback from 32 stakeholders on the FCA proposed fees.
- 1.9** In Chapter 2 of this PS, we give our response to the feedback to Chapters 3 and 4 of CP20/06, covering fee rates for authorised firms – the 'A' and 'CC' (consumer credit) and claims management companies fee-blocks.
- 1.10** The main responses related to our proposals for mitigating the impact of the coronavirus (Covid-19) crisis. Almost all welcomed the freezing of minimum fees and the 2-month extended payment terms for medium and small firms. However, most called for us to also apply the extended payment terms to large firms.

Our response

As stated in CP20/06 these concessions balance easing the impact of the coronavirus crisis on firms with ensuring our Business Plan is delivered to meet our statutory objectives and meeting our financial commitments. We are therefore not applying the extended payment terms to larger firms.

- 1.11** Chapter 2 gives further detail on our responses to the feedback and also on other more specific areas:
- budget control, prioritisation and transparency
 - A.1 Deposit acceptors tariff base – decoupling building societies from banks
 - above average increase in fees for firms in the A.2 mortgage provider fee-block and the A.13 advisors, arrangers, dealers or brokers fee-block
 - allocation of costs to insurer fee-blocks
 - EU withdrawal cost recovery from credit unions
 - insurers fee-block (A.3 and A.4) tariff data

- 1.12** In Chapter 3, we give our response to the feedback on the proposed fee rates for the 'B' to 'G' fee-blocks.

Feedback on FCA consumer harm campaign

- 1.13** In Chapter 5, we respond to the feedback on our proposals (in Chapter 7 of CP20/06) for a communications and information campaign to tackle areas where we see real risk of consumer harm. We suggested a separate consultation was the most transparent and fairest approach to take to assess industry support for the campaign. We proposed raising £2.3m in 2020/21 to be allocated proportionately across all firms but minimum fees would not be affected.
- 1.14** We received feedback from eight stakeholders. Overall, stakeholders provided strong support for the proposed campaign but some raised concerns about:
- timing and whether the FCA was the right authority to undertake the campaign
 - campaign costs
 - allocation of campaign costs across fee-blocks

1.15 We detail our responses to these concerns in Chapter 5. We are proceeding with the consumer harm campaign. Because of the separate consultation on the campaign, we initially excluded the £2.3m costs from our annual funding requirement (AFR). We have now completed the campaign consultation and as discussed in Chapter 2 of this PS we have incorporated the £2.3m costs for 2020/21 into our AFR. So the final 2020/21 AFR is £589.9m, an increase of 5.6% over 2019/20. We will continue to incorporate the campaign costs into our AFR for the remaining four years of the campaign.

Feedback on authorisation application fees

1.16 In Chapter 6, we respond to the feedback on the proposed review of our authorisation application fees later in the year (in Chapter 8 of CP20/06). Our objective is to simplify their structure and, at a minimum, bring them into line with inflation. The rates on the most common charges have not changed since our predecessor body, the Financial Services Authority (FSA), set them nearly 20 years ago. Over that time, their value has eroded, passing an increasing share of the processing costs to existing fee-payers.

1.17 We received feedback from three stakeholders. None objected to the proposal and they provided helpful comments which we will take into account when we review our charges over the summer. Chapter 6 gives further detail on the feedback and our response.

Feedback on FCA further fees policy proposal

1.18 In Chapter 7, we respond to the feedback on our proposals set out in Chapter 9 of CP20/06:

- For firms operating Multilateral Trading Facilities' (MTFs) and Organised Trading Facilities' (OTFs) reporting of their income as a measure of the size of their regulated activities (tariff data). This was the second stage of our consultation to introduce income as the basis for calculating periodic fees for these sub-sets of the market infrastructure provider B fee-block. In response to feedback we received on the first stage consultation we also proposed a clarification of the definition of income for firms operating MTFs and MTFs which will also apply to Recognised Investment Exchanges,
- To increase Part VII insurance business transfer application fees to £20,000 (from £9,250) for life insurance business and £12,500 (from £5,000) for general insurance transfers, and
- To introduce charges for submitting certain documents for prior approval by the FCA under the Prospectus Regulations.

1.19 We received feedback from five stakeholders. Chapter 7 gives detail on the feedback and our response. We are implementing the proposals as consulted on.

Feedback on the Financial Ombudsman Service general levy

1.20 In Chapter 8 of this PS, we respond to the feedback to Chapter 11 of CP20/06. We consulted on the 2020/21 fee rates for firms in the compulsory jurisdiction (CJ) of the Financial Ombudsman Service (the Ombudsman Service) and set out the proposed fee rates for firms in each industry block.

- 1.21** We received feedback from eight stakeholders on the proposed Ombudsman Service general levy. The main responses were on the significant increase to the general levy. Respondents considered the increase to be disproportionate and untimely because of the impact of the coronavirus crisis. Other responses were on the need to protect larger firms from the crisis, stating it was unfair that larger firms were paying more towards the levy.

Our response

The Ombudsman Service consulted extensively with levy payers on the changes to its funding model in July 2019, and in December 2019 and received broad support for the principle of moving to a more even split between case fee and levy income. With reference to larger firms, this is a one-off measure, as explained in CP20/6.

- 1.22** Chapter 8 gives further detail on the feedback and our response.

Feedback on Money and Pensions Service levies

- 1.23** In Chapter 9 of this PS, we respond to the feedback to Chapter 12 of CP20/06. We consulted on the 2020/21 fee rates for the Money and Pensions Service (MaPS).
- 1.24** We received no substantive feedback on the proposed MaPS money guidance levy and the pensions guidance levy. We received three responses on the way the debt advice levy is funded, stating that it is unfair based on the current allocations.

Our response

For this consultation, we did not consult on which firms should contribute to the levy. We will consider all the views received as part of the wider work with government for debt advice funding in the future.

- 1.25** Since our consultation, HM Treasury has announced an extra £37.8 million of funding for the 2020/21 financial year to provide essential debt advice services and help more people who are struggling with their finances due to coronavirus.
- 1.26** The distribution of the funding across England will be overseen by MaPS and will come from a combination of sources: £20.6 million from Government, £14.2 million will be raised through a one-off increase to the debt advice levy and a further £3 million contribution from MaPS. For the Devolved Authorities, £2m (out of an additional £5.9m) will come from the Devolved Authorities' debt advice levy through re-purposing money from existing budget.
- 1.27** Given our role in collecting this levy, we will consult on details later in the year.
- 1.28** Chapter 9 gives further detail on the feedback and our response.

Feedback on Devolved Authorities' levy

- 1.29** In Chapter 10 of this PS, we respond to the feedback to Chapter 13 of CP20/06. We consulted on the 2020/21 fee rates for the Devolved Authorities' debt advice levy.

- 1.30** We received feedback from three stakeholders on the proposed Devolved Authorities' debt advice levy. The responses are the same as those for the MaPS debt advice levy, regarding the unfairness of the current allocations.

Our response

Our response is the same as for the MaPS debit advice levy (as above).

- 1.31** Chapter 10 gives further detail on the feedback and our response.

Feedback on the Illegal Money Lending levy

- 1.32** In Chapter 11 of this PS, we give our response to the feedback to Chapter 14 of CP20/06. In Chapter 14 of that CP we consulted on the 2020/21 fee rates for the illegal money lending (IML) levy.
- 1.33** We received feedback from one stakeholder which we respond to in Chapter 11 and also confirm that the amount that the Treasury has asked us to recover is unchanged from the £6.2m included in CP20/06.

Compatibility statement

- 1.34** The rules we have now made are not substantially different from those proposed in Appendix 1 and 2 of CP20/06, except for some periodic fee rates, as explained in Chapters 2, 3 and 9. These changes do not alter the compatibility statements we published with CP20/06.
- 1.35** Annex 2 of CP20/06 included a statement that we did not expect the proposals that we consulted on to have a significantly different impact on mutual societies when compared to other authorised persons. In our opinion, the changes to the proposals set out in this PS do not alter this assessment.

Equality and diversity considerations

- 1.36** Overall, we do not think that the proposals in this PS adversely impact any of the groups with protected characteristics under the Equality Act 2010 ie age, disability, sex, marriage or civil partnership, pregnancy and maternity, race, religion and belief, sexual orientation and gender reassignment.

Next steps

What you need to do next

- 1.37** We highlighted in CP20/06 that fee-payers should be aware of how the draft fee rates and levies in Appendix 1 of CP20/06 were calculated. We used estimated fee-payer populations and tariff data (measures of size), which we highlighted may change when we calculate the final fee rates in June 2020.
- 1.38** Table 2.3 in Chapter 2 shows the estimated firm populations and tariff data contained in CP20/06 and the actual figures used to calculate the final fees rates. It also shows the annual movements in the draft fee rates in CP20/06 and the annual movements in the final fee rates in Appendix 1 of this PS.
- 1.39** In the case of the 'B' to 'G' fee-blocks covered in Chapter 3, we have highlighted in Table 3.1 where final fee rates have changed since the draft rates in CP20/06.
- 1.40** Firms can use our online [fees calculator](#) to calculate their individual fees based on the final rates in this PS. This includes FCA periodic fees and the Financial Ombudsman Service, Money and Pensions Advice Service, Devolved Authorities and illegal money lending levy final rates in Appendix 1 (where applicable) of this PS.
- 1.41** The fees calculator will also cover PRA (where applicable) fees and FSCS levies.

What we will do

- 1.42** We will invoice fee-payers from July 2020 onwards for their 2020/21 periodic fees and levies.

Table 1.1: Fee- payers affected by the final 2020/21 fees and levies rates rules in this PS and the feedback provided to the responses to CP20/06

Issue	Fee payers affected	Chapter
FCA		
Periodic fee rates	Authorised firms: <ul style="list-style-type: none"> the 'A' and 'CC' (consumer credit) fee blocks; and Claims Management Companies 	2 [and Appendix 1]
	All fee payers except authorised firms – fee-blocks B to G	2 and 3 [and Appendix 1]
Applying financial penalties and revising the Financial Penalty Scheme	Fee payers listed in Table 4.1 in Chapter 4	4
FCA consumer harm campaign		
Proposals to undertake consumer harm campaign over the next 5 years	All fee-payers other than those who only pay minimum fees or flat periodic fees	5 [and Appendix 1]
Authorisation application fees		
Request for views on the factors we should consider when reviewing our authorisation application fees later this year	Persons considering making applications for authorisation and their advisers	6

Issue	Fee payers affected	Chapter
Further FCA fees policy proposal		
Requirements to report income for the purposes of calculating fees	Operators of Multilateral Trading Facilities and Organised Trading Facilities	7 [and Appendix 1]
Revised application fees for Part VII insurance business transfers	Firms in the A.3 insurers general and A.4 insurers life fee-blocks	7 [and Appendix 1]
Introduction of charges for submitting certain exempted documents under the Prospectus Regulations for FCA prior approval	Issuers and sponsors of securities	7 [and Appendix 2]
Financial Ombudsman Service		
General levy rates	Firms subject to the Financial Ombudsman Service general levy	8
Money and Pensions Service		
Money guidance levy	<ul style="list-style-type: none"> Firms subject to money guidance levies – authorised firms, payment institutions and electronic money issuers Consumer credit firms in the CC1 (limited permission) and CC2 (full permission) fee-blocks 	9
Debt advice levy	<ul style="list-style-type: none"> Firms subject to debt advice levies – firms in fee-blocks A.2 (home finance providers and administrators) and CC3 (consumer credit lending) 	
Pensions guidance levy	Firms in the following fee blocks: <ul style="list-style-type: none"> A.4 insurers – life A.7 portfolio managers A.9 managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes A.13 advisors, arrangers, dealers or brokers 	
Devolved Authorities' debt advice levy		
Devolved Authorities' debt advice levy	Firms subject to debt advice levies – firms in fee-blocks A.2 (home finance providers and administrators) and CC3 (consumer credit lending)	10
Illegal money lending levy		
Recovering the Treasury's expenses for tackling illegal money lending	All firms with credit-related permissions	11

2 FCA periodic fees for authorised firms

(FEES 4 Annex 2AR – final rules in Appendix 1)

2.1 In this chapter:

- We confirm our 2020/21 annual funding requirement (AFR) and allocation across all fee-blocks.
- We respond to feedback on Chapters 3 and 4 of Consultation Paper (CP)20/06, in which we consulted on draft fee rates for authorised firms – the 'A', 'CC' (consumer credit) and claims management companies fee-blocks.
- We highlight the changes between the draft fees rates in CP20/06 and the final rates contained in Appendix 1. These changes arise from movements between the estimated fee-payer populations and tariff data (measure of size as a proxy for risk) used to calculate the draft fee rates in CP20/06 and those used to calculate the final fee rates in Appendix 1 of this Policy Statement (PS).

Annual funding requirement

- 2.2** Our total 2020/21 Annual Funding Requirement (AFR) included in CP20/06 was at £587.6m, an increase of 5.2% over 2019/20. This AFR includes our ongoing regulatory activities (ORA) budget, the costs we need to recover for changes to our regulatory responsibilities (scope change), costs related to European Union (EU) withdrawal and our Transformation Programme Costs.
- 2.3** We are committed to delivering an ORA budget that is flat in real terms, subject to any changes in our wider ongoing regulatory responsibilities. The 2% increase in our ORA to £548.5m has met this commitment for 2020/21 and is unchanged from CP20/06.
- 2.4** In CP20/06 (Chapter 7) we also carried out a separate consultation on whether there was industry support for us undertaking a communications and information campaign to tackle areas where we see real risk of consumer harm. Taking account of the feedback received to this consultation we confirm in Chapter 5 of this PS that we will be proceeding with the campaign and have therefore incorporated the £2.3m costs for 2020/21 into our AFR. The final 2020/21 AFR is therefore £589.9m, an increase of 5.6% over 2019/20. We will continue to incorporate the campaign costs into our AFR for the remaining four years.
- 2.5** Table 2.1 confirms the breakdown of our final 2020/21 AFR and final financial penalty rebate.

Table 2.1: 2020/21 AFR breakdown

	2020/21 £m	2019/20 £m	Movement	
			£m	%
Ongoing regulatory activities (ORA) budget	548.5	537.7	10.8	2.0%
Scope change recovery	14.1	15.8	-1.7	-10.8%
EU withdrawal costs	15.0	5.0	10.0	200.0%
Transformation Programme	10.0	-	10.0	-
AFR included in CP20/06	587.6	558.5	29.1	5.2%
Consumer harm campaign – separate consultation in CP20/06	2.3	-	2.3	-
Final AFR recovery	589.9	558.5	31.4	5.6%
<i>Financial penalty rebate (i)</i>	(46.8)	(47.5)	(-0.7)	(-1.5%)
<i>Fees payable</i>	543.1	511.0	30.7	6.0%

Note: (i) The £46.8m rebate in 2020/21 represents the final amount of the 2019/20 financial penalties we can retain to cover 2019/20 enforcement costs (CP20/06 included an estimate of £51.8m). The £46.8m is applied as a rebate against 2020/21 periodic fees in accordance with our financial penalty scheme as set out in Chapter 4.

AFR allocation across fee-blocks

- 2.6** Our policy for allocating the AFR across fee-blocks is to maintain an even distribution of increases or decreases other than where for individual fee-blocks there have been material and explainable exceptions (allocation by exception).
- 2.7** The exceptions we proposed to an even distribution of the 5.2% increase in our 2020/21 AFR we included in CP20/06 covered:
- £14.1m – scope change recovery
 - £15.0m – EU withdrawal costs
 - £10.0m – Transformation Programme costs
 - £12.0m – reallocation of AFR to the consumer credit fee-blocks
- 2.8** We gave detail on each of these allocations by exceptions in Chapter 3 of CP20/06. In Chapter 7 of CP20/06 we gave detail of the allocation for the £2.3m consumer harm campaign costs. None of these allocations have changed since those consulted on in CP20/06.
- 2.9** Table 2.2 confirms the allocation across fee-blocks of the final 5.6% increase in our AFR.

Table 2.2: 2020/21 AFR allocation across fee-blocks

AFR allocations to fee-blocks	(i)	Actual 2020/21 £m	Actual 2019/20 £m	Movement over 2019/20
A.0 FCA minimum fee	Solo	21.4	21.4	0.0%
AP.0 FCA prudential fee (ii)	Solo	17.5	17.2	2.1%
A.1 Deposit acceptors	DR	78.8	74.6	5.7%
A.2 Home finance providers and administrators	Solo	18.5	17.9	3.6%
A.3 Insurers – general	DR	28.6	26.6	7.5%
A.4 Insurers – life	DR	48.0	44.6	7.6%

AFR allocations to fee-blocks	(i)	Actual 2020/21 £m	Actual 2019/20 £m	Movement over 2019/20
A.5 Managing agents at Lloyd's	DR	0.2	0.2	5.7%
A.6 The Society of Lloyd's	DR	0.4	0.4	6.3%
A.7 Portfolio managers	Solo	49.3	46.3	6.4%
A.9 Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes	Solo	12.4	12.0	3.4%
A.10 Firms dealing as principal (iii)	Solo & DR	57.1	53.7	6.4%
A.13 Advisors, arrangers, dealers or brokers	Solo	81.1	79.4	2.1%
A.14 Corporate finance advisers	Solo	14.8	14.5	2.0%
A.18 Home finance providers, advisers and arrangers	Solo	18.2	17.6	3.5%
A.19 General insurance mediation	Solo	30.0	29.0	3.5%
A.21 Firms holding client money or assets or both	Solo	15.2	14.7	3.7%
CC1. Consumer credit – limited permission	Solo	52.3	39.8	31.2%
CC2. Consumer credit – full permission				
Claims Management Companies	Solo	2.9	7.1	-59.5%
B. Recognised investment exchanges, recognised overseas investment exchanges, multilateral trading facilities, organised trading facilities, recognised auction platforms, service companies, regulated benchmark administrators, third-country legal representative, benchmark endorsers	Solo	8.2	7.9	3.7%
C. Collective investment schemes	Solo	2.6	2.5	4.5%
D. Designated professional bodies and professional body supervisors	Solo	1.8	1.9	-8.3%
E. Issuers and sponsors of securities	Solo	23.1	22.1	4.5%
G. firms subject to: money laundering regulations; regulated covered bonds regulations; payment services regulations; electronic money regulations; firms undertaking consumer buy-to-let business; data reporting services providers; and third-party verification agents	Solo	7.5	7.1	4.6%
Total AFR		589.9	558.5	5.6%

Notes:

(i) Solo = FCA solo-regulated fee-block activities. DR = fee-block activities that are dual-regulated by the FCA for conduct purposes and the PRA for prudential purposes.

(ii) AP.0 FCA prudential fee-block is only recovered from FCA solo-regulated firms in proportion to the total periodic fees they pay through FCA solo-regulated fee-blocks.

(iii) Includes certain investment firms that have been designated by the PRA to be regulated by the PRA for prudential purposes. These designated firms do not pay fees in AP.0, but the remaining solo-regulated firms in A.10 do.

Periodic fees for authorised firms – summary of proposals

2.10 In Chapter 4 of CP20/06 we proposed to:

- Not increase minimum fees. Given the impact of coronavirus we wanted to protect the smallest firms by freezing 2020/21 minimum fees so they remain unchanged from 2019/20. This means that the 71% of firms that are small enough to only pay minimum fees will see no change in the fees they pay.
- Increase flat fees by 2% in line with our policy to link these fees to movements in our ORA.
- Continue keeping the variable fee rates for the consumer credit firms in the CC1 and CC2 fee-blocks unchanged in 2020/21. This has enabled us to finish recovering the scope change deficit in 2020/21 – 5 years earlier than 2025/26 as originally planned and to reallocate £12m AFR to the consumer credit fee-blocks without increasing consumer credit fees. We proposed to distribute the resulting £12m reduction in AFR allocations proportionately across other authorised firms covered by the A fee-blocks, except the minimum fee fee-block.
- Continue to apply a premium of 25% and 65% to the fee rates for medium-high and high impact firms respectively in the top 2 bands of the A.1 fee-block (Deposit acceptors).
- Continue to use bandings within the A.21 fee-block (firms holding client money or assets or both) based on the risk classifications we apply to firms in the Client Assets sourcebook (CASS).
- Continue to apply fees discounts for European Economic Area (EEA) passported-in branches. For all relevant fee-blocks the discount is 10%, except for A.19 (general insurance mediation) where the discount is 50%.

2.11 We also highlighted we did not expect to be able to finalise the 2020/21 fee-rate rules for insurers in the A.3 and A.4 fee-blocks at our June 2020 Board. This was because the European Insurance & Occupational Pensions Authority (EIOPA) had extended the deadline for the submission of Solvency II(SII) regulatory returns to 2 June 2020 (an eight-week extension). The tariff data we use to calculate the final fee-rates for A.3 and A.4 insurers is primarily drawn from these SII returns (submitted to the Prudential Regulation Authority (PRA)). We believed the extension would not give us enough time to validate a full set of tariff data in June.

2.12 We said we were considering whether to use the same tariff data we used to calculate 2019/20 fee-rates or alternatively defer making the final fee-rates for insurers only to the July FCA Board. This would also mean deferring beginning invoicing and collecting 2020/21 fees for A.3 and A.4 insurers from July to August 2020. The deferral would apply to FCA, PRA fees, and the Financial Services Compensation Scheme, Financial Ombudsman Service, Money and Pensions Service, Devolved Authorities and illegal money lending levies. This is because we invoice firms through a consolidated invoice that covers all the fees and levies they pay.

Coronavirus crisis – extended payment terms

2.13 Given the impact of the coronavirus crisis and to help medium and smaller firms, we proposed to extend the period for paying their fees by two months to 90 days. This would mean that 89% of firms will have until the end of 2020 to pay their fees and levies.

- 2.14** We categorised medium and smaller firms as those firms who pay a total fees and levies in 2020/21 of less than £10,000. The total to include all the fees and levies they pay to the FCA, PRA, the Financial Services Compensation Scheme, the Financial Ombudsman Service, Money and Pensions Service, Devolved Authorities, the Payment Systems Regulator, the Financial Reporting Council and under the illegal money lending levy.
- 2.15** For firms that are in the medium/smaller category, instead of payment being due within 30 days of the date of the invoice it would be due within 90 days on the date of the invoice.
- 2.16** We would expect larger firms to pay their fees and levies under the usual payment terms.
- 2.17** The draft fee rates were in Appendix 1 of CP20/06 and our online fees calculator was available to help firms calculate the proposed fees for 2020/21.
- 2.18** We asked:

Q1: *Do you have any comments on the proposed FCA 2020/21 minimum fees and variable periodic fee rates for authorised firms?*

Feedback on proposals

- 2.19** We received feedback from 29 stakeholders on the proposed fees for authorised firms and the proposed coronavirus crisis impact mitigation proposals: seven trade bodies and a compliance consultancy that represented insurance intermediaries, motor dealers, credit unions, building societies, mortgage intermediaries, finance brokers, and debt collection/purchase firms; ten firms which included one insurer, two networks; two mortgage/general insurance intermediaries and five other firms; and ten professional bodies and an issuer of securities. The comments covered:
- coronavirus crisis impact mitigation proposals
 - budget control, prioritisation and transparency
 - A.1 Deposit acceptors tariff base – decoupling building societies from banks
 - above average increase in fees for firms in the A.2 mortgage provider fee-block and the A.13 advisors, arrangers, dealers or brokers fee-block
 - allocation of costs to insurer fee-blocks
 - EU withdrawal cost recovery from credit unions
 - insurers fee-block (A.3 and A.4) tariff data

Coronavirus crisis impact mitigation proposals

- 2.20** In the main the 20 stakeholders who commented on these proposals represented mortgage intermediaries, general insurance intermediaries, finance brokers, motor dealers, debt collection/purchase firms. They believed their businesses had been particularly hit by the crisis. Professional bodies and an issuer of securities which come under the D and E fee-blocks also commented.

- 2.21** Almost all welcomed the freezing of minimum fees and the 2-month extended payment terms for medium and small firms with one commenting that the smallest firms should receive a one-off 50% rebate. However, most called for us to apply the extended payment terms to large firms with one commenting that the smallest firms should receive a one-off 50% rebate. Overall, they highlighted that larger firms were not immune from the impact of the crisis on businesses within the above sectors. They believed that larger firms should be treated the same as medium and small firms.

Our response

We do not believe it would be fair to increase the amount of our annual funding requirement recovered from larger firms that would result if we halved fees for the smallest firms.

We are solely funded by the industry we regulate and do not receive any grants from government. Extending by 2 months the payment terms for medium and small firms benefits 89% of firms. As stated in CP20/06 this concession and freezing of minimum fees balance easing the impact of the coronavirus crisis on firms with ensuring our Business Plan is delivered to meet our statutory objectives and meeting our financial commitments. We are therefore not applying the extended payment terms to larger firms.

As we highlight on our coronavirus crisis web pages for firms, which also set out [firms' responsibilities](#), we expect firms to manage their financial resilience and actively manage their liquidity. Firms should report to us immediately if they believe they will be in difficulty.

Budget control, prioritisation and transparency

- 2.22** Some stakeholders called for no increase in fees given the crisis and for the FCA to exercise more budgetary control and prioritise its activities to reduce costs. One added that the FCA should set fees for 6 months and then reassess and consult later in the year for the next 6 months fees. Another was concerned that in the current circumstances the FCA wants to rush to pay off the £4.4m final phase of the consumer credit scope change deficit. Two stakeholders challenged the transformation programme as being ill-timed with a lack of detail on the costs and benefits it will bring to firms.
- 2.23** One stakeholder said the FCA needs to prioritise supervision, enforcement and authorisation costs over strategy and competition. They noted over 2017 to 2019 the average staff numbers in strategy and competition increased 29.8% but supervision by only 5.1% and enforcement and market oversight by only 3.4%. They highlighted that, in contrast, complaints against the FCA rose by 50% mainly relating to FCA's supervisory role: failure to act on information and failure to spot a problem. Enforcement cases are taking 2 to 3 years for settled cases and up to 5 years for cases going to tribunal, too long a delay to extract important lessons.

Our response

Following rigorous business planning, we set our budget to fund our work programme. That work programme allows us to meet the priorities set out in our Business Plan. It also allows us to achieve our overall objective of ensuring that markets work well, and our 3 supporting objectives of protecting the consumer, promoting competition and enhancing the integrity of markets.

Over the past five years the movement in our base ongoing regulatory activities (ORA) budget has either been in line with inflation or below it. In response to the unprecedented challenges that coronavirus has presented our Business Plan noted the steps we had already taken to help firms, support consumers and maintain orderly markets. We reprioritised by postponing and amending activities where appropriate.

Our Business Plan therefore set out our priority areas for 2020/21 without diluting our focus on the impact of the coronavirus crisis. Our ORA budget has been set to deliver those plans throughout 2020/21 and we consulted on fees to recover that budget. As is the case every year, any variance between ORA budget and actual expenditure will be addressed when preparing the ORA budget for the following year (2021/22). Eliminating the consumer credit scope change deficit improves the FCA's fiscal health as we continue to operate in the current crisis.

Proceeding with the transformation programme was considered as part of the overall Business Plan prioritisation process already discussed. We do not accept that we have not been transparent about the transformation programme. CP20/06 provided the three-year costs and an outline of the outcomes we want to achieve directing firms to our Business Plan for full details. Chapter 4 of our [2020/21 Business Plan](#) set out these key outcomes under three areas:

- make faster and more effective decisions
- prioritise end outcomes for consumers markets and firms
- use of intelligence and information

The breakdown in our annual report only provides the number of staff allocated to the divisions within our organisational structure. It does not reflect the significant amount of cross-FCA collaboration that takes place between divisions. For example, our Strategy and Competition division is central to the FCA's market-driven approach to regulation, bringing our competition, economic and policy expertise together with our intelligence-gathering and data analysis capability. Their work is integral to carrying out our authorisation, supervision and enforcement functions.

A.1 Deposit acceptors tariff base – decoupling building societies from banks

2.24 The A.1 fee-block covers banks, building societies and credit unions. The AFR allocated to A.1 is recovered from these firms based on their size as measured by the tariff base of modified eligible liabilities (MELs) – effectively the size of their UK deposits. Exceptionally for this fee-block we apply a premium of respectively 25% and 65% to the fee rates for firms in the medium-high and high impact bands of this fee-block. This reflects that we target our overall supervision at the high-impact, systemically important firms in this sector.

2.25 The trade body representing building societies continue to urge the FCA to decouple building societies from banks and consider a more proportionate tariff base for them, one that reflects their lower risks and domestic focus. They argue that while the very largest building societies' size and customer base mean they are systemically important, at least nationally, they operate a lower risk model compared to banks. In part, this is due to restrictions imposed by the Building Societies Act 1986. But in the main this lower risk model is a result of building societies' – in common with all mutuals – desire to service their members with straightforward, well-designed, low-cost products.

Our response

We continue to believe that by using MELs as the tariff base the fees for firms in the A.1 fee-block are closely linked to the size of firm's UK deposit books. This is an important indicator of the riskiness of these entities to our objectives. In addition, our use of premium fee rates ensures larger and more complex firms pay fees appropriate to the risks they pose.

The fee-block structure is based on grouping firms together where they undertake common permitted regulatory activities. Recovery of the AFR allocated to fee-blocks is based on an objective measure of size (tariff base) that is consistently applied to all firms in the fee-block. No account is taken in any fee-block of the differing risk profile of sub-groups of firms or individual firms.

In the case of the A.1 fee-block, the common activity is accepting deposits that building societies, banks and credit unions undertake. To this extent building societies are treated the same as sub-groups within other fee-blocks.

For example, the A.13 fee-block (advisory, arrangers, dealers or brokers) include, banks, insurance companies, securities brokers acting for retail clients, wholesale market brokers and financial advisers, which all undertake business with different risk profiles.

Above average increase in fees for firms in A.2 mortgage provider fee-block and A.13 advisors, arrangers, dealers or brokers fee-block

2.26 The trade body representing building societies commented that although the freeze in minimum fees was welcome it has a relatively minor overall impact on building societies. Less welcome are the increases on other fee-blocks, particularly the A.2 fee block, home finance providers and administrators for which the fee-rate has increased

by 4.3% in 2020/21. Those that are part of the A.13 fee block, advisors, arrangers, dealers or brokers, see an even higher increase of 10.4%.

Our response

In the case of the A.2 fee-block the 2020/21 AFR allocation in CP20/06 increased 3.1% compared to an average 5.2% AFR increase. This reflected that A.2 was subject to the exceptional allocations, for example, of the Senior Managers & Certification Regime (SM&CR) scope change recovery but also the reduced recovery arising from the reallocation of AFR from A.2 (and the other A fee-blocks) to the consumer credit fee-blocks reflecting a greater focus on that sector. The higher increase in the fee-rate compared to the allocation was due to a 1.4% decrease in the tariff data (number of mortgages) reported by A.2 firms which varies each year.

In the case of the A.13 fee-block the 2020/21 AFR allocation in CP20/06 increased 1.6% compared to an average 5.2% AFR increase. This reflected that A.13 was subject to the exceptional allocations, for example, of the Senior Managers & Certification Regime (SM&CR) scope change recovery. But it also reflected the reduced recovery arising from reallocating AFR from A.13 (and the other A fee-blocks) to the consumer credit fee-blocks and an additional allocation reduction from the return of underspend on the Markets in Financial Instruments Directive II (MiFID II) scope change recovery in 2019/20. The higher increase in the fee-rate compared to the allocation was due to a 7.5% decrease in the tariff data (income from A.13 activities) reported by A.13 firms which varies each year.

We have updated the AFR allocation table 2.2 in this chapter to reflect the incorporation into our 2020/21 AFR the costs of the consumer harm campaign. We have also updated Table 2.3 in this chapter to reflect the final changes in data used to calculate final fee rates and year-on-year movement in actual fee rates between 2019/20 and 2020/21.

Allocation of costs to insurer fee-blocks

- 2.27** The trade body representing insurance mutuals highlighted the 7% increase in the AFR allocation to the insurers' A.3 and A.4 fee-blocks, in excess of the overall 5.2% increase in AFR. Also, that 480 insurers are expected to pay around the same level of FCA costs as 800 banks and building societies in the A.1 fee-block, further noting that the Business Plan does not explain this.

Our response

As explained in CP20/06 the A.3 and A.4 insurers fee-block were subject to a proportionate allocation of the scope change costs relating to the implementation of the Senior Managers and Certification Regime and EU Withdrawal costs but also the reduced recovery arising from the reallocation of AFR from A.3 and A.4 (and the other A fee-blocks) to the consumer credit fee-blocks reflecting a greater focus on that

sector. These are all allocations by exception from the average 5.2% AFR increase which resulted in a 7.1% increase in these fee-blocks.

Over half of the firms in the A.1 fee-block are credit unions which are small enough to only pay minimum fees. AFR allocations across different fee-blocks are not comparable as each fee-block covers distinct regulatory activities with different risk profiles.

EU withdrawal cost recovery for credit unions

- 2.28** The trade body representing credit unions was overall supportive of the CP proposals. However, they highlighted that the 5.3% increase in AFR allocation to the A.1 deposit acceptors fee-block was largely driven by the tripling of the costs attributed to the withdrawal from the EU whereas credit unions only serve the UK market and are unconnected to the areas of change. They noted that for EU withdrawal cost recovery the PRA applies a 50% discount for non-directive firms in the A.1 fee-block.

Our response

We proposed allocating the £15m 2020/21 EU withdrawal costs across the fee-blocks that include banks (A.1 fee-block), insurers (A.3, A.4, A.5 and A.6 fee-blocks), fund managers (A.7 fee-block) and proprietary traders (fee-block A.10) on the basis that these fee-blocks include the type of firms most likely to be affected by EU withdrawal. This is the same allocation basis we used for 2017/18, 2018/19 and 2019/20.

We have already recovered £15m on the current basis and do not believe the collection of the remaining £15m is a justification for changing that basis. Of the 437 Credit Unions in the A.1 fee-block only 32 contribute to EU withdrawal costs through their variable fee rates. These 32 Credit Unions only contribute a total of £5,442 (0.01%) towards the recovery of the £78.5m AFR allocated to the A.1 fee-block. Each year most of the 93% of credit unions that only pay minimum fees are afforded the concession of lower minimum fees which is mainly funded by the directive firms in the A.1 fee-block.

Insurers fee-blocks (A.3 and A.4) tariff data

- 2.29** The trade body representing insurance mutuals and an individual insurer said we should not use for 2020/21 fee-rates the same tariff data we used to calculate 2019/20 fee-rates which would be two years out of date. If we are unable to finalise the tariff data for June, they said we should defer invoicing until August.

Our response

We have been able to calculate the final fee-rates for insurers during June including using the tariff data derived from the SII regulatory returns submitted to the PRA under the EIOPA extended submission deadline. This also applies to the final fee-rates for insurers under the Financial Ombudsman Service and Money and Pensions Service discussed in chapters 8 and 9 of this PS.

Changes between draft fee rates and final rates

2.30 We highlighted in CP20/06 that fee-payers should be aware that the draft fee rates and levies in Appendix 1 of CP20/06 were calculated using estimated fee-payer populations and tariff data (measures of size). We also highlighted that these may change when we calculate the final fee rates in June 2020.

2.31 Table 2.3 shows the estimated firm populations and tariff data contained in CP20/06 and the actual figures used to calculate the final fees rates. It also shows the annual movements in the draft fee rates in CP20/06 and the annual movements in the final fee rates in Appendix 1 of this PS.

A.21 fee-block (Firms holding client money or assets or both)

2.32 We use bandings within the A.21 fee-block based on the risk classifications we apply to firms in the CASS sourcebook. This allows us to align where we apply our resources to the fees we charge firms.

2.33 The bandings and level of moderation we are applying to the tariff data for both client money and client assets have not changed since CP20/06 (set out in Table 4.5 of Chapter 4). However, the changes in tariff data since CP20/06 have affected the outcome of this moderation. The final distribution of the £15.2m 2020/21 AFR for A.21 is as follows (figures in brackets are those estimated in CP20/06):

- CASS large firms 76.22% (76.11%)
- CASS medium firms 23.76% (23.86%)
- CASS small firms 0.02% (0.03%)

2.34 Firms can use our [online fees calculator](#) to calculate their individual fees based on the final rates in Appendix 1 of this PS.

Table 2.3: Changes in data used to calculate draft and final fee rates and year-on-year movement in actual fee rates between 2019/20 and 2020/21

Fee-block	Tariff base	Number of firms in fee-blocks			Tariff data			Year-on-year movement in fee rates from 2019/20	
		2020/21 Actual	2019/20 Actual (i)	Change	2020/21 Actual	2019/20 Actual (i)	Change	CP20/6 (ii)	Actual (ii)
A.1	Modified eligible liabilities	787	799	-1.5%	£3,445.4bn	£3,356.1bn	2.7%	2.3%	2.8%
A.2	Number of mortgages or other home finance transactions	473	476	-0.6%	6.8m	6.9m	-1.0%	4.3%	4.8%
A.3	Gross written premium Best estimate liabilities	315	323	-2.5%	£71.2bn	£72.7bn	-2.0%	8.2%	9.3%
					£130.3bn	£143.3bn	-9.0%		

Fee-block	Tariff base	Number of firms in fee-blocks			Tariff data			Year-on-year movement in fee rates from 2019/20	
		2020/21 Actual	2019/20 Actual (i)	Change	2020/21 Actual	2019/20 Actual (i)	Change	CP20/6 (ii)	Actual (ii)
A.4	Gross written premium	163	160	1.9%	£155.9bn	£137.9bn	13.1%	5.8%	-4.5%
	Best estimate liabilities				£1,429.5bn	£1,280.4bn	11.6%	8.0%	-3.2%
A.5	Active capacity	56	57	-1.8%	£30.7bn	£31.4bn	-2.2%	5.4%	5.7%
A.7	Funds under management	2,889	2,919	-1.0%	£10,217.5bn	£8,871.5bn	15.2%	-7.6%	-7.2%
A.9	Gross income	1,401	1,433	-2.2%	£14.2bn	£15.4bn	-8.1%	12.6%	13.4%
A.10	Traders	454	446	1.8%	8,825	9,146	-3.5%	10.4%	11.1%
A.13	Annual income	12,342	12,752	-3.2%	£29.6bn	£31.9bn	-7.3%	10.4%	10.9%
A.14	Annual income	790	810	-2.5%	£9.1bn	£9.0bn	0.4%	1.9%	2.0%
A.18	Annual income	5,594	5,541	1.0%	£1.9bn	£1.8bn	4.6%	-1.5%	-1.5%
A.19	Annual income	12,875	12,979	-0.8%	£18.5bn	£17.7bn	4.7%	1.0%	1.5%
A.21	Client money	1,103	1,099	0.4%	£153.2bn	£153.7bn	-0.3%	2.4%	2.4%
	Assets held				£14,911.1bn	£14,778.7bn	0.9%	3.3%	3.4%

Notes:

(i) 'Actual' refers to the data as set out in Table 2.3 of PS19/19, published in July 2019.

(ii) CP20/06 rates were based on £587.6m AFR (excluding £2.3m Consumer Harm Campaign costs) whereas Actual rates are based on £589.9m AFR (including £2.3m Consumer Harm Campaign).

3 FCA periodic fees for other bodies

(FEES 4 Annex 2AR, Annex 4R, Annex 5R, Annex 10R, Annex 11R, Annex 14R, Annex 15R, FEES App 2 Annex 2 Part 3, FEES App 3.1.2 – final rules in Appendix 1)

3.1 In this chapter, we give feedback on the responses to Chapter 5 of CP20/06. This was our consultation on the draft fees rates rules for other bodies that fall within the 'B' to 'G' fee-blocks:

- B, Market infrastructure providers
- C, Collective investment schemes
- D, Designated professional bodies and professional body supervisors
- E, Issuers and sponsors of securities
- G, firms subject to: money laundering regulations; regulated covered bonds regulations; payment services regulations; electronic money regulations; firms undertaking consumer buy-to-let business; data reporting services providers; and third-party verification agents

3.2 We also highlight the changes between the draft fees rates in CP20/06 and the final rates contained in Appendix 1 of this PS.

Periodic fees for other bodies – summary of proposals

3.3 Our total 2020/21 Annual Funding Requirement (AFR) included in CP20/06 was £587.6m, an increase of 5.2% over 2019/20. In Chapter 3 of CP20/06, we set out the proposed allocation of this AFR to the 'B' to 'G' fee-blocks.

3.4 In Chapter 5 of CP20/06, we proposed the draft periodic fees to recover the allocated AFR from the fee-payers within each of these fee-blocks. This included proposing:

- Not to increase minimum fees. Given the impact of Covid-19 we wanted to protect the smallest firms by freezing 2020/21 minimum fees so they remain unchanged from 2019/20. This means that the 71% of firms that are small enough to only pay minimum fees will see no change in the fees they pay.
- Increase flat fees by 2% in line with our policy to link these fees to movements in our core ongoing regulatory activities (ORA) budget.

3.5 In Chapter 7 of CP20/06 we also carried out a separate consultation on whether there was industry support for us undertaking a communications and information campaign to tackle areas where we see real risk of consumer harm. Taking account of the feedback received to this consultation we confirm in Chapter 5 of this PS that we will be proceeding with the campaign.

3.6 As discussed in Chapter 2 of this PS we have incorporated the £2.3m campaign costs for 2020/21 into our AFR. The final 2020/21 AFR is therefore £589.9m, an increase of 5.6% over 2019/20 a breakdown of which is provided in Table 2.1 in Chapter 2 of this PS. Table 2.2 of Chapter 2 confirms the allocation of our final £589.9m 2020/21 AFR to the 'B' to 'G' fee-blocks which incorporates the allocation of the £2.3m campaign costs.

The basis for these allocations have not changed from those set out in Chapter 3 and 7 of CP20/06.

Coronavirus crisis – extended payment terms

- 3.7** We also proposed in CP20/06 that the extended payment terms that are set out in Chapter 2 of this PS should apply to fee-payers in the B to G fee-blocks covered by this chapter. Chapter 2 also provides the feedback we received on these proposals, including the feedback from fee-payers in the D and E fee-blocks, together with our response.
- 3.8** We asked:

Q2: *Do you have any comments on the proposed FCA 2020/21 minimum fees and periodic fee rates for fee payers other than authorised firms?*

Feedback on proposals

- 3.9** We received feedback from eight stakeholders on the proposed fees for other bodies. A recognised investment exchange (RIE) and a professional body supervisor supported the proposals in relation to their fee-blocks. Six professional body supervisors (PBSs) said there was a lack of transparency on the costs of the Office for Professional Body Anti-money Laundering Supervision (OPBAS) as raised in previous consultations with one calling for a separate OPBAS budget to be published. In general, they wanted transparency over the deployment of resources, efficiency and proportionality in relation to the costs of OPBAS.

Our response

As discussed in Chapter 2 following rigorous business planning, we set our budget to fund our work programme. That work programme allows us to meet the priorities set out in our Business Plan and carry out our core work of supervising nearly 60,000 financial services firms in the UK which includes supervision relating to OPBAS. The costs of OPBAS come within our base ongoing regulatory activities budget (ORA). Over the past five years the movement in our ORA budget has either been in line with inflation or below it.

We continue to be committed to operating economically, efficiently and effectively to deliver value for money. We are accountable to the Treasury and are required to report to them on, among other things, the extent that we have met the principles of good regulation. These include considering the need to use our resources in the most efficient and economical way. That report to Treasury is laid before Parliament, published as our Annual Report and Accounts, and discussed at our Annual Public Meeting.

Changes between draft fee rates and final fee rates

3.10 We highlighted in CP20/06 that fee-payers should be aware that we calculated the draft fee rates and levies in Appendix 1 of CP20/06 using estimated fee-payer populations and tariff data (measures of size as a proxy for risk). We also highlighted that these may change when the final fee rates are calculated in June 2020.

3.11 Table 3.1 lists the fee-blocks where the percentage variance in the fee rates from 2019/20 have changed from the draft version in CP20/06 and the final rates in Appendix 1 of this PS:

Table 3.1: Variance in fee rates from 2019/20 – CP20/06 compared to actual

Fee-block (variable fee rate)	Variance in fee rates from 2019/20 (i)	
	CP20/06	Actual
B: Recognised investment exchanges	-2.5%	-3.4%
B: Regulated benchmark administrators	-18.9%	-25.8%
B: Service companies	-10.1%	-52.5%
C: Collective investment schemes	2.9%	3.9%
D: Designated professional bodies	-6.9%	37.1%
E: UKLA Premium listed issuers	11.9%	14.5%
G.2: Payment Services Regulations – certain deposit acceptors	0.0%	-2.3%
G.3: Payment Services Regulations – large payment institutions and registered account information service providers	0.0%	-2.3%
G.10: Electronic Money Regulations – large electronic money institutions	-18.8%	-18.3%
G.15: Regulated covered bonds	-27.2%	-26.1%

Notes:

(i) CP20/06 rates were based on £587.6m AFR (excluding £2.3m Consumer Harm Campaign costs) whereas Actual rates are based on £589.9m AFR (including £2.3m Consumer Harm Campaign).

4 Applying financial penalties

4.1 In this chapter, we confirm the amount of retained penalties from 2019/20 and the final percentage rebates that will be applied to 2020/21 periodic fees.

Financial penalty rebates for 2020/21

4.2 In Chapter 6 of CP20/06, we estimated the retained penalties for 2019/20 to be £51.8m. The amount of the estimated retained penalties allocated to each fee-block and the estimated percentage rebates for 2020/21 periodic fees were set out in Table 6.1 in CP20/06.

4.3 The final amount of retained penalties for 2019/20 is £46.8m, 9.7% less than the £51.8m estimated in CP20/06. Table 4.1 sets out how we have distributed the retained penalties across fee-blocks, in the same proportions as CP20/06.

Table 4.1: Final schedule of application 2019/20 retained penalties in 2020/21

Fee-block	Actual 2019/20 retained penalties to be applied to benefit of fee-payers (£m)	Actual rebate applied to 2020/21 fees	Estimated 2019/20 retained penalties to be applied to benefit of fee-payers (£m)	Estimated rebate applied to 2020/21 fees
AP.0 FCA prudential	0.0	0.0%	0.0	0.0%
A.1 Deposit acceptors	7.4	9.6%	8.2	10.7%
A.2 Home finance providers and administrators	0.8	4.2%	0.8	4.7%
A.3 Insurers – general	1.5	5.3%	1.6	5.9%
A.4 Insurers – life	2.7	5.7%	2.9	6.3%
A.5 Managing agents at Lloyd’s	0.0	0.0%	0.0	0.0%
A.6 The Society of Lloyd’s	0.0	0.0%	0.0	0.0%
A.7 Portfolio managers	10.9	22.7%	12.0	25.3%
A.9 Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes	1.7	14.5%	1.9	16.1%
A.10 Firms dealing as principal	5.9	10.7%	6.6	11.9%
A.13 Advisors, arrangers, dealers or brokers (not holding or controlling client money or assets, or both)	4.0	5.0%	4.4	5.6%
A.14 Corporate finance advisers	1.8	12.7%	2.0	14.2%

Fee-block	Actual 2019/20 retained penalties to be applied to benefit of fee-payers (£m)	Actual rebate applied to 2020/21 fees	Estimated 2019/20 retained penalties to be applied to benefit of fee-payers (£m)	Estimated rebate applied to 2020/21 fees
A.18 Home finance providers, advisers and arrangers	3.0	17.2%	3.4	19.1%
A.19 General insurance mediation	2.7	9.3%	3.0	10.3%
A.21 Firms holding client money or assets or both	3.1	20.7%	3.4	23.0%
B. Recognised investment exchanges, operators of multilateral trading facilities and recognised auction platforms (only)	0.0	0.0%	0.0	0.0%
CC1 Consumer credit – limited permission	0.0	0.0%	0.0	0.0%
CC2 Consumer credit – full permission	0.0	0.0%	0.0	0.0%
E. Issuers and sponsors of securities	1.4	6.2%	1.5	6.9%
G.1 Persons registered under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017	0.0	0.0%	0.0	0.0%
G.2, G.3, G.4, G.5 Firms under the Payment Services Regulations 2017	0.0	0.0%	0.0	0.0%
G.10, G.11 Firms under the Electronic Money Regulations 2011	0.0	0.0%	0.0	0.0%
G.20, G.21 Firms under the Mortgage Credit Directive Order 2015	0.0	0.0%	0.0	0.0%
G.25 Firms under the Data Reporting Regulations 2017	0.0	0.0%	0.0	0.0%
Total	46.8		51.8	

5 FCA consumer harm campaign

(FEES 4 – final rules in Appendix 1)

- 5.1** In this chapter, we set out the outcome of our consultation in Chapter 7 of CP20/06 on our proposals for a communications and information campaign to tackle areas where we see real risk of consumer harm.
- 5.2** We believed that a separate consultation was the most transparent and fairest approach to take to assess industry support for the campaign. We also consulted on the basis for recovering the campaign costs across fee-payers.

Summary of proposals

- 5.3** An area where we have seen increasing consumer harm is retail investments. To help tackle this, we propose an initial campaign to help consumers make better-informed investment decisions. This new campaign will target consumers investing in high-risk, high-return, illiquid investments.
- 5.4** For campaign planning, we will carry out initial research to better understand what drives and motivates audience, their levels of awareness of key factors, and how they consume media. This will help inform our campaign strategy – including the channels we select, and messaging and any special measures needed to reach or engage the audience.
- 5.5** We recognise that markets change and evolve quickly – the greatest source of harm today, may be less acute in the future. To ensure that the overall campaign reflects the dynamic nature of markets, we will review and assess where the greatest and most acute areas of harm exist, and adjust our campaign to address them. We will do this by continuously monitoring industry intelligence, consumer contacts to our consumer helpline and feedback on the campaign messaging.
- 5.6** We plan to run the campaign over 5 years. These costs have not currently been included in our annual funding requirement (AFR) and we proposed to recover £2.3m in 2020/21. We proposed to allocate the £2.3m proportionately across all fee-blocks. This reflects that the campaign is designed to enhance integrity in the financial system as well as protect consumers from harm and so will benefit all sectors.
- 5.7** The fee-rates in the draft instrument in Appendix 1 of CP20/06 included the rates to recover our 2020/21 AFR and separately, in square brackets, the rates to recover the 2020/21 campaign costs. So, fee-payers could see the impact on their individual 2020/21 fees.

5.8 We asked:

Q3: *Do you agree with our proposal to undertake the consumer harm campaign and our proposed basis of recovering the 2020/21 costs from fee-payers? Please include the reasons for your views in the feedback you provide.*

Feedback on proposals

5.9 We received feedback from eight stakeholders on the proposed consumer harm campaign and basis for recovering the 2020/21 costs. Overall, stakeholders provided strong support for the proposed campaign. But some raised concerns about:

- timing and whether the FCA was the right authority to undertake the campaign
- campaign costs
- allocation of campaign costs across fee-blocks

Timing and whether the FCA was the right authority for the campaign

5.10 The timing of our proposal was questioned in light of the impact of the coronavirus crisis on the UK population. Also, some asked whether the FCA was the right authority to deliver an education campaign aimed at consumers. It was suggested that this campaign would fit better within the remit of the Money and Pensions Service (MaPS) or Citizens Advice.

Our response

The coronavirus crisis has been the cause of recent market volatility. That market volatility, along with negative impacts on people's incomes as a result of furlough and redundancies, will lead to a larger proportion of the UK population being categorised as vulnerable. Our campaign is crucial to combating the associated harms, now more than ever.

As the regulator for retail investments, the FCA is well placed to respond to emerging threats and realign campaign resources when required. This proximity to the problem provides the FCA with unique authority to deliver this campaign. We will work closely with partners and stakeholders including MaPS and Citizens Advice, to ensure that the campaign reaches and engages a broad spectrum of our intended audience.

Campaign costs

- 5.11** On the costs, one stakeholder requested clarification of the cost basis for the five-year campaign including information on costs for years two through to five. Another reflected that costs for campaigns such as the one proposed 'have a habit of getting out of control very quickly'.

Our response

The total cost of year one was projected to be £2.32m. On that basis, the total cost, for a five-year campaign, is estimated at £11.6m although we anticipate the actual campaign spend to be higher in years 1 to 3.

We have a proven track record of managing the budgets of our consumer information campaigns. Our ScamSmart campaign has run within budget every year since its inception in 2014. The Payment Protection Insurance deadline campaign, which we published results for in our final report, was also run within the budget allocated at the start of the two-year period. We have drawn on internal and external communications expertise, as well as media industry planning tools, to set our proposed campaign budget. We are comfortable that this budget allows us to effectively deliver our campaign objectives.

Allocating campaign costs across fee-blocks

- 5.12** Both individual fee-payers and trade bodies representing fee-payers that do not undertake the regulated activities in the fee-blocks affected by the focus of the campaign, questioned the need to contribute to the recovery of the campaign costs. These included building societies under the A.1 fee-block, mortgage brokers under the A.18 fee-block and Designated Professional Bodies (DPBs) under the D fee-block.

Our response

Two of our operational objectives, consumer protection and market integrity, are intrinsically linked. When markets are fair, transparent and working well, consumers have more trust in the financial system, which enables all firms to thrive. We recognise that markets change and evolve quickly – the greatest source of harm today, may be less acute in the future. To ensure that the campaign reflects the dynamic nature of markets, we will review and assess where the greatest and most acute areas of harm exist, and adjust our campaign to address them.

We will do this by continuously monitoring industry intelligence, consumer contacts to our consumer helpline and feedback on the campaign messaging. This means that if we identify a systemic failing in a sector where there is real risk of consumer detriment, we will seek to recalibrate our campaign accordingly.

The campaign is designed to improve the understanding of market participants by informing and educating them on what a good proposition looks like. If market participants are better informed, they will be more likely to engage proactively, which will in turn drive

firms to produce products and services that better serve their needs. This should have a transformative effect on not only investment management, but financial services as a whole. This also applies to DPB's whose members can undertake, for example investment advice, that is ancillary to their mainstream activities.

- 5.13** We are proceeding with the consumer harm campaign. For the purposes of the separate consultation on the campaign we excluded the £2.3m costs from our AFR. We have now completed the campaign consultation and as discussed in Chapter 2 of this PS we have incorporated the £2.3m costs for 2020/21 into our AFR. The final 2020/21 AFR is therefore £589.9m, an increase of 5.6% over 2019/20. We will continue to incorporate the campaign costs into our AFR for the remaining four years.
- 5.14** Table 2.1 in Chapter 2 confirms the breakdown of our final 2020/21 AFR and Table 2.2 confirms the allocation across fee-blocks of the final 5.6% increase in our AFR. The basis for these allocations have not changed from those set out in Chapter 3 and 7 of CP20/06.
- 5.15** The fee-rates in the draft instrument in Appendix 1 of CP20/06 included the rates to recover our 2020/21 AFR and separately, in square brackets, the rates to recover the 2020/21 campaign costs. The final fee-rates in Appendix 1 of this PS have one set of rates to recover the combined final 2020/21 AFR.

6 Authorisation application fees

- 6.1** We asked for comments in Chapter 8 of CP20/6 on the factors we should take into account in our review of authorisation application fees. We will present our proposals for consultation in our annual fees policy CP, to be published in October or November 2020, and introduce the new charges from 1 April 2021.
- 6.2** We are reviewing all of our application fees, to bring them, at a minimum, in line with inflation and regularly uprate them to avoid erosion of their value in the future. We are also taking the opportunity to simplify the structure of application fees.
- 6.3** We gave the example of our most common charges, the straightforward, moderately complex and complex fees for permissions within the A fee-blocks. Our predecessor, the Financial Services Authority (FSA), set the moderately complex and complex charges at £5,000 and £25,000 respectively in 2001. The FSA originally set the straightforward charge at £2,000 but reduced it to £1,500 in 2004. The fees have not changed since then, and so their value has eroded, passing an increasing share of the processing costs to existing fee-payers. To illustrate the effect of restoring these charges to their original values, we calculated inflation from 2001 and 2004 as appropriate, and rounded up to the nearest £500. This would bring the charges to £2,500 (straightforward), £8,500 (moderately complex) and £42,000 (complex).
- 6.4** We asked:

Q4: *Do you have any comments on the factors we should take into account in our review of authorisation application fees, including inflation?*

Feedback on proposals

- 6.5** We received feedback from three stakeholders. None objected to the proposal and one commented that they would be comfortable with annual reviews of authorisation fees to account for inflation. Another recognised that, whereas existing market participants have no choice but to accept increases to periodic fees, new applicants can take a view on whether prices are proportionate and whether they are prepared to bear those costs. All were concerned that the charges should reflect our costs:
- Charges should not be increased to raise additional revenue for the FCA.
 - We should consider the implications for our objective to build competitive markets. The price increases that we discussed in the CP were significant and could impose regulatory barriers on smaller firms seeking to enter the market.
 - We should review and if necessary simplify our processes before putting up prices.

Our response

We will take these helpful comments into account when we review our charges over the summer. The review is not prompted by any increase in the costs of processing. The value of application fees has been eroded by inflation since they were originally set.

At present, we recover about a third of the cost of processing authorisations. The balance is charged to existing market participants through periodic fees.

We anticipate that proposals along the lines we are considering might bring the recovery-rate to about two-thirds. This would not represent additional revenue for the FCA. It would reduce the amount to be recovered from current fee-payers, so that new applicants made a more proportionate contribution towards the cost of processing their applications.

We will continue to keep all of our processes under review, and take steps to increase efficiency wherever possible. But the focus of the current exercise is to restore a more equitable balance of cost recovery between new applicants and existing fee-payers.

7 Feedback on further FCA fees policy proposal

7.1 In this chapter, we set out the outcome of our consultation in Chapter 9 of CP20/06 which consulted on proposals:

- For firms operating Multilateral Trading Facilities' (MTFs) and Organised Trading Facilities' (OTFs) reporting their income as a measure of the size of their regulated activities (tariff data). This is the second stage of our consultation to introduce income as the basis for calculating periodic fees for these sub-sets of the market infrastructure provider B fee-block. In response to feedback we received on the first stage consultation we also proposed a clarification of the definition of income for firms operating MTFs and OTFs which will also apply to Recognised Investment Exchanges,
- To increase Part VII insurance business transfer application fees to £20,000 (from £9,250) for life insurance business and £12,500 (from £5,000) for general insurance transfers, and
- To introduce charges for submitting documents for the FCA's prior approval under the Prospectus Regulations

MTF and OTF tariff data reporting

(FEES 4 Annex 1Ar Part 3 and Part 5, FEES 4 Annex 13G – final rules in Appendix 1)

Summary of proposals

7.2 We received useful feedback on the first stage consultation covered in Chapter 3 of CP19/30 (November 2019). In response, we proposed that Recognised Investment Exchanges, firms operating MTFs and OTFs should be able to exclude rebates to their members from their reported annual income. This would put them in the same position as firms who can exclude rebates to customers. So we proposed to modify the guidance under Part 1 section 10(c) of FEES 4 Annex 13G accordingly. We set out the proposed modification in the draft instrument in Appendix 1 of CP20/06.

7.3 For the second stage consultation, in line with the consultation timetable in CP19/30, we proposed a requirement for firms operating MTFs and OTFs to report their annual income tariff data from these regulated activities. Annual income is now defined in FEES 4 Annex 11AR (following the first stage consultation). Based on their financial year ending in the calendar year ending 31 December 2019, these firms should submit this tariff data by 30 September 2020 for the purposes of the third stage consultation planned for our November 2020 CP.

7.4 We asked:

Q5: *Do you have any comments on the proposed income tariff data reporting requirements for MTFs and OTFs. Do you have any comments on our proposed modification to the guidance on exclusions from reported annual income by RIEs, MTFs and OTFs?*

Feedback on proposals

7.5 We received feedback from three firms operating trading venues. Two supported the proposals consulted on under this second-stage consultation including the proposed modification to the guidance under FEES 13G for RIEs, MTFs and OTFs. The third trading venue referred to their feedback to the first-stage consultation covered in CP19/30 (November 2019) in which they suggested we should take account of a qualitative assessment of the relative business risk of individual MTFs/OTFs when setting regulatory fees.

Our response

We have therefore implemented the modification to the guidance under Part 1 section 10(c) of FEES 4 Annex 13G for RIEs, MTFs and OTFs. We have also implemented the tariff data reporting rules that will require firms operating MTFs and OTFs to report their annual income, as defined in FEES 4 Annex 11AR (following the first-stage consultation). Based on their financial year ending in the calendar year ending 31 December 2019, these firms should submit this tariff data by 30 September 2020. We will contact these firms nearer that time.

We will also move to the third-stage consultation. Using the total income data reported by the end September 2020 we will set the proposed threshold for the minimum fee level and calculate indicative minimum and variable fee-rates. We propose to consult on these in our November 2020 fees policy CP which will allow MTFs and OTFs to assess the impact of the changes to their fees. Depending on responses to the third-stage consultation, we will implement the threshold for the minimum fee level from the 2021/22 fee-year and consult on the fee-rates to recover our annual funding requirement (AFR) allocated to the MTF/OTF sub-set of the B fee-block in our April 2021 fees rates CP.

Suggested inclusion of a qualitative assessment of risk. We repeat our response provided in Chapter 3 of [Handbook Notice 74](#) (February 2020):

- The allocation of our annual funding requirement (AFR) to fee-blocks including the MTF/OTF sub-set of the B fee-block represents the resources applied to the regulation of all the firms that make up the fee-block.
- A measure of size, in this case income from those MTF/OTF regulated activities, represents an objective and transparent proxy for the impact risk the individual firms pose to our objectives should they fail.
- The ~40 fee-blocks we use to target the recovery of our costs from the 56,000 firms we regulate is an operationally efficient way of raising fees.
- A qualitative assessment of the probability of failure is subjective and linking that to the level of fees firms pay would lead to firms challenging their fees which would be impractical given the number of firms we regulate.

Part VII insurance business transfer application fees

(FEES 3.2.7R Table(s) – final rules in Appendix 1)

Summary of proposals

7.6 Following a review of the resources we use to process these applications we proposed to increase these application fees to:

- £20,000 from £9,250 for life insurance transfers, and
- £12,500 from £5,000 for general insurance transfers

7.7 We asked:

Q6: *Do you have any comments on the proposed increase to Part VII insurance business transfer applications fees?*

Feedback on proposals

7.8 We received feedback from one stakeholder on these proposals. The trade body representing insurance mutuals commented that the scale of proposed increase is significant, and that it would add to the prohibitive costs of undertaking these transfers for a small mutual.

Our response

The current levels of FCA Part VII insurance business transfer application fees were based on 50% of the application fees charged by our predecessor, the Financial Services Authority (FSA), so have not changed for over ten years.

We have undertaken a robust review of our costs for processing these applications and believe the revised fees reflect the necessary processes to fully assess these applications, including that the transfer proposed protects the interest of consumers. We do not believe that our application fees in themselves will be prohibitive to such transfers taking place.

However, if a firm considers that in the exceptional circumstances of their particular case the Part VII insurance business transfer application fee is inequitable, they can apply for relief under our fees relieving provisions in [FEES 2.3R](#).

Charges for exempted documents under the Prospectus Regulation

(FEES 3 Annex 12R – rules in Appendix X)

- 7.9** We proposed in CP20/6 to introduce charges for submitting 'exempted documents' for prior approval by the FCA under Article 1(6a)(b) of the Prospectus Regulation (PR).
- 7.10** When the European Union (EU) replaced the Prospectus Directive (PD) with the PR in July 2019, it replaced the concept of documents which could be considered equivalent to a prospectus and required FCA review, with the concept of exempted documents which did not need FCA approval. As a result, we removed the transaction charges for 'equivalent documents' under FEES 3 Annex 12 as part of our consultation on replacing the Prospectus Rules sourcebook with the Prospectus Regulation Rules (PRR).
- 7.11** The Small and Medium-sized Enterprises (SME) Regulation, later amended the PR to provide for prior approval of specified exempted documents, and since 28 February 2020 the FCA has been designated as the UK supervisory authority.
- 7.12** We explained in CP20/06 that we expected the resources required to review exempted documents would be similar to those we previously used for reviewing equivalent documents. As a result, the charges under FEES 3 Annex 12R should be the same – ie Category A2 (£2,000), Category A4 (£15,000), Category A5 (£20,000) or Category 6 (£50,000). The glossary terms covering Categories A5 and A6 are defined in Annex 1 of the instrument in Appendix X and the types of document in Categories A2 and A4 are in Annex 2.
- 7.13** Our consultation question was:

Q7: *Do you have any comments on our proposed charges for exempted documents submitted under the Prospectus Regulation for prior FCA approval?*

Feedback on proposals

- 7.14** We received one consultation response arguing that it was counter-intuitive and violated the spirit of the SME Regulation to charge the same amount for reviewing documents under legislation which was specifically written to ease the burden on SMEs. Costs are often referenced as one of the biggest barriers for SMEs.

Our response

As well as making changes relating specifically to SMEs, the SME Regulation limited the exemptions the PR had introduced on certain documents for issuers of all sizes. The fees we consulted on for approving these exempted documents are based on issuers' market capitalisations. They therefore take account of SMEs by setting proportionately lower rates for smaller issuers. We are accordingly proceeding with our proposals as consulted on.

- 7.15** When the European Union (EU) replaced the Prospectus Directive (PD) with the PR In July 2019, it replaced the concept of documents which could be considered equivalent to a prospectus and required FCA review, with the concept of exempted documents which did not need FCA approval. As a result, we removed the transaction charges for 'equivalent documents' under FEES 3 Annex 12 as part of our [consultation on replacing the Prospectus Rules sourcebook with the Prospectus Regulation Rules \(PRR\)](#).
- 7.16** In December 2019, the [Small and Medium-sized Enterprises \(SME\) Regulation](#) amended the PR to provide for prior approval of specified exempted documents, and the FCA has been designated as the UK supervisory authority since 28 February 2020. These are exempted documents under Article 1(4)(f) or Article 1(5) (e) of the PR (as referred to in Article 1(6a)(b) of the PR) which do not cover exempted documents found elsewhere in the PR.
- 7.17** We explained in CP20/06 that we expected the resources required to review exempted documents would be similar to those we previously used for reviewing equivalent documents. As a result, the charges under FEES 3 Annex 12R should be the same – ie Category A2 (£2,000), Category A4 (£15,000), Category A5 (£20,000) or Category 6 (£50,000). The glossary terms covering Categories A5 and A6 are defined in Annex 1 of the instrument in Appendix 2 and the types of document in Categories A2 and A4 are in Annex 2.
- 7.18** We asked:

Q8: *Do you have any comments on our proposed charges for exempted documents submitted under the Prospectus Regulation for prior FCA approval?*

Feedback on proposals

- 7.19** One stakeholder argued it was counter-intuitive and violated the spirit of the SME Regulation to charge the same amount for reviewing documents under legislation which was specifically written to ease the burden on SMEs. Costs are often referenced as one of the biggest barriers for SMEs.

Our response

As well as making changes relating specifically to SMEs, the SME Regulation limited the exemptions the PR had introduced on certain documents for issuers of all sizes. The fees we consulted on for approving these exempted documents are based on issuers' market capitalisations. So they take account of SMEs by setting proportionately lower rates for smaller issuers. We are accordingly proceeding with our proposals as consulted on.

8 Financial Ombudsman Service general levies

(FEES 5 Annex 1R – final rules in Appendix 1)

- 8.1** In this chapter, we give feedback on the responses to Chapter 11 of CP20/6. In that chapter, we consulted the 2020/21 fee rates for firms in the compulsory jurisdiction (CJ) of the Financial Ombudsman Service ('the Ombudsman Service') and set out the proposed fee rates for firms in each industry block.

Summary of proposals

- 8.2** The Ombudsman Service presented its final budget to the FCA Board in March 2020. The FCA Board approved the total budget of £314.5m for 2020/21 (down from £331.8m in 2019/20). The total budget covered the annual general levy payable for the compulsory jurisdiction ('the general levy'), case fees and the number of cases per firm where no case fee is chargeable (the first 25 cases the Ombudsman Service deals with each year for firms and for some larger firms there is a separate group account fee arrangement). The Ombudsman Service includes a breakdown of its budget in its 2020/21 strategic plans and budget.
- 8.3** The general levy only applies to firms covered by the CJ and it is raised and collected by the FCA. It is payable by all firms authorised or registered by us. This includes those that have not had any cases referred to the Ombudsman Service unless they have claimed an exemption (DISP 1.1.12R). However, firms who do not deal with eligible complainants can claim an exemption from the general levy (see DISP 2.7.3R).
- 8.4** In its July and December 2019 consultation, the Ombudsman Service consulted extensively on the 2020/21 budget; the Ombudsman Service proposed to change how it apportions its income between the case fee and the levy. This included collecting around 60% of its expected income through case fees (compared to 85% previously) and about 40% via the levy. This has resulted, in a total levy of £106m, an increase of over £60m from the 2019/20 levy of £44.5m. However, in recognition of the unprecedented impact of the Covid-19 crisis on firms, the Ombudsman Service subsequently decided to significantly reduce the proportion of income it would collect from the levy. For 2020/21, the Ombudsman Service therefore asked us to recover £83.9m through the general levy. This is lower than the £106m that the Ombudsman Service originally consulted on, the shortfall now being funded by the Ombudsman Service drawing down on its reserves.
- 8.5** The Ombudsman Service has told us its longer-term aim remains to move towards a broadly 50:50 split between case fee and general levy income. This is to put its finances on a more sustainable footing for the future, particularly following the end of PPI complaints. It will also enable the service to build on its work to prevent complaints by sharing insight. This work is in the interest of all firms, as it aims to reduce potential harm to consumers, as well as delivering more confidence in financial services.

8.6 We asked:

Q9: *Do you have any comments on the proposed method of calculating the tariff rates for firms in each fee-block towards the CJ levy and our proposals for how the overall CJ levy should be apportioned?*

Feedback on proposals

8.7 We received feedback from eight stakeholders on the proposed Ombudsman Service general levy. Seven commented on the proposals, these included two firms and five trade associations. Responses focused on the significant increase in the general levy. Respondents considered the increase to be disproportionate, a move away from the 'polluter pays' principle, and un-timely with respect to the impact of Covid-19.

Our response

The Ombudsman Service consulted extensively with levy payers on the changes to its funding model in [July 2019](#), and in [December 2019](#) and received broad support for the principle of moving to a more even split between case fee and levy income. The feedback on the Ombudsman Service's proposals was discussed with the [Oversight Committee](#), which agreed that the Service would need a more stable and sustainable funding model following the end of PPI complaints. As noted in paragraph 8.4, to help insulate businesses against the shock of Covid-19, the Ombudsman Service has adjusted its proposals for funding its service this year. As a result, 70% of its income will now come from case fees, against the 60% we proposed in its plan and budget consultation. The service will absorb the cost of these changes by using more of its reserves than originally planned.

8.8 Some stakeholders said larger firms should also be protected from the impact of the coronavirus crisis. They considered it unfair that larger firms were paying more towards the levy and smaller firms were benefiting from the Ombudsman Service's decision to reduce its levy income, (based on the revised apportionment of the levy) as these larger firms are also exposed to additional financial pressure in the uncertain and volatile economic climate.

Our response

In the consultation, we explained that the decision to apply the reduction to smaller firms' levies was a one-off measure due to the coronavirus crisis. This aims to specifically, minimise the impact of regulatory costs on smaller firms in the short term, who are less well-capitalised.

- 8.9** A trade body said that building societies present lower risks to consumers so should be taken out of the deposit acceptors and home finance fee block (I001) to enable a more appropriate tariff base.

Our response

Changes to the fee blocks are outside the scope of this consultation. However, we note the concerns raised.

- 8.10** In the context of responding on the Ombudsman Service levies, one respondent provided feedback on the rising Financial Services Compensation Scheme (FSCS) levies, and the burden it, places on firms. In particular, the respondent said FSCS levies should be based on operating profit rather than turnover, and that there should be a limitation period on compensation claims.

Our response

Although this is outside the scope of the consultation, we are aware of concerns about the rising compensation levy. The allocation of the compensation bill and how it is distributed amongst levy payers was subject to an extensive funding review during 2016 – 2018 which went through our usual consultation process. We do not currently have plans to revisit this.

We are working with the FSCS as part of its "prevent" strategy aimed at working together to prevent future failure and ultimately reduce compensation costs in the long term. In respect of a limitation period the FSCS already operates under the Limitation Act 1980 which means a complaint must be made within a certain time frame.

Insurers tariff data

- 8.11** In CP20/06 we highlighted that insurers should note the proposals in Chapter 4 of CP20/06 about the impact on tariff data of the extended submission time of Solvency II regulatory returns. This was because they also affected the tariff data used to calculate their Ombudsman Service final general levy rates. Insurers should refer to Chapter 2 of this PS which sets out the outcome of the consultation on those proposals and confirms that we have been able to calculate the final fee-rates for insurers during June including using the tariff data derived from the SII regulatory returns submitted to the PRA under the extended submission deadline.

Coronavirus crisis – extended payment terms

- 8.12** We also proposed that the extended payment terms that are set out in Chapter 2 of this PS should apply to firms that pay the Ombudsman Service general levy in 2020/21. Chapter 2 also provides the feedback we received on these proposals.

9 Money and Pensions Service levies

(FEES 7A Annex 1R, Annex 2R, Annex 3R – final rules in Appendix 1)

9.1 In this chapter, we set out the 2020/21 final levies for the Money and Pensions Service and give feedback on the responses we received to Chapter 12 of CP20/6.

Background

9.2 The Single Financial Guidance Body (SFGB) came into operation on 1 January 2019, taking on the responsibilities of the Money Advice Service (MAS), Pension Wise and the Pensions Advisory Service (TPAS). The SFGB was re-named by regulation in April 2019 to the Money and Pensions Service (MaPS). MaPS is responsible for providing money and pensions guidance in the UK and debt advice in England. It also has responsibility to develop and co-ordinate a national strategy to improve financial capability, debt management and financial education for children and young people.

9.3 MaPS is an arm's length body of the Department for Work and Pensions (DWP). The FCA has no oversight role for its budget, but we are responsible for collecting funding for MaPS to carry out its functions. Each year we must collect the amount the DWP notifies to us.

9.4 The key focuses for MaPS in 2020/21 are:

- building momentum across the four nations for the UK Strategy, including setting nation-specific delivery plans and building local and national communities of organisations;
- improving outcomes for consumers by enhancing its services and strengthening its research and innovation activities; and
- continuing to integrate and develop as a new organisation, building on the progress made during 2019-20;
- helping people to deal with the financial impact of Covid-19 crisis

9.5 Table 9.1 below shows the final agreed levy figures we will be raising, which have been adjusted to reflect underspends from the previous year. The table highlights the change in the level of the levies we will raise as a result of this compared with what we originally consulted on.

Table 9.1: 2020/21 Final Funding requirement – compared to Consultation.

Function	Consultation funding requirement (£m)	Final funding requirement (£m)	Movement (%)
Money guidance	24.3	17.6	-6.6
Pensions guidance	33.8	30.5	-3.3
Debt advice	64.6	63.2	-1.3
Pensions Dashboard	7.2	3.1	-4.0
Money and Pensions Service total	129.9	114.4	-15.2

- 9.6** For 2020/21 we propose to allocate MaPS costs to fee-blocks on the same basis we used in 2019/20. For money guidance, we have updated the allocation to reflect MaPS usage rates and strategic priorities, using the same formula we previously used for the Money Advice Service (MAS).

Summary of proposals – MaPS money guidance levy

- 9.7** The proposed budget for delivering the MaPs money guidance function for 2020/21 is £24.3m.

- 9.8** We asked:

Q10: *Do you have any comments on the proposed 2020/21 rates for the MaPS money guidance levy?*

Feedback on proposals – MaPS money guidance levy

- 9.9** We received no substantial feedback on the proposed MaPS money guidance levy.

Summary of proposals – MaPS debt advice levy

- 9.10** The proposed budget for delivering the MaPS debt advice function for 2020/21 is £64.6m. This will be used to increase the number of people using the service and improve the quality of advice by allowing frontline advisors to have longer, more in-depth sessions with clients with complex needs.

- 9.11** We asked:

Q11: *Do you have any comments on the proposed 2020/21 rates for the MaPS debt advice levy?*

Feedback on proposals – MaPS debt advice levy

- 9.12** We received feedback from three stakeholders on the proposed MaPS debt advice levy. Two of these were from trade bodies. The responses were about the way the levy is funded, stating that it is unfair based on the current allocations (allocated on a 50:50 basis between the home finance fee-block and the consumer credit fee-block), and querying whether other firms and entities should also contribute to funding debt advice.

Our response

For this consultation, we did not consult on which firms should contribute to the levy or what tariff base should be used to calculate a firm's contribution. In reference to the levy methodology, we will consider all the views received as part of the wider work with government for debt advice funding in the future.

- 9.13** Since our consultation, HM Treasury has announced an extra £37.8 million of funding for the 2020/21 financial year to provide essential debt advice services and help more people who are struggling with their finances due to coronavirus (Covid-19).
- 9.14** The distribution of the funding across England will be overseen by MaPS and will come from a combination of sources: £20.6 million from Government, £14.2 million will be raised through a one-off increase to the debt advice levy and a further £3 million contribution from MaPS. For the Devolved Authorities, £2m (out of an additional £5.9m) will come from the Devolved Authorities' debt advice levy through re-purposing money from existing budget.
- 9.15** Given our role in collecting this levy, we will consult on details later in the year.

Summary of proposals – MaPS pensions guidance levy

- 9.16** The proposed budget for delivering the total MaPS pensions guidance function for 2020/21 is £41.1m, which includes the pensions guidance and dashboard lines in table 9.1.
- 9.17** We asked:

Q12: *Do you have any comments on the proposed 2020/21 rates for the MaPS pensions guidance levy?*

Feedback on proposals – MaPS pensions guidance levy

- 9.18** We received no feedback on the proposed MaPS pensions guidance levy.

Insurers tariff data

- 9.19** In CP20/06 we directed insurers to the proposals in Chapter 4 of CP20/06 on the impact on tariff data from the extended submission time of Solvency II regulatory returns. This was because they also affected the tariff data used to calculate their MaPS money guidance and pensions guidance levies. Insurers should refer to Chapter 2 of this PS which sets out the outcome of the consultation on those proposals.

Coronavirus crisis – extended payment terms

- 9.20** We also proposed in CP20/06 that the extended payment terms set out in Chapter 2 of this PS should apply to firms that pay the MaPS levies in 2020/21. Chapter 2 also provides the feedback we received on these proposals.

10 Devolved Authorities levy

(FEES 7B Annex 1R – final rules in Appendix 1)

- 10.1** In this chapter, we set out the 2020/21 final levy for the Devolved Authorities' debt advice and give feedback on the responses we received to Chapter 13 of CP19/16.

Background

- 10.2** The Devolved Authorities are responsible for delivering debt advice in Scotland, Wales and Northern Ireland. The FCA is responsible for collecting the funding for that function. Each year we must collect the amount notified to us by the Treasury.

Summary of proposals – Allocation and recovery for debt advice

- 10.3** The total budget for delivering debt advice in the Devolved Authorities in 2020/21 is £9.421m. We proposed to allocate costs under the Devolved Authorities' debt advice levy in the same proportion they were allocated last year. The Treasury calculated the budget requirements using a funding formula based on population sizes and levels of over-indebtedness in Scotland, Wales and Northern Ireland.

- 10.4** We asked:

Q13: *Do you have any comments on the proposed 2020/21 rates for the Devolved Authorities' debt advice levy?*

Feedback on proposals

- 10.5** We received feedback from three stakeholders on the proposed Devolved Authorities' debt advice levy. Two of which were from trade bodies.
- 10.6** The responses are the same as those for the Money and Pensions Service (MaPS) debt advice levy, on the unfairness of the current allocations (allocated on a 50:50 basis between the home finance fee-block and the consumer credit fee-block), and querying whether other firms and entities should also contribute to funding debt advice.

Our response

For this consultation, we did not consult on which firms should contribute to the levy or what tariff base should be used to calculate a firm's contribution. We will consider all the views received as part of the wider work with government for debt advice funding in the future.

- 10.7** Since our consultation, HM Treasury has announced an extra £37.8 million of funding for the 2020/21 financial year to provide essential debt advice services and help more people who are struggling with their finances due to coronavirus (Covid-19).
- 10.8** The distribution of the funding across England will be overseen by MaPS and will come from a combination of sources: £20.6 million from Government, £14.2 million will be raised through a one-off increase to the debt advice levy and a further £3 million contribution from MaPS. For the Devolved Authorities, £2m (out of an additional £5.9m) will come from the Devolved Authorities' debt advice levy through re-purposing money from existing budget.
- 10.9** Given our role in collecting this levy, we will consult on details later in the year.

Coronavirus crisis – extended payment terms

- 10.10** We also proposed in CP20/06 that the extended payment terms that are set out in Chapter 2 of this PS should apply to firms that pay the Devolved Authorities' debt advice levy in 2020/21. Chapter 2 also provides the feedback we received on these proposals.

11 Illegal money lending levy

(FEES 13 Annex 1R – final rules in Appendix 1)

- 11.1** In this chapter, we confirm the final 2020/21 expenses that the Treasury will incur by providing for the teams tackling illegal money lending (IML). We also give our response to feedback we received to Chapter 14 of CP20/06, in which we set out the proposed 2020/21 IML levy rates.
- 11.2** The Treasury has notified us that their final 2020/21 IML expenses will be £6.2m (including FCA collection costs of £90,000). This is unchanged from the estimated amount in CP20/6. This compares to £5.7m in 2019/20 (including FCA collection costs of £88,250).

Summary of proposals

- 11.3** We proposed IML levy rates to recover the £6.2m from consumer credit firms as set out in Table 11.1.

Table 11.1: 2020/21 IML levy rates

Type of firm	Fee
CC1. Limited permission	£5 flat rate
CC2. Full permission	Up to £250,000 consumer credit income: £10 minimum levy
	Over £250,000 consumer credit income: £10 + £0.21 per £1,000

Coronavirus crisis – extended payment terms

- 11.4** We also proposed in CP20/06 that the extended payment terms set out in Chapter 2 of this PS should apply to firms that pay the illegal money lending levy in 2020/21. Chapter 2 also provides the feedback we received on these proposals.
- 11.5** We asked:

Q14: *Do you have any comments on the proposed 2020/21 illegal money lending (IML) levy rates?*

Feedback on proposals

- 11.6** We received feedback from one stakeholder on the proposed IML levy. A trade body said that while the increase itself is unwelcome, it shows considerably more constraint than other increases do. However, it is unclear why the FCA's collection costs should amount to £90,000, or 20% of the increase, for this levy.

Our response

The amount Treasury required us to raise through the IML levy for 2020/21 increased by £0.5m (8.8%). The amount raised each year includes an amount to cover our collection costs. Our collection costs for 2020/21 increased by £1,750 (2%) which is line with inflation and did not increase by 20%.

Changes between the draft levy and final levy rates

- 11.7** CP20/06 highlighted that fee-payers should know that the draft IML levy rates in Appendix 1 of CP20/06 were calculated using estimated fee-payer populations and tariff data, which may change when the final levy rates are calculated in June 2020.
- 11.8** We can confirm that the IML variable levy rate in Appendix 1 of this PS has not changed from the draft rate in CP20/06.
- 11.9** Our online [fees calculator](#) is available for firms to calculate their individual IML levy based on the final rates in Appendix 1 of this PS.

Annex 1

List of non-confidential respondents

Archax

Association of British Credit Unions Ltd

Association of Chartered Certified Accountants

Association of Finance Brokers

Association of Financial Mutuals

Association of Mortgage Intermediaries

Association of Taxation Technicians

Bar of Northern Ireland

Building Societies Association

Chartered Institute of Legal Executives

Chartered Institute of Taxation

CILEx Regulation

Compliance Management Services

Credit Services Association

ICAEW

Law Society of Northern Ireland

London Stock Exchange plc

National Franchised Dealers Association

Old Mutual Wealth Life & Pensions Limited

Oxford Technology Venture Capital Trust plc

Pension Scams Industry Group

PRIMIS Mortgage Network

Solicitors Regulation Authority

The SimplyBiz Group

Tier One Capital Ltd

Truly Independent Ltd

Annex 2

FCA financial penalty scheme

1. Paragraph 21 of Schedule 1ZA of the Financial Services and Markets Act 2000 (FSMA) (as amended by the 2012 Act and the Legal Aid, Sentencing and Punishment of Offenders Act 2012 (Referral Fees) Regulations 2013) sets out how we should treat the financial penalties we impose on regulated persons (firms).
2. We set out the key requirements below.
 - We must pay the financial penalties we receive to the Treasury net of certain enforcement costs incurred in the financial year we received the penalties. These enforcement costs, which are defined in the legislation and subject to a power of direction by the Treasury, represent the 'retained penalties'.
 - For retained penalties, we must prepare and operate a scheme (the Financial Penalty Scheme (FPS)) for ensuring these penalties are applied for the benefit of firms.
 - Firms that have become liable to pay any penalty to us in any financial year do not receive any benefit from any penalties we may impose under the scheme in the following year.
3. Under our FPS we apply retained penalties, received in any financial year, as a rebate to the periodic fees paid in the following financial year by firms in the fee-blocks set out in Table A.
4. We will apply the total retained penalties from any financial year across these fee-blocks in proportion to the allocation of the enforcement budgeted costs for the following financial year. This will target the benefit from retained penalties to the fee-blocks that are paying for enforcement costs. The allocation of enforcement costs to fee-blocks will be as it was for 2013/14, except where there has been a material and explainable exception (allocation by exception). Where an allocation by exception has occurred, we will apply the retained penalties in the following year to the revised baseline fee-blocks.
5. If financial penalties do not cover enforcement costs in any year, the application of retained penalties to the baseline fee-blocks will not cover the enforcement costs allocated to them.
6. Enforcement costs are not allocated to the A.0 minimum fee fee-block. So retained penalties are not allocated to this fee-block.
7. Any firms we impose a penalty on will not receive any rebate to their periodic fees paid, for any retained penalties, in the following financial year.
8. Each year we publish a schedule setting out the:
 - total retained penalties in the previous financial year
 - amount of retained penalties allocated to each fee-block

- percentage rebate that will be applied in the following financial year to the periodic fees paid by the firms in those fee-blocks

9. We publish a draft of this schedule in our annual fees rates CP in April. We publish the final schedule in the subsequent policy and feedback statement to that consultation in July.

Table A: Financial Penalty Scheme – relevant fee-blocks

Fee-block
AP.0 FCA prudential
A.1 Deposit acceptors
A.2 Home finance providers and administrators
A.3 Insurers – general
A.4 Insurers – life
A.5 Managing agents at Lloyd’s
A.6 The Society of Lloyd’s
A.7 Portfolio managers
A.9 Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes
A.10 Firms dealing as principal
A.13 Advisors, arrangers, dealers or brokers (not holding or controlling client money or assets, or both)
A.14 Corporate finance advisers
A.18 Home finance providers, advisers and arrangers
A.19 General insurance mediation
A.21 Firms holding client money or assets or both
B. Recognised investment exchanges and , operators of multilateral trading facilities and recognised auction platforms (only)
CC1 Consumer credit – limited permission
CC2 Consumer credit – full permission
E. Issuers and sponsors of securities
G.1 persons registered under the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017
G.2, G.3, G.4, G.5 firms under the Payment Services Regulations 2017
G.10, G.11 firms under the Electronic Money Regulations 2011
G.20, G.21 firms under the Mortgage Credit Directive Order 2015
G.25 firms under the Data Reporting Regulations 2017

Annex 3

Abbreviations used in this paper

AFR	Annual funding requirement
CJ	Compulsory jurisdiction
CMCs	Claims management companies
CP	Consultation Paper
DA	Devolved Authorities
DPB	Designated professional bodies
FCA	Financial Conduct Authority
FEES	Fees manual
FPS	Financial Penalty Scheme
FSCS	Financial Services Compensation Scheme
FSMA	Financial Services and Markets Act
IML	Illegal money lending
MAPS	Money and Pensions Service
MTF	Multilateral trading facility
ORA	Ongoing regulatory activities
OTF	Organised trading facility
PRA	Prudential Regulation Authority
PS	Policy Statement
RBA s	Regulated Benchmark Administrators
RIE	Recognised investment exchange



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Appendix 1

Periodic Fees (2020/21) and other fees Instrument 2020 (made rules)

PERIODIC FEES (2020/2021) AND OTHER FEES INSTRUMENT 2020**Powers exercised**

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of:
- (1) the following powers and related provisions in or under the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 73A (Part 6 Rules);
 - (b) section 137A (The FCA’s general rules);
 - (c) section 137SA (Rules to recover expenses relating to the single financial guidance body);
 - (d) section 137SB (Rules to recover debt advice expenses incurred by the devolved authorities);
 - (e) section 137T (General supplementary powers);
 - (f) section 234 (Industry funding);
 - (g) section 333T (Funding of action against illegal money lending);
 - (h) paragraph 23 (Fees) in Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority); and
 - (2) regulation 118 (Costs of supervision) of the Payment Services Regulations 2017 (SI 2017/752);
 - (3) regulation 59 (Costs of supervision) of the Electronic Money Regulations 2011 (SI 2011/99);
 - (4) regulation 46 and paragraph 5 of Schedule 1 (Fees) in the Regulated Covered Bond Regulations 2008 (SI 2008/346);
 - (5) article 25 (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 (SI 2015/910);
 - (6) regulation 40 (FCA: penalties, fees and exemption from liability in damages) of the Data Reporting Services Regulations 2017 (SI 2017/699);
 - (7) section 27 of the Financial Guidance and Claims Act 2018; and
 - (8) regulation 26 of the Financial Services and Markets Act (2000) (Benchmarks) Regulations 2018 (SI 2018/135);
 - (9) paragraph 11 (Penalties and fees) of Schedule 1 and paragraph 4(7) of Schedule 2 of the Securitisation Regulations 2018 (SI 2018/1288);

- (10) regulation 102 (Costs of Supervision) of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017 (SI 2017/692);
 - (11) the power under Regulation 27 (costs of supervision) of the Oversight of Professional Body Anti-Money Laundering and Counter Terrorist Financing Supervision Regulations 2017; and
 - (12) the power under Regulation 102 of the Money Laundering, Terrorist Financing and Transfer of Funds (Information on the Payer) Regulations 2017.
- 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 2 July 2020.

Amendments to the Handbook

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

Notes

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

Citation

- F. This instrument may be cited as the Periodic Fees (2020/2021) and Other Fees Instrument 2020.

By order of the Board
25 June 2020

Annex

Amendments to the Fees manual (FEES)

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

3 Application, Notification and Vetting Fees

...

3.2 Obligation to pay fees

...

3.2.7R 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
...		
<p>(s) In the case of an <i>insurance business transfer scheme</i>, a transferor.</p> <p>Note - for the purpose of this paragraph an <i>insurance business transfer scheme</i> consists of a single transferor and a single transferee. Where however such a scheme is part of a single larger scheme, that larger scheme is treated as a single <i>insurance business transfer scheme</i>. If an <i>insurance business transfer scheme</i> includes more than one transferor in accordance with this paragraph, the transferors are liable to pay the fee under column (2) jointly.</p>	<p>Either (1) or (2) as set out below:</p> <p>(1) In the case of an <i>insurance business transfer scheme</i> involving <i>long term insurance business</i>, 9,250 <u>20,000</u>; 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 <u>12,500</u>.</p>	<p>On or before any application is made for the appointment of a person as an <i>independent expert</i>.</p>
...		

4 Periodic fees

...

4.2 Obligation to pay periodic fees

...

4.2.11R 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
...			
<i>Persons who hold a certificate issued by the FCA under article 54 of the Regulated Activities Order (Advice given in newspapers etc.)</i>	£1,151	(1) Unless (2) applies, on or before 1 August or, if later, within 30 days of the date of the invoice. (2) If an event in column 4 occurs, during the course of a <i>fee year</i> , 30 days after the occurrence of that event.	Certificate issued to <i>person</i> by the <i>FCA</i> under article 54 of the <i>Regulated Activities Order</i>
...			
4 Annex 1AR	FCA activity groups, tariff bases and valuation dates		
	Part 1		
	...		
	Part 3		
	This table indicates the tariff base for each fee-block set out in Part 1.		

The tariff base in this Part is the means by which the <i>FCA</i> measures the amount of business conducted by a <i>firm</i> for the purposes of calculating the annual periodic fees payable to the <i>FCA</i> by that <i>firm</i> .	
Activity group	Tariff base
...	
B. MTF and OTF operators	<p>SUPERVISORY CATEGORY</p> <p>The general supervisory category to which the <i>MTF</i> or <i>OTF</i> operator was assigned as at the start of the relevant <i>fee year</i>.</p> <p><u>Annual income as defined in FEES 4 Annex 11AR for the purposes of the valuation date and submission time in Part 5 of FEES 4 Annex 1AR.</u></p>
...	
<p>Part 5</p> <p>This table indicates the valuation date for each fee-block. A <i>firm</i> can calculate its tariff data in respect of fees payable to the <i>FCA</i> by applying the tariff bases set out in Part 3 with reference to the valuation dates shown in this table.</p>	
Activity group	Valuation date
...	
B. MTF and OTF operators	<p>The start of the relevant <i>fee year</i>.</p> <p><u>Annual income for the financial year ended in the calendar year ending 31 December 2019, to be submitted to the <i>FCA</i> in writing by 30 September 2020.</u></p>
...	

4 Annex 2AR FCA Fee rates and EEA/Treaty firm modifications for the period from 1 April 2019 2020 to 31 March 2020 2021

Part 1		
...		
Activity group,	Fee payable	
A.1	Band width (£million of Modified Eligible Liabilities (MELs))	Fee (£/£m or part £m of MELs)

		General Periodic fee
	>10 - 140	14.89 <u>15.3105</u>
	>140 - 630	14.89 <u>15.3105</u>
	>630 - 1,580	14.89 <u>15.3105</u>
	>1,580 - 13,400	18.613 <u>19.138</u>
	>13,400	24.569 <u>25.262</u>
	The tariff rates in A.1 are not relevant for the <i>permissions</i> relating to <i>operating a dormant account fund</i> . Instead a flat fee of £6,367 is payable in respect of these <i>permissions</i> .	
A.2	Band width (No. of mortgages and/or home finance transactions)	Fee (£/mortgage)
	>50	2.594 <u>2.718</u>
A.3	Gross written premium for fees purposes (GWP)	Periodic fee
	Band Width (£million of GWP)	Fee (£/m or part £m of GWP)
	>0.5	339.43 <u>370.90</u>
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	General Periodic fee
	Band Width (£million of BEL)	Fee (£/£m or part £m of BEL)
	>1	19.518 <u>22.73</u>
	For <i>UK ISPVs</i> the tariff rates are not relevant and a flat fee of £495 <u>£505</u> is payable in respect of each <i>FCA</i> financial year (the 12 <i>months</i> ending 31 March).	
A.4	Gross written premium for fees purposes (GWP)	General Periodic fee
	Band Width (£million of GWP)	Fee (£/£m or part £m of GWP)
	>1	194.80 <u>186.02</u>

	PLUS	
	Best estimate liabilities for fees purposes (BEL)	General Periodic fee
	Band Width (£million of BEL)	Fee (£/£m or part £m of BEL)
	>1	13.952 <u>13.51</u>
A.5	Band Width (£million of Active Capacity (AC))	Fee (£/£m or part £m of AC)
	>50	7.58 <u>8.0158</u>
A.6	Flat fee (£)	353,834 <u>376,291.18</u>
A.7	For class 1(C), (2), (3) and (4) <i>firms</i> :	
	Band Width (£million of Funds under Management (FuM))	Fee (£/£m or part £m of FuM)
	>10	5.44 <u>5.0472</u>
	For class 1(B) <i>firms</i> : the fee calculated as for class 1(C) <i>firms</i> above, less 15%. For class 1(A) <i>firms</i> : the fee calculated as for class 1(C) <i>firms</i> above, less 50%.	
A.9	Band Width (£million of Gross Income (GI))	Fee (£/£m or part £m of GI)
	>1	800.49 <u>907.63</u>
A.10	Band Width (No. of traders)	Fee (£/person)
	>1	6,126.94 <u>6,805.33</u>
	For <i>firms</i> carrying on <i>auction regulation bidding</i> , the fee in A.10 is calculated as above less 20% for each trader that carries on <i>auction regulation bidding</i> but not <i>MiFID business bidding</i> or <i>dealing in investments as principal</i> .	
A.13	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	2.558 <u>2.8356</u>
A.14	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)

	>100	1.62 <u>1.6524</u>
A.18	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	10.764 <u>10.598</u>
A.19	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	1.668 <u>1.693</u>
A.21	<i>Client money</i>	
	Band Width (£ <i>client money</i>) (CM) held	Fee (£/£ millions or part £ million of CM)
	less than £1 million	119.00 <u>123.719</u>
	an amount equal to or greater than £1 million but less than or equal to £1 billion	89.25 <u>92.79</u>
	more than £1 billion	59.50 <u>61.86</u>
	PLUS	
	<i>Safe custody assets</i>	
	Band Width (£ <i>safe custody assets</i>) (CA) held	Fee (£/£ millions or part £ million of CA)
	less than £10 million	0.45 <u>0.4641</u>
	an amount equal to or greater than £10 million and less than or equal to £100 billion	0.338 <u>0.3481</u>
more than £100 billion	0.225 <u>0.2321</u>	
B. Service Companies	Band Width	Fee (£)
	Annual income up to and including £100,000	1,132
	PLUS:	
	Band width	Fee (£/£thousand or part £ thousand of income)

	Annual income over £100,000	2.76 <u>1.31</u>
B. Regulated benchmark administrators	Band width	Fee (£)
	Annual income up to and including £100,000	1,151
	PLUS:	
	Band width	Fee (£/£ thousand or part £ thousand of income)
	Annual income over 100,000	1.59 <u>1.179</u>
B. Recognised investment exchanges	Band width	Fee (£)
	Annual income up to and including £10,000,000	105,060 <u>107,161</u>
	PLUS:	
	Band width	Fee (£/£ thousand or part £ thousand of income)
	Annual income over £10,000,000	4.11 <u>3.969</u>
B. Recognised auction platforms	56,004 <u>57,124</u>	
B. Recognised overseas investment exchanges	60,000 <u>61,200</u> , except as provided below	
	<i>Recognised overseas investment exchanges</i> that are <i>EEA market operators</i> before IP completion day	<p>No fee is payable in respect of any complete <i>fee year</i> beginning on or after 1 April 2018 and ending before IP completion day.</p> <p>For the <i>fee year</i> in which IP completion day occurs the fee payable is in accordance with the formula set out below.</p> <p>(The above fee ÷ 12) multiplied by the number of calendar <i>months</i> (inclusive) between the calendar</p>

		<i>month</i> in which IP completion day occurs and the last calendar month of that <i>fee year</i> .
B. MTF and OTF operators	As set out in <i>FEES 4 Annex 10R</i> (Periodic fees for MTF and OTF operators).	
CC1. Credit-related regulated activities with limited permission	Band Width (£ thousands of annual income (AI))	Fee (£)
	0 - 10	106
	>10 - 50	266
	>50 - 100	424
	>100	530
	PLUS:	
		Fee (£/£ thousand or part £ thousand of AI)
	>250	0.40 <u>0.40167</u>
CC2. Credit-related regulated activities	Band Width (£ thousands of annual income (AI))	Fee (£)
	0 - 50	318
	>50 - 100	530
	>100	1,061
	PLUS:	
		Fee (£/£ thousand or part £ thousand of AI)
	>250	1.30 <u>1.30542</u>
	CMC.	Band width (£ thousands of annual turnover)
0-50		500
50-100		1,000

	>100	£ <u>5.0584</u> per £ thousand or part per £ thousand
...		

Part 2
...

Part 2(a) tariff rates (minimum fees) payable to the FCA by FCA-authorised persons		
A.0	(1)	£1,151 unless it is a <i>community finance organisation</i> with a tariff base of:
	(a)	up to and including 3 mortgages and/or <i>home finance transactions</i> , in which case a minimum fee of £176 is payable; or
	(b)	more than 3 but no more than 10 mortgages and/or <i>home finance transactions</i> , in which case a minimum fee of £597 is payable; or
	(c)	more than 10 but no more than 50 mortgages and/or <i>home finance transactions</i> , in which case a minimum fee of £1,106 is payable.
	...	
AP.0		Periodic fees payable under fee blocks A.2, A.7 to A.19 and A. 21 in Part 1 multiplied by rate £0.1091 <u>0.10365</u>

Part 2(b) tariff rates (minimum fees) payable to the FCA by PRA-authorised persons		
A.0	(1)	£574 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 has, for that activity, 0.5 million or less

			in gross written premium for fees purposes and holds best estimate liabilities for fees purposes of 1.0 million or less, in which case the minimum fee payable is £247; 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 has, for that activity, written 1.0 million or less in gross written premium for fees purposes and holds best estimate liabilities for fees purposes of 1.0 million or less, in which case the minimum fee payable is £247; 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 £247.
	(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 £92 is payable; or
		(b)	greater than 0.5million but less than 2.0million, in which case a minimum fee of £310 is payable.
	(3)	The conditions referred to in (1)(d) 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 written premium for fees purposes and holds best estimate liabilities for fees purposes 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 gross written premium for fees purposes and holds best estimate liabilities for fees purposes of 1.0 million or less.
	The figures for gross written premium for fees purposes and best estimate liabilities for fees purposes are the same as used for Part 1 of this Annex.		

...

4 Annex 4R Periodic fees in relation to collective investment schemes, AIFs marketed in the UK, small registered UK AIFMs and money market funds payable for the period 1 April ~~2019~~ 2020 to 31 March ~~2020~~ 2021

Part 1 – Periodic fees payable

Scheme type	Basic fee (£)	Total funds/sub-funds aggregate	Fund factor	Fee (£)
<i>ICVC,</i> <i>AUT,</i> <i>ACS,</i> <i>UK ELTIFs,</i> Money market funds with effect from 21 July 2018 Section 264 of the Act, schemes other than non-EEA AIFs recognised under section 272 of the Act	350 <u>363.50</u>	1-2	1	350 <u>363.50</u>
		3-6	2.5	875 <u>908.75</u>
		7-15	5	1,750 <u>1,817.50</u>
		16-50	11	3,850 <u>3,998.50</u>
		>50	22	7,700 <u>7,997.00</u>
<i>Non-EEA AIFs recognised under section 272 of the Act</i>	1,425 <u>1,478.50</u>	1-2	1	1,425 <u>1,478.50</u>
		3-6	2.5	3,562.50 <u>3,696.25</u>
		7-15	5	7,125 <u>7,392.50</u>
		16-50	11	15,675 <u>16,263.50</u>
		>50	22	31,350 <u>32,527.00</u>

...

Part 2 - Periodic fees for AIFs marketed in the UK, following a notification to the FCA under regulation 57, 58 or 59 of the AIFMD UK regulation

Kind of notification	Fee per AIF (£)
Notification under regulation 57 of the AIFMD UK regulation	330 <u>337</u>
Notification under regulation 58 of the AIFMD UK regulation	230 <u>235</u>
Notification under regulation 59 of the AIFMD UK regulation	330 <u>337</u>

Part 3 - Periodic fees paid by *small registered UK AIFMs*

The annual fee for <i>small registered UK AIFMs</i> is £650 <u>663</u>

4 Annex 5R Periodic fees for designated professional bodies: tariff base, valuation date and tariff rates

Part 1

...

Part 2

This table sets out the tariff rates applicable to *designated professional bodies*

Fee payable in relation to 2020/21	Amount payable
Minimum fee, payable by all <i>designated professional bodies</i>	£10,000 <u>10,000</u>
Variable fee, payable by <i>designated professional bodies</i> where the number of <i>exempt professional firms</i> regulated or supervised by a <i>designated professional body</i> is greater than 1	£15.86 <u>15.86</u> multiplied by the total number of <i>exempt professional firms</i> in excess of 1

Note

The *Financial Services Register* includes details of *exempt professional firms* carrying out *insurance distribution activity*.

...

4 Annex 10R Periodic fees for MTF operators payable in relation to the period 1 April 2019 2020 to 31 March 2020 2021

General supervisory category of <i>MTF</i> or <i>OTF</i> operator (see Note below)	Fee payable (£)	Due date
		(i) 1 August 2019 <u>2020</u> ; or (ii) 30 days from the date of the invoice in the case of a <i>firm</i> which receives <i>permission</i> to be <i>operating a multilateral trading facility</i> or to be <i>operating an organised trading facility</i> or whose <i>permission</i> is extended to

		include this activity in the course of the relevant financial year.
<i>MTF</i> or <i>OTF</i> operator has a named individual fixed portfolio supervisor	343,358 <u>350,225</u>	
All other <i>MTF</i> or <i>OTF</i> operators (i.e. those supervised by a team of flexible portfolio supervisors)	32,380 <u>33,028</u>	
[deleted]		
an <i>EEA firm</i>	0	
Note: subject to <i>FEES</i> 4.3.13R, this table applies to all <i>MTF</i> or <i>OTF</i> operators with permission to operate an <i>MTF</i> or <i>OTF</i> as at 1 April of the applicable <i>fee year</i> , irrespective of whether, and if so when, their <i>permission</i> to operate an <i>MTF</i> or <i>OTF</i> was subsequently cancelled during that <i>fee year</i> .		

4 Annex 11R Periodic fees in respect of payment services, electronic money issuance, regulated covered bonds, CBTL business, data reporting services and third party verifiers in relation to the period 1 April ~~2019~~ 2020 to 31 March ~~2020~~ 2021

This Annex sets out the 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 *CBTL business* carried on by *CBTL firms* under the *MCD Order* and *data reporting services providers* (other than *incoming data reporting services providers*) under the *DRS Regulations*.

...

Part 5 - Tariff rates		
Activity group	Fee payable in relation to 2019/20 <u>2020/21</u>	
G.2	Minimum fee (£)	525
	£ million or part £m of Modified Eligible Liabilities (MELS)	Fee (£/£m or part £m of MELS)
	> 0.1	0.6009 <u>0.5873</u>
G.3	Minimum fee (£)	525

	£ thousands or part £thousand of Relevant Income	Fee (£/£thousand or part £thousand of Relevant Income)
	> 100	0.4041 <u>0.39482</u>
G.4	Flat fee (£)	525 <u>536</u>
G.5	As in G.3	
G.10	Minimum fee (£)	1,726
	£ million or part £m of average outstanding electronic money (AOEM)	Fee (£/£m, or part £m of AOEM)
	>5.0	80.00 <u>65.40</u>
G.11	Flat fee (£)	1,151 <u>1,174</u>
G.15	Minimum fee for the first registered <i>programme</i> (£)	83,597 <u>91,552</u>
	Minimum fee for all subsequent registered <i>programmes</i>	75% of minimum fee for first registered <i>programme</i>
	£ million or part £m of <i>regulated covered bonds</i> issued in the 12 months ending on the valuation date.	Fee (£/£m or part £m of <i>regulated covered bonds</i> issued in the 12 months ending on the valuation date)
	>0.00	9.66 <u>7.14</u>
	...	
G.20	Flat fee (£)	424 <u>433</u>
G.21	Flat fee (£)	212 <u>216</u>
G.25	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 services provider</i> (other than an	26,265 <u>26,790</u>

	incoming <i>data reporting services provider</i>) has authorisation.	
G.26 TPV	Flat fee (£)	255 260
...		

...

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

Table 1			
The following table sets out <i>guidance</i> on how a <i>firm</i> should calculate tariffs for fee blocks A.13, A.14, A.18, A.19 and B. Service Companies, Recognised Investment Exchanges, Multilateral Trading Facilities, Organised Trading Facilities, Regulated Benchmark Administrators and Claims Management Companies.			
Calculating and apportioning annual income - FEES 4 Annex 11AR			
Calculating annual income			
...			
Exclusions			
(10)	The following should be excluded from the calculation of annual income:		
	...		
	(c)	Rebates to <i>customers</i> and <i>fees</i> or <i>commissions</i> passed onto other <i>firms</i> should be excluded.	
		(i)	<u>rebates to <i>customers</i> and members of a <i>recognised investment exchange, multilateral trading facility</i> and <i>organised trading facility</i>; and</u>
		(ii)	<u><i>fees</i> or <i>commissions</i> passed onto other <i>firms</i>.</u>
	...		
...			

...

4 Annex 14R UKLA periodic fees for the period from 1 April 2020 to 31 March 2021

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 and certificates representing shares with a premium listing (see Note 2)</i>	ttbc <u>5,574</u>
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>	ttbc <u>21,114</u>
E.4	Discontinued		
E.5	Discontinued		
E.6	Non-listed issuer (in DTR)	<i>A non-listed issuer (in DTR)</i>	0
E.7	Primary information provider	<i>A primary information provider</i>	ttbc <u>17,621</u>
ES.01	Sponsor	<i>A sponsor (see Note 3)</i>	ttbc <u>29,351</u>

...

Part 2 Variable fee additional to base fee			
Activity Group		Market capitalisation as at the last <i>business day</i> of the September 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	ttbc <u>0</u>
		> 100 – 250	ttbc <u>32.981593</u>
		> 250 – 1,000	ttbc <u>12.725271</u>
		> 1,000 – 5,000	ttbc <u>7.832926</u>

	> 5,000 – 25,000	{tbc} <u>0.191068</u>
	> 25,000	{tbc} <u>0.061730</u>

...

4 Annex 15R Fees relating to the recognition of benchmark administrators and the endorsement of benchmarks for the period 1 April 2019 2020 to 31 March 2020 2021

Activity group	Fee payable
<i>A third country legal representative</i>	£ 12,750 <u>13,005</u>
<i>A benchmark endorser</i>	£ 7,650 <u>7,803</u>

...

5 Financial Ombudsman Service Funding

...

5 Annex 1R Annual General Levy Payable in Relation to the Compulsory Jurisdiction for 2019/20 2020/21

Introduction: annual budget

1. The *annual budget* for 2019/20 2020/21 approved by the FCA is £~~331.8m~~ 296.7m.
2. The total amount expected to be raised through the *general levy* in 2019/20 2020/21 will be £~~44.5m~~ 83.9m.

Compulsory jurisdiction - general levy

Industry block	Tariff base	General levy payable by firm
1-Deposit acceptors, <i>home finance providers, home finance administrators</i> (excluding firms in block 14) and <i>dormant account fund operators</i>	Number of accounts relevant to the activities in <i>DISP</i> 2.6.1R as at 31 December In the case of <i>dormant account fund operators</i> , the tariff base is the number of eligible activated accounts (8).	£ 0.070623 <u>0.15476</u> per relevant account, subject to a minimum levy of £100

2-Insurers - general (excluding <i>firms</i> in blocks 13 & 15)	Gross written premium for fees purposes (GWP) as defined in <i>FEES</i> 4 Annex 1AR; or Relevant gross written premium (RGWP) notified to the <i>FCA</i> under <i>FEES</i> 5.4.1R(1A)	£0.16902 <u>0.3017</u> per £1,000 of GWP or RGWP, subject to a minimum levy of £100
3-The <i>Society</i> (of Lloyd's)	Not applicable	£32,126 <u>78,130</u> to be allocated by the <i>Society</i>
4-Insurers - life (excluding <i>firms</i> in block 15)	Gross written premium for fees purposes (GWP) as defined in <i>FEES</i> 4 Annex 1AR; or Relevant gross written premium (RGWP) notified to the <i>FCA</i> under <i>FEES</i> 5.4.1R(1A)	£0.01064 <u>0.0355</u> per £1,000 of GWP or RGWP, subject to a minimum levy of £130
5. Portfolio managers (including those holding <i>client money/assets</i> and not holding <i>client money/assets</i>)	Flat fee	Levy of £210
6. Managers and depositaries of investment funds, and operators of collective investment schemes or pension schemes	Flat fee	Levy of £60
7-Dealers as principal	Flat fee	Levy of £75
8-Advisors, <i>arrangers</i> , dealers or brokers holding and controlling <i>client money</i> and/or assets	Annual income as defined in <i>FEES</i> 4 Annex 11A relating to <i>firm's relevant business</i> .	£0.1579 <u>0.242</u> per £1,000 of annual income subject to a minimum fee of £45
9-Advisors, <i>arrangers</i> , dealers or brokers not holding and	Annual income as defined in <i>FEES</i> 4 Annex 11A relating to <i>firm's relevant business</i> .	£0.0602 <u>0.129</u> per £1,000 of annual

controlling <i>client money</i> and/or assets		income subject to a minimum fee of £45
10-Corporate finance advisers	Flat fee	Levy of £55
11- <i>fee-paying payment service providers</i> (but excluding <i>firms</i> in any other Industry block except Industry block 18)	For <i>authorised payment institutions, registered account information service providers, electronic money issuers</i> (except for <i>small electronic money institutions</i>), the Post Office Limited, the Bank of England, government departments and local authorities, and <i>EEA authorised payment institutions</i> relevant income as described in <i>FEES 4 Annex 11 Part 3</i>	£0.0003 <u>0.0016</u> per £1,000 of relevant income subject to a minimum levy of £75
	For <i>small payment institutions</i> and <i>small electronic money institutions</i> a flat fee	Levy of £35
13-Cash plan health providers	Flat fee	Levy of £65
14- <i>Credit unions</i>	Flat fee	Levy of £55
15- <i>Friendly societies</i> whose tax-exempt business represents 95% or more of their total relevant business	Flat fee	Levy of £65
16- <i>Home finance providers, advisers and arrangers</i> (excluding <i>firms</i> in blocks 13, 14 & 15)	Flat fee	Levy of £85
17 - General insurance distribution (excluding <i>firms</i> in blocks 13, 14 & 15)	<i>Annual income</i> (as defined in <i>MIPRU 4.3</i>) relating to <i>firm's relevant business</i>	£0.5671 <u>0.642</u> per £1,000 of <i>annual income</i> (as defined in <i>MIPRU 4.3</i>) relating to <i>firm's relevant business</i> subject to a minimum levy of £100

18 - <i>fee-paying electronic money issuers</i>	For all <i>fee-paying electronic money issuers</i> except for <i>small electronic money institutions</i> , average outstanding <i>electronic money</i> , as described in <i>FEES 4 Annex 11 Part 3</i> .	£0.0003 <u>0.0001</u> per £1,000 of average outstanding electronic money subject to a minimum levy of £40
	For <i>small electronic money institutions</i> , a flat fee	Levy of £50
19 - <i>Credit-related regulated activities with limited permission</i>	For <i>not-for-profit debt advice bodies</i> , a flat fee	Levy of £0
	For all other <i>firms with limited permission</i> , a flat fee	Levy of £35
20 - <i>Credit-related regulated activities</i>	Annual income as defined in <i>FEES 4 Annex 11BR</i>	Levy of £35 Plus £0.30 <u>0.50</u> per £1,000 of annual income on income above £250,000
21 - <i>CBTL firms that do not have permission to carry out any regulated activities</i>	Flat fee	Levy of £35
22 - <i>designated credit reference agencies (but excluding firms in any other industry block)</i>	Flat fee	Levy of £75
23 – <i>designated finance platforms (but excluding firms in any other industry block)</i>	Flat fee	Levy of £75
24 <i>claims management companies</i>	Annual income	<u>Levy of £50</u> plus £3.00 <u>2.28</u> per £1,000 of annual income

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7A SFGB levies

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7A SFGB money advice levy for the period from 1 April ~~2019~~ 2020 to 31 March
Annex ~~2020~~ 2021
1R

Part 1

This table shows the *SFGB money advice levy* applicable to each activity group (fee-block).

Activity group	SFGB money advice levy payable	
A.1	Band Width (£ million of Modified Eligible Liabilities (MELs))	Fee (£/£m or part £m of MELs)
	>10	1.312 <u>0.994</u>
A.2	Band Width (no. of mortgages and/or <i>home finance transactions</i>)	Fee (£/mortgage)
	>50	0.522 <u>0.417</u>
A.3	Gross written premium for fees purposes (GWP)	
	Band Width (£ million of GWP)	Fee (£/£m or part £m of GWP)
	>0.5	26.681 <u>20.77</u>
	PLUS	
	Best estimate liabilities for	

	fees purposes (BEL)	
	Band Width (£ million of BEL)	Fee (£/£m of part £m of BEL)
	>1	1.514 <u>1.275</u>
A.4	Gross written premium for fees purposes (GWP)	
	Band Width (£ million of GWP)	Fee (£/£m or part £m of GWP)
	>1	12.316 <u>8.69</u>
	PLUS	
	Best estimate liabilities for fees purposes (BEL)	
	Band Width (£ million of BEL)	Fee (£/£m or part £m of BEL)
	>1	0.928 <u>0.631</u>
A.5	Band Width (£ million of Active Capacity (AC))	Fee (£/£m or part £m of AC)
	>50	0.0000 <u>0.00</u>
A.6	Flat levy	0.0000 <u>0.00</u>
A.7	For class 1(c), (2), (3) and (4) <i>firms</i> :	
	Band Width (£ million of Funds under	Fee (£/£m of part £m of FuM)

	Management (FuM))	
	>10	0.137 <u>0.093</u>
	For class 1(B) <i>firms</i> : the fee calculated as for class 1(C) firms above, less 15%.	
	For class 1(A) <i>firms</i> : the fee calculated as for class 1(C) <i>firms</i> above, less 50%.	
	Class 1(A), (B) and (C) firms are defined in FEES 4 Annex 1AR.	
A.9	Band Width (£ million of Gross Income (GI))	Fee (£/£m of part £m of GI)
	>1	77.457 <u>64.04</u>
A.10	Band Width (no. of traders)	Fee (£/trader)
	>1	146.77 <u>121.23</u>
A.13	For class (2) firms	
	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	0.0628 <u>0.0511</u>
	For a <i>professional firm</i> in A.13 the fee is calculated as above less 10%.	
A.14	Band Width (£ thousands of annual income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	0.028 <u>0.0213</u>
A.18	Band Width (£ thousands of Annual Income (AI))	Fee ((£/£ thousand or part £ thousand of AI)
	>100	0.171 <u>0.139</u>

A.19	Band Width (£ thousands of Annual Income (AI))	Fee (£/£ thousand or part £ thousand of AI)
	>100	0.0338 <u>0.0257</u>
A.21	Band Width (£ <i>client money</i> (CM) held)	Fee (£/£ millions or part £m of CM)
	less than £1 million	1.90 <u>1.602</u>
	an amount equal to or greater than £1 million but less than or equal to £1 billion	1.425 <u>1.202</u>
	more than £1 billion	0.95 <u>0.801</u>
	PLUS	
	<i>Safe custody assets</i>	
	Band Width (£ <i>safe custody assets</i> (CA) held)	Fee (£/£ millions or part £m of CA)
	less than £10 million	0.0072 <u>0.0059</u>
	an amount equal to or greater than £10 million and less than or equal to £100 billion	0.0054 <u>0.0044</u>
	more than £100 billion	0.0036 <u>0.003</u>

G.3	Minimum fee (£)	10
	£ thousands or part £ thousand of Relevant Income	Fee (£/£thousand or part £ thousand of Relevant Income)
	>100	0.0234 <u>0.0155</u>
G.4	Flat fee (£)	10
G.10	Minimum fee (£)	10
	£ million or part £m of average outstanding electronic money (AOEM)	Fee (£/£m or part £m of AOEM)
	>5.0	4.12 <u>2.28</u>
G.11	Flat fee (£)	10
CC.1	Minimum fee (£)	10
	£ thousand of annual income (AI)	Fee (£/£ thousand or part £ thousand of AI)
	>250	0.101 <u>0.058</u>
CC.2	Minimum fee (£)	10
	£ thousands of annual income (AI)	Fee (£/£ thousand or part £ thousand of AI)
	>250	0.101 <u>0.058</u>
Notes		
(1) The definitions of fee-blocks G5 and G10 under Part 2 and Part 2A of FEES 4 Annex 11R are modified, for the purposes of FEES 7A so that they exclude		

the Bank of England, government departments, local authorities, municipal banks and the National Savings Bank.
(2) The definitions of those fee-blocks are further amended to exclude <i>EEA firms</i> and those which hold a <i>Part 4A permission</i> .

Part 2	
(1)	This part sets out the minimum <i>SFGB money advice levy</i> applicable to the <i>firms</i> specified in (3) below.
(2)	The minimum <i>SFGB money advice levy</i> payable by any <i>firm</i> referred to in (3) is £10.
(3)	A <i>firm</i> is referred to in this paragraph if it falls within the following activity groups: A.1; A.2; A.3 (excluding <i>UK ISPVs</i>); A.4; A.5; A.7; A.9; A.10; A.12; A.13; A.14; A.18; A.19; G.3 and G.10.

7A **SFGB debt advice levy for the period from 1 April ~~2019~~ 2020 to 31 March**
Annex **2020 2021**
2R

...

Part 4

This table shows the tariff rates applicable to each of the fee-blocks set out in Part 1.

Activity group	SFGB debt advice levy payable	
A.2 Home finance providers and administrators	Band width (£million of secured debt) >0	Fee (£/£m or part £m of secured debt) 18.981 <u>22.12</u>
CC.3 Consumer credit lending	Band width (£million of value of lending) >0 (Note 1)	Fee (£/£m or part £m of value of lending) 103.07 <u>122.53</u>
Note		
(1) <i>Credit unions</i> and <i>community finance organisations</i> do not pay any <i>SFGB debt advice levy</i> on the first £2,000,000 of value of lending.		

7A **SFGB pensions guidance levy for the period 1 April ~~2019~~ 2020 to 31 March**
Annex **2020 2021**
3R

Activity group	SFGB pensions guidance levy payable	
A.1	Band width (£ million of modified eligible liabilities (MELs)) >10	Fee (£/£m or part £m of MELS) 2.204 <u>2.35</u>
A.4	Band width (£ million of gross written premium for fees purposes (GWP) >1	Fee (£/£m or part £m of GWP) 51.382 <u>51.89</u>
A.7	For class 1(B), 1 (C), (2) and (3) firms: Band width (£ million of funds under management (FuM)) >10	Fee (£/£m or part £m of FuM) 0.848 <u>0.8075</u>
A.9	Band width (£ million of gross income (GI)) >1	Fee (£/£m or part £m of GI) 332.32 <u>398.49</u>
A.13	Band width (£ thousands of annual income (AI)) >100	Fee (£/£ thousand or part of £ thousand of AI) 0.1182 <u>0.1403</u>

...

7B **The DA levy**

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7B DA levy for the period from 1 April ~~2019~~ 2020 to 31 March ~~2020~~ 2021
Annex
1R

...

Part 4

This table shows the tariff rates applicable to each of the fee-blocks set out in Part 1.

Activity group	DA levy payable	
A.2 Home finance providers and administrators	Band width (£million of secured debt) >0	Fee (£/£m or part £m of secured debt) 2.794 <u>3.294</u>
CC.3 Consumer credit lending	Band width (£million of value of lending) >0 (Note 1)	Fee (£/£m or part £m of value of lending) 15.18 <u>18.25</u>
Note: <i>Credit unions and community finance organisations do not pay any DA levy on the first £2,000,000 of value of lending.</i>		

...

13 Illegal money lending levy

...

13 Illegal money lending (IML) levy for ~~2019/20~~ 2020/21

Annex
1R

Limited permission (fee-block CC1):	£5 flat rate	
Full authorisation (fee-block CC2):	Up to £250,000 consumer credit income:	£10

	Over £250,000 consumer credit income:	£10 + 0.195 <u>0.21</u> per £1,000
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App 2 Office for Professional Body Anti-money laundering Supervision fees

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**App 2 Periodic fees imposed under Regulation 27 of the OPBAS Regulations: tariff
Annex 2 base, review date, tariff rates**

...

Part 3

This table sets out the tariff rates applicable to **professional body supervisors**.

Fee payable in relation to <u>2019/2020</u> <u>2020/2021</u>	Amount payable (£)
Minimum fee, payable by all professional body supervisors subject to the OPBAS Regulations .	£5,000
Variable fee, payable by professional body supervisors where the number of supervised individuals is 6,000 or more.	£ 37.60 <u>37.45</u> multiplied by the total number of supervised individuals in excess of the threshold of 6,000. [See Note]
[Note: reference to “the number of supervised individuals” is to those supervised individuals calculated in accordance with Part 1.]	

...

App 3 Fees payable by persons registered under the Money Laundering Regulations

...

App 3.1 Fees for persons registered under the Money Laundering Regulations

...

App 3.1.2

(1)	Registration fee:		
	£100		
(2)	Periodic fee:		
	Activity group	Fee-payer falls in the activity group if:	Fee payable in 2019/20 <u>2020/21</u>
	G.1	it is registered with the <i>FCA</i> under the <i>Money Laundering Regulations</i> or any predecessor legislation	£460 <u>469</u>

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

Appendix 2

Fees (Primary Market Transactions Fees Amendments) Instrument 2020 (made rules)

**FEES (PRIMARY MARKET TRANSACTION FEES AMENDMENTS)
INSTRUMENT 2020**

Powers exercised

- A. The Financial Conduct Authority (“the FCA”) makes this instrument in the exercise of:
- (1) the following powers and related provisions in or under the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137A (General rule-making power);
 - (b) section 137T (General supplementary powers); and
 - (c) paragraph 23 (Fees) in Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority); and
 - (2) regulation 2A of the Financial Services and Markets Act 2000 (Prospectus Regulations 2019) (2019/1043).
- B. The rule-making powers listed above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 2 July 2020.

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.

Citation

- F. This instrument may be cited as the Fees (Primary Market Transaction Fees Amendments) Instrument 2020.

By order of the Board
25 June 2020

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 definition in the appropriate alphabetical position. The text is not underlined.

specified exempted documents (in *PRR* and *FEES*) a *document* containing information about a transaction and its impact on the *issuer* for the purposes of article 1(4)(f) or article 1(5)(e) as referred to in article 1(6a)(b) of the *Prospectus Regulation*.

Amend the following definitions as shown.

significant transaction a transaction where:

...

(b) the *issuer* has a market capitalisation that is equal to or more than £500million and less than £5billion and has submitted to the *FCA* for approval or review:

(i) a *prospectus* for *equity securities* or ~~*equivalent document*~~ *specified exempted documents*; or

...

super transaction a transaction where:

...

(b) the *issuer* has a market capitalisation that is equal to or more than £5billion and has submitted to the *FCA* for approval or review:

(i) a *prospectus* for *equity securities* or ~~*equivalent document*~~ *specified exempted documents*; or

Annex B

Amendments to the Fees manual (FEES)

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

3 Application, Notification and Vetting Fees

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3.2 Obligation to pay fees

...

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

...

Part 2: UKLA fees		
(1) Fee payer	(2) Fee payable	(3) Due date
...		
(d) Under the prospectus rules <u>Prospectus Rules</u> or the <u>Prospectus Regulation</u> , an issuer or a person requesting approval or review 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> .	FEES 3 Annex 12R	On or before the date that relevant <i>document</i> is first submitted to the FCA.
...		

...

**3 Annex UKLA transaction fees
12R**

...

Category A2 includes:

...

(b) where an issuer has a market capitalisation of less than £500 million:

...

(v) applying for the approval of a *universal registration document*; or

(vi) applying for the approval of a *specified exempted document*;

...

(d) where an issuer is a closed-ended investment fund:

...

(v) applying for the approval of a *universal registration document*; ~~or~~

(vi) applying for the approval of a *specified exempted document*; or

...

Category A4 includes:

...

(h) applying for approval as a *sponsor*; or

(i) applying for the approval of a *specified exempted document*;

...

