

**PRA RULEBOOK: FEES INSTRUMENT 2016**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 137T (General supplementary powers);
  - (3) section 166 and 166 A (Reports by skilled persons); and
  - (4) paragraph 31 (Fees) of Part 3 (Penalties and Fees) of Schedule 1ZB (The Prudential Regulation Authority) of the Act.
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) of the Act.

**Pre-conditions to making**

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

**PRA Rulebook: Fees Instrument 2016**

- D. The PRA makes the rules in the Annex to this instrument.

**Commencement**

- E. This instrument comes into force on **1 March 2016**.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: Fees Instrument 2016.

**By order of the Board of the Prudential Regulation Authority**

24 February 2016

## Annex

In this Annex, the text is all new and is not underlined.

Part

# FEES

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Chapter content

1. APPLICATION AND DEFINITIONS
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PERIODIC FEES SCHEDULE: 'FEE RATES AND EEA/TREATY FIRM MODIFICATIONS FOR THE PERIOD FROM 1 MARCH 2015 TO 29 FEBRUARY 2016'.
4. REGULATORY TRANSACTION FEES
5. SPECIAL PROJECT FEE FOR RESTRUCTURING

## 1. APPLICATION AND DEFINITIONS

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1.1 This Part, unless otherwise stated, applies to every *firm* and every *person* required to pay a fee to the *PRA*.

1.2 In this Part, the following definitions shall apply:

*active capacity*

means the capacity of the *syndicate(s)* under management in the *fee year* in question, including the capacity of *syndicates* that are not writing new business but have not been closed off in the year in question.

*adjusted gross premium income or AGPI*

means adjusted gross premium income of an *insurer* calculated as follows (all business transacted through independent practitioners or tied agents, whether single or multi-tie, being divided by two):

1. amount of new regular *premium* business (yearly *premiums* including reassurances ceded but excluding cancellations and reassurances accepted) x10;

plus

2. amounts of new single *premium* business (total including reassurances ceded but excluding cancellations and reassurances accepted). Group protection business (life and private health insurance) must be included;

less

3. *premiums* relating to *pension fund management*;

less

4. *premiums* relating to *trustee investment plans*.

*advanced IRB*

means the internal ratings based approach for assessing credit risk referred to in Article 151(4) and (9) of the *CRR*.

*advanced measurement approaches or AMA*

means advanced measurement approaches to operational risk based on a *firm's* own operational risk management systems as referred to in s312(2) *CRR*.

*annual funding requirement or AFR*

means, in respect of any *fee year*, the total ongoing costs of the *PRA* as determined by the *PRA*.

*application*

means a request to the *PRA*, in any format, for the *PRA* to exercise its functions in relation to the applicant or for approval, waiver or confirmation of any matter relating to the applicant.

*collection agent*

means the agent, currently the FCA, designated from time to time by the *PRA* to collect and analyse *tariff data* from firms and to calculate, invoice and collect fees on its behalf.

*consumer credit-related activity (ies)*

means:

any of the activities 1 (a) – (m) in Part 2 or 3A; and

advising on regulated credit agreements for the acquisition of land under Article 53DA

of the *Regulated Activities Order* in the manner specified in Part 3 of the *Regulated Activities Order* as being relevant to those activities.

*contributions as income*

means contributions as income of a *friendly society* under Schedule 7: Part I item 1 (a) to the Friendly Societies (Accounts and Related Provisions) Regulations 1994 (SI 1994/1983) in respect of *United Kingdom* business

*deposit acceptors fee block*

means the *fee block* for *firms* whose *Part 4A permission* includes *accepting deposits* but does not include either of the following:

1. *effecting contracts of insurance*; or
2. *carrying out contracts of insurance*.

*designated firms dealing as principal fee block*

means *firms* whose *Part 4A permission* includes *dealing in investments as principal* where the *PRA* has designated 'dealing in investments as principal' a *PRA regulated activity* in respect of that *firm*.

*due date for payment*

means the due date for payment of any fee under this Part, payment being required in cleared funds on or before 5pm on that day or, where it is not a *business day*, the next *business day*.

*fee block*

means *firms* conducting broadly similar regulated activities grouped together for the purposes of calculating and collecting fees as follows:

A0 - the *minimum fee block*

A1 – the *deposit acceptors fee block*

A3 – the *general insurance fee block*

A4 – the *life insurance fee block*

A5 – the *Lloyd's managing agents fee block*

A6 - the *Society of Lloyd's fee block*

A10 – the *designated firms dealing as principal fee block*

PT1 – the *transition costs fee block*

*fee payer*

means any *firm* or *person* required to pay a fee in accordance with this Part of the Rulebook.

*fee tariff (s) or tariff*

means a payment or scale of payments in accordance with the *PRA's* fee-charging system.

*fee year*

means the *PRA's* *fee year*, being twelve months from 1 March in one calendar year to the last day of February in the following calendar year.

*first fee year*

means the *fee year* during which a *firm* becomes authorised or receives an extended *Part 4A permission* in relation to *PRA-regulated activity*.

*Form ELS*

means the eligible liabilities return by which *banks* and *building societies* provide information to the *Bank of England* as required by the Bank of England Act 1998.

*foundation IRB*

means the internal ratings based approach for assessing credit risk referred to in Article 143(1) of the *CRR*.

*general insurance fee block*

means *firms* whose *Part 4A permission* includes effecting or carrying out *contracts of general insurance* or *contracts of long term insurance* other than life policies.

*gross premium income or GPI*

means the amount of premium receivable which must be included in the documents required to be deposited under *IPRU(INS) 9.6* in relation to the financial year to which the documents relate but disregarding for this purpose such amounts as are not included in the documents by reason of a waiver or an order under section 68 of the Insurance Companies Act 1982 carried

forward as an amendment to *IPRU (INS)* of the *PRA Handbook* under transitional provisions relating to written concessions; or

*gross premiums written*

means *gross premiums written* under Schedule 1: Part I.1 (a) and II.1. (a) of the Friendly Societies (Accounts and Related Provisions) Regulations 1994 (SI 1994/1983)

*gross technical liabilities or GTL*

means the amount of gross technical liabilities referred to in (*IPRU (INS)* (Appendix 9.1- Form 15 line 19) which must be included in the documents required to be deposited under *IPRU(INS)9.6R* in relation to the financial year to which the documents relate but disregarding for this purpose such amounts as are not included in the documents by reason of a waiver or an order under section 68 of the Insurance Companies Act 1982 carried forward as an amendment to *IPRU (INS)* of the *PRA Handbook* under *transitional provisions* relating to written concessions.

*insolvency proceedings*

means:

1. any proceedings under the Insolvency Act 1986 or Companies Act 2006 to have a *firm* declared insolvent or to wind up its business including, without limitation, administration, company voluntary arrangement, scheme of arrangement, receivership, administrative receivership, liquidation, sequestration or appointment of a trustee in bankruptcy;
2. any proceedings under the Banking Act 2009 special insolvency regime; or
3. any equivalent process in any jurisdiction outside the *United Kingdom*.

*insurance business transfer scheme*

means a scheme to transfer the whole or part of the business of an *insurance undertaking* or *member* or *former member* of the *Society* which meets the conditions of Part VII *FSMA* or, where applicable, the Financial Services and Markets Act 2000 (Control of Transfers of Business Done at Lloyd's) Order 2001(SI 2001/3626).

*internal model method*

means the internal approach to counterparty credit risk referred to in Article 283 of the *CRR*.

*IPRU (INS)*

means the *IPRU (INS)* section of the *PRA Handbook* which remains in force to the extent required by:

1. Transitional Measures 3.7 of the *PRA Rulebook* for *Solvency II firms*; and

2. Transitional Measures 3.1 of the PRA Rulebook for *non-directive firms*, and references to rules, forms and appendices are to those applicable as at 31 December 2015.

*late payment interest*

means interest at the rate of 5% per annum above the official bank rate of the *Bank of England* from time to time in force.

*life insurance fee block*

means *firms* whose *permission* includes *effecting or carrying out contracts of insurance* which are, or include, *life policies* or entering into a funeral plan contract as provider.

*Lloyd's managing agents fee block*

means *firms* whose *permission* includes managing the underwriting capacity of a *syndicate* as a *managing agent* at the *Society*.

*mathematical reserves for fees purposes*

means

the amount of mathematical reserves (*IPRU (INS) Appendix 9.1R – Form 14 Line 11*) which must be included in the documents required to be deposited under *IPRU(INS)9.6R* in relation to the financial year to which the documents relate but disregarding for this purpose such amounts as are not included in the documents by reason of a waiver or an order under section 68 of the Insurance Companies Act 1982 carried forward as an amendment to IPRU (INS) of the *PRA Handbook* under transitional provisions relating to written concessions;

less

mathematical reserves relating to *pension fund management*;

less

mathematical reserves relating to *trustee investment plans*.

*modified eligible liabilities or MELs*

means:

- for *banks* and *building societies* their modified eligible liabilities relating to business conducted out of offices in the *United Kingdom*, calculated in accordance with the following formula:

$$(1 + 2 + 3 + 4 + 0.6*5 + 6 - 8 - 9A - 9B - 10A - 10B - 10C - 11A - 11B - 0.6*12) + (1/3)*(F1 + F2 + F3 + F4 + 0.6*F5 + F6 - F8 - F9A - F9B - F10A - F10B - F10C - F11A - F11B - 0.6*F12)$$

- 13M

where each variable refers to an entry in Item B of *Form ELS*;

and

2. for *credit unions*, modified eligible liabilities relating to their *United Kingdom* business only, being deposits with the *credit union* (that is its share capital) less the *credit union's* bank deposits (investments + cash at bank).

*minimum fee block*

means the *fee block* comprising all *firms* referred to in Table I of the *Periodic Fees Schedule*.

*new authorisations*

means any *application*, or granting of an *application*, for (1) a *Part 4A permission* which includes a *PRA regulated activity* or (2) a *top-up permission* which includes a *PRA regulated activity*.

*number of traders*

means the number of employees or agents who, as part of their ordinary duties on behalf of a *firm* in the *designated firms dealing as principal fee block* (A10) commit the *firm* in market dealings or in transactions in securities or other investments in the course of *PRA regulated activities*, but excluding anyone working solely for the *firm's* multi-lateral trading facility operation.

*pension fund management*

means the class of *contract of insurance* specified in paragraph VII of Part II of Schedule 1 to the *Regulated Activities Order* (Contracts of long-term insurance) where effected or carried out by a *person* who does not carry on a banking business but otherwise carries on *insurance business*.

*periodic fee(s)*

means the fee or fees payable in accordance with Chapter 3.

*Periodic Fees Schedule*

means the schedule of *periodic fees* annexed to Chapter 3, which is replaced annually following the *PRA's* fee rates consultation.

*retribution*

means the process under which an *insurer* seeks to redefine the rights and interests of policy holders.

*regulatory transaction fee(s)*

means the fee or fees payable in accordance with Chapter 4.

*second fee year*

means the *fee year* commencing on 1 March immediately following the end of the *firm's* first fee year.



*special project fee(s) or SPF (s)*

means the fee or fees payable in accordance with Chapter 5.

*Society of Lloyd's fee block*

means the *fee block* of which the *Society* is the sole member.

*tariff bands*

means broad groupings of business volumes for the purpose of calculating *periodic fees*.

*tariff base*

means the *PRA's* methodology for calculating volumes of business for the purposes of determining *periodic fees*.

*tariff data*

means information about a *firm's* business used in the calculation of *periodic fees*.

*tariff rate*

means the rate of fee applied to a particular activity for the purpose of calculating *periodic fees*.

*transition costs*

means the costs of establishing the *PRA* which are being recovered from *firms* over a period of five years from 2013/14 to 2017/18.

*transition costs fee block*

means *firms* which are liable to pay *transition costs* as shown in Table II of the *Periodic Fees Schedule*.

*Treaty firm*

means, as defined in paragraph 1 of Schedule 4 of *FSMA*, a person whose head office is situated in an *EEA state* other than the *United Kingdom* and which is recognised by the law of that state as its national.

*trustee investment plans*

means the class of *contracts of insurance* specified in Class 3 of Part II of Schedule 1 to the *Regulated Activities Order* and which are invested in pooled funds beneficially owned by an *insurer* and not earmarked for individual beneficiaries by that *insurer*.

*valuation point*

means the relevant date or period for assessing a firm's *tariff data* and calculating *periodic fees* under Chapter 3.

*Version 1 credit union*

means a *credit union* whose *Part 4A permission* requires that it must not lend more than £15,000, or such lesser amount as may be specified in the permission, in excess of a member's shareholding, being any shares held by a member of the *credit union* in accordance with sections 5 and 7 of the Credit Unions Act 1979 or articles 14 and 23 of the Credit Unions (Northern Ireland) Order 1985 (as appropriate).

*Version 2 credit union*

means a *credit union* which is not a *Version 1 credit union*.

## 2 OBLIGATION TO PAY FEES

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Fees to be paid in full without deduction on the due date for payment

- 2.1 All fees must be paid in full and without deduction on the *due date for payment*.
- 2.2 The *due date for payment* of:
- (1) *periodic fees* is as specified in 3.15;
  - (2) *regulatory transaction fees* is as specified in 4.2;
  - (3) *special project fees* is as specified in 5.8.
- 2.3 As permitted by paragraphs 31(7) and 35 of Schedule 1ZB of *FSMA*, the *PRA* may take all steps and seek all remedies available to a creditor to recover, as a debt due to the *PRA*, any fee or other amount, such as interest, which remains unpaid after it falls due.
- 2.4 The *PRA* may take regulatory action in relation to non-payment of fees in addition to, or instead of, any steps taken or remedies pursued under 2.3.
- 2.5 *Fee-payers* must comply with directions, whether in an invoice, form, notice or otherwise, of the *collection agent* when acting in that capacity on behalf of the *PRA*.

Late payment interest

- 2.6 Subject to 2.8, a *fee payer* who does not pay the full amount of a fee by the *due date for payment* will incur *late payment interest* on any unpaid part of the fee, accruing on a daily basis from the *due date for payment* until payment is made.
- 2.7 The *PRA* will not charge interest on *late payment interest*.
- 2.8 *Late payment interest* does not apply to *regulatory transaction fees* and *special project fees*.

Relieving provisions

- 2.9 If it appears to the *PRA* in relation to any fee that in the exceptional circumstances of a particular case it would be inequitable to require payment or to retain sums previously paid, it may at its discretion:
- (1) waive the payment;
  - (2) reduce the amount payable; or

(3) offer a whole or partial refund of sums already paid.

2.10 The PRA will not consider a claim by a *fee payer* for waiver, reduction or refund under 2.9 based on the *fee payer's* error if the claim is made more than two years after the beginning of the period to which the fee relates.

### 3 PERIODIC FEES

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Application, allocation to fee blocks and due date for payment

3.1 *Periodic fees* are payable in respect of each *PRA fee year* by any *person* who is, or becomes, a *firm* during the *fee year*.

3.2 The amount payable depends upon the *fee block* to which the *firm* has been allocated. *Firms* falling into more than one *fee block* pay *periodic fees* in relation to each.

Tariff bases, valuation points and the Periodic Fees Schedule

3.3 *Periodic fees* payable by *firms* in any *fee year* will be the sum of the following (so far as applicable to them):

- (1) a minimum *periodic fee* at the rate specified in Table I of the *Periodic Fees Schedule*.
- (2) a *transition costs* allocation calculated in accordance with Table II of the *Periodic Fees Schedule*; and
- (3) *periodic fees* at the rate specified in Table III, subject to any modifications in Table IV, of the *Periodic Fees Schedule* calculated as follows:
  - (a) applying the *tariff bases* and *valuation points* set out in 3.4 to the *tariff data* which they have supplied to the PRA or its *collection agent*;
  - (b) where applicable, grouping *tariff data* into the *tariff bands* shown in Column 3 of Table III of the *Periodic Fees Schedule*; and
  - (c) applying the appropriate *tariff rate* as shown in Column 4 of Table III of the *Periodic Fees Schedule*;

the fee being the total of sums payable in respect of all *tariff bands*.

3.4 The *tariff bases* and *valuation points* referred to in 3.3 (3)(a) are:

- (1) for *firms* in the *deposit acceptors fee block* (A1):
  - (a) if the *firm* is a *bank* and reports monthly, average *MELs* for October, November and December prior to commencement of the *fee year*; or
  - (b) if the *firm* is a *bank* and reports quarterly, *MELs* for the December prior to commencement of the *fee year*; or
  - (c) if the *firm* is a *building society*, average *MELs* for October, November and December prior to commencement of the *fee year*; or
  - (d) if the *firm* is a *credit union*, either its *MELs* for the December preceding the commencement of the *fee year* or, in the absence of December *MELs* its *MELs* as disclosed by its most recent annual return submitted for regulatory

reporting purposes prior to the December preceding commencement of the *fee year*.

- (2) for *firms* in the *general insurance fee block* (A3):
- (a) if the *firm* is an *insurer*, the sum of its annual *gross premium income* for, and its *gross technical liabilities* at the end of, the *firm's* financial year which ends in the calendar year to 31 December prior to commencement of the *fee year*, noting that:
- (i) in the case of a *pure reinsurer* carrying on *general insurance business* through a *branch* in the *United Kingdom*, or an *insurer* whose head office is not in an *EEA state* carrying on general insurance business through a *branch* in the *United Kingdom*, or an *EEA–deposit insurer*, only *premiums* received and *gross technical liabilities* held in respect of its *United Kingdom* business are included;
- (ii) for a Swiss general insurance company *premiums* and *gross technical liabilities* include those relevant to the operations of the company's *United Kingdom branch*; and
- (iii) a *firm* need not include *premiums* and *gross technical liabilities* relating to *pure protection contracts* which it reports, and pays a fee on, in the *A4 life insurers' fee block*.
- or
- (b) if the *firm* is a *non-directive friendly society*, the value of *contributions as income* receivable in respect of *United Kingdom* business included in its income and expenditure account at the end of the *firm's* financial year which ends in the calendar year to 31 December prior to commencement of the *fee year*,
- or
- (c) if the *firm* is a *directive friendly society*, the value of *gross premiums written* in respect of *United Kingdom* business included in its income and expenditure account at the end of the *firm's* financial year which ends in the calendar year to 31 December prior to commencement of the *fee year*,
- and
- (d) for *UK ISVPs*, the *tariff base* is not relevant and a flat fee shown in Table III of the *Periodic Fees Schedule* is payable,
- (3) for *firms* in the *life insurance fee block* (A4), the sum of *adjusted gross premium income* for, and *mathematical reserves for fees purposes* valued at the end of, the *firm's* financial year ending in the calendar year to 31 December prior to commencement of the *fee year* noting that:
- (a) only *premiums* receivable and *mathematical reserves* held in respect of *United Kingdom* business are relevant; and
- (b) an *insurer* must include in its calculation of *adjusted gross premium income* and *mathematical reserves for fees purposes* the value relating to all risks ceded to *ISVPs*.

- (4) for *firms* in the *Lloyd's managing agents fee block (A5)*, *active capacity* as reported to the *Society* for the underwriting year which is in progress at the beginning of the *fee year*.
- (5) for *firms* in the *designated firms acting as principal fee block (A10)* *number of traders* as at 31 December prior to commencement of the *fee year*.

3.5 The *periodic fees* payable by the *Society* are as specified in Table III of the *Periodic Fees Schedule*.

Information for assessment of periodic fees

3.6 The following requirements apply to all *firms* whose activities give rise to *periodic fees*, other than *firms* which pay only a flat rate of fee:

- (1) within two months after, or where relevant after the end of, the *valuation point*, the *firm* must provide to the *PRA's collection agent* the *tariff data* on which the *periodic fee* payable by the *firm* is to be calculated as at that *valuation point*
- (2) if the *PRA* does not, on its own behalf or through its *collection agent*, obtain sufficient, or sufficiently detailed, information, the *PRA* may obtain this through its general information-gathering powers;
- (3) for an *incoming EEA firm* or an *incoming Treaty firm*, the information required is in relation to the *regulated activities* of the *firm* carried on in the *United Kingdom*, other than those provided on a *cross border services* basis;
- (4) as *periodic fees* in respect of any *fee year* are calculated on the basis of *firms' tariff data* for the previous *fee year*, there may be insufficient *tariff data* on which the *periodic fees* may be calculated under 3.4 where a *firm* becomes authorised for the first time or undertakes a new *PRA-regulated activity* resulting in a significant change to its business. In those circumstances, the *periodic fees* payable will be calculated in accordance with:
  - (a) 3.7 for *firms* in their *first fee year*;
  - (b) 3.9 and 3.10 for *firms* in the *deposit acceptors fee block (A1)*, the *general insurance fee block (A3)* or the *life insurance fee block (A4)* in their *second fee year* or any subsequent *fee year*;
- (5) a *firm* intending to apply any of the methods of calculation in 3.9 must notify the *PRA's collection agent* by the date specified in 3.6 (1).
- (6) Unless 3.7 or 3.9 applies, where a *firm* has not complied with 3.6 (1) for any period by reference to which *periodic fees* are to be calculated, but a valuation is available for the previous period by reference to which *periodic fees* are to be calculated, the fee should be calculated using the *tariff data* applicable to the previous period multiplied by 1.10. An administration fee of £125.00 is payable in this case in addition to the minimum fee.
- (7) Where a new requirement is imposed on *firms* under the *PRA Rulebook* or an existing requirement amended but does not take effect until a future *fee year*, in the absence of an express statement to the contrary, *firms* must comply with the new requirement immediately in so far as it relates to the supply of information under 3.6 (1).

Firms becoming subject to periodic fees during the course of a fee year

3.7 A firm in its *first fee year* pays *periodic fees* based on its projected valuation for the first twelve months of its new business as follows:

(1) The calculation requires the *firm* to identify, in Table III of the *Periodic Fees Schedule*, the *tariff rates* which will be relevant to it as a result of its new or extended permission and apply the formula in 3.7 (2). The resulting figure will be the *periodic fee* payable by the *firm* for its *first fee year*.

(2) The formula referred to at 3.7(1) is  $(A+B) \times C$ , where:

A = the amount arrived at by applying the *tariff rates* in Table III of the *Periodic Fees Schedule* to the *firm's* projected valuation for its first year of new business, as provided to the *PRA* or its *collection agent* during the *application* and data collection process;

B = the A.0 minimum fee, unless already paid; and

C = the number of calendar months (inclusive) between the calendar month during which the firm received its new or extended permission and the last calendar month of the *fee year*  $\div 12$ .

A1, A3 and A4 firms in their second and subsequent fee years where full tariff data not available

3.8 3.9 applies only to *firms* in the *deposit acceptors fee block* (A1), the *general insurance fee block* (A3) or the *life insurance fee block* (A4).

3.9 Subject to 3.10, where in:

(1) its *second fee year*; or

(2) any subsequent *fee year*,

a *firm* has not yet submitted sufficient *tariff data* to enable the *periodic fees* calculation at 3.6 (1) to be made in respect of that *fee year*, *periodic fees* will be calculated in accordance with Table A below:

| Table A                                 |   |
|---|---|
| <b>Deposit acceptors fee block (A1)</b> | <p>Either:</p> <p>1. if the firm is in its <i>second fee year</i> and received permission relevant to the activity between 1 January in its <i>first fee year</i> and 1 April in its <i>second fee year</i>, apply projected valuations as set out in 3.7;</p> <p>or</p> <p>2. apply the formula <math>(A \div B) \times 12</math> to arrive at an annualised figure, where</p> <p>A = its <i>tariff base</i>, as if its <i>MELS</i> for the month of December prior to commencement of the relevant <i>fee year</i> were its <i>tariff base</i> for the whole <i>fee year</i>; and</p> <p>B= the number of complete months in the period referred to in A.</p> |

|  |   |
|--|---|
| <p><b>General insurance fee block (A3) and life insurance fee block (A4)</b></p> | <p>Where under 3.4, the <i>tariff base</i> for an activity is to be calculated by reference to data for the <i>firm's</i> financial year ending on the 31 December before the start of the <i>fee year</i>, a <i>firm</i> which has not completed a full financial year by that date should:</p> <ol style="list-style-type: none"> <li>1. if it is in its <i>second fee year</i> and received its new or extended permission relevant to the activity between 1 January in its <i>first fee year</i> and 1 April in its <i>second fee year</i>, apply projected valuations as set out in 3.7; and</li> <li>2. in any other case, apply the formula <math>(A \div B) \times 12</math> to annualise the <i>tariff data</i> it has available, where: <p>A = its <i>tariff base</i> calculated by reference to <i>tariff data</i> for the period starting on the date the firm received permission for the relevant activity and ending on the earlier of the 31 December prior to the start of its <i>second fee year</i> or the 31 December prior to the start of the <i>firm's</i> financial year; and</p> <p>B= the number of complete calendar months in the period referred to in A.</p> </li> </ol> |
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- 3.10 Except in the circumstances to which 3.9 applies, firms in their *second fee year* or any subsequent *fee year* after receiving a new or extended permission must calculate their new or additional liability for *periodic fees* in accordance with 3.4.

#### Modifications to periodic fees for incoming EEA and Treaty firms

- 3.11 In relation to *incoming EEA firms* and *incoming Treaty firms*:

- (1) the modifications in 3.7 apply only in relation to the relevant regulated activities of the *firm* which are *EEA passported activities* or activities of a *Treaty firm* exercising rights under Schedule 4 of FSMA.
- (2) the *tariff rates* set out in Table III of the *Periodic Fees Schedule* only apply to the regulated activities of the *firm* in the *United Kingdom* and the *tariffs* are modified in accordance with Table IV of the *Periodic Fees Schedule*.

#### Firms acquiring businesses from other firms

- 3.12 Where:

- (1) a *firm* (A) acquires all or part of the business of another *firm* (B) in relation to which a *periodic fee* would have been payable by B; or
- (2) A becomes authorised as a result of B's simple change of legal status as defined in 4.5 (4), the following rules apply:
  - (a) if before the date of the acquisition, B had already paid the *periodic fees* in relation to the business or part of the business acquired by A, A will not pay a further fee; and
  - (b) if the acquisition occurs after the *valuation point* applicable to the business or part of the business acquired as set out in 3.4, A will pay *periodic fees* in relation to the period following the acquisition as if the acquisition had occurred immediately before the relevant *valuation point*.
- (3) Where the acquisition involves a calculation of *periodic fees* for the A4 *life insurers*

*fee block:*

(a) when calculating the new regular *premium* business element of its *adjusted gross premium income*, A should not include business transferred from B under the procedure set out in Part VII of *FSMA* during the relevant financial year unless the transfer involved the creation of new contracts between the policyholders subject to the transfer and A;

(b) If any business is transferred to A from B under the procedure set out in Part VII of *FSMA* and that business would have been included in B's *tariff base* in the absence of the transfer, that business should be included in A or B's *tariff base* depending on the date of transfer as required by 3.12(2)(b).

(c) *Mathematical reserves for fees purposes* should include all new business transferred from B.

Firms applying to cancel or reduce the scope of their permission before the start of the fee year

3.13 If a *firm* makes an application to cancel or reduce the scope of its *Part 4A permission* before the start of a *fee year*, the obligation to pay *periodic fees* under 3.1 will apply as if the relevant variation or reduction in scope had also taken effect immediately before the start of the *fee year*.

No waiver or refund of periodic fees after start of fee year

3.14 Other than where the *PRA* exercises the discretion in 2.9 it will not waive liability for, or refund, *periodic fees* after the start of the *fee year* to which they relate should the *firm* cancel its *Part 4A permission* or if the new business activity or event which has given rise to the fee no longer applies to the *firm*.

Time of payment

3.15 The *due date for payment of periodic fees* is as follows:

- (1) Subject to 3.15 (3), any *firm* whose total liability for *periodic fees* in the previous *fee year* was less than £50,000.00 must pay the total *periodic fee* due for the current *fee year* in full by 1 August.
- (2) Any *firm* whose combined total liability for *periodic fees* payable to the *FCA* and the *PRA* in the previous *fee year* was £50,000.00 or above must pay its *periodic fees* for the current year in two tranches as follows:
  - (a) an amount equal to 50% of the *PRA periodic fee* payable in the previous *fee year* on or before 1 April in the current *fee year*; and
  - (b) the balance of the *periodic fee* for the current *fee year* by 1 September.
- (3) If a *firm* cancels its *Part 4A permission* in the way set out in Permissions and Waivers or the *PRA* has exercised its own-initiative powers to cancel a *firm's Part 4A permission*, the total amount of *periodic fees* for the *fee year*, less any amounts already paid, become payable immediately before the cancellation takes effect.

Extension of time

3.16 A *fee payer* need not pay a *periodic fee* on the *due date for payment* under the relevant provision of 3 if that date falls during a period during which circumstances described in General Provisions 2.2 exist and the *firm* has reasonable grounds to believe that those



circumstances impair its ability to pay the fee, in which case the *firm* must pay on or before the fifth business day after the end of that period.

Compliance with year-end adjustments to AFR

3.17 *Fee-payers* must comply with directions from the *PRA* or its *collection agent* as to payment of *periodic fees* arising from any variance between budgeted and actual *AFR* or any corrections to the *AFR* once final, audited figures are available in relation to any *fee year*. As the *PRA* may determine:

- (1) a surplus of fee income against *AFR* may result in a credit to *firms* or *fee blocks*; and
- (2) a shortfall may necessitate a call for additional fees.

**PERIODIC FEES SCHEDULE – FEE RATES AND EEA/TREATY FIRM MODIFICATIONS FOR THE PERIOD FROM 1 MARCH 2015 TO 29 FEBRUARY 2016**

This schedule sets out the *periodic fees* payable by *firms* under Chapter 3.

**TABLE 1 MINIMUM PERIODIC FEES RATES**

| <b>Fee payer</b>   | <b>Fee payable (£)</b> |
|--|------------------------|
| <i>Credit unions with MELs under £2 million:</i>   |                        |
| <i>With modified eligible liabilities of 0 – 0.5 million</i>   | <b>80.00</b>           |
| <i>With modified eligible liabilities greater than 0.5 million and less than 2.0 million</i>   | <b>270.00</b>          |
| <p><i>Non-directive friendly societies which either:</i></p> <p>(1) fall within the A3, but <b>not</b> the A4, <i>fee block</i> and have, in relation to their A3 activities, <i>gross premium income</i> of 0-£0.5million and <i>gross technical liabilities</i> of 0-£1.0million; or</p> <p>(2) fall within the A4, but <b>not</b> the A3, <i>fee block</i> and have, in relation to their A4 activities, <i>adjusted gross premium income</i> of 0-£1million and hold 0-£1million of <i>mathematical reserves for fees purposes</i>; or</p> <p>(3) fall within both the A3 and A4 <i>fee blocks</i> and meet condition (1) above in relation to their A3 activities and condition (2) above in relation to their A4 activities.</p> | <b>215.00</b>          |
| All other firms  | <b>500.00</b>          |

**TABLE II - TRANSITION COSTS ALLOCATION**

| <b>Fee payer</b>  | <b>Tariff base for allocations to firms</b>   |
|---|---|
| All <i>firms</i> , except those paying only the minimum fee and <i>insurance special purpose vehicles</i> . | Total <i>periodic fees</i> , excluding minimum fees, payable by the <i>firm</i> multiplied by <b>0.0626</b> . |

TABLE III – PERIODIC FEE RATES APPLICABLE TO PRA FEE BLOCKS OTHER THAN THE MINIMUM AND TRANSITION COSTS FEE BLOCKS

| Column 1<br><i>Fee block</i>  | Column 2<br><i>Tariff base</i>  | Column 3<br><i>Tariff bands</i>  | Column 4<br><i>Tariff rates</i>                                     |  |
|---|---|--|---|--|
| <b>A1 deposit acceptors fee block</b>   | <b>modified eligible liabilities</b>  | Band width (£million of <i>MELs</i> )  | Fee payable per million or part million of <i>MELs</i> (£)          |  |
|   |   | >10 - 140  | 38.87   |  |
|   |   | >140 - 630   | 38.87   |  |
|   |   | >630 - 1,580   | 38.87   |  |
|   |   | >1,580 - 13,400  | 48.59   |  |
|   |   | >13,400  | 64.14   |  |
| <b>A3 general insurers fee block</b><br><br><i>gross premium income + gross technical liabilities</i> | <b>gross premium income (GPI)</b>   | Band width (£million of <i>GPI</i> )   | Fee payable per million of <i>GPI</i> (£)                           |  |
|   |   | >0.5 - 10.5  | 494.15  |  |
|   |   | >10.5 – 30   | 494.15  |  |
|   |   | >30 - 245  | 494.15  |  |
|   |   | >245 - 1,900   | 494.15  |  |
|   | <b>gross technical liabilities (GTL)</b>  | Band Width (£ million of <i>GTL</i> )  | Fee payable per million of <i>GTL</i> (£)                           |  |
|   |   | >1 - 12.5  | 27.31   |  |
|   |   | >12.5 - 70   | 27.31   |  |
|   |   | >70 - 384  | 27.31   |  |
|   |   | >384 - 3,750   | 27.31   |  |
|   |   | >3,750   | 27.31   |  |
|   |   | For <i>UK ISPVs</i> the <i>tariff rates</i> are not relevant and a flat fee of £430.00 is payable in respect of each <i>fee year</i> . |   |  |
|   | <b>A4 Life insurers fee block</b><br><br><i>adjusted gross annual income (AGPI) + mathematical reserves</i> | <b>adjusted gross annual premium income (AGPI)</b>   | Band width (£million of <i>AGPI</i> )                               | Fee payable per million of <i>AGPI</i> (£) |
|   |   |  | >1 - 5  | 499.65                                     |
| >5 - 40   |   |  | 499.65  |  |
| >40 - 260   |   |  | 499.65  |  |
| >260 - 4,000  |   |  | 499.65  |  |
| <b>mathematical reserves</b>  |   | Band width [£million of <i>MR</i> ]  | Fee per million or part million of <i>mathematical reserves</i> (£) |  |
|   |   | 1 - 20   | 10.24   |  |
|   |   | >20 - 270  | 10.24   |  |
|   |   | >270 - 7,000   | 10.24   |  |
|   |   | >7,000 - 45,000  | 10.24   |  |
|   |   | >45,000  | 10.24   |  |

|   |                        |  |   |
|---|------------------------|--|---|
| <b>A5 managing agents at Lloyd's</b>            | <b>active capacity</b> | Band width (£million of active capacity) | Fee per million of <i>active capacity</i> (£)   |
|   |                        | >50 - 150                                | 59.22   |
|   |                        | >150 - 250                               | 59.22   |
|   |                        | >250 - 500                               | 59.22   |
|   |                        | >500 - 1,000                             | 59.22   |
|   |                        | >1,000                                   | 59.22   |
| <b>A6 Society of Lloyd's</b>                    | <b>flat fee</b>        | <b>N/A</b>                               | <b>General periodic fee (£)</b><br>1,895,574.68 |
| <b>A10 Firms dealing as principal fee block</b> | <b>fee per trader</b>  | <b>Fee (£ per trader)</b>                | 5,776.00  |

**TABLE IV – MODIFICATIONS TO PERIODIC FEES FOR INCOMING EEA FIRMS AND INCOMING TREATY FIRMS WITH BRANCHES IN THE UK**

| <b>Fee payer</b>   | <b>Discount applied to <i>periodic fees</i></b> |
|--|---|
| <b>A1 deposit acceptors fee block</b>  | 50%   |
| <b>A3 general insurers fee block</b>   | 90%   |
| <b>A4 life insurers fee block</b>  | 90%   |
| <b>PT1 transition costs fee block</b>  | 100%  |
| <b>Incoming <i>EEA firms</i> and <i>incoming Treaty firms</i> offering <i>cross border services</i> only</b> | 100%  |

## 4 REGULATORY TRANSACTION FEES

Regulatory transaction fees – meaning and application

4.1 This chapter does not apply to *EEA firms* wishing to exercise an *EEA right*.

Due date for payment of regulatory transaction fees

4.2 Unless otherwise indicated in 4, the *due date for payment of regulatory transaction fees* is on or before the application is made.

4.3 *Regulatory transaction fees* incurred by a *firm* remain payable even if an *application* is withdrawn. *Regulatory transaction fees* once received by the *PRA*, or by the *collection agent* on its behalf, are non-refundable.

4.4 This Chapter 4 shows *regulatory transaction fees* payable to the *PRA*. As all *PRA firms* are dual regulated, fees may also be payable to the *FCA*.

Regulatory transaction fees for new authorisations

4.5 Regulatory transaction fees for new authorisations are payable as follows:

(1) All *applications* for *new authorisations* other than from *credit unions* are first assigned to the complexity groupings in Tables B and C to assist the *PRA* in determining the appropriate fee. Fees are then payable in accordance with:

(a) Table B if the permission sought does not include *consumer credit-related activities*; and

(b) Table C if the permission sought involves *consumer credit related activities*.

| <b>Table B – New authorisations not involving consumer credit-related activities</b>  |                  |
|---|------------------|
| <b>Application type</b>   | <b>£</b>         |
| Straightforward:<br>A3 or A4 <i>fee payer</i> which is a <i>friendly society</i>  | <b>750.00</b>    |
| Moderately complex:<br>A3 <i>fee payer</i> seeking permission as a <i>UK insurance special purpose vehicle</i><br>A5 <i>fee payer</i> seeking permission as a <i>managing agent</i> at Lloyd's  | <b>2,500.00</b>  |
| Complex:<br>A1 <i>fee payer</i> (other than a <i>credit union</i> ) seeking permission to accept deposits or operate dormant accounts<br>A3 <i>fee payer</i> (other than a <i>friendly society</i> or <i>UK insurance special purpose vehicle</i> )<br>A4 <i>fee payer</i> other than a <i>friendly society</i> | <b>12,500.00</b> |

| Table C – New authorisations involving consumer credit-related activities   |   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
|---|---|---------------------------------|-------|-------------------|---------------|---|---------------|--|-----------------|--|-----------------|---------------------------|-----------------|--|
| Application type  | £   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| Straightforward:<br><br><i>Fee payer</i> seeking permission for credit broking or providing information services.   | <table border="1"> <thead> <tr> <th>Annual consumer credit income £</th> <th>Fee £</th> </tr> </thead> <tbody> <tr> <td>50,000.00 or less</td> <td><b>300.00</b></td> </tr> <tr> <td>Greater than 50,000.00 and less than 100,000.00</td> <td><b>375.00</b></td> </tr> <tr> <td>Greater than 100,000.00 and less than 250,000.00</td> <td><b>500.00</b></td> </tr> <tr> <td>Greater than 250,000.00 and less than 1,000,000.00</td> <td><b>750.00</b></td> </tr> <tr> <td>Greater than 1,000,000.00</td> <td><b>2,500.00</b></td> </tr> </tbody> </table>     | Annual consumer credit income £ | Fee £ | 50,000.00 or less | <b>300.00</b> | Greater than 50,000.00 and less than 100,000.00 | <b>375.00</b> | Greater than 100,000.00 and less than 250,000.00 | <b>500.00</b>   | Greater than 250,000.00 and less than 1,000,000.00 | <b>750.00</b>   | Greater than 1,000,000.00 | <b>2,500.00</b> |  |
| Annual consumer credit income £   | Fee £   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| 50,000.00 or less   | <b>300.00</b>   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| Greater than 50,000.00 and less than 100,000.00   | <b>375.00</b>   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| Greater than 100,000.00 and less than 250,000.00  | <b>500.00</b>   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| Greater than 250,000.00 and less than 1,000,000.00  | <b>750.00</b>   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| Greater than 1,000,000.00   | <b>2,500.00</b>   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| Moderately complex:<br><br><i>Fee payer</i> seeking permission for: <ol style="list-style-type: none"> <li>debt administration/debt collecting;</li> <li>entering into regulated consumer hire agreement as lender (other than in relation to high-cost short term credit, bill of sale loan agreements and home credit loan agreements);</li> <li>exercising or having the right to exercise the owner's rights under a regulated consumer hire agreement;</li> <li>exercising or having the right to exercise the lender's rights and duties under a regulated consumer hire agreement (other than in relation to high-cost short term credit, bill of sale loan agreements and home credit loan agreements); or</li> <li>operating an electronic system in relation to lending.</li> </ol> | <table border="1"> <thead> <tr> <th>Annual consumer credit income £</th> <th>Fee £</th> </tr> </thead> <tbody> <tr> <td>50,000 or less</td> <td><b>400.00</b></td> </tr> <tr> <td>Greater than 50,000.00 and less than 100,000.00</td> <td><b>500.00</b></td> </tr> <tr> <td>Greater than 100,000.00 and less than 250,000.00</td> <td><b>750.00</b></td> </tr> <tr> <td>Greater than 250,000.00 and less than 1,000,000</td> <td><b>2,500.00</b></td> </tr> <tr> <td>Greater than 1,000,000.00</td> <td><b>5,000.00</b></td> </tr> </tbody> </table>         | Annual consumer credit income £ | Fee £ | 50,000 or less    | <b>400.00</b> | Greater than 50,000.00 and less than 100,000.00 | <b>500.00</b> | Greater than 100,000.00 and less than 250,000.00 | <b>750.00</b>   | Greater than 250,000.00 and less than 1,000,000    | <b>2,500.00</b> | Greater than 1,000,000.00 | <b>5,000.00</b> |  |
| Annual consumer credit income £   | Fee £   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| 50,000 or less  | <b>400.00</b>   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| Greater than 50,000.00 and less than 100,000.00   | <b>500.00</b>   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| Greater than 100,000.00 and less than 250,000.00  | <b>750.00</b>   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| Greater than 250,000.00 and less than 1,000,000   | <b>2,500.00</b>   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| Greater than 1,000,000.00   | <b>5,000.00</b>   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| Complex<br><br><i>Fee payer</i> seeking permission for: <ol style="list-style-type: none"> <li>debt adjusting/debt counselling;</li> <li>entering into a regulated credit agreement as lender in relation to high-cost short term credit, bill of sale loan agreements and home credit loan agreements;</li> <li>exercising, or having the right to exercise, the lender's rights and duties under a credit agreement as lender in relation to high-cost short term credit, bill of sale loan agreements and home credit loan agreements; or</li> <li>providing credit references.</li> </ol>   | <table border="1"> <thead> <tr> <th>Annual consumer credit income £</th> <th>Fee £</th> </tr> </thead> <tbody> <tr> <td>50,000.00 or less</td> <td><b>500.00</b></td> </tr> <tr> <td>Greater than 50,000.00 and less than 100,000.00</td> <td><b>625.00</b></td> </tr> <tr> <td>Greater than 100,000.00 and less than 250,000.00</td> <td><b>1,000.00</b></td> </tr> <tr> <td>Greater than 250,000.00 and less than 1,000,000.00</td> <td><b>3,500.00</b></td> </tr> <tr> <td>Greater than 1,000,000.00</td> <td><b>7,500.00</b></td> </tr> </tbody> </table> | Annual consumer credit income £ | Fee £ | 50,000.00 or less | <b>500.00</b> | Greater than 50,000.00 and less than 100,000.00 | <b>625.00</b> | Greater than 100,000.00 and less than 250,000.00 | <b>1,000.00</b> | Greater than 250,000.00 and less than 1,000,000.00 | <b>3,500.00</b> | Greater than 1,000,000.00 | <b>7,500.00</b> |  |
| Annual consumer credit income £   | Fee £   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| 50,000.00 or less   | <b>500.00</b>   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| Greater than 50,000.00 and less than 100,000.00   | <b>625.00</b>   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| Greater than 100,000.00 and less than 250,000.00  | <b>1,000.00</b>   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| Greater than 250,000.00 and less than 1,000,000.00  | <b>3,500.00</b>   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |
| Greater than 1,000,000.00   | <b>7,500.00</b>   |                                 |       |                   |               |   |               |  |                 |  |                 |                           |                 |  |

(2) *Credit unions* applying for new authorisations pay fees as follows:

(a) any *credit union* applying for a Part 4A permission for *consumer credit related activities* £100.00;

(b) a *credit union* which, prior to 3<sup>rd</sup> February 2016, would have been categorised as a *Version 1 credit union* applying for Part 4A permission not limited to *consumer credit related activities* £150.00;

(c) a *credit union* which, prior to 3<sup>rd</sup> February 2016, would have been categorised as a *Version 2 credit union* applying for *Part 4A permission* not limited to *consumer credit related activities* £900.00.

(3) Where an *application* is categorised as either straightforward or moderately complex and involves a simple change of legal status as defined in 4.5 (4), the fee payable for a *new authorisation* is discounted by 50%.

(4) An *application* involves only a simple change of legal status under 4.5(3) if it is from an applicant which:

(a) is a new legal entity intending to carry on the business, using the same business plan, of an existing *firm* where the latter has no outstanding regulatory obligations and is cancelling its *Part 4A permission*; and

(b) will:

(i) have the same or a narrower *Part 4A permission* and the same *branches* as the *firm*;

(ii) assume all of the rights and obligations in connection with any of the *PRA regulated activities* carried on by the *firm*;

(iii) continue the same compliance arrangements in relation to client assets and client money as the *firm* except for any changes required only as a result of the change of legal status; and

(iv) continue with a risk profile and arrangements for controlling and monitoring risk which will not be materially different from those of the *firm*.

(5) Where an applicant for a *new authorisation* is *FCA* authorised, the *application* will be treated as a variation of permission and fees will be payable in accordance with 4.7.

(6) Where a *new authorisation* under 4.5 or an exercise of *Treaty rights* under 4.6 relates to more than one *PRA regulated activity*, a single fee, being the highest applicable *regulatory transaction fee*, is payable.

(7) An *application* for a *new authorisation* is not deemed complete until the *regulatory transaction fee* is paid.

#### Exercise of Treaty rights

4.6 *Regulatory transaction fees* are payable as follows by *incoming Treaty firms* seeking to exercise a *Treaty right* in order to qualify for authorisation under Schedule 4 *FSMA* in respect of *PRA regulated activities* for which it does not have *EEA passporting rights* and which are not restricted to providing *cross border services*:

(1) unless 4.6 (2) applies:

(a) 50% of the amount payable under 4.5 if the permitted activities are being undertaken through the *firm's* branch in the *United Kingdom*; or

(b) 25% of the amount payable under 4.5 if the permitted activities are being undertaken by providing *cross border services* in the *United Kingdom*.

(2) No *regulatory transaction fees* are payable if *HM Treasury* has issued a certificate under paragraph 3(4) of Schedule 4 of *FSMA* confirming that equivalent protection is provided under the law of an *EEA state* other than the *United Kingdom*.

Variations of Part 4A permission and FCA authorised firms applying to carry on PRA regulated activity

4.7 Where a *fee-payer* seeks to vary its existing *Part 4A permission* or is an *FCA-authorized firm* seeking to obtain or vary a *Part 4A permission* in relation to *PRA regulated activity*, *regulatory transaction fees* are payable as follows:

- (1) if the *firm* is extending the scope of its *Part 4A permission* to include additional regulated activities, the fee will be 50% of the highest fee which would have been payable by that *firm* had it been applying for a *new authorisation* under 4.5; and
- (2) no fee is payable if the variation involves a reduction in scope of a *Part 4A permission* with no increases in permission.

Insurance business transfers under Part VII FSMA

4.8 The transferor seeking regulatory consent for an *insurance business transfer scheme* under Part VII of *FSMA* pays *regulatory transaction fees* as follows:

- (1) transfers involving *long term insurance business* £9,250.00; or
- (2) all other transfers £5,000.00,

the *due date for payment* being on or before the date of any *application* to the *PRA* for the appointment of an independent expert.

4.9 For the purposes of 4.8 an *insurance business transfer scheme* involving more than one transferor or transferee may, at the *PRA's* discretion, be treated as a single scheme to which only one fee will be applied. Where there is more than one transferor they will be jointly and severally liable for the fee.

4.10 A transferor in an *insurance business transfer scheme* may be liable to pay a *regulatory transaction fee* under 4.8 and a *special project fee* under 5 in relation to the same subject matter.

Ceding Insurer's Waiver

4.11 An applicant for a waiver or in relation to the treatment of assets of a *United Kingdom insurance special purpose vehicle* pays a fee of £20,000.00

Model approaches (*CRR firms*)

4.12 4.12 - 4.15 apply only to *CRR firms*.

4.13 *Regulatory transaction fees* are payable as follows where a *CRR firm* seeks permission from the *PRA* in its capacity as *United Kingdom regulator* or *consolidating supervisor*:

- (1) for permission to use one of the internal approaches referred to in 4.15 which require consent under Part Three of the *CRR*;
- (2) to modify that approach once permission is granted; or



(3) for guidance as to the availability of such an approach or modified approach.

4.14 The *due date for payment* under 4.12 -4.15 is as follows:

- (1) where the application is made directly to the *PRA*, on or before the *application* is made;
- (2) otherwise within 30 days after the *PRA* notifies the *firm* that its *EEA* parent's *consolidating supervisor* has requested assistance.

4.15 Where a *CRR firm* seeks permission to apply the *internal model method* for counterparty credit risk the fee payable is £54,000.00 and for other model approaches as set out in Table D below:

| <b>Table D: Model approaches under CRR other than the internal model method for counterparty credit risk</b>   |   |  |
|--|---|--|
| <b>Applicant</b> (groupings based on <i>tariff data</i> submitted by <i>firms</i> as at 31 December in the <i>fee year</i> prior to the <i>fee year</i> in which the fee is payable).  | <b>Column 1</b><br><b>Fee payable (£) except where Column 2 applies</b> | <b>Column 2</b><br><b>Fee payable (£) (firm with permission for foundation approach moving to an advanced approach.)</b> |
| Where the application relates to <i>CRD credit institutions</i> or <i>designated investment firms</i> with five or more significant overseas entities within the same group.   | <b>model approach</b>   | <b>£</b>   |
|  | <i>advanced IRB</i>   | 268,000.00   |
|  | <i>foundation IRB</i>   | 232,000.00   |
|  | <i>advanced measurement approaches</i>                                  | 181,000.00   |
| Where, at 31 December prior to the <i>fee year</i> in which the fee is payable, the applicant has<br><br>1. <i>modified eligible liabilities</i> in excess of £40,000,000.00; or<br><br>2. more than 200 traders.                                  | <b>model approach</b>   | <b>£</b>   |
|  | <i>advanced IRB</i>   | 232,000.00   |
|  | <i>foundation IRB</i>   | 198,000.00   |
|  | <i>advanced measurement approaches</i>                                  | 146,000.00   |
| Where, at 31 December prior to the <i>fee year</i> in which the fee is payable, the applicant has<br><br>1. <i>modified eligible liabilities</i> greater than £5,000,000.00 and less than £40,000,000.00; or<br><br>2. between 26 and 200 traders. | <b>model approach</b>   | <b>£</b>   |
|  | <i>advanced IRB</i>   | 94,000.00  |
|  | <i>foundation IRB</i>   | 72,000.00  |
|  | <i>advanced measurement approaches</i>                                  | 51,000.00  |
| Where, at 31 December prior to the <i>fee year</i> in which the fee is payable, the applicant has<br><br>1. <i>modified eligible liabilities</i> of £5,000,000.00 or less; or<br><br>2. between 0 and 25 traders.                                  | <b>model approach</b>   | <b>£</b>   |
|  | <i>advanced IRB</i>   | 42,000.00  |
|  | <i>foundation IRB</i>   | 30,000.00  |
|  | <i>advanced measurement approaches</i>                                  | 24,000.00  |

## Skilled persons

- 4.16 Where the *PRA* has given notice to a *fee payer* of its intention to itself appoint a *skilled person* to:
- (1) provide it with a report pursuant to s166(3)(b) of *FSMA*; or
  - (2) collect or update information pursuant to Section 166A(2)(b) of *FSMA*;
- the fee will be the amount invoiced by the skilled person.
- 4.17 The *due date for payment* will be within 30 days of the invoice.

## 5 SPECIAL PROJECT FEE FOR RESTRUCTURING

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### Application

- 5.1 In the circumstances described in this Chapter, a *firm* may be required to pay a *special project fee* for restructuring in addition to the other fees that it pays.

### Events giving rise to an SPF for restructuring

- 5.2 An *SPF* for restructuring becomes payable by a *firm* if it engages, or prepares to engage, in activity which involves it undertaking or making arrangements with a view to any of the following:
- (1) raising additional capital; or
  - (2) a significant restructuring of the *firm* or the *group* to which it belongs, including without limitation:
    - (a) mergers or acquisitions;
    - (b) reorganising the *firm's group* structure; and
    - (c) *retribution*.
- 5.3 No *SPF* for restructuring is payable if the transaction only involves the *firm* seeking to raise capital within the *group* to which it belongs.
- 5.4 An *SPF* for restructuring may also be payable by a *firm* if:
- (1) the *firm* becomes subject to *insolvency proceedings* or steps are taken by someone entitled to do so to commence *insolvency proceedings* against the *firm*; or
  - (2) either the *Bank of England* or *HM Treasury* has exercised a stabilisation power in respect of the *firm* under the Banking Act 2009.
- 5.5 The *PRA* and the *FCA* will levy separate *SPFs* for restructuring and may do so in relation to the same event or circumstance.
- 5.6 *SPFs* for restructuring, once paid, are non-refundable.

### Payment calculation

- 5.7 The *SPF* for restructuring is calculated as follows:

- (1) Determine the number of hours, or part of an hour, taken by the *PRA* in relation to regulatory work conducted as a consequence of the activities referred to in 5.2 or 5.4. The number of hours or part hours is as recorded on the *PRA*'s systems in relation to the work.
- (2) Next, multiply the applicable rate in the table of *SPF* hourly rates below by the number of hours or part hours arrived at under 5.7(1):

| <b>SPF hourly rates</b>                         |  |
|---|--|
| <b>Pay grade of persons employed by the PRA</b> | <b>Hourly rate applicable to the pay grade</b> |
| Administrator                                   | £30.00   |
| Associate                                       | £60.00   |
| Technical specialist                            | £90.00   |
| Manager   | £115.00  |
| Any other person employed by the <i>PRA</i>     | £170.00  |

- (3) Then add any fees and disbursements invoiced to the *PRA* by any third party provider in respect of services performed for the *PRA* in relation to assisting the *PRA* in performing the regulatory work referred to in 5.2 and 5.4.
- (4) The resulting figure is the fee.

Due date for payment and ongoing obligation in relation to *SPFs*

- 5.8 The *due date for payment* of an *SPF* for restructuring is 30 days from the date of the invoice.
- 5.9 The obligation to pay an *SPF* for restructuring is ongoing. There is no limit to the number of times that the *PRA* may invoice a firm for the *SPF* for restructuring in relation to the same events or circumstances.
- 5.10 The *SPF* for restructuring is a single fee which may be payable under both 5.2 and 5.4.