

**PRA RULEBOOK: PRA FEES AMENDMENT INSTRUMENT 2020****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); and
  - (3) 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 instruments) 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 the proposed rules and had regard to representations made.

**PRA Rulebook: PRA Fees Amendment Instrument 2020**

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

Part	Annex
Glossary	A
Fees	B

**Commencement**

- E. This instrument comes into force on 7 July 2020.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: PRA Fees Amendment Instrument 2020.

**By order of the Prudential Regulation Committee**

3 July 2020

**Annex A**

**Amendments to the Glossary**

In this Annex, striking through indicates deleted text.

~~*life policy*~~ has the meaning given in the ~~*PRA Handbook*~~ as at ~~31 July 2015~~.

## Annex B

## Amendments to the Fees Part

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

## 1 APPLICATION AND DEFINITIONS

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1.2 In this part, the following definitions shall apply:

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*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~~ life policies or *firms* whose *Part 4A permission* is insurance risk transformation.

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*life policy*

means:

- (1) a contract of long-term insurance other than a pure protection contract,
- (2) a long-term care insurance contract which is a pure protection contract, and
- (3) a pension term assurance policy.

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*pension term assurance policy*

means a personal pension policy which is a pure protection contract and in connection with which tax relief is available under Chapter 4 of Part 4 of the Finance Act 2004.

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*personal pension policy*

means a pension policy under which contributions (single or regular) are paid to a personal pension scheme.

*pure protection contracts*

means:

- (1) a contract of long-term insurance in respect of which the following conditions are met:
  - (a) the benefits under the contract are payable only on death or in respect of incapacity due to injury, sickness or infirmity;
  - (b) the contract has no surrender value, or the consideration consists of a single premium and the surrender value does not exceed that premium; and

(c) the contract makes no provision for its conversion or extension in a manner which would result in it ceasing to comply with (a) or (b); or

(2) a reinsurance contract covering all or part of a risk to which a person is exposed under a contract of long-term insurance that meets the conditions in (1).

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Ring-fencing fee(s)

means the fee or fees in 3.18A

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### 3 PERIODIC FEES

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#### *Ring-fencing fee*

- 3.18A
- (1) ~~The PRA will charge a ring-fencing fee to recover the annual cost to the PRA, as determined by the PRA, of fulfilling its functions in relation to ring-fencing. [Deleted.]~~
  - (2) ~~All firms within ring-fencing fees groups are subject to ring-fencing fees, based on the total modified eligible liabilities of the ring-fenced bodies within the group, and payable in accordance with Table IX of the Periodic Fees Schedule. The PRA may require that a single firm pays all ring-fencing fees due to the PRA by the group. [Deleted.]~~
  - (3) ~~Fee payers must comply with directions from the PRA or its collection agent as to payment of ring-fencing fees arising from any variance between the PRA's budgeted costs under 3.18A (1) and its actual costs once final, audited figures are available in relation to any fee year. A surplus of fee income against the PRA's actual costs may result in a credit to the firms making payment and a shortfall may necessitate a call for additional fees. [Deleted.]~~

~~Transitional rules (A3 and A4 fee payers) for the 2017/18 fee year.~~

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#### **PERIODIC FEES SCHEDULE – FEE RATES AND EEA/TREATY FIRM MODIFICATIONS FOR THE PERIOD FROM 1 MARCH 2019 TO 29 FEBRUARY 2020 1 MARCH 2020 TO 28 FEBRUARY 2021**

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TABLE IA MINIMUM PERIODIC FEE RATES

Fee Payer	Fee payable (£)
<i>Credit Unions with MELs under £2.0 million:</i>	

With <i>modified eligible liabilities</i> of 0-£0.5 million	80.00
With <i>modified eligible liabilities</i> greater than £0.5 million and less than £2.0 million	270.00
<p><i>Non-directive friendly societies</i> which either:</p> <p>(1) fall within the A3, but not the A4, <i>fee block</i> and have, in relation to their A3 activities <i>gross written premium for fees purposes</i> of 0 - £0.5million and <i>best estimate liabilities for fees purposes</i> of 0-£1.0 million; or</p> <p>(2) fall within the A4, but not the A3, <i>fee block</i> and have, in relation to their A4 activities, <del><i>gross written premium for fees purposes</i></del> of 0-£1.0 million and <del><i>best estimate liabilities for fees purposes</i></del> of 0-£1.0 million; 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>	215.00
All other firms	500.00

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Table IIIA – PERIODIC FEE RATES APPLICABLE TO PRA FEE BLOCKS OTHER THAN THE MINIMUM FEE BLOCK FOR THE FEE YEAR ~~2019-20~~ 2020-21

Column 1	Column 2	Column 3	Column 4
<i>Fee block</i>	<i>Tariff base</i>	<i>Tariff bands</i>	<i>Tariff rates</i>
A1 deposit acceptors fee block	<i>modified eligible liabilities</i>	Band width (£million of <i>MELs</i> )	Fee payable per million of part million of <i>MELs</i> (£)
		>10 -140	<del>31.50</del> <u>33.459</u>
		>140 - 630	<del>31.50</del> <u>33.459</u>
		>630 -1,580	<del>31.50</del> <u>33.459</u>
		>1,580 – 13,400	<del>39.38</del> <u>41.824</u>
		>13,400	<del>51.98</del> <u>55.207</u>
		Band width (£million of <i>gross</i>	Fee payable per million of <i>gross</i>

A3 general insurers fee block  <i>gross written premium for fees purposes, best estimate liabilities for fees purposes</i>	<i>gross written premium for fees purposes</i>	<i>written premium for fees purposes</i>	<i>written premium for fees purposes (£)</i>
		>0.5	<del>546.05</del> <u>595.90</u>
	<i>best estimate liabilities for fees purposes</i>	Band Width (£million of <i>best estimate liabilities for fees purposes</i> )	Fee payable per million of <i>best estimate liabilities for fees purposes (£)</i>
		>1	<del>34.26</del> <u>40.97</u>
For UK ISPVs 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> .			
A4 Life insurers fee block  <i>gross written premium for fees purposes, best estimate liabilities for fees purposes</i>	<i>gross written premium for fees purposes</i>	Band width (£million of <i>gross written premium for fees purposes</i> )	Fee payable per million of <i>gross written premium for fees purposes (£)</i>
		>1	<del>229.96</del> <u>217.84</u>
	<i>best estimate liabilities for fees purposes</i>	Band Width (£ million of <i>best estimate liabilities for fees purposes</i> )	Fee payable per million of <i>best estimate liabilities for fees purposes (£)</i>
		>1	<del>46.44</del> <u>15.81</u>
A5 managing agents at Lloyd's	<i>active capacity</i>	Band Width (£million of <i>active capacity</i> )	Fee payable per million of <i>active capacity (£)</i>
		>50	<del>49.57</del> <u>50.55</u>
A6 Society of Lloyd's	Flat fee	N/A	<b>General periodic fee (£)</b>  1,802,787.50 <u>1,975,132.27</u>
A10 Firms dealing as principal fee block	<i>total assets for fees purposes</i>	Band width (£million of <i>total assets for fees purposes</i> )	Fee payable per million or part million of <i>total assets for fees purposes (£)</i>

<i>total assets for fees purposes, total operating income for fees purposes</i>		<b>N/A</b>	<u>2.30-2.48</u>
	<i>total operating income for fees purposes</i>	Band width (£million of <i>total operating income for fees purposes</i> )	Fee payable per million or part million of <i>total operating income for fees purposes</i> (£)
		N/A	<u>307.05 381.05</u>

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TABLE VI – EU WITHDRAWAL COSTS ALLOCATION

Fee Payer	Tariff base for allocations to firms
All <i>firms</i> , except those paying only the minimum fee and <i>insurance special purpose vehicles</i>	Total <i>periodic fees</i> under 3.3(3) payable by the <i>firm</i> multiplied by <u>0.044588</u> <u>0.057857</u>

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TABLE IX – RING-FENCING FEE

[Deleted.]

Fee Payer	Tariff base for allocations to firms
All <i>firms</i> within <i>ring-fencing fees groups</i>	Total <i>periodic fees</i> under <del>3.3(3)</del> payable by the <i>ring-fenced bodies</i> within the <i>ring-fencing fees group</i> multiplied by <u>0.093379</u>

#### 4 REGULATORY TRANSACTION FEES

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- 4.5 Regulatory transaction fees for applications for new authorisations ~~new authorisations~~ new authorisations are payable in accordance with Table B. as follows:

- (1) ~~[Deleted.] 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 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  <i>A3 or A4 fee payer which is a friendly society or a fee payer which is an A1 credit union</i>	750.00
Moderately complex  <i>A3 fee payer seeking permission as a UK insurance special purpose vehicle</i> <i>A5 fee payer seeking permission as a managing agent at Lloyd's</i>	2,500.00
Complex  <i>A1 fee payer (other than a credit union) seeking permission to accept deposits or operate dormant accounts</i>  <i>A3 fee payer (other than a friendly society or UK insurance special purpose vehicle)</i>  <i>A4 fee payer other than a friendly society</i>	12,500.00

<b>Table C – New authorisations involving consumer credit related activities <u>[Deleted.]</u></b>		
<b>Application Type</b>	<b>£</b>	
Straightforward:  <i>Fee payer seeking permission for credit broking or providing information services.</i>	Annual consumer credit income £	<b>Fee £</b>
	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>
	<b>Greater than 1,000,000.00</b>	<b>2,500.00</b>
Moderately complex:  <i>Fee payer seeking permission for:</i>  (1) debt administration/debt collecting;  (2) 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);  (3) exercising or having the right to exercise the owners' rights under a regulated consumer hire agreement;  (4) 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  (5) operating an electronic system in relation to lending.	Annual consumer credit income £	
	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 1,000,000.00	<b>2,500.00</b>
	Greater than 1,000,000.00	<b>5,000.00</b>
Complex:  <i>Fee payer seeking permission for:</i>  (1) debt adjusting/debt counselling;	Annual consumer credit income £	Fee £
	50,000 or less	<b>500.00</b>

(2) 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;	Greater than 50,000.00 and less than 100,000.00	625.00
(3) 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	Greater than 100,000.00 and less than 250,000.00	1,000.00
(4) providing credit references.	Greater than 250,000.00 and less than 1,000,000.00	3,500.00
	Greater than 1,000,000.00	7,500.00

(2) ~~[Deleted.] 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 3rd 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 3rd February 2016, would have been categorised as a Version 2 credit union applying for a Part 4A permission not limited to consumer credit related activities £900.00.~~

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

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#### 4.7

- (1) ~~[Deleted.] 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) ~~[Deleted.] no fee is payable if the variation involves a reduction in scope of a Part 4A permission with no increases in permission.~~
- (3) ~~Subject to paragraph (4), Where where a fee payer or FCA authorised firm seeks to vary its existing Part 4A permission or is an FCA authorised firm seeking to obtain or~~

vary a *Part 4A permission* in relation to *PRA regulated activity*, ~~regulatory transaction fees~~ are applicable as follows: to:

- (a) include a *PRA regulated activity*, or
- (b) include, in relation to a *PRA regulated activity*, the activity of providing services to retail clients,

the fee payable shall be £12,500.

- (4) In a case where the *fee payer* or *FCA* authorised firm seeks to vary its existing *Part 4A permission* to include a *PRA regulated activity* described in:

- (a) *fee block A1* in respect of a *credit union* or *fee block A3* in respect of a *friendly society*, it shall be £750;
- (b) *fee block A3* in respect of an *ISPV* or *friendly society* or *fee block A5* in respect of a *Lloyd's managing agent*, it shall be £2,500.

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## 5 SPECIAL PROJECT FEE FOR RESTRUCTURING

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

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- (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):

SPF hourly rates	
Pay grade of persons employed by the PRA	Hourly rate
Administrator	£50.00 <u>£55.00</u>
Associate	£105.00 <u>£115.00</u>
Technical specialist	£155.00 <u>£170.00</u>
Manager	£195.00 <u>£215.00</u>
Any other persons employed by the <i>PRA</i>	£290.00 <u>£320.00</u>

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