

PERIODIC FEES (2002/2003) (No 2) INSTRUMENT 2002

Powers exercised

- A. The Financial Services Authority makes the rules and gives the guidance in this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (the "Act"):
- (1) section 156 (General supplementary powers);
 - (2) section 157(1) (Guidance); and
 - (3) paragraph 17(1) of Schedule 1 (Fees).
- B. The provisions of the Act relevant to making rules and listed above are specified for the purpose of section 153(2) (Rule-making instruments).

Commencement

- C. This instrument comes into force on 1 June 2002.

Amendment of SUP

- D. SUP is amended as set out in Annex A to this instrument.

Amendment of PROF

- E. PROF is amended as set out in Annex B to this instrument.

Amendment of CIS

- F. CIS is amended as set out in Annex C to this instrument.

Amendment of REC

- G. REC is amended as set out in Annex D to this instrument.

Amendment of FREN

- H. FREN is amended as set out in Annex E to this instrument.

Amendment of AUTH

- I. AUTH is amended as set out in Annex F to this instrument.

Amendment of COMP

- J. COMP is amended as set out in Annex G to this instrument.

Citation

- K. This instrument may be cited as the Periodic Fees (2002/2003) (No 2) Instrument 2002.

By order of the Board
16 May 2002

ANNEX A

1. Amend SUP 20 Annex 1R, Part 1, as shown (underlining indicates new text and striking through indicates deleted text):

1 Table

Every firm must pay its periodic fees for this period as follows:

- (a) ~~Every~~ every firm whose periodic fee to its *previous regulator* for the previous financial year was equal to or **more than** £50,000 must ~~pay a sum on account of its periodic fee~~ as follows:

Date payable	Amount payable
30 April 2002	50% of the periodic fee payable <u>to its <i>previous regulator</i></u> for the previous financial year
<u>1 September 2002</u>	The periodic fee payable under SUP 20.2.1R <u>less</u> <u>any amount paid on 30 April 2002</u>

- (b) every firm whose periodic fee to its *previous regulator* for the previous financial year was less than £50,000 must pay as follows:

Date payable	Amount payable
<u>1 July 2002</u>	The periodic fee payable under SUP 20.2.1R

2. In SUP 20 Annex 1R, Part 2 delete the words “(This part will be made at a later date.)” and replace with;

- (1) For each activity group specified in the table below, the fee is the total of the sums payable for each of the tariff bands applicable to the *firm's* business, calculated as follows:
- (a) the relevant minimum fee; plus
 - (b) an additional fee calculated by multiplying the *firm's* tariff base by the appropriate rates applying to each tranche of the tariff base, as indicated.
- (2) A *firm* may apply the relevant tariff bases and rates to non-UK business, as well as to its UK business, if:
- (a) it has reasonable grounds for believing that the costs of identifying the *firm's* UK business separately from its non-UK business in the way described in Part 7 are disproportionate to the difference in fees payable; and
 - (b) it notifies the FSA in writing at the same time as it provides the information concerned under SUP 20.3 (Information on which fees are calculated), or, if earlier, at the time it pays the fees concerned.
- (3) For a *firm* which has not complied with SUP 20.3.2R (information on which fees are calculated) for this period:
- (a) the fee is calculated using (where relevant) the valuation or valuations of business applicable to the previous period, multiplied by the factor of 1.10;
 - (b) an additional administrative fee of £250 is payable; and
 - (c) the minimum total fee (including the administrative fee in (b)) is £350.

Activity group (defined in Part 7)	Valuation date for tariff bases (defined in Part 7)	Fee payable (tariff bases defined in Part 7)	
A.1 Deposit acceptors	<p>For banks and firms with permission to issue e-money: Modified eligible liabilities, valued at:</p> <ul style="list-style-type: none"> for a <i>firm</i> which reports monthly, the average of the modified eligible liabilities for October, November and December 2001; for a <i>firm</i> which reports quarterly, the modified eligible liabilities for December 2001. <p>For credit unions: Modified eligible liabilities, valued at December 2001 or as disclosed by the most recent annual return made prior to that date.</p>	<p>Minimum fee (£m of MELs)</p> <p>if 0 - 0.5 fee is if >0.5 - 2 fee is if >2</p> <p>£ million of MELs</p> <p>0 - 10 >10 - 200 >200 - 2,000 >2,000 - 10,000 >10,000 - 20,000 > 20,000</p>	<p>Fee</p> <p>£150 £500 £1,000</p> <p>Fee (£/£m or part £m of MELs)</p> <p>0.00 41.4 41.2 41.0 40.8 40.4</p>
	<p>For building societies: Modified eligible liabilities, valued at the average of the modified eligible liabilities for October, November and December 2001.</p>	<p>The lower of:</p> <p>a) the fee calculated for <i>banks</i> above; and</p> <p>b) 140% of the General Charge paid by the building society (or in the case of a merger of two or more societies which occurs between 1 December 2001 and 31 March 2003, paid by each of them) to the Building Societies Commission in 2001/2 under SI 2001 No. 815.</p>	
A.2	This block does not apply for this period		
A.3 Firms conducting insurance activities subject only to prudential regulation	Annual gross premium income, valued at the period to which the most recent annual return relates [Note: for most <i>firms</i> this will be the 12 months ended 31 December 2001].	<p>£ million of GPI</p> <p>Minimum fee</p> <p>0 - 0.5 >0.5 - 2 >2 - 5 >5 - 20 >20 - 75 >75 - 150 > 150</p>	<p>Fee</p> <p>£375</p> <p>Fee (£/£m or part £m of GPI)</p> <p>0 1,860 1,720 1,580 500 430 60</p>
A.4 Firms conducting insurance activities subject to both prudential and conduct of business regulation	Adjusted annual gross premium income valued at the financial year ended in the calendar year ending 31 December 2001.	<p>£ million of AGPI</p> <p>Minimum fee</p> <p>0 - 1 >1 - 50 >50 - 1,000 >1,000 - 2,000 > 2,000</p>	<p>Fee</p> <p>£400</p> <p>Fee (£/£m or part £m of AGPI)</p> <p>0 720 650 430 290</p>

A.5 Managing Agents at Lloyd's	Active capacity, in respect of the 2002 Underwriting Year (as reported to the <i>Society of Lloyd's</i>)	<u>£ million of active capacity</u> Minimum fee 0 - 50 >50 - 150 >150 - 250 > 250	<u>Fee</u> £500 <u>Fee (£/£m or part £m of active capacity)</u> 0 46 39 11
A.6 The <i>Society of Lloyd's</i>	Not applicable		£1,090,547
A.7 Fund managers	For class C firms: funds under management, valued at 31 December 2001.	<u>Minimum fee (£m FuM)</u> Exactly 0 the fee is >0 the fee is <u>£ million of FuM</u> >0 - 10 >10 - 100 >100 - 2,500 >2,500 - 10,000 >10,000	<u>Fee</u> £0 £1,200 <u>Fee (£/£m or part £m of FuM)</u> 0.0 63.0 20.0 10.9 1.2
	For class B firms: funds under management, valued at 31 December 2001.	The fee calculated as for class C firms above less 15%.	
	For class A firms: funds under management, valued at 31 December 2001.	The fee calculated as for class C firms above less 50%.	
A.8	This block does not apply for this period		
A.9 Operators, Trustees and Depositories of collective investment schemes	Annual gross income, valued at the most recent financial year ended before 31 December 2001.	<u>Minimum fee (£m GI)</u> Exactly 0 the fee is >0 the fee is <u>£ million of GI</u> >0 - 1 >1 - 20 >20 - 500 >500 - 1,000 >1,000	<u>Fee</u> £0 £3,000 <u>Fee (£/£m or part £m of GI)</u> 0.0 1,530.5 1,240.0 1,060.0 798.0
A.10 Firms dealing as principal in investments	Number of traders as at 31 December 2001.	<u>No. of traders</u> Minimum fee 0 - 2 3 - 5 6 - 10 11 - 50 51 - 200 > 200	<u>Fee</u> £2,000 <u>Fee (£/trader)</u> 0 1,700 1,208 1,098 929 743

A.11 Execution-only arrangers, dealers or brokers	Annual commission or fee income, valued at the most recent financial year ended before 31 December 2001.	<u>£ million of income</u> Minimum fee 0 - 0.25 >0.25 - 1.25 >1.25 - 25 > 25 – 50 > 50	<u>Fee</u> £4,000 <u>Fee (£/£m or part £m of income)</u> 0 6,000 3,877 3,230 2,908
A.12 Advisory arrangers, dealers, or brokers (holding or controlling client money and/or assets)	Relevant <i>approved persons</i> as at 31 December 2001.	<u>Minimum fee (No. of persons)</u> Exactly 0 the fee is >0 the fee is <u>No. of persons</u> >0 - 1 2 - 4 5 - 10 11 - 25 26 - 100 101 - 1,000 > 1,000	<u>Fee</u> £0 £1,500 <u>Fee (£/person)</u> 0 830 413 287 154 115 77
For a <i>professional firm</i> in A.12 the fee is calculated as above less 20%.			
A.13 Advisory only firms and advisory, arrangers, dealers, or brokers (not holding or controlling client money and/or assets)	Relevant <i>approved persons</i> as at 31 December 2001.	<u>Minimum fee (No. of persons)</u> Exactly 0 the fee is BUT if the firm is A.13 Category (1) - the fee is OR if no. of persons >0 the fee is <u>No. of persons</u> >0 - 1 2 - 4 5 - 10 11 - 25 26 - 100 101 - 2,000 > 2,000	<u>Fee</u> £0 £1,450 £1,450 <u>Fee (£/person)</u> 0 742 711 678 618 556 517
For a <i>professional firm</i> in A.13 the fee is calculated as above less 20%.			
A.14 Corporate finance advisers	Relevant <i>approved persons</i> as at 31 December 2001.	<u>Minimum fee</u> Minimum fee <u>No. of persons</u> >0 - 1 2 3 - 4 5 - 10 11 - 100 101 - 200 > 200	<u>Fee</u> £1,300 <u>Fee (£/person)</u> 0 1,690 1,522 1,369 1,233 862 517
A.15	This block does not apply for this period.		
A.16 Pensions review levy firms	Not applicable.	90.5% of the pensions review levy amount paid to the PIA in 2001/2.	

A.17 Pensions review – SERPS adjustment firms	Not applicable	The tariff allocated to the <i>firm</i> set out in <i>PIA</i> rule 7.2.4 (Table A - SERPS Compensation Schedule).	
B Firms that have been designated as an operator of a prescribed market under the Financial Services and Markets Act 2000 (Prescribed Markets and Qualifying Investments) Order 2001, SI 2001/996	Not applicable		£30,000

3. In SUP 20 Annex 1R, Part 3 delete the words “(This part will be made at a later date.)” and replace with;

(1) The following deductions apply:

Activity group (defined in Part 7)	Nature of deduction	Deduction
A.7	Financial penalties received	0.51% of the fee payable by the <i>firm</i> for the activity group (see Part 2)

4. In SUP 20 Annex 1R, Part 4 delete the words “(This part will be made at a later date.)” and replace with;

The provisions of Part 2 apply, except that the amount payable for each additional activity group is the greater of:

- (a) the minimum fee specified for the activity group; or
- (b) the fee calculated in accordance with Part 2 for that activity group using the relevant information supplied by the *firm* to the *FSA* in the course of its application for the projected valuation of the first year of the business to which the tariff applies.

5. In SUP 20 Annex 1R, Part 5 delete the words “(This part will be made at a later date.)” and replace with:

Activity group (defined in Part 7)	Percentage of tariff payable under Part 2 applicable to the <i>firm</i> subject to a minimum amount payable of £100 (unless specified below)
A.1	20% (for a firm operating on cross-border services basis only, 0% and the minimum sum is not applicable)
A.3	0% and the minimum sum is not applicable
A.4	75%
A.7, A.8 and A.9	95%
A.10, A.11, A.12 and A.13	90%

6. In SUP 20 Annex 1R, Part 6 delete the words “(This part will be made at a later date.)” and replace with:

Fee per transaction	Date payable	Method of payment
2 pence (including VAT)	First working day of each month	As specified in Part 1

7. In SUP 20 Annex 1R, Part 7 delete the table and replace with:

Activity group	Fee-payer falls in the activity group if	Tariff-base
A.1 Deposit acceptors	<p>its <i>permission</i> includes <i>accepting deposits</i> or <i>issuing e-money</i>;</p> <p>BUT DOES NOT include any of the following:</p> <ul style="list-style-type: none"> • <i>effecting contracts of insurance</i>; • <i>carrying out contracts of insurance</i>. 	<p>MODIFIED ELIGIBLE LIABILITIES For Banks and firms with permission to issue e-money:</p> <p>Part 1: Liabilities In sterling: £2 + £3 + £4 + £5A + £5B + £6B + £6C + £6D + £6E + £6F + £6G + £6H + £6J + £7B + £7C + £7D + £7E + £7F + £7G + £7H + £7J + £8 + £10 + 60% of £11A + £44 plus In foreign currency, one-third of: E2 + E3 + E4 + E5A + E5B + E6B + E6C + E6D + E6E + E6F + E6G + E6H + E6J + E7B + E7C + E7D + E7E + E7F + E7G + E7H + E7J + E8 + E10 + 60% of E11A + E44 + C2 + C3 + C4 + C5A + C5B + C6B + C6C + C6D + C6E + C6F + C6G + C6H + C6J + C7B + C7C + C7D + C7E + C7F + C7G + C7H + C7J + C8 + C10 + 60% of C11A: less</p> <p>Assets In sterling: £21B + 60% of £22A + £23D + £23E + £23F + £30A + £30B + £31A + £31B + £32AA plus In foreign currency, one-third of: E21B + 60% of E22A + E23D + E23E + E23F + E30A + E30B + E31A + E31B + E32AA + C21B + 60% of C22A + C23D + C23E + C23F + C30A + C30B + C31A + C31B + C32AA</p>

Activity group	Fee-payer falls in the activity group if	Tariff-base
		<p>Part 2: Non-resident office offset Provided that the conditions and criteria (including those relating to the time by which a Non-Resident Office Offset Form must have been received by the <i>FSA</i>) set out by the <i>FSA</i> in the Non-Resident Office Offset Form (and accompanying letter) were duly satisfied, the fee base of a <i>bank</i> that has submitted a Non-Resident Office Offset Form to the <i>FSA</i> in February 2002 is adjusted by deducting from the amount calculated in accordance with part 1 above, the amount obtained by deducting from item 'c' in the Non-Resident Office Offset Form the sum of £1,000 million. Non-Resident Offset Forms must have been completed in accordance with the instructions therein and the accompanying letter and, so far as applicable, in accordance with the requirements for completing Forms BT. Each item in line 45D of a Non-Resident Office Offset Form shall, if it would otherwise have been a negative number, be zero.</p>
		<p>Notes: 1) All references in the above formula are to entries on Form BT (i.e. the Balance Sheet Form completed to provide information required following the Banking Statistics Review 1997 and returned by banks to the Bank of England as required by the Banking of England Act 1998). 2) 'E' refers to assets and liabilities denominated in euro (as referred to in column 2 of Form BT) and 'C' refers to assets and liabilities denominated in currencies other than sterling and euro (as referred to in column 3 of Form BT). In accordance with Form BT, assets and liabilities in currencies other than sterling are to be recorded in sterling 3) The figures reported on the Form BT relate to business conducted out of offices in the <i>United Kingdom</i>..</p>
		<p>For credit unions: Deposits with the <i>credit union</i> (share capital) LESS the <i>credit union's</i> bank deposits (investments + cash at bank) Note: By definition all business done by <i>credit unions</i> is from offices in the <i>United Kingdom</i>.</p>

Activity group	Fee-payer falls in the activity group if	Tariff-base
		<p>For building societies:</p> <ul style="list-style-type: none"> • deposit liabilities (including debt securities up to five years original maturity) (i.e. the amounts in sterling (in column 1) and one-third of foreign currency referenced amounts (in columns 2 and 3) for items B1.1+B1.2+B2.0a+B2.0b+B2.10+B2.13+ B2.14+B2.15+B2.16) <p>LESS amounts in respect of:</p> <ul style="list-style-type: none"> • sterling repo liabilities with the Bank of England (i.e. ONLY the amounts in sterling (in column 5) for item B2.5a) • balances held with the Bank of England (excluding cash ratio deposits) (i.e. the amounts in sterling (in column 1) and one-third of foreign currency referenced amounts (in columns 2 and 3) for item B6.2a, less the amounts in sterling (in column 1) and one-third of foreign currency referenced amounts (in columns 2 and 3) for item OW1.1) • market loans to banks, building societies (balances with and loans to, plus CDs, Commercial paper) (i.e. the amounts in sterling (in column 1) and one-third of foreign currency referenced amounts (in columns 2 and 3) for items B6.3.a+B6.4.a+B6.4b+B6.5a+B6.5b+ B6.12a) • investments with banks and building societies (bonds, notes and other debt instruments up to five years original maturity) (i.e. the amounts in sterling (in column 1) and one-third of foreign currency referenced amounts (in columns 2 and 3) for items B6.6a1+B6.6a2+B6.10a1+B6.10a2) <p>Notes: All references in the above definitions are to entries in the MFS1 which is submitted monthly by all <i>building societies</i> to the <i>FSA</i>.</p>
A.2	This activity group does not apply for this period.	

Activity group	Fee-payer falls in the activity group if	Tariff-base
<p>A.3 Firms conducting insurance activities subject only to prudential regulation</p>	<p>its <i>permission</i> includes one or more of the following:</p> <ul style="list-style-type: none"> • <i>effecting contracts of insurance</i>; • <i>carrying out contracts of insurance</i>; <p>BUT ONLY in respect of <i>specified investments</i> that are:</p> <ul style="list-style-type: none"> - <i>general insurance contracts</i>; or - <i>long-term insurance contracts</i> other than <i>life-policies</i>. 	<p>GROSS PREMIUM INCOME</p> <p>For insurers:</p> <p>The amount of <i>premiums</i> receivable required to be included in the documents required to be deposited under section 22(1) of the Insurance Companies Act 1982 (or <i>IPRU (INS) 9.6R</i>) in relation to the financial year to which the documents relate (or, where by reason of an order made under section 68 of the Insurance Companies Act 1982 (or such an order which has been carried forward after <i>commencement</i> under transitional provisions relating to written concessions in <i>SUP</i>, or a waiver) such amounts are not required to be included, the amount which would otherwise have been included).</p> <p>Less,</p> <p><i>premiums</i> relating to pension fund management business where the <i>firm</i> owns the investments and there is no transfer of risk.</p> <p>However, in the case of either:</p> <ul style="list-style-type: none"> a) a pure reinsurer carrying on <i>general insurance business</i> through a branch in the <i>United Kingdom</i>; or b) an <i>insurer</i> whose head office is not in an <i>EEA State</i> carrying on <i>general insurance business</i> through a branch in the <i>United Kingdom</i>; or c) a <i>non-EEA insurer</i> other than a <i>Swiss general insurer</i> which has <i>permission</i> to carry on <i>direct insurance business</i> and which has made a deposit in an <i>EEA state</i> other than <i>the United Kingdom</i> in accordance with section 9(1)(c) of the Insurance Companies Act 1982 (as it had effect in pursuance to section 9(2)(b) of that Act) or <i>IPRU(INS) rule 8.1(2)</i>, the amount only includes <i>premiums</i> received in respect of its <i>United Kingdom branch</i> business; and d) for a <i>Swiss general insurance company</i>, <i>premiums</i> include those relevant to the operations of the company's <i>United Kingdom branch</i>.

Activity group	Fee-payer falls in the activity group if	Tariff-base
		<p><u>For friendly societies:</u> Either: a) the value of "contributions" as income under Schedule 7: Part I item 1(a) of the regulations for a <i>non-directive friendly society</i>, included within the income and expenditure account, or b) the value of "gross premiums written" under Schedule 1: Part I items I.1(a) and II.1.(a) of the regulations for a <i>directive friendly society</i> included within the income and expenditure account.</p> <p>Notes: 1) The references above are to the Friendly Societies (Accounts and Related Provisions) Regulations 1994 (SI 1994/1983). 2) In both a) and b) above only <i>premiums</i> receivable in respect of <i>United Kingdom</i> branch business are relevant.</p>
<p>A.4 Firms conducting insurance activities subject to both prudential and conduct of business regulation</p>	<p>its <i>permission</i> includes one or more of:</p> <ul style="list-style-type: none"> • effecting contracts of insurance; • <i>carrying out contracts of insurance</i>; • both in respect of <i>specified investments</i> including <i>life policies</i>; • <i>entering as provider into a funeral plan contract</i>. 	<p>ADJUSTED GROSS PREMIUM INCOME</p> <p>Amount of new regular <i>premium</i> business (yearly <i>premiums</i> including reassurances ceded but excluding cancellations and reassurances accepted), times ten</p> <p>Plus, amounts of new single <i>premium</i> business (total including reassurances ceded but excluding cancellations and reassurances accepted). Group protection business (life and private health insurance) must be included.</p> <p>Less, <i>premiums</i> relating to pension fund management business where the <i>firm</i> owns the investments and there is no transfer of risk.</p> <p>For each of the above, business transacted through independent practitioners will be divided by two in calculating the adjusted gross premium income.</p> <p>Notes: 1 Business conducted through a <i>marketing associate</i> should be excluded in reporting the <i>product provider's</i> <i>premium</i> income. 2 Only <i>premiums</i> receivable in respect of <i>United Kingdom branch</i> business are relevant.</p>

Activity group	Fee-payer falls in the activity group if	Tariff-base
A.5 Managing agents at Lloyd's	its <i>permission</i> includes <i>managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's</i> .	<p>ACTIVE CAPACITY</p> <p>The capacity of the <i>syndicate(s)</i> under management in the year in question. This includes the capacity for <i>syndicate(s)</i> that are not writing new business, but have not been closed off in the year in question.</p>
A.6 The Society of Lloyd's	it is the <i>Society of Lloyd's</i> .	Not applicable
<p>GENERALLY, FOR FEE-BLOCKS A.7 TO A.15 BELOW, ONLY THOSE REGULATED ACTIVITIES THAT ARE NOT LIMITED TO NON-MAINSTREAM REGULATED ACTIVITIES SHOULD BE TAKEN INTO ACCOUNT IN DETERMINING WHICH FEE-BLOCK(S) FEE-PAYERS BELONG TO.</p> <p>HOWEVER, IN THE CASE THAT ALL THE REGULATED ACTIVITIES WITHIN A FIRM'S PERMISSION ARE LIMITED TO NON-MAINSTREAM REGULATED ACTIVITIES, THEN THAT FIRM SHALL BE ALLOCATED TO FEE-BLOCK A.13 ALONE.</p>		
A.7 Fund Managers	<p>its <i>permission</i> includes <i>managing investments</i>.</p> <p>This activity group is subdivided into three classes:</p> <ul style="list-style-type: none"> - class A, where the funds managed by the <i>firm</i> belong to one or more <i>occupational pension schemes</i>; - class B, where: <ul style="list-style-type: none"> (a) the <i>firm</i> is not a class A firm; and (b) the <i>firm's permission</i> includes NEITHER of the following: <ul style="list-style-type: none"> • <i>safeguarding and administering of investments (without arranging)</i>; • <i>arranging safeguarding and administration of assets</i>; and (c) the <i>firm</i> EITHER: <ul style="list-style-type: none"> • has a <i>requirement</i> that prohibits the <i>firm</i> from holding and/or controlling <i>client money</i>; OR • if it does not have such a <i>requirement</i>, only holds/controls <i>client money</i> arising from an agreement under which <i>commission</i> is rebated to a <i>client</i>; <p>and</p> <ul style="list-style-type: none"> - class C, where the <i>firm</i> is not within class A or class B. 	<p>FUNDS UNDER MANAGEMENT</p> <p>The total value, in £ pounds, of all assets (see note (a) below) in portfolios which the <i>firm</i> manages, on a discretionary basis (see note (b) below), in accordance with its terms of business, less:</p> <ul style="list-style-type: none"> a) funds covered by the exclusion contained in article 38 (Attorneys) of the <i>Regulated Activities Order</i>; b) funds covered by the exclusion contained in article 66(3) (Trustees, nominees and personal representatives) of the <i>Regulated Activities Order</i>; c) funds covered by the exclusion contained in article 68(6) (Sale of goods or supply of services) of the <i>Regulated Activities Order</i>; • funds covered by the exclusion contained in article 69(5) (Groups and joint enterprises) of the <i>Regulated Activities Order</i>; and • the value of those parts of the managed portfolios in respect of which the responsibility for the discretionary management has been formally delegated to another <i>firm</i> (and which <i>firm</i> will include the value of the assets in question in its own FuM total); any such deduction should identify the <i>firm</i> to which management responsibility has been delegated.

Activity group	Fee-payer falls in the activity group if	Tariff-base
		<p>Notes on FuM</p> <p>a) For the purposes of calculating the value of funds under management, “assets” means all assets that consist of or include any investment which is a <i>designated investment</i> or those assets in respect of which the arrangements for their management are such that the assets may consist of or include such investments and either the assets have at any time since 29 April 1988 done so or the arrangements have at any time (whether before or after that date) been held out as arrangements under which the assets would do so.</p> <p>b) Assets managed on a non-discretionary basis, being assets that the <i>firm</i> has a contractual duty to keep under continuous review but in respect of which prior specific consent of the <i>client</i> must be obtained for proposed transactions, are NOT included as this activity is covered in those charged to fees in activity groups A.12 and A.13.</p> <p>c) In respect of collective investment schemes, “assets” means the total value of the assets of the scheme.</p> <p>d) For an <i>OPS firm</i>, the FuM should also be reduced by the value of the assets held as a result of a decision taken in accordance with article 4(6) of The Financial Services and Markets Act 2000 (Carrying on Regulated Activities by Way of Business) Order 2001 (investments in collective investment schemes or bodies corporate which have as their primary purpose the acquisition, directly, or indirectly, of “relevant investments”, as defined in that article).</p> <p>e) Only assets that are managed from an establishment maintained by the <i>firm</i> in the <i>United Kingdom</i> are relevant.</p>
A.8	This activity group does not apply for this period.	

Activity group	Fee-payer falls in the activity group if	Tariff-base
<p>A.9 Operators, Trustees and Depositaries of collective investment schemes</p>	<p>(1) its <i>permission</i>,</p> <p>(a) includes one or more of the following:</p> <ul style="list-style-type: none"> • <i>establishing, operating or winding up a regulated collective investment scheme;</i> • <i>establishing, operating or winding up an unregulated collective investment scheme;</i> • <i>acting as trustee of an authorised unit trust scheme;</i> • <i>acting as the depositary or sole director of an open-ended investment company;</i> <p>AND</p> <p>(b) PROVIDED the <i>firm</i> is NOT one of the following:</p> <ul style="list-style-type: none"> • <i>a corporate finance advisory firm;</i> • <i>a firm in which the above activities are limited to carrying out corporate finance business;</i> • <i>a venture capital firm;</i> <p>OR</p> <p>(2) if the fee-payer has none of the <i>regulated activities</i> above within its <i>permission</i>, but ALL the remaining <i>regulated activities</i> in its <i>permission</i> are limited to carrying out trustee activities.</p>	<p>GROSS INCOME</p> <p><u>For operators (including ACDs and managers of unit trusts):</u></p> <p>Gross income from the activity relating to fee-block A.9 is defined as:</p> <ul style="list-style-type: none"> • the amount of the annual charge on funds invested in <i>regulated</i> or <i>unregulated collective investment schemes</i> received or receivable in the latest accounting period (this is calculated as a % of funds invested, typically 1% p.a.); <p>PLUS</p> <ul style="list-style-type: none"> • the front-end or exit charge levied on sales or redemptions of <i>collective investment schemes</i> (typically 4-5% of sales/redemptions) in that same accounting period; <p>PLUS</p> <ul style="list-style-type: none"> • any additional initial or management charges levied through a product wrapper such as a <i>PEP</i> or an <i>ISA</i>; <p>BUT EXCLUDING box management profits.</p> <p><u>For depositaries (including trustees of collective investment schemes and ICVC depositaries):</u></p> <p>The amount of the annual charge levied on funds in <i>regulated collective investment schemes</i> for which they act as <i>depositary</i> (typically a % of the total funds for which they act as <i>depositary</i>).</p> <p>Note: Only the gross income corresponding to <i>United Kingdom</i> business is relevant.</p>

Activity group	Fee-payer falls in the activity group if	Tariff-base
<p>A.10 Firms dealing as principal</p>	<p>its <i>permission</i> includes <i>dealing in investments as principal</i>; BUT NOT if one or more of the following apply:</p> <ul style="list-style-type: none"> • the above activity is carried on exclusively in respect of <i>life policies</i>; • the <i>firm</i> is acting exclusively as a matched principal broker; • the above activity is limited either to acting as an <i>operator</i> of a <i>collective investment scheme</i>, or to carrying out trustee activities; • the <i>firm</i> is a <i>corporate finance advisory firm</i>; • the above activity is otherwise limited to carrying out <i>corporate finance business</i>. • the <i>firm</i> is subject to a <i>limitation</i> to the effect that the <i>firm</i>, in carrying on this <i>regulated activity</i>, is limited to entering into transactions in a manner which, if the <i>firm</i> was an <i>unauthorised person</i>, would come within article 16 of the <i>Regulated Activities Order</i> (Dealing in contractually based investments). 	<p>NUMBER OF TRADERS</p> <p>Any <i>employee</i> or agent, who:</p> <ul style="list-style-type: none"> • ordinarily acts within the <i>United Kingdom</i> on behalf of an <i>authorised person</i> liable to pay fees to the <i>FSA</i> in its fee-block A.10 (firms dealing as principal); and who, • as part of their duties in relation to those activities of the <i>authorised person</i>, commits the <i>firm</i> in market dealings or in transactions in <i>securities</i> or in other <i>specified investments</i> in the course of <i>regulated activities</i>.

Activity group	Fee-payer falls in the activity group if	Tariff-base
<p>A.11 Execution-only arrangers, dealers or brokers</p>	<p>its <i>permission</i>,</p> <p>(a) includes one or more of the following:</p> <ul style="list-style-type: none"> • <i>dealing in investments as agent;</i> • <i>arranging (bringing about) deals in investments;</i> • <i>making arrangements with a view to transactions in investments;</i> • <i>dealing as principal in investments where the activity is carried on exclusively in respect of <i>life policies</i> or where the <i>firm</i> acts as a matched principal broker;</i> <p>(b) BUT NONE of the following:</p> <ul style="list-style-type: none"> • <i>effecting contracts of insurance;</i> • <i>carrying out contracts of insurance;</i> • <i>advising on investments (except pensions transfers and pension opt-outs);</i> or • <i>advising on pension transfers and pension opt-outs;</i> or • <i>accepting deposits;</i> <p>AND</p> <p>(c) PROVIDED the fee-payer is NOT any of the following:</p> <ul style="list-style-type: none"> • <i>a corporate finance advisory firm;</i> • <i>a firm for whom all of the applicable activities above are otherwise limited to carrying out corporate finance business;</i> • <i>a firm whose activities are limited to carrying out venture capital business;</i> • <i>a firm whose activities are limited to acting as an operator, depositary or trustee of a collective investment scheme, or trustee activities.</i> 	<p>COMMISSION OR FEE INCOME</p> <ul style="list-style-type: none"> • The commission or fee income derived from the activity (earned over the 12 months ending on the 31 December prior to the period to which the FSA's periodic fees relate). <p>Income received would include:</p> <ul style="list-style-type: none"> • Gross commission and brokerage fees: the total commission and brokerage earned by a <i>firm</i> in the conduct of agency broking before the deduction of commissions share or paid to third parties. <p>But for <i>firms dealing in investments as principal</i> that are exclusively <i>life policies</i>, commission or fee income will be deemed to be half the gross margin reported in the period referred to above.</p> <p>Note: Only the commission or fee income derived from <i>United Kingdom</i> business is relevant.</p>

Activity group	Fee-payer falls in the activity group if	Tariff-base
<p>A.12 Advisory arrangers, dealers or brokers (holding or controlling client money and/or assets)</p>	<p>its <i>permission</i>,</p> <p>(a) includes one or more of the following:</p> <ul style="list-style-type: none"> • <i>dealing in investments as agent;</i> • <i>arranging (bringing about) deals in investments;</i> • <i>making arrangements with a view to transactions in investments ;</i> • <i>dealing as principal in investments where the activity is carried on as a matched principal broker;</i> <p>AND</p> <p>(b) AT LEAST one of the following:</p> <ul style="list-style-type: none"> • <i>advising on investments (except pension transfers and pension opt-outs);</i> • <i>advising on pension transfers and pension opt-outs;</i> • <i>advising on syndicate participation at Lloyd's;</i> <p>(c) BUT NONE of the following:</p> <ul style="list-style-type: none"> • <i>effecting contracts of insurance; or</i> • <i>carrying out contracts of insurance.</i> <p>AND</p> <p>(d) CAN HAVE one or more of the following:</p> <ul style="list-style-type: none"> • <i>safeguarding and administering of assets;</i> • <i>arranging safeguarding and administration of assets;</i> • the ability to hold and/or control <i>client money</i>: <ul style="list-style-type: none"> - that is, there is no <i>requirement</i> which prohibits the <i>firm</i> from doing this; - and provided that the <i>client money</i> in question does not only arise from an agreement under which <i>commission</i> is rebated to a <i>client</i>; <p>AND</p> <p>(e) PROVIDED the fee-payer is NOT any of the following:</p> <ul style="list-style-type: none"> • a <i>corporate finance advisory firm</i>; • a <i>firm</i> for whom all of the applicable activities above are otherwise limited to carrying out <i>corporate finance business</i>; • a <i>firm</i> whose activities are limited to carrying out <i>venture capital business</i>; • a <i>firm</i> whose activities are limited to acting as an operator of a <i>collective investment scheme</i>; • a <i>firm</i> whose activities are limited to carrying out <i>trustee</i> activities. 	<p>APPROVED PERSONS</p> <p>The number of <i>persons</i> approved to undertake one, or more, of the following <i>customer functions</i>:</p> <p>CF21 <i>Investment adviser function;</i> CF22 <i>Investment adviser (trainee) function;</i> CF24 <i>Pension transfer specialist function;</i> CF25 <i>Adviser on syndicate participation at Lloyd's function; or</i> CF26 <i>Customer trading function</i></p>

Activity group	Fee-payer falls in the activity group if	Tariff-base
<p>A.13 Advisory only firms and advisory, arrangers, dealers or brokers (not holding or controlling client money and/or assets)</p>	<p>(1) it is an <i>authorised professional firm</i> and ALL the <i>regulated activities</i> in its <i>permission</i> are limited to <i>non-mainstream regulated activities</i>;</p> <p>OR</p> <p>(2) its <i>permission</i> contains both:</p> <ul style="list-style-type: none"> • <i>making arrangements with a view to transactions in investments</i>; and • <i>accepting deposits</i>. <p>OR</p> <p>(3) its <i>permission</i>,</p> <p>(a) includes one or more of the following:</p> <ul style="list-style-type: none"> • <i>dealing in investments as agent</i>; • <i>arranging (bringing about) deals in investments</i>; • <i>making arrangements with a view to transactions in investments</i>; • <i>dealing as principal in investments</i> where the activity is carried on as a matched principal broker; <p>AND</p> <p>(b) AT LEAST one of the following:</p> <ul style="list-style-type: none"> • <i>advising on investments (except pension transfers and pension opt-outs)</i>; • <i>advising on pension transfers and pension opt-outs</i>; • <i>advising on syndicate participation at Lloyd's</i>; <p>(c) BUT NONE of the following:</p> <ul style="list-style-type: none"> • <i>effecting contracts of insurance</i>; • <i>carrying out contracts of insurance</i>; • <i>safeguarding and administration of assets</i>; • <i>arranging safeguarding and administration of assets</i>; <p>AND</p> <p>(d) MUST EITHER:</p> <ul style="list-style-type: none"> • have a <i>requirement</i> that prohibits the <i>firm</i> from holding and/or controlling <i>client money</i>; OR • if it does not have such a <i>requirement</i>, only holds/controls <i>client money</i> arising from an agreement under which <i>commission</i> is rebated to a <i>client</i>; <p>AND</p>	<p>APPROVED PERSONS</p> <p>The number of <i>persons</i> approved to undertake one, or more, of the following <i>customer functions</i>:</p> <p>CF21 <i>Investment adviser function</i>;</p> <p>CF22 <i>Investment adviser (trainee) function</i>;</p> <p>CF24 <i>Pension transfer specialist function</i>;</p> <p>CF25 <i>Adviser on syndicate participation at Lloyd's function</i>; or</p> <p>CF26 <i>Customer trading function</i></p>

Activity group	Fee-payer falls in the activity group if	Tariff-base
<p>A.13 Advisory only firms and advisory, arrangers, dealers or brokers (not holding or controlling client money and/or assets)</p> <p>Continued...</p>	<p>(e) PROVIDED the fee-payer is NOT one of the following:</p> <ul style="list-style-type: none"> • a <i>corporate finance advisory firm</i>; • a <i>firm</i> for whom all of the applicable activities above are otherwise limited to carrying out <i>corporate finance business</i>; • a <i>firm</i> whose activities are limited to acting as an <i>operator</i> of a <i>collective investment scheme</i>; • a <i>firm</i> whose activities are limited to carrying out <i>trustee</i> activities. <p>OR</p> <p>(4) its <i>permission</i>,</p> <p>(a) includes one or more of the following:</p> <ul style="list-style-type: none"> • <i>advising on investments (except pension transfers and pension opt-outs)</i>; • <i>advising on pension transfers and pension opt-outs</i>; • <i>advising on syndicate participation at Lloyd's</i>; <p>(b) BUT MUST NOT include:</p> <ul style="list-style-type: none"> • <i>dealing in investments as agent</i>; • <i>arranging (bringing about) deals in investments</i>; • <i>making arrangements with a view to transactions in investments</i>; • <i>dealing as principal in investments</i> where the activity is carried on as a matched principal broker; <p>AND</p> <p>(c) PROVIDED the fee-payer is NOT one of the following:</p> <ul style="list-style-type: none"> • a <i>corporate finance advisory firm</i>; • a <i>firm</i> for whom all of the applicable activities above are otherwise limited to carrying out <i>corporate finance business</i>; • a <i>firm</i> whose activities are limited to carrying out <i>venture capital business</i>; • a <i>firm</i> whose activities are limited to acting as an <i>operator</i> of a <i>collective investment scheme</i>; • a <i>firm</i> whose activities are limited to carrying out <i>trustee</i> activities. 	
<p>A.14 Corporate finance advisers</p>	<p>the <i>firm</i> is carrying on <i>corporate finance business</i>.</p>	<p>APPROVED PERSONS</p> <p>The number of <i>persons</i> approved to undertake the following <i>controlled function</i>:</p> <p>CF23 <i>Corporate finance adviser function</i></p>

Activity group	Fee-payer falls in the activity group if	Tariff-base
A.15	This activity group does not apply for this period.	
A.16 Pensions review levy firms	it was liable to pay the Pensions Levy to the <i>PIA</i> in 2001/2002.	Percentage share of the amount paid towards the <i>PIA</i> 's 2001/2002 pensions review Levy by fee-payers in fee-block A.16.
A.17 Pensions review - SERPS adjustment firms	It is subject to <i>PIA</i> rule 7.2.4 under the Designation of Pensions Review Provisions Instrument 2001.	Not applicable.
B	<i>Firms</i> that have been designated as an operator of a prescribed market under the Financial Services and Markets Act 2000 (Prescribed Markets and Qualifying Investments) Order 2001, SI 2001/996.	Not applicable.

7. In SUP 20 Annex 1R, Part 8 delete the words “(This part will be made at a later date.)” and insert:

- (1) The amount of the periodic fee payable under SUP 20.6.1R is £1,000.

ANNEX B

1. Amend PROF 6, Ann 1R, Table 1 as shown (underlining indicates new text and striking through indicates deleted text):

Name of <i>designated professional body</i> (Periodic fees will be made at a later date.)	Amount payable	Due date
<u>The Law Society</u>	<u>£161,560</u>	<u>1 July 2002</u>
<u>The Law Society of Scotland</u>	<u>£19,100</u>	<u>1 July 2002</u>
<u>The Law Society of Northern Ireland</u>	<u>£23,060</u>	<u>1 July 2002</u>
<u>The Institute of Actuaries</u>	<u>£10,360</u>	<u>1 July 2002</u>
<u>The Institute of Chartered Accountants in England and Wales</u>	<u>£103,180</u>	<u>1 July 2002</u>
<u>The Institute of Chartered Accountants of Scotland</u>	<u>£18,500</u>	<u>1 July 2002</u>
<u>The Institute of Chartered Accountants in Ireland</u>	<u>£15,110</u>	<u>1 July 2002</u>
<u>The Association of Chartered Certified Accountants</u>	<u>£26,100</u>	<u>1 July 2002</u>
Any person seeking an order under section 326(1) of the <i>Act (Designation of professional bodies)</i>	£5,000	30 days after the order is laid before Parliament

ANNEX C

1. Amend CIS 18 Annex 1R, Part B as shown (underlining indicates new text and striking through indicates deleted text):

(This part will be made at a later date)

<u>Nature and purpose of fee</u>	<u>Payable by</u>	<u>Amount of fee</u>	<u>Umbrella scheme factor (Note 5)</u>
<u>Periodic fee for an ICVC</u>	<u>The authorised corporate director</u>	<u>£600</u>	<u>2</u>
<u>Periodic fee for an AUT</u>	<u>The manager</u>	<u>£600</u>	<u>2</u>
<u>Periodic fee for a scheme recognised under section 264 of the Act</u>	<u>The operator</u>	<u>£600</u>	<u>2</u>
<u>Periodic fee for a scheme recognised under section 270 of the Act</u>	<u>The operator</u>	<u>£600</u>	<u>2</u>
<u>Periodic fee for a scheme recognised under section 272 of the Act</u>	<u>The operator</u>	<u>£3,500</u>	<u>2</u>

ANNEX D

1. Amend REC 7 Annex 1R, Part 1 as shown (underlining indicates new text and striking through indicates deleted text):

Part 1 – Periodic fees for UK recognised bodies in relation to the period from 1 April 2002 to 31 March 2003.		
Name of UK recognised body (This part will be made at a later date.)	Amount Payable	Due Date
<u>COREDEAL Limited</u>	<u>£138,000</u>	<u>30 April 2002</u>
	<u>£24,000</u>	<u>1 September 2002</u>
<u>CRESTCo Limited</u>	<u>£206,500</u>	<u>30 April 2002</u>
	<u>£341,500</u>	<u>1 September 2002</u>
<u>ECCP</u>	<u>£264,000</u>	<u>1 July 2002</u>
	=	=
<u>The International Petroleum Exchange of London Limited</u>	<u>£181,000</u>	<u>30 April 2002</u>
	<u>£69,000</u>	<u>1 September 2002</u>
<u>Jiway Limited</u>	=	=
	=	=
<u>LIFFE Administration and Management</u>	<u>£39,500</u>	<u>30 April 2002</u>
	<u>£520,500</u>	<u>1 September 2002</u>
<u>The London Clearing House Limited</u>	<u>£70,500</u>	<u>30 April 2002</u>
	<u>£477,500</u>	<u>1 September 2002</u>
<u>The London Metal Exchange Limited</u>	<u>£175,000</u>	<u>30 April 2002</u>
	<u>£280,000</u>	<u>1 September 2002</u>
<u>The London Stock Exchange Limited</u>	<u>£70,500</u>	<u>30 April 2002</u>
	<u>£614,500</u>	<u>1 September 2002</u>
<u>OM London Exchange Limited</u>	<u>£163,000</u>	<u>30 April 2002</u>
	<u>£123,000</u>	<u>1 September 2002</u>
<u>virt-x plc</u>	<u>£76,500</u>	<u>30 April 2002</u>
	<u>£175,500</u>	<u>1 September 2002</u>
<u>Any other UK recognised investment exchange recognised as such by a <i>recognition order</i> made between 1 April 2002 and 31 March 2003</u>	<u>£150,000</u>	<u>30 days after the date on which the recognition order is made.</u>
<u>Any other UK recognised clearing house recognised as such by a <i>recognition order</i> made between 1 April 2002 to 31 March 2003</u>	<u>£250,000</u>	<u>30 days after the date on which the recognition order is made.</u>

2. Amend REC 7 Annex 1R, Part 2 as shown (underlining indicates new text and striking through indicates deleted text):

Part 2 – Periodic fees for recognised overseas bodies in relation to the period from 1 April 2002 to 31 March 2003.		
Name of recognised overseas body (This part will be made at a later date.)	Amount Payable	Due Date
<u>Cantor Financial Futures Exchange</u>	<u>£9,000</u>	<u>1 July 2002</u>
<u>Chicago Mercantile Exchange</u>	<u>£9,000</u>	<u>1 July 2002</u>
<u>Chicago Board of Trade</u>	<u>£9,000</u>	<u>1 July 2002</u>
<u>Eurex Zurich</u>	<u>£9,000</u>	<u>1 July 2002</u>
<u>NASDAQ</u>	<u>£9,000</u>	<u>1 July 2002</u>
<u>NASDAQ LIFFE, LLC Futures Exchange</u>	<u>£9,000</u>	<u>1 July 2002</u>
<u>New York Mercantile Exchange</u>	<u>£9,000</u>	<u>1 July 2002</u>
<u>New Zealand Futures and Options Exchange</u>	<u>£9,000</u>	<u>1 July 2002</u>
<u>Swiss Exchange</u>	<u>£9,000</u>	<u>1 July 2002</u>
<u>Sydney Futures Exchange</u>	<u>£9,000</u>	<u>1 July 2002</u>

<u>Wareterminbörse Hannover</u>	<u>£9,000</u>	<u>1 July 2002</u>
<u>Any other overseas <i>recognised body</i> recognised as such by a <i>recognition order</i> made between 1 April 2002 to 31 March 2003</u>	<u>£9,000</u>	<u>Date the application is made.</u>

ANNEX E

1. Amend FREN 1.2.2G as shown (underlining indicates new text and striking through indicates deleted text):

	Part of Handbook	Applicability to small friendly societies
	Supervision Manual (SUP)	... (o) <i>SUP 18 (Transfers of business)</i> (p) <u>SUP 20 (Fees Rules)</u> (q) (p) Appendix 1 (Prudential categories and sub-categories) (r) (q) Appendix 2 (Scheme of operations) ...

ANNEX F

1. Amend AUTH 4, Annex 1R, “Part 2 – Complexity Groupings” in the “Straightforward Cases” Table as follows (underlining indicates new text and striking through indicates deleted text):

Activity grouping	Description
A.3	<i>Friendly societies</i> only
A.4	<i>Friendly societies</i> only
A.12	Advisory arrangers, dealers or brokers (holding or controlling <i>client money</i> and/or assets)
A.13	<u>Advisory only firms and advisory</u> Advisory arrangers, dealers or brokers (not holding or controlling <i>client money</i> and/or assets)
A.14	Corporate finance advisers
A.15	Advisory only firms

2. Amend AUTH 4, Annex 1R, “Part 2 – Complexity Groupings” in the “Moderately Complex Cases” Table as follows (striking through indicates deleted text):

Activity grouping	Description
A.5	<i>Managing agents</i> at Lloyd's
A.7	Fund managers (holding or controlling client money and/or assets)
A.8	Fund managers (not holding or controlling client money and/or assets)
A.9	<i>Operators, trustees</i> and <i>depositories</i> of <i>collective investment schemes</i>
A.10	<i>Firms dealing as principal</i>
A.11	Execution only arrangers, dealers or brokers

ANNEX G

3. Amend COMP 13.6.9G as follows (underlining indicates new text and striking through indicates deleted text):

SUB-SCHEME	CONTRIBUTION GROUP (REFERENCES TO A1, A2 ETC ARE TO THE FSA FEE BLOCKS)	LEGAL BASIS FOR ACTIVITY (references are to articles of the <i>Regulated Activities Order</i>)	TARIFF BASE
Designated investment business	A7 – fund managers holding client money and/or assets	<i>Managing investments</i> (article 33), and either (a) holding client money; or (b) safeguarding and administering investments (article 36)	Funds under management
Designated investment business ...	A8 – fund managers not holding either client money and/or assets ...	<i>Managing investments</i> (article 33), but not (a) holding client money; or (b) safeguarding and administering investments (article 36) ...	Funds under management ...
Designated investment business ...	A13 – <u>advisory only</u> and brokers (excluding execution only brokers and corporate finance advisers) – not holding either client money or assets ...	Any of the following: (a) <i>dealing in investments as agent</i> (article 19); (b) <i>arranging (bringing about) deals in investments</i> (article 21(1)); (c) <i>making arrangements with a view to transactions in investments</i> (article 22(2)); with <i>permission to advise on investments</i> (article 49), <u>but not within A11, A12 or A14</u> ; but not to (i) hold <i>client money</i> ; and (ii) <i>safeguard and administer investments</i> (article 36). ...	Number of <i>approved persons</i> ...
Designated investment business ...	A15 – advisory only ...	Advising on investments (article 49), but not within A11 to A14 ...	Number of <i>approved persons</i> ...