

**PRA PERIODIC FEES (2013/2014) AND OTHER FEES INSTRUMENT 2013**

**Powers exercised by the Prudential Regulation Authority**

- A. The Prudential Regulation Authority makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (the “Act”):
- (1) section 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 listed above are specified for the purpose of section 138G (Rule-making instruments) of the Act.

**Commencement**

- C. This instrument comes into force on 1 July 2013.

**Amendments to the Handbook**

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

**Notes**

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

**Citation**

- F. This instrument may be cited as the PRA Periodic Fees (2013/2014) and Other Fees Instrument 2013.

By order of the Board of the Prudential Regulation Authority

27 June 2013

## Annex

### Amendments to the Fees manual (FEES)

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

#### 3 Application, Notification and Vetting Fees

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Method of payment

##### 3.2.3 R (1) ...

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- (3) The sum payable under *FEES* 3.2.1R by a *firm* applying for a variation of its *Part 4A permission* (*FEES* 3.2.7R and, if applicable, *FEES* 3.2.7AR(c)) must be paid by any of the methods described in (1) or by Maestro, Visa Debit or credit card (Visa/Mastercard only). Any payment by a permitted credit card must include an additional 2% of the sum paid.

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#### 4 Periodic fees

##### 4.1 Introduction

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Background

##### 4.1.3 G

~~[Note: References to the fee period 1 April 2012 to 31 March 2013 have been updated to 1 April 2013 to 31 March 2014 in respect of the *FCA* and 1 April 2013 to 28 February 2014 in respect of the *PRA* to put into effect the rule changes contained in the Legal Cutover (Fees) Instrument 2013 only. The tariff rates set out in the *FEES* 4 Annexes have not yet been updated for the 2013/2014 fee year. The rates for the 2013/2014 fee year will be made by the *FCA* and *PRA* boards in June, following a consultation on a separate fees rates instrument expected to be published in March 2013.] [deleted].~~

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##### 4.2 Obligation to pay periodic fees

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Method of payment

- 4.2.4 R (1) A periodic fee must be paid using either direct debit, credit transfer (BACS/CHAPS), cheque, Maestro, Visa Debit or by credit card (Visa/Mastercard only). Any payment by permitted credit card must include an additional 2% of the sum paid.

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- (2) ...

...

**4.3 Periodic fees payable by firms (other than ICVCs and UCITS qualifiers)**

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Time of payment

- 4.3.6 R ...

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

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**4 Annex 2BR PRA fee rates and EEA/Treaty firm modifications for the period from 1 April 2013 to 28 February 2014**

Part 1	
This table shows the tariff rates applicable to each of the fee blocks set out in Part 1 of FEES 4 Annex 1BR.	
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Note	<u>In the case of activity groups A.3 and A.4 there are three tariff rates. The rate in column 1 applies to all <i>firms</i> in their respective fee-</u>

	<p>blocks. The rate in column 2 relates to the Solvency 2 Implementation fee and <i>firms</i> must determine their obligation to pay this fee by reference to Part 5 of this Annex. The rate in Column 3 relates to the Solvency 2 Special Project fee and <i>firms</i> must determine their obligation to pay this fee by reference to Part 4 of this annex. The total periodic fee for each of these fee-blocks is determined by adding the amounts obtained under all three columns, as applicable.</p>			
Activity group	Fee payable			
A.1	Band width (£ million of Modified Eligible Liabilities (MELs))	Fee (£/£m or part £m of MELs)		
		General Periodic fee		
	>10 – 140	<del>{tbe}</del> <u>33.38</u>		
	>140 – 630	<del>{tbe}</del> <u>33.38</u>		
	>630 – 1,580	<del>{tbe}</del> <u>33.38</u>		
	>1,580 – 13,400	<del>{tbe}</del> <u>41.73</u>		
	>13,400	<del>{tbe}</del> <u>55.08</u>		
A.3	Gross premium income (GPI)	<u>Column 1</u> General periodic fee	<u>Column 2</u> Solvency 2 implementation fee	<u>Column 3</u> Solvency 2 special project fee
	Minimum fee (£)	<del>{tbe}</del> <u>Not applicable</u>	<u>25.00</u>	<u>25.00</u>
	Band Width (£ million of GPI)	Fee (£/£m or part £m of GPI)		
	>0.5 – 10.5	<del>{tbe}</del> <u>370.25</u>	<u>-27.03</u>	<u>20.84</u>
	>10.5 – 30	<del>{tbe}</del> <u>370.25</u>	<u>-27.03</u>	<u>20.84</u>
	>30 – 245	<del>{tbe}</del> <u>370.25</u>	<u>-27.03</u>	<u>20.84</u>
	>245 – 1,900	<del>{tbe}</del> <u>370.25</u>	<u>-27.03</u>	<u>20.84</u>
	>1,900	<del>{tbe}</del> <u>370.25</u>	<u>-27.03</u>	<u>20.84</u>

	Plus			
	Gross technical liabilities (GTL)	<u>Column 1</u> General periodic fee	<u>Column 2</u> <u>Solvency 2 implementation fee</u>	<u>Column 3</u> <u>Solvency 2 special project fee</u>
	Band Width (£ million of GTL)	Fee (£/£m or part £m of GTL)		
	>1 – 12.5	{tbe} <u>19.93</u>	<u>-1.41</u>	<u>1.22</u>
	>12.5 – 70	{tbe} <u>19.93</u>	<u>-1.41</u>	<u>1.22</u>
	>70 – 384	{tbe} <u>19.93</u>	<u>-1.41</u>	<u>1.22</u>
	>384 – 3,750	{tbe} <u>19.93</u>	<u>-1.41</u>	<u>1.22</u>
	>3,750	{tbe} <u>19.93</u>	<u>-1.41</u>	<u>1.22</u>
	For UK ISPVs the tariff rates are not relevant and a flat fee of {tbe} £430.00 is payable in respect of each fee year {tbe}.			
A.4	Adjusted annual gross premium income (AGPI)	<u>Column 1</u> General periodic fee	<u>Column 2</u> <u>Solvency 2 implementation fee</u>	<u>Column 3</u> <u>Solvency 2 special project fee</u>
	Minimum fee (£)	{tbe} <u>Not applicable</u>	<u>25.00</u>	<u>25.00</u>
	Band Width (£ million of AGPI)	Fee (£/£m or part £m of AGPI)		
	>1 – 5	{tbe} <u>360.32</u>	<u>-38.31</u>	<u>20.39</u>
	>5 – 40	{tbe} <u>360.32</u>	<u>-38.31</u>	<u>20.39</u>
	>40 – 260	{tbe} <u>360.32</u>	<u>-38.31</u>	<u>20.39</u>
	>260 – 4,000	{tbe} <u>360.32</u>	<u>-38.31</u>	<u>20.39</u>
	>4,000	{tbe} <u>360.32</u>	<u>-38.31</u>	<u>20.39</u>

	PLUS			
	Mathematical reserves (MR)	<u>Column 1</u> General Periodic fee	<u>Column 2</u> <u>Solvency 2 implementation fee</u>	<u>Column 3</u> <u>Solvency 2 special project fee</u>
	Minimum fee (£)	{tbe} <u>Not applicable</u>	<u>25.00</u>	<u>25.00</u>
	Band Width (£ million of MR)	Fee (£/£m or part £m of MR)		
	>1 –20	{tbe} <u>8.06</u>	<u>-0.86</u>	<u>0.44</u>
	>20 – 270	{tbe} <u>8.06</u>	<u>-0.86</u>	<u>0.44</u>
	>270 – 7,000	{tbe} <u>8.06</u>	<u>-0.86</u>	<u>0.44</u>
	>7,000 – 45,000	{tbe} <u>8.06</u>	<u>-0.86</u>	<u>0.44</u>
	>45,000	{tbe} <u>8.06</u>	<u>-0.86</u>	<u>0.44</u>
A.5	Band Width (£ million of Active Capacity (AC))	Fee (£/£m or part £m of AC)		
	>50 – 150	{tbe} <u>54.36</u>		
	>150 – 250	{tbe} <u>54.36</u>		
	>250 – 500	{tbe} <u>54.36</u>		
	>500 – 1,000	{tbe} <u>54.36</u>		
	>1,000	{tbe} <u>54.36</u>		
A.6	Flat fee	{tbe} <u>1,394,436.00</u>		
	<u>Solvency 2 Special Project Flat Fee (£)</u>	<u>272,293.06</u>		
	<u>Solvency 2 Implementation Flat Fee (£)</u>	<u>-92,775.96</u>		
A.10	Band Width (No. of traders)	Fee (£/trader)		

	2 – 3	{tbe} 4,507.98
	4 – 5	{tbe} 4,507.98
	6 – 30	{tbe} 4,507.98
	31 – 180	{tbe} 4,507.98
	>180	{tbe} 4,507.98

## Part 2

This table sets out the tariff rate applicable to each of the fee blocks set out in Part 2 of FEES 4 Annex 1BR

PA.0	(1)	The minimum fee payable by any <i>firm</i> referred to in (3) is {tbe} <u>500</u> unless:	
		(a)	it is a <i>credit union</i> that meets the conditions in (2), in which case the minimum fee payable is as set out in (2); or
		(b)	it is a <i>non-directive friendly society</i> that falls into the A.3 activity group but not the A.4 activity group and meets the conditions set out in (3)(a), in which case the minimum fee payable is {tbe} <u>215</u> ; or.
		(c)	it is a <i>non-directive friendly society</i> that falls into the A.4 activity group but not the A.3 activity group and meets the conditions in (3)(b), in which case the minimum fee payable is {tbe} <u>215</u> ; or
		(d)	it is a <i>non-directive friendly society</i> that falls into the A.3 and A.4 activity groups and meets the conditions in (3)(a) and (3)(b), in which case the minimum fee payable is {tbe} <u>215</u> ;
	(2)	The conditions referred to in (1)(a) are that the <i>credit union</i> has a tariff base (Modified Eligible Liabilities) of:	
		(a)	0 to 0.5million, in which case a minimum fee of {tbe} <u>80</u> is payable; or
		(b)	greater than 0.5million but less than 2.0million, in which case a minimum fee of {tbe} <u>270</u> is payable.
	(3)	The conditions referred to in (1) are that:	
		(a)	...

PT.1	Periodic fees payable under Part 1 multiplied by rate <del>the</del> £0.0745
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Part 3 ...
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<u>Part 4</u>	
<u>This part sets out when a Solvency 2 Special Project fee is due for <i>firms</i> falling into fee block A.3 or A.4.</u>	
(1)	<u>The Solvency 2 Special Project fee forms part of the periodic fee payable under fee blocks A.3 and A.4.</u>
(2)	<u>The Solvency 2 Special Project fee is only payable by a <i>firm</i> if it meets the conditions in Part 5 and the condition set out in paragraph (3) of this Part.</u>
(3)	<u>The condition is that before 1 June 2013 the <i>firm</i>, or a member of the group of which the <i>firm</i> is also a member (in either case, the recipient), received a written communication from the <i>FSA</i> or, on or after 1 April 2013, the <i>PRA</i> that it has met the criteria for entry into pre-Internal Model Approval Process status (pre-IMAP) and the recipient remains in pre-IMAP status on 1 June 2013.</u>
(4)	<u>For the purposes of (3), the recipient will be deemed to remain in pre-IMAP status unless, before 1 June 2013:</u>
(a)	<u>the recipient informs the <i>FSA</i> or, on or after 1 April 2013, the <i>PRA</i> in writing that it wishes to withdraw from pre-IMAP status; or</u>
(b)	<u>the recipient has been informed by the <i>FSA</i> or, on or after the 1 April 2013, the <i>PRA</i> in writing that it is no longer in pre-IMAP status.</u>
(5)	<u>For the purposes of this Part, a reference to pre-IMAP means the status achieved by the recipient by joining the process established by the <i>FSA</i> whereby the <i>FSA</i> or, on or after 1 April 2013, the <i>PRA</i> and the recipient engage with a view to the <i>FSA</i> or, on or after 1 April 2013, the <i>PRA</i> establishing whether an internal model developed by the recipient is likely to meet the tests and standards specified in the <i>Solvency 2 Directive</i>.</u>
(6)	<u><i>FEES</i> 4.2.6R and <i>FEES</i> 4.2.7R do not apply to the Solvency 2 Special Project Fee.</u>

<u>Part 5</u>
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<u>This Part sets out when a Solvency 2 Implementation fee is due for <i>firms</i> in the A.3 and A.4 fee blocks.</u>	
(1)	<u>The Solvency 2 Implementation fee is only payable by a <i>firm</i> if it meets all the conditions in (2) and neither of the conditions in (3).</u>
(2)	<u>The conditions in this paragraph are:</u>
(a)	<u><i>FEES</i> 4.3.13R (Firms Applying to Cancel or Vary Permission Before Start of Period) does not apply with respect to the relevant fee blocks;</u>
(b)	<u>the <i>firm</i> has not notified the <i>FSA</i> before the start of the 2013/2014 fee year that it intends to migrate out of the <i>United Kingdom</i> for regulatory purposes before the <i>Solvency 2 Directive</i> is implemented;</u>
(c)	<u>it meets either of the following conditions:</u>
(i)	<u>its gross premium income or adjusted gross premium income, as appropriate, referred to in <i>FEES</i> 4 Annex 1R Part 2, exceeds EUR 5 million at the end of the financial year ended in the calendar year ending 31 December prior to the 2013/2014 fee year; or</u>
(ii)	<u>its gross technical liabilities or mathematic reserves, as appropriate, referred to in <i>FEES</i> 4 Annex 1R Part 2, exceed EUR 25 million at the end of the financial year ended in the calendar year ending 31 December prior to the 2013/2014 fee year;</u>
(d)	<u>it was in one or both of the insurance fee blocks at the start of the 2013/2014 fee year;</u>
(e)	<u>it is not an <i>incoming EEA firm</i> or an <i>incoming Treaty firm</i>;</u>
(3)	<u>The conditions in this paragraph are:</u>
(a)	<u>the <i>firm</i> is a <i>reinsurance undertaking</i> that has, by 10 December 2007, ceased to conduct a new <i>insurance business</i> and only administers its existing portfolio in order to terminate its activity as a <i>reinsurance undertaking</i>;</u>
(b)	<u>it is a <i>reinsurance undertaking</i> whose <i>insurance business</i> is conducted or fully guaranteed by the <i>United Kingdom</i> government for reasons of substantial public interest in the capacity of the <i>reinsurer</i> of last resort.</u>
(4)	<u>Where a <i>firm</i> has notified the <i>FSA</i> or, on or after 1 April 2013, the <i>PRA</i> that it intends to migrate out of the <i>United Kingdom</i> for regulatory purposes before the <i>Solvency 2 Directive</i> is implemented in the <i>United Kingdom</i> but when the <i>Solvency 2 Directive</i> is implemented that <i>firm</i> remains in the</u>

	<u>United Kingdom for regulatory purposes, it must pay the Solvency 2 Implementation fee for each FSA financial year and each PRA fee year commencing 1 April 2013 for which the Solvency 2 Implementation fee would have applied to the firm but for the firm notifying the FSA or the PRA of its intention to migrate.</u>
(5)	<u>Where a firm is required to pay a Solvency 2 Implementation fee because of the circumstances described in (4) it must pay this fee within 30 days of the date of the invoice.</u>
(6)	<u>For the purposes of this Part, the exchange rate from the Euro to the pound sterling is calculated as at the last day of October preceding the financial year of the FSA or, on or after 1 April 2013, the PRA fee year in question for which the exchange rates for the currencies of all European Union member states were published in the Official Journal of the European Union.</u>
(7)	<u>FEES 4.2.6R and FEES 4.2.7R do not apply to the Solvency 2 Implementation fee.</u>