

PRA FEES (MISCELLANEOUS AMENDMENTS) INSTRUMENT 2014

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 April 2014.

Amendments to the Handbook

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Fees manual (FEES) is amended in accordance with Annex B to this instrument.

Citation

- F. This instrument may be cited as the PRA Fees (Miscellaneous Amendments) Instrument 2014.

By order of the Board of the Prudential Regulation Authority

26 March 2014

Annex A

Amendments to the Glossary of definitions

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

<i>client money</i>	(A) In the PRA Handbook:
	...
	(2A) (in <u>FEES</u> , CASS 6, CASS 7, CASS 7A and CASS 10 and, in so far as it relates to matters covered by CASS 6, CASS 7, <i>COBS</i> , <i>GENPRU</i> or <i>IPRU</i> (INV)), subject to the <i>client money rules</i> , <i>money</i> of any currency:
	(a) that a <i>firm</i> receives or holds for, or on behalf of, a client in the course of, or in connection with, its <i>MiFID business</i> ; and/or
	(b) which, in the course of carrying on <i>designated investment business</i> that is not <i>MiFID business</i> , a <i>firm</i> holds in respect of any <i>investment agreement</i> entered into, or to be entered into, with or for a <i>client</i> , or which a <i>firm</i> treats as <i>client money</i> in accordance with the <i>client money rules</i> .
	...
<i>client money rules</i>	...
	(3) (in <i>CASS 3</i> , <i>CASS 6</i> , <i>CASS 7</i> , <i>CASS 7A</i> , <i>UPRU</i> , and <i>COBS</i> , and <u><i>FEES</i></u>) <i>CASS 7.1 to 7.8</i> .
<u><i>community finance organisation</i></u>	<u>a community benefit society, a registered charity or a community interest company limited by guarantee (within the meaning of Part 2 of the Companies (Audit, Investigations and Community Enterprise) Act 2004);</u>
<i>relevant business</i>	(A) (In the PRA Handbook)
	(1) (in <i>DISP</i> and <i>FEES</i>) that part of a <i>firm's</i> business which it conducts with <i>consumers</i> and which is subject to the jurisdiction of the <i>Financial Ombudsman Service</i> as provided for in <i>DISP 2.3</i> (To which activities does the Compulsory Jurisdiction apply?), <i>DISP 2.4</i> (To which activities does the Consumer Credit Jurisdiction apply?) and <i>DISP 2.5</i> (To which activities does the Voluntary Jurisdiction apply?), measured by reference to the appropriate tariff-base for each <i>industry block</i> .

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Annex B

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

3.1 Introduction

...

- 3.1.6 G Applications for *Part 4A permission* (and exercises of *Treaty rights*) other than in respect of *credit-related regulated activities* are categorised by the *appropriate regulator* for the purpose of fee raising as straightforward, ~~complex~~, moderately complex and complex and ~~straightforward~~ as identified in *FEES 3 Annex 1R*. This differentiation is based on the *permitted activities* sought and does not reflect the *appropriate regulator's* risk assessment of the applicant (or *Treaty firm*).

...

- 3.1.8 G Application fees for applications for and variations of *Part 4A permission* in respect of *credit-related regulated activities* are also set out in *FEES 3 Annex 1R*. Applications for *Part 4A permission* in respect of *credit-related regulated activities* are categorised by the *appropriate regulator* for the purposes of fee raising as straightforward, moderately complex and complex as identified in *FEES 3 Annex 1R* unless the application is for a *limited permission*.

...

3.2 Obligation to pay fees

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Method of payment

- 3.2.3 R (1) Unless (2), (3) or (4) applies, the sum payable under *FEES 3.2.1R* must be paid by bankers draft, cheque or other payable order.

...

- (3) The sum payable under *FEES 3.2.1R* by a *firm* applying for a variation of its *Part 4A permission* which is not an application for new *permission* solely in respect of one or more *credit-related regulated activities* (*FEES 3.2.7R(p)(1)* or *FEES 3.2.7R(p)(4)*) 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/American Express)

only). ~~Any payment by a permitted credit card must include an additional 2% of the sum paid.~~

(4) Unless FEES 3.2.3AR applies, the sum payable under FEES 3.2.1R by a firm applying for a Part 4A permission in respect of credit-related regulated activities only or a variation of its Part 4A permission to add solely one or more credit-related regulated activities must be paid by Maestro, Visa Debit or credit card (Visa/Mastercard/American Express only).

(5) Payments by credit card must include an additional:

(a) 2% of the sum paid when paying by Visa or Mastercard; or

(b) 3.2% of the sum paid when paying by American Express.

3.2.3A R (1) If the fee payer (as specified in column (1) of FEES 3.2.7AR) in relation to FEES 3.2.3R(4) is:

(a) unable to make a payment by credit or debit card; or

(b) permitted to make a paper application rather than an online application for a Part 4A permission in respect of credit-related regulated activities only or a variation of its Part 4A permission to add a credit-related regulated activity;

... the sum payable under FEES 3.2.1R can be paid by bankers draft, cheque or other payable order.

3.2.3B G If FEES 3.2.3AR(1)(a) applies to a fee payer, that fee payer would be expected to notify the FCA of these circumstances in advance of making its payment (and, in any event, no less than 7 days before the date on which the application for a Part 4A permission or the variation of a Part 4A permission is made) unless such notification is impossible in the circumstances, eg, there is a sudden technological failure.

3.2.7A R Table of application, notification and vetting fees payable to the PRA

(1) Fee payer	(2) Fee payable	(3) Due date
(a)...
<u>(aa) A person who makes an application under section 24A of the Consumer Credit Act 1974 which meets the conditions of article 31 (Applications for a standard licence where no determination made before</u>	<u>As (a) above less any amount paid to the Office of Fair Trading in relation to the relevant application.</u>	<u>Within 30 days of the date of the invoice.</u>

<p><u>1 April 2014) of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No. 2) Order 2013 (the “relevant application”)</u></p>		
<p>...</p>	<p>...</p>	<p>...</p>
<p>(c) A <i>firm</i> applying for a variation of its <i>Part 4A permission</i> or an <i>FCA-authorized person</i> applying to carry on a <i>PRA-regulated activity</i></p>	<p>(1) Unless (2), (2A), (3), (3) (3A) or (3B) applies, if the proposed new business of the <i>firm</i> would fall within one or more activity groups specified in Part 1 of <i>FEES 4 Annex 1AR</i> or Part 1 of <i>FEES 4 Annex 1BR</i> not applicable before the application, the fee is 50% of the highest of the tariffs set out in <i>FEES 3 Annex 1R</i> which apply to that application;</p> <p>(2) If the only change is that the A.12 activity group tariff applied to the firm’s business before the variation and the A.13 activity group will apply after the variation, no fee is payable. Subject to (2A) below, if the firm’s application includes an application for a <i>Part 4A permission to carry on a new credit-related regulated activity</i>, the fee is 50% of the highest of the tariffs set out in <i>FEES 3 Annex 1R</i> that would be payable under (1) above or, if higher, 50% of the highest of the tariffs set out in <i>FEES 3 Annex 1R</i> that would be payable in relation to the new <i>credit-related regulated activity</i>.</p> <p><u>(2A) If the applicant which</u></p>	

	<p><u>already has a <i>Part 4A permission</i> to carry on a <i>credit-related regulated activity</i> exclusively applies for a <i>Part 4A permission</i> to carry on a <i>new credit-related regulated activity</i>, that is specified in Part 3 of <i>FEES 3 Annex 1AR</i> in the <i>straightforward</i> category (or if it exclusively applies for a number of such <i>permissions</i>), the fee is <u>£250</u></u></p> <p>(3) ...</p> <p><u>(3A) If the applicant had a <i>limited permission</i> prior to the application to vary its <i>Part 4A permission</i>, 100% of the highest of the tariffs set out in <i>FEES 3 Annex 1R</i> which apply to that application</u></p> <p><u>(3B) If the applicant has a <i>limited permission</i> and its application exclusively relates to another <i>limited permission</i>, the fee is 0</u></p> <p>(4)...</p>	
<p><u>(ca) A person who makes an application under section 30(1) of the Consumer Credit Act 1974 which meets the conditions of article 33 (Variations at request of licensee where no determination made before 1 April 2014) of the Financial Services and Markets Act 2000 (Regulated Activities) (Amendment) (No.2) Order 2013 (the “relevant</u></p>	<p><u>As (a) or (c) above, less any amount paid to the Office of Fair Trading in relation to the relevant variation application.</u></p>	<p><u>Within 30 days of the date of the invoice.</u></p>

variation application”)		
...

...

3 Annex 1R Authorisation fees payable

Part 1 – Authorisation fees payable

For *PRA-authorised persons* and *persons* seeking to become *PRA-authorised persons*, the amount payable to the *PRA* is 50% of the amount payable under Part 1 and the amount payable to the *FCA* is 50% of the amount payable under Part 1. The amount payable to the *PRA* above is collected by the *FCA* as agent of the *PRA*.

For *FCA-authorised persons* and *persons* seeking to become *FCA-authorised persons*, the amount payable to the *FCA* is the amount payable under Part 17. No amount is payable to the *PRA*.

The table below sets out the following:

- (1) fees for applications by *credit unions* and *community finance organisations*;
- (2) application fees in respect of the complexity groupings that relate to *regulated activities* that are not *credit-related regulated activities*; and
- (3) application fees in respect of the complexity groupings that relate to *credit-related regulated activities*.

Application type (see Part 2)	Amount payable (£)
<i>(1) Credit unions and community finance organisations</i>	
(a) <i>Credit unions</i> – registration of a common bond	200
<i>(aa) Credit unions or community finance organisations</i> – where application is for a <i>Part 4A permission limited to permission to carry on credit-related regulated activities</i>	<u>200</u>
(b) <i>Version 1 credit unions</i> – authorisation <u>other than where (aa) applies</u>	300
(c) <i>Version 2 credit unions</i> – authorisation <u>other than where (aa) applies</u>	1,800
<i>(2) Complexity groupings not relating to credit-related regulated activities –</i>	

<u>see Part 2</u>					
(d) Straightforward	1,500 (unless otherwise specified in Part 2)				
...	...				
(3) <u>Complexity groupings relating to credit-related regulated activities – see Part 3</u>					
	<u>Consumer credit annual income (£)</u>				
	<u>0 - 50,000</u>	<u>> 50,000</u>			
(g) <u>Limited permission</u>	<u>100 unless the application is for limited permission as a not-for-profit debt advice body, in which case the amount payable is 0.</u>	<u>500 unless the application is for limited permission as a not-for-profit debt advice body, in which case the amount payable is 0.</u>			
	<u>Consumer credit annual income (£)</u>				
	<u>0 - 50,000</u>	<u>≥ 50,000</u>	<u>≥ 100,000</u>	<u>≥ 250,000</u>	<u>≥ 1,000,000</u>
(h) <u>Straightforward</u>	<u>600</u>	<u>750</u>	<u>1,000</u>	<u>1,500</u>	<u>5,000</u>
(i) <u>Moderately complex</u>	<u>800</u>	<u>1,000</u>	<u>1,500</u>	<u>5,000</u>	<u>10,000</u>
(j) <u>Complex</u>	<u>1,000</u>	<u>1,250</u>	<u>2,000</u>	<u>7,000</u>	<u>15,000</u>

Part 2 – Complexity Groupings not relating to credit-related regulated activities
Straightforward Cases

...

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Activity grouping	description
...	
<u>A.12</u>	Advisory arrangers, dealers or brokers (holding or controlling <i>client money</i> and/or assets)
A.13	Advisory only forms and advisory Advisors, arrangers, dealers or brokers (not holding or controlling <i>client money</i> and/or assets)
...	
<u>A.21</u>	<u>Holding client money or assets or both.</u>

Part 3 – Complexity Groupings relating to *credit-related regulated activities*

Straightforward cases

<u>Activity grouping</u>	<u>Description</u>
<u>CC.2</u>	<u><i>Credit broking;</i></u> <u><i>Providing credit information services</i></u>

Moderately complex cases

<u>Activity grouping</u>	<u>Description</u>
<u>CC.2</u>	<u><i>Debt administration</i></u> <u><i>Debt collecting</i></u> <u><i>Entering into a regulated consumer hire agreement as owner</i></u> <u><i>Entering into a regulated credit agreement as lender (excluding in relation to high-cost short-term credit, bill of sale loan agreements and home credit loan agreements)</i></u> <u><i>Exercising, or having the rights to exercise, the owner's rights and duties under a regulated consumer hire agreement</i></u> <u><i>Exercising, or having the right to</i></u>

	<p><u>exercise, the lender's rights or duties under a regulated credit agreement (excluding in relation to high-cost short-term credit, bill of sale loan agreements and home credit loan agreements)</u></p> <p><u>Operating an electronic system in relation to lending</u></p>
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Complex cases

<u>Activity grouping</u>	<u>Description</u>
<u>CC.2</u>	<p><u>Debt adjusting</u></p> <p><u>Debt counselling</u></p> <p><u>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</u></p> <p><u>Exercising or having the right to exercise the lender's rights or duties under a regulated credit agreement in relation to high-cost short-term credit, bill of sale loan agreements and home credit loan agreements</u></p> <p><u>Providing credit references</u></p>

4 Periodic Fees

...

- 4.1.3 G Most of the detail of the periodic fees that are payable by *firms* is set out in *FEES 4 Annexes 1A to 11*. *FEES 4 Annex 12G* and (in respect of the FCA only) *FEES 4 Annex 13G* provides provide guidance on the calculation of certain tariffs. Most of the provisions of the Annexes will vary from one *fee year* to another. Accordingly fresh *FEES 4 Annexes* will come into force, following consultation, for each *fee year*.

...

4.2 Obligation to pay periodic fees

...

- 4.2.6 R (1) Unless (2) applies, if for the *fee year* during which the event as described in column 4 of the table in *FEES* 4.2.11R and/or *FEES* 4.2.11AR, giving rise to, or giving rise to an increase in, the fee payable in *FEES* 4.2.1R, occurs on or after 1 July of the relevant *fee year*, the periodic fee required under *FEES* 4.2.1R is modified for:
- (a) *firms* (other than *AIFM qualifiers*, *ICVCs* and *UCITs qualifiers*), in accordance with *FEES* 4.2.7R and 4.2.8R;
- (b) ~~for~~ all other fee payers in column (1) of the table in *FEES* 4.2.11R or *FEES* 4.2.11AR, in accordance with the ~~table below~~ formula set out below.

Period in which event (in column 4 of the table in <i>FEES</i> 4.2.11R or <i>FEES</i> 4.2.11AR) occurs	Proportion of periodic fee payable
Fees payable to the FCA	
1 April to 30 June inclusive	100%
1 July to 30 September inclusive	75%
1 October to 31 December inclusive	50%
1 January to 31 March inclusive	25%
Fees payable to the PRA for <i>fee year</i> 2013/2014	
1 April to 30 June inclusive	100%
1 July to 30 September inclusive	75%
1 October to 31 December inclusive	50%
1 January to 28 February inclusive	25%
Formula for the calculation of fees payable under <i>FEES</i> 4.2.6R(1)	
(1)	<u>calculate the number of calendar months between and including:</u>
	(i) <u>the calendar month in which the event described in column 4 of the table in <i>FEES</i> 4.2.11R and/or <i>FEES</i> 4.2.11AR occurred;</u> <u>and</u>
	(ii) <u>the last month of the relevant <i>fee year</i>;</u>
(2)	<u>divide the number of calendar months calculated in (1) by 12;</u>

(3)	<u>multiply the total fee payable for the relevant <i>fee year</i> by the number calculated in (2).</u>
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(2) ...

4.2.7 R A *firm* (other than an *AIFM qualifier*, *ICVC*, or *UCITS qualifier*) which becomes authorised or registered, or whose *permission* and/or *payment service* activities are extended, during the course of the *fee year* must pay a fee which is calculated by:

(1) identifying each of the tariffs set out in Part 1 of *FEES 4 Annex 2AR*, Part 1 of *FEES 4 Annex 2BR* and/or Part 1 of *FEES 4 Annex 11R* as appropriate for the relevant *fee year* that apply to the *firm* only after the *permission* is received or extended or *payment service* activities are authorised or registered or extended or *electronic money* issuance activities are authorised or registered under the *Electronic Money Regulations*. ~~but ignoring:~~

(a) ~~The A13 activity group if, before the variation, the A12 activity group applied to the *firm's* business; or~~

(b) ~~The A12 activity group if, before the variation, the A13 activity group applied the *firm's* business;~~

(2) calculating the amount for each of the applicable tariffs which is the higher of:

(a) any applicable minimum fee specified in relation to a particular tariff in *FEES 4 Annex 2AR* or *FEES 4 Annex 2BR* (but note, for the avoidance of doubt, these are not the A.0 or PA.0 minimum fees set out in Part 2 of *FEES 4 Annex 2AR* and Part 2 of *FEES 4 Annex 2BR*); and

...

...

(4) working out whether an A.0 or PA.0 minimum fee is payable under Part 2 of *FEES 4 Annex 2AR* and Part 2 of *FEES Annex 2BR* and if so how much (except that ~~that~~ the minimum fee is not payable again by a *firm* whose *permission* is extended if the fee was already payable before the extension);

...

(6) modifying the result for the *FCA* and, if applicable, the *PRA* ~~as indicated by the table in~~ accordance with the formula set out in *FEES 4.2.6R* (except that *FEES 4 Annex 10R* (Periodic fees for MTF operators) deals with a ~~firm~~ *firm* that receives *permission* for *operating a multilateral trading facility* or has its *permission* extended to include this activity during the course of the relevant *fee*

year and *FEES 4.2.6R* does not apply).

...

4.3 Periodic fee payable by firms (other than AIFM qualifiers, ICVCs and UCITS qualifiers)

...

- 4.3.2 G (1) The amount payable by each *firm* will depend upon the category (or categories) of *regulated activities* or *payment services* it is engaged in (fee-blocks) and whether it is issuing *electronic money*, and on the amount of business it conducts in each category (tariff base). The fee-blocks and tariffs are identified in *FEES 4 Annex 1AR* in respect of the *FCA* and *FEES 4 Annex 1BR* in respect of the *PRA* (and guidance on calculating certain of the tariffs is at *FEES 4 Annex 12G* and (in respect of the *FCA*) *FEES 4 Annex 13AG*), while *FEES 4 Annex 2AR* in respect of the *FCA* and *FEES 4 Annex 2BR* in respect of the *PRA* set out the tariff rates for the relevant *fee year*. In case of *firms* that provide *payment services* and/or issue *electronic money*, the relevant fee blocks, tariffs and rates are set out in *FEES 4 Annex 11R*.

...

4 Annex 12G Guidance on the calculation of tariffs set out in FEES 4 Annex 1AR Part 3 and Fees 4 Annex 1BR Part 3

The following tables set out guidance on how a *firm* should calculate relevant tariffs.

The following table sets out *guidance* on how a *firm* should calculate tariffs for fee-block A.4.

Table 1: Fee block A.4

Adjusted Gross Premium Income and Mathematical reserves – calculation of new regular premium business
...

Delete the following Table 2 of *FEES 4 Annex 12G* in its entirety. The deleted text is not shown.

After *FEES TP9* insert the following new *FEES TP10*. The text is not underlined.

TP 10 Transitional Provisions relating to FEES 4.2.7BR for firms carrying on credit related regulated activities

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
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10.1	<i>FEES</i> 4.2.7BR(2)(b)	R	Insert a new paragraph after (5)(c) as follows: “(5)(ca): paragraph (5)(c) does not apply to a <i>firm’s credit-related regulated activities.</i> ”	From 1 April 2014 until 1 April 2016	
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