

PERIODIC FEES (2009/2010) AND OTHER FEES INSTRUMENT 2009

Powers exercised

- A. The Financial Services 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 99(1), (1A), (1C) and (2) (Fees);
 - (2) section 101 (Listing rules: general provisions);
 - (3) section 156 (General supplementary powers);
 - (4) section 157(1) (Guidance);
 - (5) section 234 (Industry Funding);
 - (6) paragraph 17(1) (Fees) of Schedule 1 (The Financial Services Authority); and
 - (7) paragraphs 1 (General), 4 (Rules), and 7 (Fees) of Schedule 7 (The Authority as Competent Authority for Part VI).
- B. The rule-making powers listed above are specified for the purposes of section 153(2) (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 1 June 2009.

Amendments to the Handbook

- D. The modules of the FSA’s Handbook of rules and guidance listed in column (1) below are amended in accordance with the Annexes to this instrument listed in column (2).

(1)	(2)
Glossary of definitions	Annex A
Fees manual (FEES)	Annex B
Dispute Resolution: Complaints sourcebook (DISP)	Annex C

Citation

- E. This instrument may be cited as the Periodic Fees (2009/2010) and Other Fees Instrument 2009.

By order of the Board
28 May 2009

Annex A

Amendments to the Glossary of definitions

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

Insert the following new definition in the appropriate alphabetical position.

ceding insurer's waiver (in *FEES*) a *waiver* granted on the application of an *insurer* that waives or modifies its obligations under any one or more of *GENPRU 2 Annex 7R*, *INSPRU 1.1.92AR* and *INSPRU 1.2.28R* in order to enable it to:

- (a) treat amounts recoverable from an *ISPV* as:
 - (i) an *admissible asset*; or
 - (ii) *reinsurance* for the purposes of calculating its *mathematical reserves*; or
 - (iii) *reinsurance* reducing its *MCR*; or
- (b) otherwise ascribe a value to such amounts.

Delete the following definition.

~~*supplementary levy*~~ (in *FEES*) a ~~levy, additional to the *general levy*, for the purposes of recovering the *establishment costs*.~~

Annex B

Amendments to the Fees manual (FEES)

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

Application

1.1.2 R This manual applies in the following way:

(1) FEES 1, 2 and 3 apply to:

...

(q) ... ; ~~and~~

(r) ... ; and

(s) every insurer applying for a ceding insurer's waiver.

...

3.2.1 R A person in column (1) of the table in FEES 3.2.7R as the relevant fee payer for a particular activity must pay to the FSA a fee for each application or request for vetting, or request for support relating to compatibility of its systems with FSA systems, or admission approval made, or notification or notice of exercise of a Treaty right given, or other matter as is applicable to it, as set out or calculated in accordance with the provisions referred to in column (2) of that table:

...

...

3.2.7 R Table of application, notification and vetting fees

(1) Fee payer	(2) fee payable	Due date
...		
<u>(ze) Any firm in any one or more of the A fee-blocks defined in FEES 4 Annex 1R Part 1, except fee-block A.16.</u>	<u>Special Project Fee for restructuring in accordance with FEES 3 Annex 9R.</u>	<u>30 days of the date of the invoice.</u>

<u>(zf) An applicant for a ceding insurer's waiver.</u>	<u>£20,000</u>	<u>On or before the date the application is made.</u>
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...

3 Annex 1 R Authorisation fees payable

...

Part 2 – Complexity Groupings Straightforward Cases R

...

Moderately Complex Cases R

Moderately complex cases	
Activity grouping	Description
...	
A.3	<i>UK ISPVs</i>
A.4	<i>UK ISPVs</i>
...	

Complex Cases R

Complex Cases	
Activity grouping	Description
...	
A.3	Insurers - general (excluding <i>friendly societies</i> and <i>UK ISPVs</i>)
A.4	Insurers - life (excluding <i>friendly societies</i> and <i>UK ISPVs</i>)
...	

...

After FEES 3 Annex 8R, insert the following new Annex. The text is not underlined.

3 Annex 9 R Special Project Fee for restructuring

- (1) The Special Project Fee for restructuring (“the SPFR”) is payable by a *firm* if:
 - (a) it falls within any of the A fee-blocks defined in Part 1 of *FEES 4 Annex 1R*, except if it is in fee-block A.16 only;
 - (b) it engages in, or prepares to engage in, the activity set out in (2); and
 - (c) none of the circumstances in (3) apply.
- (2) The activity referred to in (1)(b) involves the *firm* undertaking or making arrangements with a view to either:
 - (a) raising additional capital; or
 - (b) a significant restructuring of the *firm* or the *group* to which it belongs, including:
 - (i) mergers or acquisitions;
 - (ii) reorganising the *firm’s group* structure; and
 - (iii) *retribution*.
- (3) No SPFR is payable where:
 - (a) the amount calculated in accordance with (6) totals less than £50,000; or
 - (b) the *FSA* has given any *guidance* to the *firm* in relation to the same matter and charged for it; or
 - (c) the transaction only involves the *firm* seeking to raise capital within the *group* to which it belongs.
- (4) Where the transaction involves raising capital outside the *group* to which the *firm* belongs, any SPFR in relation to that transaction is only payable by the largest *firm* in that *group*. The largest *firm* is the one that pays the highest periodic fee in the *FSA* financial year (the 12 *months* ending 31 March) in which the bill is raised.
- (5) The definition of *group* is limited for the purposes of calculating the SPFR to *parent undertakings* and their *subsidiary undertakings*.
- (6) The SPFR is calculated as follows:
 - (a) Determine the number of hours, or part of an hour, taken by the *FSA* in relation to regulatory work conducted as a consequence of the activities referred to in (2).
 - (b) Next, multiply the applicable rate in the table at (8) by the number of hours or

part hours obtained under (a).

- (c) Then add any fees and disbursements invoiced to the *FSA* by any *person* in respect of services performed by that *person* for the *FSA* in relation to assisting the *FSA* in performing the regulatory work referred to in (a).
 - (d) The resulting figure is the fee.
 - (e) The number of hours or part hours referred to in (a) are the number of hours or part hours as recorded on the *FSA*'s systems in relation to the regulatory work referred to in (a).
- (7) The first column in the table at (8) sets out the relevant pay grades of those employed by the *FSA* and the second column sets out the hourly rates chargeable in respect of those pay grades.
- (8) Table of hourly rates:

FSA pay grade	Hourly rate (£)
Administrator	25
Associate	50
Technical Specialist	85
Manager	90
Any other <i>person</i> employed by the <i>FSA</i>	135

...

- 4.1.6 G The *FSA* will allocate penalties received for the benefit of relevant fee payers by way of a permitted deduction specified in *FEES 4 Annex 2R*, ~~or in the case of listed issuers, as notified to issuers annually, for the relevant year.~~

...

- 4.2.7B R (1) This *rule* deals with the calculation of:
- ...
- (2) Unless this *rule* says otherwise, the tariff base for a *firm*'s second financial year is calculated using projected valuations for its ~~second~~ first year (as provided to the *FSA* in the course of the *firm*'s application), of the business to which the tariff relates.

...

...

4.3.6 R ...

- (5) Paragraphs (1) and (2) do not apply to any Solvency 2 fee or Solvency 2 Implementation fee (as defined in Part 1 of *FEES 4 Annex 2R*) and such ~~fee is~~ fees are not taken into account for the purposes of the split in (1). Instead any Solvency 2 fee or Solvency 2 Implementation fee is payable on the date specified in (1)(a) or (2) (depending on which applies to the rest of its periodic fee) or any earlier date required by (3) or (4).

...

4 Annex 1 R Activity groups, tariff bases and valuation dates applicable

...

Part 2

...

Activity group	Tariff-base
...	
A.4	ADJUSTED GROSS PREMIUM INCOME AND MATHEMATICAL RESERVES
	Except for UK ISPVs: ...
	...
	<p>...</p> <p>Notes:</p> <p>(1) ...</p> <p>(2) ...</p> <p>(3) For UK ISPVs the tariff base is not relevant and a flat fee set out in FEES 4 Annex 2R is payable <u>An insurer must include in its calculation of adjusted gross premium income (AGPI) and mathematical reserves (MR) the value of MR and AGPI relating to all risks ceded to ISPVs.</u></p> <p>(4) ...</p>
...	

A19	<p>ANNUAL INCOME</p> <p>(a) (A) the net income ...</p> <p>Plus</p> <p>(b) (B) in relation to the activities set out in (a) (A), for any <i>insurance mediation activity</i> carried out by the <i>firm</i> for which it receives payment from the <i>insurer</i> on a basis other than that in (a) (A), the amount ... ;</p> <p>Plus</p> <p>(c) (C) if the <i>firm</i> is an <i>insurer</i>, in relation to the activities set out in (a) (A), ... :</p> <p>(i) ... under (a) (A); or</p> <p>...</p> <p>Notes on annual income:</p> <p>...</p> <p><u>(5) The same <i>firm</i> may receive income under (A) and (C).</u></p> <p><u>(6) A <i>firm</i> must include in (A) any income it receives from <i>insurance mediation activity</i> carried on by another <i>person</i> with respect to any <i>general insurance contracts</i> or <i>pure protection contracts</i> into which the <i>firm</i> has entered as <i>insurer</i>.</u></p> <p><u>(7) In calculating the net amount retained, a <i>firm</i> may not deduct amounts that it rebates to a <i>person</i> other than another <i>firm</i>, a <i>person</i> falling within the extended definition of <i>firm</i> in Note (4) or the <i>firm</i>'s customer.</u></p> <p><u>(8) A <i>firm</i> may only deduct amounts under (A) in calculating its net amount retained if the amount is to be deducted from income that the <i>firm</i> must include under (A). Therefore for example:</u></p> <p><u>(a) if an insurer (Firm A) pays a <i>firm</i> commission for arranging a <i>general insurance contract</i> or <i>pure protection contract</i> under which Firm A is the <i>insurer</i>, Firm A may not take that expense into account in calculating its annual income if Firm A does not receive a fee from the insured or another <i>person</i> in respect of that contract; and</u></p>
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	(b) if an insurer (Firm A) pays a <i>firm</i> (Firm B) commission for arranging a <i>general insurance contract</i> or <i>pure protection contract</i> under which Firm A is the <i>insurer</i> , Firm A receives a payment from the insured under that transaction and the amount payable to Firm B exceeds the amount payable by the insured, Firm A may not take that excess into account in calculating its annual income and must instead net the sum payable by the insured to zero.
...	

...

4 Annex 2 R Fee tariff rates, permitted deductions and EEA/Treaty firm modifications for the period from 1 April 2009 to 31 March 2010

Part 1

This table shows the tariff rates applicable to each fee block

(1)	...	
	(a)	the firm’s relevant fee; plus
	(b)	an additional fee calculated by multiplying the <i>firm’s</i> tariff data by the appropriate rates applying to each tranche of the tariff base, as indicated (<u>Note 1</u>).
...		
(3)
<u>Note 1</u>	<u>In the case of activity groups A.3 and A.4 there are two tariff rates. The rate in column 1 applies to all <i>firms</i> in their respective fee-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 total periodic fee for each of these fee-blocks is determined by adding the amounts obtained under both columns.</u>	

Activity group	Fee payable		
A.1	...	160	
	£ million of Modified Eligible Liabilities (MELs)	Fee (£/£m or part £m of MELs)	
	0 – 0.5	0	
	...		
	>10 – 200	24.72 <u>32.31</u>	
	>200 - 2,000	24.69 <u>32.31</u>	
	>2,000 - 10,000	24.64 <u>32.31</u>	
	>10,000 - 20,000	24.43 <u>47.19</u>	
	>20,000	24.26 <u>47.19</u>	
	...		
A.2	Minimum fee (£)	525	
	No. of mortgages	Fee (£/mortgage)	
	...		
	51 - 500	4.92 <u>6.40</u>	
	501 - 1,000	1.98 <u>2.37</u>	
	1,001 - 50,000	1.48 <u>2.37</u>	
	50,001 - 500,000	0.54 <u>1.35</u>	
	>500,000	0.14 <u>0.32</u>	
A.3	Gross premium income (GPI)	<u>Column 1</u> <u>(General periodic fee)</u>	<u>Column 2</u> <u>(Solvency 2 Implementation Fee)</u>
	Minimum fee (£)	430	<u>25.04</u>

	£ million of GPI	Fee (£/£m or part £m of GPI)	
	0 – 0.5	0	<u>0</u>
	>0.5 - 2	2,134.95 <u>2,461.92</u>	<u>154.50</u>
	>2 - 5	1,983.75 <u>2,461.92</u>	<u>154.50</u>
	>5 - 20	1,860.84 <u>2,461.92</u>	<u>154.50</u>
	>20 - 75	592.39 <u>799.42</u>	<u>50.18</u>
	>75 - 150	519.31 <u>799.42</u>	<u>50.18</u>
	>150	73.20 <u>107.36</u>	<u>6.75</u>
	PLUS		
	Gross technical liabilities (GTL)	<u>Column 1</u> <u>(General Periodic fee)</u>	<u>Column 2</u> <u>(Solvency 2 Implementation fee)</u>
	Minimum fee (£)	0	<u>0</u>
	£ million of GTL	Fee (£/£m or part £m of GTL)	
	0 – 1	0	<u>0</u>
	>1 - 5	51.03 <u>60.30</u>	<u>3.74</u>
	>5 - 50	47.30 <u>60.30</u>	<u>3.74</u>
	>50 - 100	43.89 <u>60.30</u>	<u>3.74</u>
	>100 - 1,000	13.83 <u>18.96</u>	<u>1.18</u>
	>1,000	5.54 <u>7.59</u>	<u>0.48</u>
	PLUS		
	Solvency 2 Special Project Fee (the “Solvency 2 fee”)		
	...		

	There is only a single tariff band	The fee is calculated in accordance with Part 4 of this Annex. The percentage for this fee block (by which periodic fees are multiplied as described in Part 4) is 3.2% <u>9.79%</u> .	
For <i>UK ISPV's</i> the tariff rates are not relevant and a flat fee of £430 is payable in respect of the period 1 April 2008 to 31 March 2009 <u>each FSA financial year (the 12 months ending 31 March).</u>			
A.4	Adjusted annual gross premium income (AGPI)	<u>Column 1</u> (General Periodic fee)	<u>Column 2</u> (Solvency 2 Implementation fee)
	Minimum fee (£)	215	<u>10.09</u>
	£ million of AGPI	Fee (£/£m or part £m of AGPI)	
	0 - 1	0	<u>0</u>
	>1 – 50	637.87 <u>740.00</u>	<u>40.84</u>
	>50 – 1,000	594.67 <u>740.00</u>	<u>40.84</u>
	>1,000 - 2,000	408.20 <u>554.56</u>	<u>30.60</u>
	>2,000	280.26 <u>380.75</u>	<u>17</u>
	PLUS		
	Mathematical reserves (MR)	<u>Column 1</u> (General Periodic fee)	<u>Column 2</u> (Solvency 2 Implementation fee)
	Minimum fee (£)	215	<u>9.73</u>
	£ million of MR	Fee (£/£m or part £m of MR)	
	0 – 1	0	<u>0</u>
	>1 – 10	33.55 <u>42.35</u>	<u>2.20</u>
	>10 - 100	30.71 <u>42.35</u>	<u>2.20</u>
	>100 - 1,000	20.79 <u>22.25</u>	<u>1.17</u>
>1,000 - 5,000	14.63 <u>22.25</u>	<u>1.17</u>	

	>5,000 - 15,000	11.36 <u>15.04</u>	<u>0.79</u>
	>15,000	8.83 <u>15.04</u>	<u>0.79</u>
	PLUS		
	Solvency 2 Special Project Fee (Solvency 2 fee)		
	...		
	There is only a single tariff band.	The fee is calculated in accordance with Part 4 of this Annex. The percentage for this fee block (by which periodic fees are multiplied as described in Part 4) is 1.41% <u>9.66%</u> .	
	For UK ISPV's the tariff rates are not relevant and a flat fee of £430 is payable in respect of the period 1 April 2008 to 31 March 2009.		
A.5	Minimum fee (£)	580	
	£ million of Active Capacity (AC)	Fee (£/£m or part £m of AC)	
	0 - 50	0	
	>50 - 150	114.91 <u>122.49</u>	
	>150 - 250	96.71 <u>116.67</u>	
	>250	28.37 <u>48.21</u>	
A.6	Flat fee	1,284,725 <u>1,743,958</u>	
	<u>PLUS</u>		
	<u>Solvency 2 Special Project Flat Fee (£)</u>	<u>95,000</u>	
	<u>PLUS</u>		

	<u>Solvency 2 Implementation Flat Fee (£)</u>	<u>83,000</u>
A.7	For class 1(C), (2) and (3) <i>firms</i> :	
	...	
	£ million of Funds under Management (FuM)	Fee (£/£m or part £m of FuM)
	0 - 10	0
	>10 - 100	50.28 <u>58.27</u>
	>100 - 2,500	16.17 <u>18.74</u>
	>2,500 - 10,000	9.00 <u>10.43</u>
	>10,000	1.02 <u>1.60</u>
	...	
...		
A.9	Minimum fee (£)	1,890
	£ million of Gross Income (GI)	Fee (£/£m or part £m of GI)
	0 - 1	0
	>1 - 5	842.83 <u>991.25</u>
	>5 - 15	828.57 <u>955</u>
	>15 - 40	820.36 <u>955</u>
	>40	809.18 <u>940</u>
A.10	...	
	No. of traders	Fee (£/trader)
	...	
	3 - 5	2,564.00 <u>3,937</u>
	6 - 10	1,852.00 <u>2,677</u>

	11 – 50	1,712.00 <u>2,677</u>
	51 - 200	1,482.00 <u>3,283</u>
	>200	1,196.00 <u>3,283</u>
...		
A.12	Minimum fee (£)	1,960
	No. of persons	Fee (£/person)
	0 - 1	0
	2 – 4	1,125.00 <u>1,232</u>
	5 – 10	570.00 <u>590</u>
	11 – 25	418.00 <u>504</u>
	26 - 150	221.00 <u>255</u>
	151 – 1,500	167.00 <u>255</u>
	>1,500	112.00 <u>160</u>
	...	
A.13	For class (2) firms	
	...	
	No. of persons	Fee (£/person)
	...	
	2 – 4	1,002.00 <u>1,119</u>
	5 – 10	978.00 <u>1,073</u>
	11 – 25	939.00 <u>1,073</u>
	26 - 500	835.00 <u>939</u>
	501 – 4,000	767.00 <u>939</u>
	>4,000	724.00 <u>939</u>
	...	
A.14	Minimum fee (£)	1,335.00

	No. of persons	Fee (£/person)
	0 - 1	0
	2	1,258.00 <u>1,393</u>
	3 - 4	1,194.00 <u>1,393</u>
	5 - 10	1,098.00 <u>1,211</u>
	11 - 100	1,042.00 <u>1,211</u>
	101 - 200	729.00 <u>902</u>
	>200	438.00 <u>902</u>
	...	
...		
A.18	...	
	£ thousands of Annual Income (AI)	Fee (£/£ thousand or part £ thousand of AI)
	...	
	>100 - 1,000	5.18 <u>6.93</u>
	>1,000 - 5,000	4.33 <u>5.60</u>
	>5,000 - 10,000	3.46 <u>5.60</u>
	>10,000 - 20,000	2.60 <u>4.33</u>
	>20,000	2.18 <u>3.71</u>
A.19	...	
	£ thousands of Annual Income (AI)	Fee (£/£ thousand or part £ thousand of AI)
	...	
	>100 - 1,000	4.31 <u>4.66</u>
	>1,000 - 5,000	3.77 <u>4.30</u>
	>5,000 - 15,000	2.60 <u>2.99</u>

	>15,000 - 100,000	1.04 <u>1.40</u>
	>100,000	0.42 <u>0.57</u>
B. Market Operators	£20,000 <u>£30,000</u>	
B. Service companies	Bloomberg LP	£37,000 <u>£40,000</u>
	EMX Co Ltd	£27,000 <u>£30,000</u>
	LIFFE Services Ltd	£27,000 <u>£30,000</u>
	OMGEO Ltd	£27,000 <u>£30,000</u>
	Reuters Ltd	£37,000 <u>£40,000</u>
	Swapswire Ltd	£27,000 <u>£30,000</u>
	Thomson Financial Ltd	£27,000 <u>£30,000</u>

Part 2

This table shows the permitted deductions that apply:

Activity group	Nature of deduction	Amount of deduction
A.1	...	1.4 <u>6.2%</u> of the fee payable by the <i>firm</i> for the activity group (see Part 1)
A.2	...	1.4 <u>6.2%</u> of the fee payable by the <i>firm</i> for the activity group (see Part 1)
A.3	...	1.4 <u>6.2%</u> of the fee payable by the <i>firm</i> for the activity group (see Part 1). The deduction does not apply to any Solvency 2 fee (as defined in Part 1) or <u>Solvency 2 Implementation fee as applicable under Part 5.</u>
A.4	...	1.4 <u>6.2%</u> of the fee payable by the <i>firm</i> for the activity group (see Part 1). The deduction does not apply to any Solvency 2 fee (as defined in Part 1) or <u>Solvency 2 Implementation fee as applicable under Part 5.</u>

A.5	...	1.4 <u>6.2</u> % of the fee payable by the <i>firm</i> for the activity group (see Part 1).
A.6	...	1.4 <u>6.2</u> % of the fee payable by the <i>firm</i> for the activity group (see Part 1). <u>The deduction does not apply to any Solvency 2 Special Project flat fee or Solvency 2 Implementation flat fee (as defined in Part 1).</u>
A.7	...	1.4 <u>6.2</u> % of the fee payable by the <i>firm</i> for the activity group (see Part 1)
A.9	...	1.4 <u>6.2</u> % of the fee payable by the <i>firm</i> for the activity group (see Part 1)
A.10	...	1.4 <u>6.3</u> % of the fee payable by the <i>firm</i> for the activity group (see Part 1)
A.12	...	1.4 <u>6.2</u> % of the fee payable by the <i>firm</i> for the activity group (see Part 1)
A.13	...	1.4 <u>6.2</u> % of the fee payable by the <i>firm</i> for the activity group (see Part 1)
A.14	...	1.4 <u>6.2</u> % of the fee payable by the <i>firm</i> for the activity group (see Part 1)
A.18	...	1.4 <u>6.2</u> % of the fee payable by the <i>firm</i> for the activity group (see Part 1)
A.19	...	1.4 <u>6.2</u> % of the fee payable by the <i>firm</i> for the activity group (see Part 1)

...

Part 4	
This table shows the calculation of the Solvency 2 fee for <i>firms</i> falling into fee block A3 or A4	
(1)	...
(2)	The Solvency 2 fee is only payable by a <i>firm</i> if:
(a)	it was in one or both of the insurance fee blocks at the start of the financial year 2008/9 <u>2009/10</u> ;
(b)	<i>FEES</i> 4.3.13R (Firms Applying to Cancel or Vary Permission Before Start of Period) does not apply with respect to the fee block in (a); and

(c)	it has not notified the <i>FSA</i> before the start of the financial year 2008/9 <u>2009/10</u> that it intends to migrate out of the <i>United Kingdom</i> for regulatory purposes before the proposed Solvency II Directive is implemented; <u>and</u>
(d)	<u>it is not an <i>incoming EEA firm</i> or an <i>incoming Treaty firm</i>.</u>
(3)	The Solvency 2 fee is payable by the top ten <u>sixty</u> <i>firms</i> in the list of <i>firms</i> that fall into (2) <u>and into fee block A3, and by the top sixty</u> <i>firms</i> in the list of <i>firms</i> that fall into (2) and into fee block A4. A <i>firm</i> 's ranking in this <u>the</u> list <u>for a particular insurance fee block</u> is measured by reference to the amount of the periodic fees payable by it under <i>FEES</i> 4.3 in respect of the financial year 2007/8 <u>2008/9</u> with respect to the <u>that</u> insurance fee blocks <u>block</u> .
(4)	The fee for a particular insurance fee block is calculated by multiplying the periodic fee payable by the <i>firm</i> with respect to that fee block (ignoring the Solvency 2 fee <u>and the Solvency 2 Implementation fee</u>) by the percentage specified in Part 1.
(5)	The total Solvency 2 fee payable by a <i>firm</i> (taking into account amounts payable under both insurance fee blocks) is capped at £50,000 <u>£95,000</u> .
(6)	For the purpose of (3) <i>firms</i> falling into (2) that are in the same group at the start of the financial year 2008/9 <u>2009/10</u> must be treated as a single <i>firm</i> , so that the total number of <i>firms</i> liable to pay the Solvency 2 fee may be greater than 20 <u>120</u> .
(7)	Where (6) applies, the Solvency 2 fee payable by the <i>firms</i> in the group concerned for a particular insurance fee block is calculated by multiplying the total amount of the periodic fees payable by those <i>firms</i> with respect to that fee block (ignoring the Solvency 2 fee <u>and the Solvency 2 Implementation fee</u>) by the percentage specified in Part 1. All those <i>firms</i> are liable jointly and severally to pay the Solvency 2 fee. No <i>incoming EEA firm</i> or <i>incoming Treaty firm</i> that has established a <i>branch</i> in the <i>UK</i> is liable to pay any such joint fee.
(8)	Where (7) applies, (5) is applied to the group as a whole so that the total joint Solvency 2 fee payable by the group is capped at £50,000 <u>£95,000</u> .
...	

Part 5

This Part sets out when a Solvency 2 Implementation fee is due for *firms* in the A.3 and A.4 fee-blocks.

(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 financial year 2009/10 that it intends to migrate out of the <i>United Kingdom</i> for regulatory purposes before the proposed Solvency II Directive is implemented;</u>
	(c)	<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 <i>FSA</i> financial year;</u>
	(d)	<u>its gross technical liabilities or mathematical 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 <i>FSA</i> financial year.</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 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 <i>reinsurer</i> of last resort.</u>
(4)	<u>Where a <i>firm</i> has notified the <i>FSA</i> that it intends to migrate out of the <i>United Kingdom</i> for regulatory purposes before the proposed Solvency II Directive is implemented in the <i>United Kingdom</i> but when the proposed Directive is implemented that <i>firm</i> remains in the <i>United Kingdom</i> for regulatory purposes, it must pay the Solvency 2 Implementation fee for each financial year commencing 1 April 2009 for which the Solvency 2 Implementation fee would have applied to the <i>firm</i> but for the <i>firm</i> notifying the <i>FSA</i> of its intention to migrate.</u>	
(5)	<u>Where a <i>firm</i> is required to pay a Solvency 2 Implementation fee because of the circumstances described in (4) it must pay this fee</u>	

	<u>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 the October preceding the financial year of the FSA 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>

...

4 Annex 4 R Periodic fees in relation to collective investment schemes payable for the period 1 April ~~2008~~ 2009 to 31 March ~~2009~~ 2010

Part 1 – Periodic fees payable

Scheme type	Basic fee (£)	Total funds/sub-funds aggregate	Fund factor	Fee (£)
ICVC, AUT, Section 264 of the <i>Act</i> Section 270 of the <i>Act</i>	670 <u>570</u>	1-2	1	670 <u>570</u>
		3 – 6	2.5	1,675 <u>1,425</u>
		7 - 15	5	3,350 <u>2,850</u>
		16 - 50	11	7,370 <u>6,270</u>
		>50	22	14,740 <u>12,540</u>
Section 272 of the <i>Act</i>	2730 <u>2,325</u>	1-2	1	2,730 <u>2,326</u>
		3-6	2.5	6,825 <u>5,815</u>
		7-15	5	13,650 <u>11,630</u>
		16-50	11	30,030 <u>25,586</u>
		>50	22	60,060 <u>51,172</u>

4 Annex 5 R Periodic fees for designated professional bodies payable in relation to the period 1 April 2009 to 31 March 2010

Table. Fees payable by Designated Professional Bodies

Name of Designated Professional Body	Amount payable	Due date
The Law Society of England & Wales	...	
	£ 31,455 <u>£18,105</u>	1 September 2008 <u>2009</u>
The Law Society of Scotland	£ 15,890 <u>£13,990</u>	1 July 2008 <u>2009</u>
The Law Society of Northern Ireland	£ 14,220 <u>£12,990</u>	1 July 2008 <u>2009</u>
The Institute of Actuaries	£ 10,160 <u>£10,110</u>	1 July 2008 <u>2009</u>
The Institute of Chartered Accountants in England and Wales	£ 33,720 <u>£25,630</u>	1 July 2008 <u>2009</u>
The Institute of Chartered Accountants of Scotland	£ 12,030 <u>£11,330</u>	1 July 2008 <u>2009</u>
The Institute of Chartered Accountants in Ireland	£ 10,940 <u>£10,630</u>	1 July 2008 <u>2009</u>
The Association of Chartered Certified Accountants	£ 19,600 <u>£17,070</u>	1 July 2008 <u>2009</u>
The Council for Licensed Conveyancers	£ 11,720 <u>£11,090</u>	1 July 2008 <u>2009</u>
Royal Institution of Chartered Surveyors	£ 15,010 <u>£13,650</u>	1 July 2008 <u>2009</u>

4 Annex 6 R Periodic fees for recognised investment exchanges and recognised clearing houses payable in relation to the period 1 April 2009 to 31 March 2010

...

Part 1 – Periodic fees for UK recognised bodies

Name of UK recognised body	Amount payable	Due date
Euroclear UK & Ireland Limited	...	
	£228,000 £310,500	1 September 2008 2009
ICE Futures Europe Ltd	...	
	£208,000 £267,500	1 September 2008 2009
LIFFE Administration and Management	...	
	£325,500 £350,000	1 September 2008 2009
LCH Clearnet Limited
	£276,500 £315,000	1 September 2008 2009
The London Metal Exchange Limited	...	
	£195,500 £211,500	1 September 2008 2009
London Stock Exchange plc	...	
	£190,000 £252,500	1 September 2008 2009
SWX Europe Ltd	...	
	£84,500 £88,000	1 September 2008 2009

EDX London Ltd	...	
	£44,000 <u>£37,000</u>	1 September 2008 <u>2009</u>
PLUS Markets Plc	...	
	£79,000 <u>£118,000</u>	1 September 2008 <u>2009</u>
European Central Counterparty Limited	...	
	<u>£202,000</u>	<u>1 September 2009</u>
ICE Clear Europe Limited	...	
	<u>£243,000</u>	<u>1 September 2009</u>
...		

Part 2 – Periodic fees for overseas recognised bodies

Name of overseas recognised body	Amount payable	Due date
Cantor Financial Futures Exchange	£25,000	1 July 2008 <u>2009</u>
	<u>£30,000</u>	
The Chicago Mercantile Exchange (<u>CME</u>) (<u>ROIE</u>)	£25,000	1 July 2008 <u>2009</u>
	<u>£30,000</u>	
Chicago Board of Trade	£25,000	1 July 2008 <u>2009</u>
	<u>£30,000</u>	
EUREX (Zurich)	£25,000	1 July 2008 <u>2009</u>
	<u>£30,000</u>	
National Association of Securities and Dealers Automated Quotations (NASDAQ)	£25,000	1 July 2008 <u>2009</u>
	<u>£30,000</u>	

NQLX LLC	£25,000	1 July 2008
New York Mercantile Exchange Inc.	£25,000 £30,000	1 July 2008 <u>2009</u>
The Swiss Stock Exchange	£25,000 £30,000	1 July 2008 <u>2009</u>
Sydney Futures Exchange Limited	£25,000 £30,000	1 July 2008 <u>2009</u>
US Futures Exchange LLC	£25,000	1 July 2008
ICE Futures US Inc	£25,000 £30,000	1 July 2008 <u>2009</u>
RMX Risk Management Exchanges AG	£25,000	1 July 2008
SIS x-clear AG	£55,000 £60,000	1 July 2008 <u>2009</u>
Eurex Clearing AG	£55,000 £60,000	1 July 2008 <u>2009</u>
ICE Clear US Inc	£55,000 £60,000	1 July 2008 <u>2009</u>
CME Clearing Chicago Mercantile Exchange (CME) (ROCH)	£55,000 £60,000	1 July 2008 <u>2009</u>
Any other <i>overseas investment exchange</i> recognised as such by a <i>recognition order</i> made in the period	£25,000 £30,000	...
Any other <i>overseas clearing house</i> recognised as such by a <i>recognition order</i> made in the period	£55,000 £60,000	...

...

4 Annex 7 R Periodic fees in relation to the Listing Rules for the period 1 April ~~2008~~ 2009 to 31 March ~~2009~~ 2010

Fee type	Fee amount
Annual fees for the period 1 April 2008 <u>2009</u> to 31 March 2009 <u>2010</u>	
....	

Table 1

...

Table 2

Tiered annual fees for all other issuers

Fee payable	
Minimum fee (£)	3,425
£ million of Market Capitalisation	Fee (£/£m or part £m of Market Capitalisation)
0 - 100	0
>100 - 250	15.066000 <u>21.845700</u>
>250 - 1,000	6.026000 <u>8.737700</u>
>1,000 - 5,000	2.005000 <u>5.378413</u>
>5,000 - 25,000	0.037700 <u>0.131196</u>
>25,000	0.010080 <u>0.042386</u>

There is deducted from the fee specified in this Annex 6.4% of the fee payable to take into account financial penalties received by the FSA in the previous financial year.

4 Annex 8 R Periodic fees in relation to the disclosure rules and transparency rules for the period 1 April ~~2008~~ 2009 to 31 March ~~2009~~ 2010

...

Table 1

...

Table 2

Fee payable	
Minimum fee (£)	2,740
£ million of Market Capitalisation	Fee (£/£m or part £m of Market Capitalisation)
0 - 100	0
>100 - 250	12.0528 <u>17.476560</u>
>250 - 1,000	4.8208 <u>6.990160</u>
>1,000 - 5,000	1.6040 <u>4.302730</u>
>5,000 - 25,000	0.0302 <u>0.104957</u>
>25,000	0.0081 <u>0.033909</u>

4 Annex 9 R Periodic fees in respect of securitised derivatives for the period from 1 April ~~2008~~ 2009 to 31 March ~~2009~~ 2010

Part 1

...

For the purposes of this Annex “relevant contracts” are all transactions entered into by *firms* in *securitised derivatives* entered into on or settled through *LIFFE* or Eurex Clearing AG, and the “relevant period” is 1 January ~~2007~~ 2008 to 31 December ~~2007~~ 2008 inclusive.

The fee shown in the table below for *firms* (but not for *market operators*) will be subject to a deduction of ~~1.4%~~ 6.2%, as if that fee were a periodic fee charged under *FEES* 4.3.3R, and the deduction were a deduction set out in Part 2 of *FEES* 4 Annex 2R.

Fee amount for <i>firms</i>	
Number of relevant contracts entered into by the <i>firm</i> during the relevant period	Fee amount
0 - 100	£0
101 – 1,000	£150 <u>475</u>
1,001 – 100,000	£700 <u>2,450</u>
100,001 – 1,000,000	£1,900 <u>7,350</u>
1,000,001 – 5,000,000	£4,800 <u>17,100</u>
5,000,001 – 20,000,000	£8,800 <u>31,300</u>
>20,000,000	£13,400 <u>48,800</u>
...	

...

5 Financial Ombudsman Service Funding

...

- 5.1.7 G The purpose of this chapter is to set out the requirements on *firms* to pay annual fees (through a *general levy* and ~~supplementary levy~~ invoiced and collected by the *FSA* on behalf of *FOS Ltd*) and case fees (invoiced and collected directly by *FOS Ltd*) in order to fund the operation of the *Financial Ombudsman Service*. ~~This chapter also contains a requirement on *firms* to pay a supplementary levy towards the costs of establishing the *Financial Ombudsman Service*. It~~ This chapter also provides for *unauthorised persons* to pay case fees to *FOS Ltd* in respect of any *relevant complaints* which it handles.

...

- 5.4.1 R ...
- (5) If a *firm* does not submit a complete statement by the date on which it is due in accordance with this *rule* and any prescribed submission procedures:
- (a) ...
- (b) the *general levy* and ~~any supplemental levy~~ will be calculated using (where relevant) the valuation or valuations of business

applicable to the previous period, multiplied by the factor of 1.10 (or, if a *firm* has become subject to the *Financial Ombudsman Service* part way through the *financial year*, on the basis of the information provided to the *FSA* for the purposes of *FEES* 4.4.2R) or on any other reasonable basis, making such adjustments as seem appropriate in subsequent levies once the true figures are known.

...

5.6 The supplementary levy

- 5.6.1 G For the purposes of calculating the ~~supplementary levy~~, the *FSA* will apportion the ~~establishment costs~~ between the ~~industry blocks~~ in the same proportions as the operating costs for the purposes of the *general levy*. The ~~supplementary levy~~ will therefore be raised from ~~firms~~ on the same basis and at the same time as the *general levy* (see part 2 of *FEES* 5 Annex 1R). ~~[deleted]~~
- 5.6.2 G The ~~establishment costs~~ will be recovered via the ~~supplementary levy~~ over the first three full *financial years* of the *Financial Ombudsman Service's* operation. ~~[deleted]~~
- 5.6.3 G The amount of ~~establishment costs~~ to be raised each year through the ~~supplementary levy~~ will be specified in part 2 of *FEES* 5 Annex 1R. ~~[deleted]~~
- 5.6.4 G The ~~supplementary levy~~ will be identified separately from the *general levy* for the purposes of invoicing ~~firms~~ and *VJ participants*. ~~[deleted]~~
- 5.6.5 R A *firm* must pay to the *FSA* a ~~supplementary levy~~ towards the costs of establishing the *Financial Ombudsman Service*. ~~[deleted]~~
- 5.6.6 R A *firm's* ~~supplementary levy~~ is a sum payable in accordance with the fee tariffs set out in part 2 of *FEES* 5 Annex 1R and will be calculated by following the steps set out in *FEES* 5.3.8R. ~~[deleted]~~
- 5.6.7 G Under the ~~standard terms~~, ~~VJ participants~~ will also be required to pay an amount calculated on a similar basis towards the costs of establishing the *Voluntary Jurisdiction* of the *Financial Ombudsman Service*. ~~[deleted]~~

...

- 5.7.1 G A *firm* must pay annually to the *FSA* the *general levy* and any ~~supplementary levy~~ to which it is subject, on or before the later of 1 April and 30 calendar *days* after the date when the invoice is issued by the *FSA*.

...

- 5.8.1 R A *firm* which becomes subject to the *Financial Ombudsman Service* part way through a *financial year* must pay a rateable proportion of the *general levy* and the ~~supplementary levy~~ as indicated in Table *FEES* 4.2.6R, as if

that table applied to the quarter in which a *firm* becomes subject to the *Financial Ombudsman Service*.

...

- 5.9.2 G *Firms* which cease to be *authorised* and therefore subject to the *Compulsory Jurisdiction* part way through the year will not receive a refund of their *general levy* (~~or *supplementary levy*~~) except in exceptional circumstances. *Firms* will continue to be liable for any case fees relating to *chargeable cases* closed by the *Financial Ombudsman Service* after they cease to be *authorised*. *Firms* will be charged the standard case fee where the complaint was closed by the *Financial Ombudsman Service* before the end of the year in which their *authorisation* ceased. The special case fee will apply to any complaint closed after the end of that year since the *firm* will no longer be contributing to the *general levy*.

...

5 Annex 1 R Annual Fees Payable in Relation to ~~2008/09~~ 2009/10

Introduction: annual budget

1. The *annual budget* for ~~2008/09~~ 2009/10 approved by the *FSA* is ~~£62.6m~~ £92.5m.

Part 1: General levy ~~and supplementary levy~~

2. The total amount expected to be raised through the *general levy* in ~~2008/09~~ 2009/10 will be ~~£17.2m~~ £17.7m (net of £1.8m to be raised from consumer credit firms).

Part 2: Fee tariffs for general levy ~~and supplementary levy~~

3. ~~No *establishment costs* will be raised in 2008/09 by the *supplementary levy*.~~

Industry block	Tariff base	General levy payable by firm
1-Deposit acceptors, <i>home finance providers</i> and <i>home finance administrators</i> (excluding <i>firms</i> in block 14)	...	£0.023 <u>£0.027</u> per relevant account, subject to a minimum levy of £100
...		

4 – Insurers – life (excluding <i>firms</i> in block 15)	...	£0.049 <u>£0.028</u> per £1,000 of relevant adjusted annual gross premium income, subject to a minimum levy of £100
5 - Fund managers (including those holding <i>client money/assets</i> and not holding <i>client money/assets</i>)	<u>Relevant funds under management Flat fee</u>	...
...		
8 - Advisory <i>arrangers</i> , dealers or brokers holding and controlling <i>client money</i> and/or assets	...	£80 <u>£45</u> per relevant <i>approved person</i> subject to a minimum levy of £80 <u>£45</u>
9-Advisory <i>arrangers</i> , dealers or brokers not holding and controlling <i>client money</i> and/or assets	...	<u>£40</u> per relevant <i>approved person</i> subject to a minimum levy of <u>£40</u>
...		
12 -	N/A for 2008/09 <u>2009/10</u>	
...		
16 - <i>Home finance providers, advisers and arrangers</i> (excluding <i>firms</i> in blocks 13, 14 & 15)	...	Levy of £60 <u>£70</u>
17 - General insurance mediation (excluding <i>firms</i> in blocks 13, 14 & 15)	<u>Flat fee Annual income (as defined in MIPRU 4.3) relating to firm's relevant business</u>	Levy of £60 <u>£0.175</u> per £1,000 of <i>annual income</i> (as defined in MIPRU 4.3) relating to <i>firm's relevant business</i> subject to a <u>minimum levy of £80</u>

Annex C

Amendments to the Dispute Resolution: Complaints sourcebook (DISP)

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

Sch 3 Fees and other required payment

- 3.1 G The aim of the *guidance* in the following table is to give the reader a quick overall view of the relevant requirements for fees and other required payments. There are no requirements for fees or other payments in *DISP*.

It is not a complete statement of those requirements and should not be relied on as if it were.

- 3.2 G [deleted]

Type of fee	Trigger event	Date/Time for payment	Amount/rate	Handbook reference
<i>General levy</i>	Annual invoice from <i>FOS Ltd</i>	(1) On or before the later of 1 April and 30 calendar <i>days</i> after the date when the invoice is issued by <i>FOS Ltd</i> ; or (2) for amounts exceeding the <i>minimum levy</i> , quarterly, at the beginning of each quarter, by direct debit.	Amount of <i>relevant business</i> according to applicable tariff base; or <i>minimum levy</i> .	<i>FEES 5.3</i> <i>FEES 5.7</i> Part 2 of <i>FEES 5</i> Annex 1R
<i>Supplementary levy</i>	Annual invoice from <i>FOS Ltd</i>	(1) On or before the later of 1 April and 30 calendar <i>days</i> after the date when the invoice is issued by <i>FOS Ltd</i> ; or (2) for amounts exceeding the <i>minimum levy</i> , quarterly, at the	Amount of <i>relevant business</i> according to applicable tariff base; or <i>minimum levy</i> .	<i>FEES 5.6</i> <i>FEES 5.7</i> Part 2 of <i>FEES 5</i> Annex 1R

		beginning of each quarter, by direct debit.		
Case fees	<i>Monthly invoice from FOS Ltd</i>	Within 30 calendar <i>days</i> of date when the invoice is issued by <i>FOS Ltd</i>	Standard case fee (£360) or special case fee (£720), as applicable	<i>FFES 5.5</i> <i>FEES 5.7</i> Part 3 of <i>FFES 5</i> Annex 1R