

PRA RULEBOOK: PRA FEES AMENDMENT INSTRUMENT 2020**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
 - (2) section 137T (General supplementary powers); and
 - (3) paragraph 31 (Fees) of Part 3 (Penalties and Fees) of Schedule 1ZB (The Prudential Regulation Authority) of the Act.
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

Pre-conditions to making

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of the proposed rules and had regard to representations made.

PRA Rulebook: PRA Fees Amendment Instrument 2020

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

Part	Annex
Glossary	A
Fees	B

Commencement

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

Citation

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

By order of the Prudential Regulation Committee

3 July 2020

Annex A

Amendments to the Glossary

In this Annex, striking through indicates deleted text.

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

Annex B

Amendments to the Fees Part

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

1 APPLICATION AND DEFINITIONS

1.2 In this part, the following definitions shall apply:

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general insurance fee block

means *firms* whose *Part 4A permission* includes effecting or carrying out *contracts of general insurance* or *contracts of long term insurance* other than ~~life policies~~ life policies or *firms* whose *Part 4A permission* is insurance risk transformation.

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life policy

means:

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

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pension term assurance policy

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

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personal pension policy

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

pure protection contracts

means:

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

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

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

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Ring-fencing fee(s)

means the fee or fees in 3.18A

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3 PERIODIC FEES

...

Ring-fencing fee

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

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

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

TABLE IA MINIMUM PERIODIC FEE RATES

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

With <i>modified eligible liabilities</i> of 0-£0.5 million	80.00
With <i>modified eligible liabilities</i> greater than £0.5 million and less than £2.0 million	270.00
<p><i>Non-directive friendly societies</i> which either:</p> <p>(1) fall within the A3, but not the A4, <i>fee block</i> and have, in relation to their A3 activities <i>gross written premium for fees purposes</i> of 0 - £0.5million and <i>best estimate liabilities for fees purposes</i> of 0-£1.0 million; or</p> <p>(2) fall within the A4, but not the A3, <i>fee block</i> and have, in relation to their A4 activities, <i>gross written premium for fees purposes</i> of 0-£1.0 million and <i>best estimate liabilities for fees purposes</i> of 0-£1.0 million; or</p> <p>(3) fall within both the A3 and A4 <i>fee blocks</i> and meet condition (1) above in relation to their A3 activities and condition (2) above in relation to their A4 activities.</p>	215.00
All other firms	500.00

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

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

A3 general insurers fee block <i>gross written premium for fees purposes, best estimate liabilities for fees purposes</i>	<i>gross written premium for fees purposes</i>	<i>written premium for fees purposes</i>	<i>written premium for fees purposes (£)</i>
		>0.5	546.05 <u>595.90</u>
	<i>best estimate liabilities for fees purposes</i>	Band Width (£million of <i>best estimate liabilities for fees purposes</i>)	Fee payable per million of <i>best estimate liabilities for fees purposes (£)</i>
		>1	34.26 <u>40.97</u>
For UK ISPVs the <i>tariff rates</i> are not relevant and a flat fee of £430.00 is payable in respect of each <i>fee year</i> .			
A4 Life insurers fee block <i>gross written premium for fees purposes, best estimate liabilities for fees purposes</i>	<i>gross written premium for fees purposes</i>	Band width (£million of <i>gross written premium for fees purposes</i>)	Fee payable per million of <i>gross written premium for fees purposes (£)</i>
		>1	229.96 <u>217.84</u>
	<i>best estimate liabilities for fees purposes</i>	Band Width (£ million of <i>best estimate liabilities for fees purposes</i>)	Fee payable per million of <i>best estimate liabilities for fees purposes (£)</i>
		>1	46.44 <u>15.81</u>
A5 managing agents at Lloyd's	<i>active capacity</i>	Band Width (£million of <i>active capacity</i>)	Fee payable per million of <i>active capacity (£)</i>
		>50	49.57 <u>50.55</u>
A6 Society of Lloyd's	Flat fee	N/A	General periodic fee (£) 1,802,787.50 <u>1,975,132.27</u>
A10 Firms dealing as principal fee block	<i>total assets for fees purposes</i>	Band width (£million of <i>total assets for fees purposes</i>)	Fee payable per million or part million of <i>total assets for fees purposes (£)</i>

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

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TABLE VI – EU WITHDRAWAL COSTS ALLOCATION

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

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TABLE IX – RING-FENCING FEE

[Deleted.]

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

4 REGULATORY TRANSACTION FEES

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

- (1) ~~[Deleted.] All applications for new authorisations other than from credit unions are first assigned to the complexity groupings in Tables B and C to assist the PRA in determining the appropriate fee. Fees are then payable in accordance with:~~
- (a) ~~Table B if the permission sought does not include consumer credit activities; and~~
- (b) ~~Table C if the permission sought involves consumer credit related activities.~~

Table B – New authorisations not involving consumer credit related activities	
Application Type	£
Straightforward <i>A3 or A4 fee payer which is a friendly society or a fee payer which is an A1 credit union</i>	750.00
Moderately complex <i>A3 fee payer seeking permission as a UK insurance special purpose vehicle</i> <i>A5 fee payer seeking permission as a managing agent at Lloyd's</i>	2,500.00
Complex <i>A1 fee payer (other than a credit union) seeking permission to accept deposits or operate dormant accounts</i> <i>A3 fee payer (other than a friendly society or UK insurance special purpose vehicle)</i> <i>A4 fee payer other than a friendly society</i>	12,500.00

Table C – New authorisations involving consumer credit related activities <u>[Deleted.]</u>		
Application Type	£	
Straightforward: Fee payer seeking permission for credit broking or providing information services.	Annual consumer credit income £	Fee £
	50,000.00 or less	300.00

	Greater than 50,000.00 and less than 100,000.00	375.00
	Greater than 100,000.00 and less than 250,000.00	500.00
	Greater than 250,000.00 and less than 1,000,000.00	750.00
	Greater than 1,000,000.00	2,500.00
Moderately complex: <i>Fee payer seeking permission for:</i> (1) debt administration/debt collecting; (2) entering into regulated consumer hire agreement as lender (other than in relation to high-cost short term credit, bill of sale loan agreements and home credit loan agreements); (3) exercising or having the right to exercise the owners' rights under a regulated consumer hire agreement; (4) exercising or having the right to exercise the lender's rights and duties under a regulated consumer hire agreement (other than in relation to high-cost short term credit, bill of sale loan agreements and home credit loan agreements); or (5) operating an electronic system in relation to lending.	Annual consumer credit income £	Fee £
	50,000 or less	400.00
	Greater than 50,000.00 and less than 100,000.00	500.00
	Greater than 100,000.00 and less than 250,000.00	750.00
	Greater than 250,000.00 and less than 1,000,000.00	2,500.00
	Greater than 1,000,000.00	5,000.00
Complex: <i>Fee payer seeking permission for:</i> (1) debt adjusting/debt counselling;	Annual consumer credit income £	Fee £
	50,000 or less	500.00

(2) entering into a regulated credit agreement as lender in relation to high-cost short term credit, bill of sale loan agreements and home credit loan agreements;	Greater than 50,000.00 and less than 100,000.00	625.00
(3) exercising, or having the right to exercise, the lender's rights and duties under a credit agreement as lender in relation to high-cost short term credit, bill of sale loan agreements and home credit loan agreements; or	Greater than 100,000.00 and less than 250,000.00	1,000.00
(4) providing credit references.	Greater than 250,000.00 and less than 1,000,000.00	3,500.00
	Greater than 1,000,000.00	7,500.00

(2) ~~[Deleted.] Credit unions applying for new authorisations pay fees as follows:~~

- (a) ~~any credit union applying for a Part 4A permission for consumer credit related activities £100.00;~~
- (b) ~~a credit union which, prior to 3rd February 2016, would have been categorised as a Version 1 credit union applying for Part 4A permission not limited to consumer credit related activities £150.00;~~
- (c) ~~a credit union which, prior to 3rd February 2016, would have been categorised as a Version 2 credit union applying for a Part 4A permission not limited to consumer credit related activities £900.00.~~

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

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4.7

- (1) ~~[Deleted.] if the firm is extending the scope of its Part 4A permission to include additional regulated activities, the fee will be 50% of the highest fee which would have been payable by that firm had it been applying for a new authorisation under 4.5; and~~
- (2) ~~[Deleted.] no fee is payable if the variation involves a reduction in scope of a Part 4A permission with no increases in permission.~~
- (3) ~~Subject to paragraph (4), Where where a fee payer or FCA authorised firm seeks to vary its existing Part 4A permission or is an FCA authorised firm seeking to obtain or~~

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

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

the fee payable shall be £12,500.

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

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

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5 SPECIAL PROJECT FEE FOR RESTRUCTURING

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

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- (2) Next, multiply the applicable rate in the table of *SPF* hourly rates below by the number of hours or part hours arrived at under 5.7(1):

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

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