

HANDBOOK (RULEBOOK CONSEQUENTIALS No. 1) INSTRUMENT 2015**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
 - (2) section 137T (General supplementary powers);
 - (3) section 213 (The compensation scheme);
 - (4) section 214 (General);
 - (5) section 215 (Rights of the scheme in insolvency);
 - (6) section 218A (Regulators power to require information);
 - (7) section 223 (Management expenses); and
 - (8) section 224F (Rules about relevant schemes).
- 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 with the Financial Conduct Authority) (“FCA”), the PRA consulted the FCA. After consulting, the PRA published a draft of proposed rules and had regard to representations made.

Commencement

- D. This instrument comes into force on 3 July 2015.

Amendments

- E. The modules of the PRA’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
General provisions (GEN)	Annex B
Fees manual (FEES)	Annex C
Supervision manual (SUP)	Annex D
Credit Unions sourcebook (CREDS)	Annex E

Deletion

- G. Each of the following modules and chapters of the PRA’s Handbook is deleted:

FEES 6 (Financial Services Compensation Scheme Funding)
COMP (Compensation)

Citation

H. This instrument may be cited as the Handbook (Rulebook Consequentials No. 1) Instrument 2015.

By order of the Board of the Prudential Regulation Authority

30 March 2015

Annex A

Amendments to the Glossary of definitions

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

Amend the following as shown:

annual eligible income ~~(in FEES) (in relation to a firm and a class) the annual income (as described FEES 6 Annex 3) for the firm's last financial year ended in the year to 31 December preceding the date for submission of the information under FEES 6.5.13 R, attributable to that class. A firm must calculate *annual eligible income* from such annual income in one of the following ways:~~

~~(a) only include such annual income if it is attributable to business conducted with or for the benefit of *eligible claimants* and is otherwise attributable to compensatable business; or~~

~~(b) include all such annual income.~~

article 9 default ~~(as defined in article 2(2) of the *compensation transitionals order*) any of the following:~~

~~(a) the passing of a resolution for the voluntary winding up of an authorised insurance company within the meaning of section 3 of the Policyholders Protection Act 1975 in circumstances falling within section 5(1)(a) of that Act;~~

~~(b) the making by the court of an order for the winding up of such a company in accordance with section 5(1)(b) of that Act;~~

~~(c) the appointment of a provisional liquidator in the circumstances falling within section 15 of that Act in respect of such a company;~~

~~(d) such a company becoming a company in financial difficulties within the meaning of section 16 of that Act;~~

~~(e) a *participating deposit taker* becoming insolvent for the purposes of Part II of the Banking Act 1987;~~

~~(f) a *participating institution* becoming insolvent within the meaning of section 25A of the Building Societies Act 1986;~~

~~(g) the beginning of a dissolution or transfer of engagements of a *member society* in accordance with rule 9(2) of the Rules of the Friendly Societies Protection Scheme.~~

~~*authorised insurance company* (In *COMP*) (in accordance with the *compensation transitionals order*) a person who was, at any time before *commencement*, authorised under section 3 or 4 of the Insurance Companies Act 1982 to carry on insurance business of any class in the *United Kingdom*.~~

~~*base costs levy* a levy, forming part of the *management expenses levy*, to meet the *base costs* in the financial year of the *compensation scheme* to which the levy relates, each *participant firm's share* being calculated in accordance with FEES 6.4.5 R.~~

class

...

(B) In the *PRA Handbook*:

....

(5) (in *FEES*) one of the classes to which *FSCS* allocates levies as described in FEES 6.5.7 R in accordance with the rules of the *compensation scheme*.

~~compensation costs~~ ————— ~~the costs incurred:~~

- ~~(a) in paying compensation; or~~
- ~~(b) as a result of making the arrangements contemplated in COMP 3.3.1 R or taking the measures contemplated in COMP 3.3.3 R; or~~
- ~~(c) in making payments or giving indemnities under COMP 11.2.3 R; or~~
- ~~(d) under section 214B or section 214D of the Act; or~~
- ~~(e) by virtue of section 61 (Sources of compensation) of the Banking Act 2009; (including the costs of paying interest, principal and other costs of borrowing to pay such costs).~~

~~compensation costs levy~~ ————— ~~a levy imposed by the FSCS on participant firms to meet compensation costs, each participant firm's share being calculated in accordance with FEES 6.5~~

deferred share

(A) In the FCA Handbook:

(1) (other than in *CREDS* and *COMP*) in relation to a *building society*, a deferred share as defined in the Building Societies (Deferred Shares) Order 1991.

(2) (in *CREDS* and COMP 5.3.1 R (2)(cA)) in relation to a *Great Britain credit union*, means any share of a class defined as a deferred share by section 31A of the Credit Unions Act 1979.

(B) In the PRA Handbook:

in relation to a *building society*, a deferred share as defined in the Building Societies (Deferred Shares) Order 1991.

deposit

(A) In the FCA Handbook:

(1)

(B) In the PRA Handbook:

the investment, specified in article 74 and defined in articles 5(2) and 5(3) of the *Regulated Activities Order*, which is in summary: a sum of money (other than one excluded by any of articles 6 to 9 AB of the *Regulated Activities Order*) paid on terms:

(1) under which it will be repaid, with or without interest or a premium, and either on demand or at a time or in circumstances agreed by or on behalf of the *person* making the payment and the *person* receiving it; and

(2) which are not referable to the provision of property (other than currency) or services or the giving of security; in this definition, money is paid on terms which are referable to the provision of property or services or the giving of security if, and only if:

(a) it is paid by way of advance or part payment under a contract for the sale, hire or other provision of property or services, and is repayable only in the event that the property or services is or are not in fact sold, hired or otherwise provided; or

(b) it is paid by way of security for the performance of a contract or by way of security in respect of loss which may result from the non-performance of a contract; or

(c) without prejudice to (ii), it is paid by way of security for the delivery up or return of any property, whether in a particular state of repair or otherwise.

DGD claim

~~(A) In the *PRA Handbook*:~~

~~a *claim*, in relation to a *protected deposit*, against a *CRD credit institution*, whether established in the *United Kingdom* or in another *EEA State*.~~

electronic SCV rules

~~(in *COMP*) COMP 17.2.1 R(2), COMP 17.2.3 R(3) and COMP 17.2.5 R, the application of~~

which is determined by COMP 17.1 and COMP 17.2.7 R.

eligible claimant — a *person* eligible to have a *complaint* considered under the *Financial Ombudsman Service*, as defined in DISP 2.7 (Is the complainant eligible?).

establishment costs — (1) (in FEES 6) the costs of establishing the *compensation scheme*.

(2) (in FEES 5) the costs of establishing the *Financial Ombudsman Service*.

in default — the status of being in default following a determination made under COMP 6.3.1 R.

investment business compensation scheme — (as defined in article 2(2) of the *compensation transitionals order*) any of the following:

(a) the scheme established under section 54 of the Financial Services Act 1986 and known as the Investors Compensation Scheme;

(b) the scheme established under section 22j of the Grey Paper published by the FSA on 26 September 1998 and known as the Section 43 Compensation Scheme;

(c) the scheme established by chapter II of part L:VIII of the *PIA* rule book and known as the PIA Indemnity Scheme;

(d) the scheme resulting from an agreement dated 1 February 1999 between the Association of British Insurers and the Investors Compensation Scheme Limited for the making of payments by way of compensation to widows, widowers and dependants of persons (since deceased), in connection with advice given to such persons in relation to pensions, or the arranging of pensions for such persons, and known as the ABI/ICS scheme.

large mutual association

(A) (in the *PRA Handbook*):

(1) (in *COMP*), an unincorporated mutual association or an unincorporated association (which is not a mutual

association) with net assets of more than £1.4 million (or its equivalent in any currency at the relevant time).

(2) (except in *COMP*), A mutual association or unincorporated association with net assets of more than £1.4 million (or its equivalent in any other currency at the relevant time).

...

large partnership

(A) (in the *PRA Handbook*):

(1) (in *COMP*), a *partnership* with net assets of more than £1.4 million (or its equivalent in any other currency at the relevant time).

(2) (except in *COMP*), A *partnership* or unincorporated association with net assets of more than £1.4 million (or its equivalent in any other currency at the relevant time).

levy limit

...

(B) In the *PRA Handbook*:

(in *FEES*) the maximum aggregate amount of *compensation costs* and *specific costs* that may be allocated to a particular *class* in one financial year as set out in *FEES 6 Annex 2 R*.

management expenses

(A) In the *FCA Handbook*:

(1) (except in *INSPRU*) ...

(2) (in *INSPRU*) ...

(B) In the *PRA Handbook*:

(1) (except in *INSPRU*) (in accordance with section 223 of the *Act* (Management expenses)) expenses incurred or expected to be incurred by the *FSCS* in connection with its function under the *Act*, other than *compensation costs* and costs incurred under Part 15A of the *Act*; for the purposes of *FEES 6* these are

~~subdivided into *base costs*, *specific costs* and *establishment costs*.~~

(2) (in *INSPRU*) in relation to *long-term insurance business*, means all expenses, other than *commission*, incurred in the administration of an *insurer* or its business.

~~*management expenses levy* — a levy imposed by the *FSCS* on *participant firms* to meet the *management expenses* and which is made up of one or more of a *base cost levy* and a *specific costs levy*, each *participant firm's* share being calculated in accordance with FEES 6.4.~~

~~*MERS levy* — a levy (management expenses in respect of relevant schemes levy) imposed by the *FSCS* on *participant firms* to meet the management expenses incurred by the *FSCS* in connection with acting on behalf of the *manager of the relevant scheme* in accordance with Part 15A of the *Act*.~~

~~*mesothelioma victim* — (in accordance with section 3 (1) of the Compensation Act 2006) a *person* who has contracted mesothelioma as a result of exposure to asbestos by a *responsible person*.~~

~~*money-purchase benefits* — (A) In the *FCA Handbook*:~~

(1) (except in *COMP*) (in relation to an *occupational pension scheme*) benefits the rate or amount of which are calculated by reference to a payment or payments made by a member of the scheme.

(2) (in *COMP*) in relation to a member of a *personal pension scheme* or an *occupational pension scheme* or the widow or widower or surviving civil partner of a member of such a scheme, means benefits the rate or amount of which is calculated by reference to a

payment or payments made by the member or by any other *person* in respect of the member and which are not average salary benefits.

(B) In the *PRA Handbook*:

(in relation to an *occupational pension scheme*) benefits the rate or amount of which are calculated by reference to a payment or payments made by a member of the scheme.

~~*occupational pension fund management business*—(in *COMP*) the business of carrying on:~~

~~(1) *pension fund management*; or~~

~~(2) (other than in connection with a *personal pension scheme*) *pension fund management*, written as linked long term business, for an *occupational pension scheme* or for an institution falling within article 2 of the Council Directive of 3 June 2003 on the activities and supervision of institutions for occupational retirement provision (No 2003/41/EC) but only to the extent that:~~

~~(a) there is no transfer to the *participant firm* of:~~

~~(i) investment, market, or credit risk;~~

~~(iii) mortality or expense risk prior to any annuity being effected; and~~

~~(b) any annuity options provide for the *participant firm* to change the annuity rates without prior notice.~~

participant firm

(A) In the *PRA Handbook*:

(1) (except in FEES 1 and FEES 6) a *firm* or a *member* other than:

(a)

(2) (in FEES 1 and FEES 6) a *firm* specified in paragraph (1) above that is not a *member*.

(B) In the *FCA Handbook*:

(1) ...

<i>pending application</i>	<p>(as defined in article 3(1) of the <i>compensation transitionals order</i>):</p> <p>(a) an application for compensation made under an investment business compensation scheme before commencement in relation to which a terminating event did not occur before commencement; and</p> <p>(b) an application made to the FSCS after commencement under an investment business compensation scheme, even if at the time of application that scheme had otherwise ceased to exist.</p>
<i>PRA's SCV requirements</i>	<p>(in <i>COMP</i>) the <i>PRA's</i> requirements with respect to <i>single customer view</i>.</p>
<i>protected claim</i>	<p>a claim which is covered by the compensation scheme, as defined in COMP 5.2.1 R.</p>
<i>protected contract of insurance</i>	<p>a contract of insurance which is covered by the compensation scheme, as defined in COMP 5.4.1 R.</p>
<i>protected deposit</i>	<p>deposit which is covered by the compensation scheme, as defined in COMP 5.3.1 R.</p>
<i>protected dormant account</i>	<p>a dormant account which is covered by the compensation scheme, as defined in COMP 5.3.2R.</p>
<i>protected home finance mediation</i>	<p>activities in relation to home finance transactions which are covered by the compensation scheme, as defined in COMP 5.6.1 R.</p>
<i>protected investment business</i>	<p>designated investment business which is covered by the compensation scheme, as defined in COMP 5.5.1 R.</p>
<i>protected non-investment insurance</i>	

<i>mediation</i>	insurance mediation activities which are covered by the compensation scheme, as defined in COMP 5.7.1 R.
<i>quantification date</i>	the date as at which the liability of the relevant person in default is to be determined under COMP 12.3.
<i>reinsurance contract</i>	(in, COBS 21, ICOBS, CASS 5 and COMP) a contract of insurance covering all or part of a risk to which a person is exposed under a contract of insurance.
<i>relevant former scheme</i>	<p>(as defined in article 2(2) of the compensation transitionals order):</p> <p>(a) in relation to a pending application, the investment business compensation scheme under which the application was made;</p> <p>(b) in relation to an article 9 default, one of the following that applied to the default before commencement:</p> <ul style="list-style-type: none"> (i) the Policyholders Protection Scheme established by the Policyholders Protection Act 1975; (ii) the Deposit Protection Scheme established by Part II of the Banking Act 1987; (iii) the Building Societies Investor Protection Scheme established by Part IV of the Building Societies Act 1986; (iv) the Friendly Societies Protection Scheme established in accordance with section 141 of the Financial Services Act 1986.
<i>relevant general insurance contract</i>	<p>(in COMP) any general insurance contract other than:</p> <ul style="list-style-type: none"> (a) [deleted] (b) [deleted]

(c) a contract falling within any of the following classes:

- (i) *aircraft*;
- (ii) *ships*;
- (iii) *goods in transit*;
- (iv) *aircraft liability*;
- (v) *liability of ships*;
- (vi) *credit*.

relevant net premium income — (1) (in relation to business which is not *occupational pension fund management business*) the premium income in respect of *protected contracts of insurance of a firm*; or

(2) (in relation to *occupational pension fund management business*) the remuneration retained by a *firm* in relation to its carrying on *occupational pension fund management business*

in the year preceding that in which the date for submission of the information under FEES 6.5.13 R falls, net of any relevant rebates or refunds.

relevant person

(A) In the *FCA Handbook*:

(1) (in *COMP*) a *person* for *claims* against whom the *compensation scheme* provides cover, as defined in COMP 6.2.1 R.

(2)

(B) In the *PRA Handbook*:

Any of the following:

(1) a *director, partner* or equivalent, *manager* or *appointed representative* (or where applicable, *tied agent*) of the *firm*;

(2) a *director, partner* or equivalent, or *manager* of any *appointed representative* (or where applicable, *tied agent*) of the *firm*;

(3) an *employee* of the *firm* or of an *appointed representative* (or where applicable, *tied agent*)

of the firm; as well as any other natural person whose services are placed at the disposal and under the control of the firm or an appointed representative or a tied agent of the firm and who is involved in the provision by the firm of regulated activities;

(4) a natural person who is directly involved in the provision of services to the firm or its appointed representative (or where applicable, tied agent) under an outsourcing arrangement or (in the case of a management company) a delegation arrangement to third parties, for the purpose of the provision by the firm of regulated activities or (in the case of a management company) collective portfolio management.

[Note: article 2(3) of the MiFID implementing Directive and article 3(3) of the UCITS implementing Directive]

relevant scheme

~~(1) (except in FEES 6) a collective investment scheme managed by an EEA UCITS management company.~~

~~(2) (in FEES 6) a scheme or arrangement (other than the compensation scheme) for the payment of compensation (in certain cases) to customers (including customers outside the United Kingdom) of persons (including persons outside the United Kingdom) who provide financial services (including financial services provided outside the United Kingdom) or carry on a business connected with the provision of such services.~~

repayment claim

~~(in relation to a dormant account) a claim for repayment made by virtue of sections 1(2)(b) or 2(2)(b) of the Dormant Bank and Building Society Accounts Act 2008, that is, in summary, that the customer has against the dormant account fund operator whatever right to payment of the balance the customer would have against the bank or building society if the transfer (or in the case of section 2(2)(b), transfers) had not happened. In this definition, 'customer' is the person who held with a bank or building society the balance of a dormant~~

	<i>account transferred to a dormant account fund operator.</i>
<i>responsible person</i>	<p>(1) (except in COMP) (as defined in section 3(8) of the Child Trust Funds Act 2004) a person with parental responsibility in relation to a child under 16 who is not:</p> <p>(a) a local authority or, in Northern Ireland, an authority within the meaning of the Children (Northern Ireland) Order 1995 (SI 1995/755 (NI 2)); or</p> <p>(b) a person under 16.</p> <p>(2) (in COMP) (in accordance with section 3 (1) of the Compensation Act 2006) a person who has negligently or in breach of statutory duty caused or permitted another person to be exposed to asbestos (including an insurer of such a person).</p>
<i>retail pool</i>	the pool of <i>classes</i> to which the FSCS allocates levies as described in FEES 6.5A [to follow].
<i>SCV implementation report</i>	(in COMP) a report in accordance with COMP 17.3.6 R explaining how the relevant <i>firm</i> has satisfied the PRA's SCV requirements.
<i>SCV report</i>	(in COMP) a report in accordance with COMP 17.3.9 R from the relevant <i>firm's</i> board of directors confirming that the <i>firm's</i> SCV system satisfies the PRA's SCV requirements.
<i>SCV system</i>	(in COMP) a <i>firm's</i> system for satisfying the PRA's SCV requirements.
<i>single customer view</i>	(in COMP) a single, consistent view of an <i>eligible claimant's</i> aggregate protected deposits with the relevant <i>firm</i> which contains the information required by COMP 17.2.4 R, but excluding from that view those accounts where the <i>eligible claimant</i> is a beneficiary rather than the account holder or if the account is not active as defined in COMP 17.2.3 R (2).

<i>small business</i>	(in <i>COMP</i>) a <i>partnership, body corporate, unincorporated association or mutual association</i> with an annual turnover of less than £1 million (or its equivalent in any other currency at the relevant time).
<i>specific costs</i>	<i>management expenses other than base costs and establishment costs.</i>
<i>specific costs levy</i>	a levy, forming part of the <i>management expenses levy</i> , to meet the <i>specific costs</i> in the financial year of the <i>compensation scheme</i> to which the levy relates, each <i>participant firm's</i> share being calculated in accordance with FEES 6.4.7 R.
<i>terminating event</i>	(as defined in article 2(1) of the <i>compensation transitionals order</i>) in relation to applications made under an <i>investment business compensation scheme</i> , the withdrawal, discontinuance or rejection of the application, or its determination by a final payment of compensation to the applicant.
<i>working day</i>	<p>(1) (in <i>PR</i> and <i>COMP</i>) (as defined in section 103 of the <i>Act</i>) any day other than a Saturday, a Sunday, Christmas Day, Good Friday or a day which is a bank holiday under the Banking and Financial Dealings Act 1971 in any part of the <i>United Kingdom</i>.</p> <p>(2) (in relation to an <i>underwriter</i> and for the purpose of <i>BIPRU</i> but not for the purpose of the definition of <i>working day 0</i>) the number of <i>business days</i> after <i>working day 0</i> specified by the provision in question so that, for example, <i>working day one</i> means the <i>business day</i> following <i>working day 0</i>.</p>

Annex B

Amendments to General Provisions (GEN)

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

2.2.25 G ~~[PRA]~~ Examples of rules being interpreted as cut back by *GEN 2.2.23 R* include the following:

(1) ~~[deleted]~~

(2) ~~*SYSC 6.1.1 R* requires a *firm* to maintain adequate policies and procedures to ensure compliance with its obligations under the *regulatory system*; *SYSC 6.1.1 R* should be interpreted:~~

(a) ~~as applied by the *FCA* in respect of a *PRA-
authorised person's* compliance with regulatory obligations that are the responsibility of the *FCA* (for example, in respect of a *bank* maintaining policies and procedures to ensure compliance with banking conduct requirements in *BCOBS*); and,~~

(b) ~~as applied by the *PRA* in respect of a *PRA-
authorised person's* compliance with those regulatory obligations that are the responsibility of the *PRA* (for example, in respect of a *bank* maintaining policies and procedures to ensure compliance with financial resources requirements in the *PRA* Rulebook and the *EU*~~

~~CRR).~~

- (3) ~~COMP 5.2.1 R sets out types of *protected claims* to be covered by the FSCS. The powers of the FCA and the PRA to make this type of *rule* are set out in the order made under section 213(1A) of the Act. The *rule* must be read as applying only to the extent of those powers. For example, the PRA has no power to make COMP 5.2.1 R (3) creating *protected claims* in connection with *protected investment business*, and the FCA has no power to make COMP 5.2.1 R (1) as creating *protected claims* for a *protected deposit*. As such, those provisions are to be interpreted as not applied by the PRA and FCA, respectively.~~

2.2.25A G **[PRA]** - Examples of rules being interpreted as cut back by GEN 2.2.23R include the following:

- (1) SYSC 6.1.1R requires a firm to maintain adequate policies and procedures to ensure compliance with its obligations under the regulatory system; SYSC 6.1.1 R should be interpreted:
- (a) as applied by the FCA in respect of a PRA-*authorised person's* compliance with regulatory obligations that are the responsibility of the FCA (for example, in respect of a bank maintaining policies and procedures to ensure compliance with banking conduct requirements in BCOBS); and,
- (b) as applied by the PRA in respect of a PRA-*authorised person's* compliance with those regulatory obligations that are the responsibility of the PRA (for example, in respect of a bank maintaining policies and procedures to ensure compliance with financial resources requirements in the PRA Rulebook and the EU CRR).

Annex C

Amendments to the Fees manual

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

- 1 Fees Manual**
- 1.1 Application and purpose**
- 1.1.1 ~~G~~ ~~FEES applies to all persons required to pay a fee or levy under a provision of the Handbook. The purpose of this chapter is to set out to whom the rules and guidance in FEES apply. FEES 2 (General Provisions) contains general provisions which may apply to any type of fee payer. FEES 3 (Application, Notification and Vetting Fees) covers one-off fees payable on a particular event for example various application fees (including those in relation to authorisation, variation of Part 4A permission, listing and the Basel Capital Accord) and fees relating to certain notifications and document vetting requests. FEES 4 (Periodic fees) covers all periodic fees and transaction reporting fees. FEES 5 (Financial Ombudsman Service Funding) relates to FOS levies and case fees (in FEES 5.5A). FEES 6 (Financial Services Compensation Scheme Funding) relates to the FSCS levy. FEES 7 relates to the CFEB levy.~~
- 1.1.1- G FEES applies to all persons required to pay a fee or levy under a provision of the Handbook. The purpose of this chapter is to set out to whom the rules and guidance in FEES apply. FEES 2 (General Provisions) contains general provisions which may apply to any type of fee payer. FEES 3 (Application, Notification and Vetting Fees) covers one-off fees payable on a particular event for example various application fees (including those in relation to authorisation, variation of Part 4A permission, listing and the Basel Capital Accord) and fees relating to certain notifications and document vetting requests. FEES 4 (Periodic fees) covers all periodic fees and transaction reporting fees.
- A
- 1.1.2 R ...
- (4) ~~FEES 1, 2 and 6 apply to:~~
- (a) ~~every participant firm;~~
- (b) ~~the FSCS; and~~
- (c) ~~the Society.~~
- ...
- 2 General provisions**
- 2.1.1 R ~~Except to the extent referred to in FEES 2.1.1A R, this chapter applies to every person who is required to pay a fee or share of a levy to the appropriate~~

regulator, *FOS Ltd* or *FSCS*, as the case may be, by a provision of the *Handbook*.

2.1.1- R This chapter applies to every *person* who is required to pay a fee or share of a
A levy to the *PRA* by a provision of the *Handbook*.

...

2.1.4 G ~~The purpose of this chapter is to set out the general provisions applicable to those who are required to pay fees or levies to the *appropriate regulator* or a share of the *FSCS* levy.~~

2.1.4A G The purpose of this chapter is to set out the general provisions applicable to those who are required to pay fees or levies to the *PRA*.

2.1.5- G Paragraph 31 of Schedule 1ZB of the *Act* enables the *PRA* to charge fees to
 A cover its costs and expenses in carrying out its functions. ~~The corresponding provisions for the *FSCS* levy are set out in *FEES 6.1*.~~

...

2.1.7 G ~~The key components of the *appropriate regulator* fee mechanism (excluding the *FSCS* levy, the *FOS* levy and case fees, and the *CFEB* levy which are dealt with in *FEES 5*, *FEES 6* and *FEES 7*) are:~~

(1) ~~a funding requirement derived from:~~

(a) ~~the *appropriate regulator's* financial management and reporting framework;~~

(b) ~~the *appropriate regulator's* budget; and~~

(c) ~~adjustments for audited variances between budgeted and actual expenditure in the previous accounting year, and reserves movements (in accordance with the *appropriate regulator's* reserves policy);~~

(2) ~~mechanisms for applying penalties received during previous financial years for the benefit of fee payers;~~

(3) ~~fee blocks, which are broad groupings of fee payers offering similar products and services and presenting broadly similar risks to the *appropriate regulator's* regulatory objectives;~~

(4) ~~a costing system to allocate an appropriate part of the funding requirement to each fee block; and~~

(5) ~~tariff bases, which, when combined with fee tariffs, allow the calculation~~

of fees.

2.1.7A G The key components of the PRA fee mechanism (excluding levies relating to the FSCS) are:

- (1) a funding requirement derived from:
 - (a) the PRA's financial management and reporting framework;
 - (b) the PRA's budget; and
 - (c) adjustments for audited variances between budgeted and actual expenditure in the previous accounting year, and reserves movements (in accordance with the PRA's reserves policy);
- (2) mechanisms for applying penalties received during previous financial years for the benefit of fee payers;
- (3) fee-blocks, which are broad groupings of fee payers offering similar products and services and presenting broadly similar risks to the PRA's regulatory objectives;
- (4) a costing system to allocate an appropriate part of the funding requirement to each fee-block; and
- (5) tariff bases, which, when combined with fee tariffs, allow the calculation of fees.

...

2.2.1 R If a person does not pay the total amount of a periodic fee, FOS levy, or share of the FSCS levy or CFEB levy, before the end of the date on which it is due, under the relevant provision in FEES 4, 5, 6 or 7, that person must pay an additional amount as follows:

- (1) if the fee was not paid in full before the end of the due date, an administrative fee of £250; plus
- (2) interest on any unpaid part of the fee at the rate of 5% per annum above the Official Bank Rate from time to time in force, accruing on a daily basis from the date on which the amount concerned became due.

2.2.1A R If a person does not pay the total amount of a periodic fee before the end of the date on which it is due, under the relevant provision in FEES 4, that person must pay an additional amount as follows:

- (1) if the fee was not paid in full before the end of the due date, an administrative fee of £250; plus

(2) interest on any unpaid part of the fee at the rate of 5% per annum above the Official Bank Rate from time to time in force, accruing on a daily basis from the date on which the amount concerned became due.

...

2.2.3 G Paragraphs 23(8) and 27 of Schedule 1ZA and paragraphs 31(7) and 35 of Schedule 1ZB of the *Act* permit the *FCA* and *PRA* respectively to recover fees (including in respect of the *FCA*, fees relating to *payment services*, the issuance of *electronic money* and, where relevant, *FOS levies* and *CFEB levies*), and section 213(6) permits the *FSCS* to recover shares of the *FSCS* levy payable, as a debt owed to the *FCA*, *PRA* and *FSCS* respectively, and the *FCA*, *PRA* and *FSCS*, as relevant, will consider taking action for recovery (including interest) through the civil courts.

2.2.3A G Paragraphs 31(7) and 35 of Schedule 1ZB of the *Act* permits the *PRA* to recover fees as a debt owed to the *PRA* and the *PRA* will consider taking action for recovery (including interest) through the civil courts.

2.2.4 G In addition, the *appropriate regulator* may be entitled to take regulatory action in relation to the non-payment of fees, *FOS levies* and *CFEB levies*. The *appropriate regulator* may also take regulatory action in relation to the non-payment of a share of the *FSCS* levy, after reference of the matter to the *appropriate regulator* by the *FSCS*. What action (if any) that is taken by the *appropriate regulator* will be decided upon in the light of the particular circumstances of the case.

2.2.4A G In addition, the *PRA* may be entitled to take regulatory action in relation to the non-payment of fees. What action (if any) that is taken by the *PRA* will be decided upon in the light of the particular circumstances of the case.

2.3.1 R If it appears to the *appropriate regulator* or the *FSCS* (in relation to any *FSCS* levy only) that in the exceptional circumstances of a particular case, the payment of any fee, *FSCS* levy, *FOS* levy or *CFEB* levy would be inequitable, the *appropriate regulator* or the *FSCS* as relevant, may (unless *FEES 2.3.2B R* applies) reduce or remit all or part of the fee or levy in question which would otherwise be payable.

2.3.1A R If it appears to the *PRA* that in the exceptional circumstances of a particular case, the payment of any fee would be inequitable, the *PRA* may (unless *FEES 2.3.2B R* applies) reduce or remit all or part of the fee in question which would otherwise be payable.

2.3.2 R If it appears to the *appropriate regulator* or the *FSCS* (in relation to any *FSCS* levy only) that in the exceptional circumstances of a particular case to which *FEES 2.3.1R* does not apply, the retention by the *appropriate regulator*, the

~~FSCS, or the CFEB, as relevant, of a fee, FSCS levy, FOS levy or CFEB levy which has been paid would be inequitable, the appropriate regulator, the FSCS or the CFEB, may (unless FEES 2.3.2B R applies) refund all or part of that fee or levy.~~

2.3.2-A R If it appears to the PRA that in the exceptional circumstances of a particular case to which FEES 2.3.1A R does not apply, the retention by the PRA of a fee which has been paid would be inequitable, the PRA may (unless FEES 2.3.2C R applies) refund all or part of that fee.

...

~~2.3.2B R The appropriate regulator or the FSCS may not consider a claim under FEES 2.3.1 R and/or FEES 2.3.2 R to reduce, remit or refund any overpaid amounts paid by a fee or levy payer in respect of a particular period, due to a mistake of fact or law by the fee or levy payer, if the claim is made by the fee or levy payer more than 2 years after the beginning of the period to which the overpayment relates.~~

2.3.2C R The PRA may not consider a claim under FEES 2.3.1A R and/or FEES 2.3.2-A R to reduce, remit or refund any overpaid amounts paid by a fee payer in respect of a particular period, due to a mistake of fact or law by the fee payer, if the claim is made by the fee payer more than 2 years after the beginning of the period to which the overpayment relates.

Annex E

Amendments to the Credit Unions Sourcebook (CREDS)

In this Annex new text is underlined and deleted text is struck through.

Sch G ~~[PRA]~~
3.2

Description of fee	Reference
Appropriate regulator rules relating to authorisation fees	FEES 3
Schedule of authorisation fees payable	FEES 3 Annex 1 R
Appropriate regulator fees rules relating to the periodic fee	FEES 4
Schedule of periodic fees payable	FEES 4 Annex 2A R Part 1 and FEES 4 Annex 2B R Part 1
FOS funding rules	FEES 5
FSCS funding rules	FEES 6

Sch G ~~[PRA]~~
3.2
A

Description of fee	Reference
Appropriate regulator rules relating to authorisation fees	FEES 3
Schedule of authorisation fees payable	FEES 3 Annex 1 R
Appropriate regulator fees rules relating to the periodic fee	FEES 4

<u>Schedule of periodic fees payable</u>	<u>FEES 4 Annex 2A R Part 1 and FEES 4 Annex 2B R Part 1</u>
<u>FOS funding rules</u>	<u>FEES 5</u>
<u>FSCS funding rules</u>	<u>FEES 6-Depositor Protection Part in the PRA Rulebook, Management Expenses in Respect of Relevant Schemes Part in the PRA Rulebook</u>