

**PRA RULEBOOK: PRA FEES AMENDMENT (No 2) INSTRUMENT 2021**

**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 purposes 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 (No 2) Instrument 2021**

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

**Commencement**

- E. This instrument comes into force on 8 July 2021.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: PRA Fees Amendment (No 2) Instrument 2021.

**By order of the Prudential Regulation Committee**

29 June 2021

## Annex

## Amendment to the Fees Part

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

## 1 APPLICATION AND DEFINITIONS

---

...

1.2 In this Part, the following definitions shall apply:

...

~~assets outside expected RFB subgroups~~

means ~~assets of a ring-fencing fees group which it has advised the PRA are not intended to be held by a ring-fenced body (or its UK sub-group for ring-fencing purposes) from 1 January 2019.~~

...

~~cross border services~~

means:

- ~~(1) for a former incoming EEA firm or a former incoming Treaty firm, services provided within the UK prior to IP completion day under the freedom to provide services and subsequently under any legislative provision which replaces it;~~
- ~~(2) means for Gibraltar-based firms, services provided under an entitlement conferred by the Financial Services and Markets Act 2000 (Gibraltar) Order 2001 in the United Kingdom without using a physical presence there to offer or provide those services.~~

...

~~EU withdrawal costs~~

means ~~the PRA's costs associated with the United Kingdom's withdrawal from the European Union, as determined by the PRA.~~

~~EU withdrawal costs fee block~~

means ~~the firms which are liable to pay EU withdrawal costs as shown in Table VI of the Periodic Fees Schedule.~~

...

~~former incoming EEA firm~~

means ~~a person who immediately before IP completion day was authorised to carry on a regulated activity by virtue of section 31(1)(b) of FSMA.~~

~~former incoming Treaty firm~~

means ~~a person who immediately before IP completion day was authorised to carry on a regulated activity by virtue of section 31(1)(c) of FSMA.~~

...

~~ring-fencing fees group~~

means ~~a banking group, or part of a banking group, which does not meet the core deposit level condition in Article 12 of the FSMA (Ring-fenced Bodies and Core Activities)~~

~~Order 2014 and does not fall within the exemptions set out in Article 11 of the FSMA (Ring-fenced Bodies and Core Activities) Order 2014.~~

~~ring-fenced body or RFB~~

~~has the meaning in Section 142A of FSMA.~~

~~ring-fencing~~

~~means the UK ring-fencing regime as provided for in the Financial Services (Banking Reform) Act 2013, including statutory instruments and PRA rules made pursuant thereto.~~

...

### 3 PERIODIC FEES

---

...

Tariff bases, valuation points and the Periodic Fees Schedule

3.3 *Periodic fees* payable by *firms* in any *fee year* will be the sum of the following (so far as applicable to them):

...

(4)~~[deleted]~~ an *EU withdrawal costs* allocation calculated in accordance with Table VI, subject to any modifications in Table IV and Table V, of the *Periodic Fees Schedule*;

(5)~~[deleted]~~ the *ring-fencing fee*; and

...

Modifications to periodic fees for incoming EEA, Treaty firms *Gibraltar-based firms*, and non-directive *non-directive insurers/firms and former freedom of service providers*

3.11 The following modifications to *periodic fees* will apply:

(1) In relation to ~~*former incoming EEA firms*~~ and ~~*former incoming Treaty firms*~~: ~~[deleted]~~

(a) ~~[deleted.]~~

(b) the *tariff rates* set out in Table IIIA of the *Periodic Fees Schedule* only apply to the regulated activities of the *firm* in the *United Kingdom* and the tariffs are modified in accordance with Table IV of the *Periodic Fees Schedule*; and

(c) the *EU withdrawal costs* allocation in Table VI is modified in accordance with Table IV of the *Periodic Fees Schedule*.

(d) *firms* having the status of ~~*former incoming EEA firms*~~ and ~~*former incoming Treaty firms*~~ immediately after *IP completion day* shall retain this status for the purposes of this rule (3.11(1)) throughout the 2020-21 *fee year*.

...

(3) The *EU withdrawal costs* allocation in Table VI payable by *non-directive firms* in the *A1 deposit acceptors fee block*, *A3 general insurance fee block* and *A4 life insurance fee block* is subject to the modifications in Table V of the *Periodic Fees Schedule*. *A former freedom of services provider, who does not carry on any PRA regulated activities from an establishment in the UK, shall pay a flat rate periodic fee of £600.00.*

...

Periodic Fees Schedule - Fee Rates and Modifications for ~~*Gibraltar-based Firms and former incoming EEA/Treaty Firms*~~ for the Period from 1 March ~~2020~~2021 to 28 February ~~2024~~2022

TABLE IA MINIMUM PERIODIC FEES 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	<del>270.00</del> – <u>300.00</u>
Non-directive friendly societies which either:  (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-£1.0million; or  (2) fall within the A4, but not the A3, <i>fee block</i> ; or  (3) fall within both the A3 and A4 <i>fee blocks</i> and meet condition (1) above in relation to their A3 activities.	<del>215.00</del> – <u>300.00</u>
All other firms	<del>500.00</del> – <u>600.00</u>

...

TABLE IIIA – PERIODIC FEE RATES APPLICABLE TO PRA FEE BLOCKS OTHER THAN THE MINIMUM FEE BLOCK FOR THE FEE YEAR ~~2020-21~~ 2021-22

Column 1 <i>Fee block</i>	Column 2 <i>Tariff base</i>	Column 3 <i>Tariff bands</i>	Column 4 <i>Tariff rates</i>
A1 deposit acceptors fee block	<i>modified eligible liabilities</i>	Band width (£million of MELs)	Fee payable per million or part million of MELs (£)
		>10 - 140	<del>33.459</del> <u>33.242</u>
		>140 – 630	<del>33.459</del> <u>33.242</u>
		>630 - 1,580	<del>33.459</del> <u>33.242</u>
		>1,580 - 13,400	<u>44.824</u> <u>41.553</u>
		> 13,400	<del>55.207</del> <u>54.849</u>
A3 general insurers fee block <i>gross written premium for fees purposes, best</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> (£)

<b>estimate liabilities for fees purposes</b>		>0.5	<del>595.90</del> <u>532.32</u>
	<b>best estimate liabilities for fees purposes</b>	<b>Band Width (£ million of best estimate liabilities for fees purposes)</b>	<b>Fee payable per million of best estimate liabilities for fees purposes (£)</b>
		>1	<del>40.97</del> <u>29.26</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> .	
<b>A4 Life insurers fee block gross written premium for fees purposes, best estimate liabilities for fees purposes</b>	<b>gross written premium for fees purposes</b>	<b>Band width (£million of gross written premium for fees purposes)</b>	<b>Fee payable per million of gross written premium for fees purposes (£)</b>
		>1	<del>247.84</del> <u>288.61</u>
	<b>best estimate liabilities for fees purposes</b>	<b>Band width (£million of best estimate liabilities for fees purposes)</b>	<b>Fee payable per million of best estimate liabilities for fees purposes (£)</b>
		>1	<del>15.84</del> <u>16.50</u>
<b>A5 managing agents at Lloyd's</b>	<b>active capacity</b>	<b>Band width (£million of active capacity)</b>	<b>Fee payable per million of active capacity (£)</b>
		>50	<del>50.55</del> <u>49.02</u>
<b>A6 Society of Lloyd's</b>	<b>flat fee</b>	N/A	General periodic fee (£) <del>1,975,132.27</del> <u>2,149,488.89</u>
<b>A10 Firms dealing as principal fee block total assets for fees purposes, total operating income for fees purposes</b>	<b>total assets for fees purposes</b>	Band width (£million of total assets for fees purposes)	Fee payable per million or part million of total assets for fees purposes (£)
		N/A	<del>2.48</del> <u>2.36</u>
	<b>total operating income for fees purposes</b>	Band width (£million of total operating income for fees purposes)	Fee payable per million or part million of total operating income for fees purposes (£)

		N/A	384.05356.23
--	--	-----	--------------

TABLE IV – MODIFICATIONS TO PERIODIC FEES FOR GIBRALTAR-BASED FIRMS, ~~FORMER INCOMING EEA FIRMS AND FORMER INCOMING TREATY FIRMS WITH BRANCHES IN THE UK~~

Fee payer	Discount applied to <i>periodic fees</i>
A1 deposit acceptors fee block	50%
A3 general insurers fee block	90%
A4 life insurers fee block	90%
[deleted.]	[deleted.]
<del>Former incoming EEA firms, former incoming Treaty firms and Gibraltar-based firms offering cross border services only</del>	100%

...

TABLE V – MODIFICATIONS TO PERIODIC FEES FOR NON-DIRECTIVE FIRMS IN THE A1 AND A3 FEE BLOCKS

Fee payer	Discount applied to <i>periodic fees</i> in Table IIIA	<del>Discount applied to EU withdrawal costs fee block [deleted]</del>
A1 deposit acceptors fee block	0%	50% <del>[deleted]</del>
A3 general insurers fee block	11%	50% <del>[deleted]</del>
[deleted.]	[deleted.]	[deleted]

TABLE VI – EU WITHDRAWAL COSTS ALLOCATION ~~[deleted]~~

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

...

## 4 REGULATORY TRANSACTION FEES

---

...

Regulatory transaction fees for new authorisations

4.5 Regulatory transaction fees for *applications* for *new authorisations* are payable in accordance with Table B:

(1) [Deleted.]

Table B – New authorisations	
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>	<del>750.00</del> <u>1,500.00</u>
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>	<del>2,500.00</del> <u>5,000.00</u>
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>	<del>12,500.00</del> <u>25,000.00</u>

...

Variations of Part 4A permission and FCA authorised firms applying to carry on PRA regulated activity

4.7

...

(3) Subject to paragraph (4), where a fee-payer or FCA authorised firm seeks to vary its existing Part 4A permission 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~~£25,000.00

(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~~£1,500.00;

(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~~£5,000.00.