

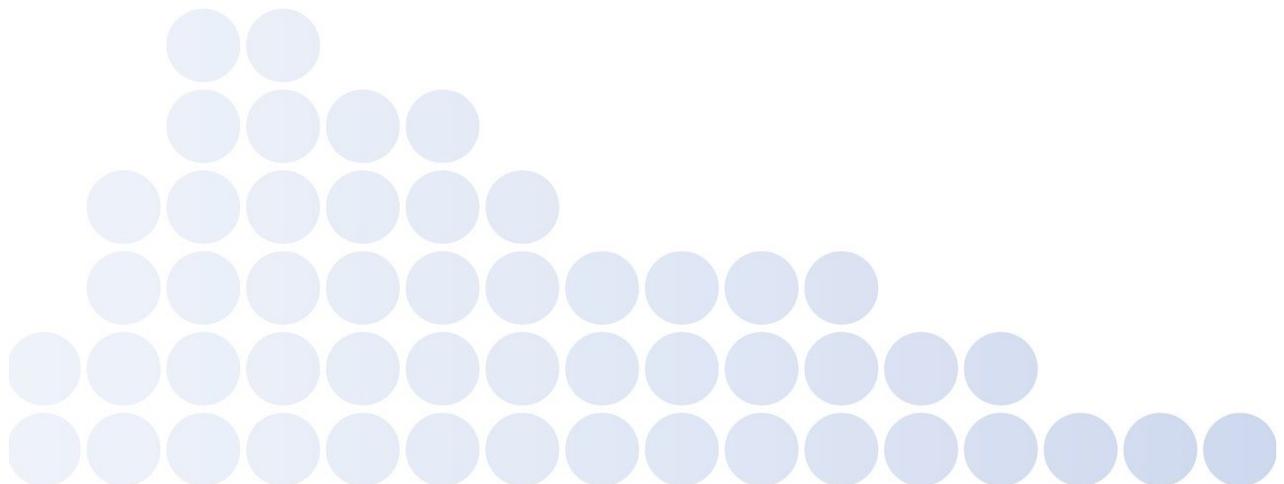


# The Gibraltar Financial Services Commission

Consultation Paper

Funding Review

Published: 14th December 2015





**Financial Services  
Commission**

## **Consultation Paper**

### Funding Review

A consultation on proposed changes to the way fees are calculated and levied



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We require responses to this Consultation Paper by 5pm on Friday 19 February 2016.

You can send them to us in writing to:

Gibraltar Financial Services Commission  
PO Box 940  
Suite 3, Ground Floor  
Atlantic Suites  
Europort Avenue  
Gibraltar

Or via email to:

[feereview@fsc.gi](mailto:feereview@fsc.gi)

At the end of the consultation period of 10 weeks we will publish a response paper. This will set out responses received as well as our comments. The responses may be published in full unless a respondent requests otherwise. We will not regard a standard confidentiality statement in an email message as a request for non-disclosure.

## 1. Why are we issuing this Consultation Paper?

The purpose of this consultation paper is to set out the proposed future methodology for calculating fees payable by applicants and regulated financial services firms and individuals under the various Supervisory Acts for which the Gibraltar Financial Services Commission ("GFSC") has responsibility. The intention is also to set out the long-term plans for funding and any fee increases arising out of this.

The GFSC is currently funded by the fees and levies collected from the firms and individuals that we regulate, in addition to a subvention, agreed for the years 2014-2018, from HM Government of Gibraltar ("GoG"). In the 25 years since the GFSC was first established, a comprehensive review of the approach to setting fees has never been carried out, even though there has been a substantial level of growth and expansion of our regulatory remit as a result of the changing regulatory environment and various market developments. As a consequence, it has become clear that the current approach to fee setting and funding more generally is in need of review, with a focus on developing a methodology that is fair, transparent and sits well within the context of international comparisons with peer jurisdictions.

Further context to this paper, is the work that has been done jointly with GoG to support building firm financial foundations for the regulation undertaken by the GFSC. This has been against a background of no material increases to our ordinary operating budget throughout the financial crisis, during which time pressures on regulators were increasing exponentially. There has been a strong recognition that this could not continue if the GFSC is to deliver regulation to international standards.

The GFSC is committed to delivering on our 3 year strategic plan (published in October 2014) and continue to focus on the protection of consumers and the protection of the reputation of Gibraltar. We therefore need to ensure that our funding is sufficient to enable us to supervise in accordance with EU and international standards; with the necessary resources, and; in a way that supports the safe and sustained growth of the financial services sector and the jurisdiction more generally.

GoG has asked us to carry out a review of the policy and methodology used to apply and calculate fees. An indication that this review would be carried out during this financial year was set out in the April 2015 fee consultation response paper. This consultation paper is the outcome of the process that has been followed in carrying out the review. It sets out a new approach to the way in which fees are set and calculated and focuses on the structure and methodology used for fee setting. It also sets out expected fee increases for the next five years and other related funding matters of interest to stakeholders.

The fees that are subject to consultation relate to recurring annual fees, authorisation fees (covering application fees and additional charges), and current proposals regarding special levies and contributions (specifically, the CRDIV levy). Other types of fees, such as penalty fines, are not part of this consultation and will remain unchanged for the time being.

Once we have received comments and responses to the proposals and considered these in consultation with GoG, we will issue a response paper. It is expected that any changes made will be given effect in time to invoice firms by 1<sup>st</sup> April 2016 for the period April 2016 to March 2017.

## 2. Who is this consultation aimed at?

This consultation paper should be read by regulated firms and individuals, applicants and potential applicants, as well as the professional advisers of regulated firms and applicants. It will also be of interest to industry associations and other sector representative bodies and groups.

## 3. Introduction

The GFSC has a responsibility to cover its costs by charging fees and is committed to doing this in an open, transparent and accountable way. It is a fundamental principle of our fee setting policy that our fees are neutral and, as far as

practicable, do not inadvertently influence firms' behaviour, interfere in the market or undermine effective competition. There have been minimal changes to the fee structure since the GFSC was originally established, despite changes to the local and international regulatory landscape and the profile of Gibraltar's financial services sector. Currently the majority of firms are charged annual fees at a flat rate. The amount is determined by the type of licence or authorisation held. The exception to this is company managers, professional trustees and non-life insurance companies where a tiered annual fee is charged. These tiers are based on the number of companies under management, the number of trusts under management and the gross written premium balance, respectively.

As mentioned above, and committed to earlier on this year, GoG and the GFSC have now carried out a full review of the fee-setting policy against the principles of fairness, proportionality, transparency and predictability. We have also carried out an extensive comparison against other relevant jurisdictions and, whilst this may not be an absolute comparative, our conclusions are that the proposals represent good value for money and do not put Gibraltar at a competitive disadvantage. The review has also taken into account the feedback received during the 2014 and 2015 fee consultation processes.

We do not envisage that the proposals set out in this consultation paper will directly affect our objectives of consumer protection, market integrity and effective competition, except to the extent that they provide us with the resources we need to conduct our business and meet our regulatory objectives.

The review process has been carried out in close consultation with the Finance Centre Council. Representatives of industry bodies have been closely involved in, and been kept fully informed and fully consulted on, our thinking and the final proposals that are set out in this paper.

In response to the request during 2015 for longer consultation periods, the period for comments has been extended to 10 weeks. During this period we shall also be holding a number of roadshows to communicate the proposals on a face-to-face basis and answer any queries or questions that industry participants may have. We will also be able to advise individual firms of the impact on them of the proposed new approach to setting fees. Any queries relating to this should be addressed via email to [feereview@fsc.gi](mailto:feereview@fsc.gi).

## 4. Key Objectives

The new Fee Policy will directly affect all firms and individuals regulated by the GFSC and will enable the GFSC to deliver on its strategic and regulatory objectives

The fee review aims to achieve a fair and transparent fee-setting policy, which allows licensees to budget for their regulatory costs and generates a level of income that adequately covers our expenditure requirements.

A further outcome of the fee review is to realise targeted results across a five year timeframe. The five year plan works towards:

- Increasing, in Year 1 (2016/17), the total income of the GFSC by at least 10% and building a buffer that will properly allow for contingency expenses such as high impact enforcement case costs of the 'Advalorem' type. This is separate to the "Contingency Fund" that would only be available against costs relating to a Relevant Event of the "Marrache/Gibland-type" scenarios.
- Increasing, in year 2 (2017/18), fees by 10%.
- Increasing, in Year 3 (2018/19), fees by an amount equivalent to the rate of inflation.
- Increasing, in Year 4 (2019/20), fees by an amount equivalent to the rate of inflation.
- Increasing, in Year 5 (2020/21), fees by an amount equivalent to the rate of inflation.

The fee review has been carried out with fairness in mind – a number of firms will see an increase in fees of higher than 10%, whereas others will incur an increase which is less than 10%. In addition, there are also a number of firms that will see an overall reduction in their fees as a result of the change in methodology.

We believe the proposed changes are proportionate and ensure that firms who only pay minimum fees continue to make a fair contribution to the recovery of our costs.

All proposed fee amounts and rates are set out in the appendices.

## 5. Methodology

To allocate regulatory costs, it is proposed that fee-payers are grouped into a series of 'fee-blocks'. This allows us to:

- Link together, at an appropriate level, related types of permitted regulatory business into clearly defined groupings.
- Allocate our regulatory costs to the types of permitted business covered by a fee-block and recover those costs from fee-payers that fall within that fee-block. This reduces the possibility of unreasonable cross-subsidisation between different sectors of the financial services industry, although we do not believe it is feasible to eliminate cross-subsidisation in its entirety.
- Administer cost allocation in an efficient and economical way – we avoid the additional operational costs of putting systems and processes in place that would attempt to apportion costs to individual fee-payers at a highly granular level or base them on specific risk profiles at any point in time.
- Be fair to fee-payers: all firms within a given fee-block are to pay fees based on the same methodology.

The fee-blocks are defined, as far as possible by an authorised firm's permission which determines its regulated activities. This methodology gives fee-payers certainty about which fee-block they fall within, and removes the need for the GFSC to make subjective judgements - which would be both impractical and subject to challenge.

The GFSC has certain expenses which must be met in order to allow us to remain operational and meet our regulatory objectives.

These expenses consist of the following:

- Ongoing regulatory activity costs – managed year on year as part of our budget process and which are split between direct and indirect costs.
- Capital investments.
- One-off costs for enforcement.
- Costs incurred as a result of changes in scope of remit e.g. from changes at EU level.

These costs have been allocated to each of the fee blocks in the following manner:

### *Direct costs*

These are allocated to individual fee-blocks, e.g. salaries of supervisory staff and estimates of time spent supervising firms within the fee blocks.

### *Indirect costs*

These are costs that we cannot directly allocate to individual fee-blocks, e.g. office costs and operational support staff costs. We allocate indirect costs to fee-blocks in proportion to the direct costs allocated.

## 6. Fee Blocks

The following table summarises the proposed Fee Blocks:

Fee Block	Summary of Fee Payers
<p><b>A1</b></p> <p><b>A2</b></p> <p><b>A3</b></p> <p><b>A4</b></p>	<p>Open Market Insurance Companies – Life, Non-life and Reinsurance, Banks, and E-Money</p> <p>Stock Exchange (trading &amp; non-trading), and Clearing House</p> <p>Funds – Experienced Investor Funds (EIF), UCITS, Non-UCITS Retail, European Long Term Investment Funds (ELTIF)</p> <p>Incoming Branches within <b>A1, A2</b> and <b>A3</b></p>
<p><b>B1</b></p> <p><b>B2</b></p>	<p>Fund Administrators and Insurance Managers, Insurance Captives and Reinsurance Captives, Insurance Linked Securities SPVs, Alternative Investment Fund (AIFM) and UCITS Fund Managers, European Social Entrepreneurship Fund (EUSEF) Managers, European Venture Capital Fund (EUVECA) Managers, Payment Services, Depositories, and MiFID Cat 1,2 and 3 investment firms</p> <p>Incoming Branches within <b>B1</b></p>
<p><b>C1</b></p> <p><b>C2</b></p>	<p>Company Managers and Professional Trustees, Audit Firms and Statutory Auditors, Bureaux De Change</p> <p>Consumer Credit Providers and Mortgage Credit Providers</p>
<p><b>D1</b></p>	<p>Insolvency Practitioners and EIF Directors</p>
<p><b>E1</b></p> <p><b>E2</b></p>	<p>Insurance Intermediaries and Mortgage Credit Intermediaries</p> <p>Incoming Branches within <b>E1</b></p>
<p><b>F1</b></p>	<p>Pensions</p>
<p><b>G1</b></p>	<p>Stock Exchange Member Firms</p>

## 7. Annual Fees

Fee-payers can belong to more than one fee-block and will be charged a periodic fee corresponding to the fee-block/(s) to which they belong. These are set out at **Appendix 1**.

Every licensee will pay a minimum base fee, depending on the fee-block in which they fit; plus, where applicable, an additional amount that will be calculated based on a range of factors. These factors are based on data that is relevant to the activity of the firm and are detailed within Appendix 1. For example, the additional amount payable by a payment services firm will equate to an additional fee based on the licence type, and a second additional fee based on gross revenue that is set at different tier levels.

The relevant information for calculating the additional amounts will be obtained from the latest audited financial data or supervisory returns as at the firm's year-end.

In the instance that an individual firm has multiple licences within the same fee-block, it will only be charged the base fee once along with the additional amounts payable, based on the range of factors that correspond to the multiple licensable activities of that firm. Where a firm holds licences that fall within different fee-blocks, the base fee for each fee block would be payable.

The GFSC will consult on any future amendments or changes that are required to the fee blocks. This could include, but would not be limited to:

- The basis for tiers or increments for a particular fee-block no longer being viable; or
- The establishment of new fee-blocks, or extension of existing fee-blocks, as a result of the introduction of new activities to be regulated by the GFSC.

The following are three simple examples that illustrate the proposed methodology:

### Example 1

One Ltd is an insurance company. All of its activities fall within Fee-Block A1.

One Ltd's annual fee will be made up of:

The base fee for fee-block A1: "£A"

Plus the relevant t additional fee(s) as adjusted: "£B"

The total fee payable = £A + £B

### Example 2

Two Ltd is a bank that carries out retail banking activities and e-money activities. All of its activities fall within Fee-Block A1.

Two Ltd's annual fee will be made up of:

The base fee for fee-block A1: "£A"

Plus the relevant additional fee for its banking activities: "£C"

Plus the relevant additional fee for its e-money activities: "£D"

The total fee payable = £A +£C +£D

**Example 3**

Three Ltd is a bank that carries out retail banking investment activities and provides investment services to its customers. Its banking activities fall within Fee-Block A; its investment activities fall within Fee-Block B1.

Three Ltd's annual fee will be made up of:

The base fee for fee-block A1: "£A"

Plus the additional fee for its banking activities (in fee-block A1): "£C"

Plus the base fee for fee-block B1: "£F"

Plus the relevant MiFID additional charges for its investment activity (in fee-block B1): "£G"

The total fee payable = £A + £C + £F + £G

These are illustrative examples only. Each firm is encouraged to contact us on an individual basis to find out the potential impact of the proposed fees on its business. Enquiries of this nature should be sent to [feereview@sc.gi](mailto:feereview@sc.gi).

## 8. Authorisation Fees

There are no significant proposed changes to the methodology applied to application fees and applicants will continue to pay a flat fee in respect of the application process. These are set out at **Appendix 2**.

## Key Considerations

The following items were carefully considered when assessing the authorisations fee setting policy:

1. The need to recover costs.
  - A significant amount of our work and resources goes towards the initial stages of potential applications, prior to the processing of any formal application, which to date has not been compensated in any way.
  - The GFSC Authorisations team currently provides various services which require extensive time and resources, and for which no fees are currently charged. This includes, for example, processing material change notifications, prospectus approvals and requests for duplicate licences. Details of these are set out at **Appendix 3**.
  - In the case of lengthy and complex applications, there is a considerable delay between the commencement of the initial authorisation process and the cash inflow of the application fee income when a formal application is submitted.
2. The need to remain competitive.
  - We have considered the methodology adopted for charging application fees by regulators in other relevant jurisdictions alongside the need to remain competitive against these so as to ensure that the GFSC supports the safe, sustained growth and development of Gibraltar's financial services industry.

## Key Principles

Based on the key considerations outlined above, the GFSC proposes to introduce the following principles:

### Payments in advance

Following the preliminary stages of an application, at the point in time where the GFSC is required to dedicate significant resources, the GFSC retains the right to require up to a maximum of 50% of the application fee to become payable prior to the submission of a formal application. Note that this would not guarantee the approval of the application and any amounts paid are strictly non-refundable. We do not however envisage that upfront payment would be requested if it is highly likely that the relevant application will be turned down.

In such cases, the GFSC would consult with the potential applicant in order to agree upon a fair and reasonable payment plan.

It should be noted that advance payments will only be applied in exceptional circumstances i.e. it would not apply to simple, straight forward applications. In these cases the full application fee will be payable upon submission of the formal application, as is currently the norm.

This principle aims to protect against potential applicants that expend GFSC resources with no intention of submitting a formal application. The adoption of this approach is in no way designed to deter potential applicants, and the GFSC intends to continue holding consultation meetings for potential applicants, without charging additional fees.

### Surcharges

The GFSC reserves the right to charge an additional fee in exceptional circumstances, where there are significant overruns in the authorisation process resulting from events within the control of the applicant or potential applicant, such as poor or inadequate documentation, or poor communication. This would be discussed with the relevant firm and each instance would be taken on a case by case basis.

## 9. Levies & Contributions

Where new legislation is introduced for an industry (for example Solvency II or CRD IV), there may be a levy placed on the relevant industry in order to recover costs specific to that legislation. This is a one-off charge that would only impact licensees directly affected by the specific upcoming legislation. This will be to cover costs such as external resources required, new IT systems, as well as internal staff time and resources. The amounts raised by levies will be in addition to authorisation and annual fees.

The intention would be to include any such amounts within the annual fee invoice. This should make it easier for licensees to be aware of and plan for the total amount payable to the GFSC in any given year. We are mindful however that there could be instances where levies may need to be raised during the financial year and a separate invoice would need to be raised.

### CRD IV Levy

This consultation paper covers (at **Appendix 4**) separate proposals relating to CRD IV. This proposed levy applies only to banks and MiFID firms that are required to comply with the requirements of the directive.

### Recovery & Resolution Fees and Deposit Guarantee Fees

Banks and MiFID Category 1 firms will be required to contribute Recovery & Resolution fees as outlined in the Banking Recovery & Resolution Directive. Likewise, banks will also be required to make contributions to the Gibraltar Deposit Guarantee Scheme as provided for in the Deposit Guarantee Scheme Directive.

The fees payable in both of these areas do not form part of this consultation paper. Reference has been included here in order to give notice flag to relevant firms that allowances should be made for these future outflows for budgeting and financial planning purposes.

Details of the amounts payable will be communicated to the relevant firms in due course.

## 10. Invoicing of Fees on 1 April

We are proposing to invoice all firms on 1 April annually. This would represent a change for banks and insurance companies. To date, these firms will have received their annual invoice on the anniversary of the date on which the banking or insurance licence was issued. Where these firms hold any other licence, for example, a MiFID authorisation, a separate invoice will have been issued in April. This means that some firms will have received two separate invoices at different points in the year.

By moving all invoicing to one date, firms will be receiving a single invoice that will set out all annual fees payable for that particular financial year. This will provide firms with certainty and clarity and assist for budgeting purposes. This approach will also ensure that there is consistency applied across all sectors and will better support the organisation's cash flow management process.

## 11. Invoke Filing Facility Fees

Currently banks and insurance companies meet the contract costs of the Invoke Filing Facility. This facility enables submission, collection, validation and assessment of the relevant regulatory data. The current contracts with Invoke for CRDIV reporting and Solvency II reporting are due to be renewed in March 2016 and January 2017 respectively. The intention would be to align future renewal dates with 1 April invoicing. This would mean that the annual invoices for banks and insurance companies would also include any amounts due in relation to this.

## 12. Next Steps

We look forward to receiving your comments and responses to this consultation paper. As indicated, during the consultation period, we will be happy to assist with queries.

**Firms are encouraged to contact us via [feereview@fsc.gi](mailto:feereview@fsc.gi) to request their individual assessment of the impact of the proposed changes.**

During the consultation period we will also continue to work closely with industry representatives and the Finance Centre Council. A number of roadshows/workshops will also be held during January, where firms will have the opportunity to raise questions or queries.

**Appendix 1: Annual Fees**

**Fee Block A1**

Fee-Block	Regulated Sector	Current Annual Fees	Proposed Base Fee	Proposed Method of Calculating Annual Fees
A1	Open Market Insurance Companies (non-life)	<p>A flat fee based on Gross Written Premiums (GWP) Balance:</p> <p>£0 ≤ GWP ≤ £10,000,000 - £26,500</p> <p>£10,000,001 ≤ GWP ≤ £25,000,000 - £30,000</p> <p>£25,000,001 ≤ GWP ≤ £100,000,000 - £32,000</p> <p>£100,000,001 ≤ GWP ≤ £250,000,000 - £34,000</p> <p>GWP ≥ £250,000,001 - £36,000</p>	£20,000	<p><b>Base Fee + {(GPI Fee + GTP Fee + Passporting Fee) x (1 + Solvency Adjustment)}</b></p> <p><u>Base Fee</u></p> <p>A flat fee of £20,000 - payable by all licensees that fall within this fee block.</p> <p><u>GPI (Gross Premium Income) Fee</u></p> <p>An additional fee based on Gross Premium Income:</p> <p>£0 ≤ GPI ≤ £10,000,000 - additional charge at a rate of £300 per £1m of GPI</p> <p>£10,000,001 ≤ GPI ≤ £25,000,000 - additional charge at a rate of £250 per £1m of GPI</p> <p>£25,000,001 ≤ GPI ≤ £100,000,000 - additional charge at a rate of £200 per £1m of GPI</p> <p>£100,000,001 ≤ GPI ≤ £250,000,000 - additional charge at a rate of £150 per £1m of GPI</p> <p>GPI ≥ £250,000,000 - additional charge at a rate of £100 per £1m of GPI</p>

				<p><u>GTP (Gross Technical Provision) Fee</u>  An additional fee based on the Gross Technical Provision:  £0 ≤ GTP ≤ £10,000,000 - additional charge at a rate of £60 per £1m of GTP  £10,000,001 ≤ GTP ≤ £25,000,000 - additional charge at a rate of £50 per £1m of GTP  £25,000,001 ≤ GTP ≤ £100,000,000 - additional charge at a rate of £40 per £1m of GTP  £100,000,001 ≤ GPI ≤ £250,000,000 - additional charge at a rate of £30 per £1m of GTP  GTP ≥ £250,000,000 - additional charge at a rate of £20 per £1m of GTP</p> <p><u>Passporting Fee</u>  An additional fee, charged at a rate of £400 per jurisdiction with passporting authorisation on a services basis.</p> <p>An additional fee, charged at a rate of £1,000 per jurisdiction with passporting authorisation on an establishment basis i.e. an outgoing branch.</p> <p><u>Solvency Adjustment</u>  If the Solvency cover is below 100%, there will be an additional charge of 0.75% for every 1% of solvency cover below 100%.  If the Solvency cover is above 100%, there will no additional charges.</p>
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<p>Open Market Insurance Companies (life)</p> <p>Long-term Insurers, Reinsurers and PCCs</p>	<p>A flat fee of £37,38 per annum</p>	<p><b>Base Fee + Additional Fee per Cell + {(GPI Fee + GTP Fee + Passporting Fee) x (1 + Solvency Adjustment)}</b></p>
		<p><u>Base Fee</u></p>
		<p>A flat fee of £20,000 - payable by all licensees that fall within this fee block.</p>
		<p><u>Additional Fee</u></p>
		<p>An additional fee, charged at a rate £2,000 per Cell.</p>
		<p><u>GPI (Gross Premium Income) Fee</u></p>
		<p>An additional fee based on Gross Premium Income:</p>
		<p>£0 ≤ GPI ≤ £10,000,000 - additional charge at a rate of £420 per £1m of GPI</p>
		<p>£10,000,001 ≤ GPI ≤ £25,000,000 - additional charge at a rate of £385 per £1m of GPI</p>
		<p>£25,000,001 ≤ GPI ≤ £100,000,000 - additional charge at a rate of £350 per £1m of GPI</p>
		<p>£100,000,001 ≤ GPI ≤ £250,000,000 - additional charge at a rate of £315 per £1m of GPI</p>
		<p>GPI ≥ £250,000,000 - additional charge at a rate of £280 per £1m of GPI</p>
		<p><u>GTP (Gross Technical Provision) Fee</u></p>
		<p>An additional fee based on the Gross Technical Provision:</p>
		<p>£0 ≤ GTP ≤ £10,000,000 - additional charge at a rate of £84 per £1m of GTP</p>
		<p>£10,000,001 ≤ GTP ≤ £25,000,000 - additional charge at a rate of £77 per £1m of GTP</p>
		<p>£25,000,001 ≤ GTP ≤ £100,000,000 - additional charge at a rate of £70 per £1m of GTP</p>

			<p>£100,000,001 ≤ GPI ≤ £250,000,000 - additional charge at a rate of £63 per £1m of GTP                  GTP ≥ £250,000,000 - additional charge at a rate of £56 per £1m of GTP</p> <p><u>Passporting Fee</u>                  An additional fee, charged at a rate of £400 per jurisdiction with passporting authorisation on a services basis.</p> <p>An additional fee, charged at a rate of £1,000 per jurisdiction with passporting authorisation on an establishment basis i.e. an outgoing branch.</p> <p><u>Solvency Adjustment</u>                  If the Solvency cover is below 100%, there will be an additional charge of 0.75% for every 1% of solvency cover below 100%.                  If the Solvency cover is above 100%, there will no additional charges.</p>
	<p>Banks</p>	<p>A flat fee of £27,722 per annum</p>	<p><b>Base Fee + Customer Fee + Fund Depositary Fee + Passporting Fee + E-money Fee</b>  <b>Payment Services Fee + Consumer Credit Fee + Mortgage Credit Fee</b></p> <p><u>Base Fee</u>                  A flat fee of £20,000 - payable by all licensees that fall within this fee block.</p> <p><u>Customer Fee</u>                  An additional charge, based on Amounts Due To Customers (ADC):                  £0 ≤ ADC ≤ £150,000,000 - additional charge at a rate of £75 per £1m of ADC                  £150,000,001 ≤ ADC ≤ £300,000,000 - additional charge at a rate of £65 per £1m of ADC</p>

			<p> <math>£300,000,001 \leq \text{ADC} \leq £600,000,000</math> - additional charge at a rate of £50 per £1m of ADC  <math>£600,000,001 \leq \text{ADC} \leq £900,000,000</math> - additional charge at a rate of £35 per £1m of ADC  <math>\text{ADC} \geq £900,000,001</math> - additional charge at a rate of £25 per £1m of ADC         </p> <p> <i>Note that amounts due to customers would be calculated as:            Current Deposits + Other Deposits + Deposits from non-bank financial institutions</i> </p> <p> <u>Fund Depository Fee</u>            A flat fee of £10,000 will be payable by CIS Depositories that hold EIF assets. In addition, a flat fee of £10,000 will be payable to be authorised to hold UCITS assets.            In addition, a flat fee of £5,000 will be payable to be authorised to hold AIF assets.         </p> <p> <u>Passporting Fee</u>            An additional fee, charged at a rate of £400 per jurisdiction with passporting authorisation on a services basis.         </p> <p>           An additional fee, charged at a rate of £10,000 per jurisdiction with passporting authorisation on an establishment basis i.e. an outgoing branch.         </p> <p> <u>E-Money Fee</u>            An additional charge, based on Average E-money Outstanding (AEO) over previous 6 months:  <math>£0 \leq \text{AEO} \leq £1,000,000</math> - no additional charge  <math>£1,000,001 \leq \text{AEO} \leq £2,000,000</math> - a flat fee of £10,000  <math>£2,000,001 \leq \text{AEO} \leq £5,000,000</math> - a flat fee of £18,000         </p>
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			<p> <math>£5,000,001 \leq \text{AEO} \leq £10,000,000</math> - a flat fee of £25,000  <math>£10,000,001 \leq \text{AEO} \leq £20,000,000</math> - a flat fee of £30,000  <math>\text{AEO} \geq £20,000,000</math> - a flat fee of £35,000         </p> <p> <u>Payment Services Fee</u>            A flat fee of £1,000 per annum.         </p> <p> <u>Consumer Credit Fee</u>            An additional fee based on Loans Outstanding:  <math>£0 \leq \text{Loans Outstanding} \leq £50,000</math> - no additional charge  <math>£50,001 \leq \text{Loans Outstanding} \leq £100,000</math> - a flat fee of £1,500  <math>£100,001 \leq \text{Loans Outstanding} \leq £500,000</math> - a flat fee of £2,500  <math>£500,001 \leq \text{Loans Outstanding} \leq £1,000,000</math> - a flat fee of £3,500  <math>\text{Loans Outstanding} \geq £1,000,001</math> - a flat fee of £4,500         </p> <p> <u>Mortgage Credit Fee</u>            A fee based on the Mortgage Book:  <math>£0 \leq \text{Mortgage Book} \leq £50,000,000</math> - a flat fee of £2,000  <math>£50,000,001 \leq \text{Mortgage Book} \leq £100,000,000</math> - a flat fee of £4,000  <math>£100,000,001 \leq \text{Mortgage Book} \leq £250,000,000</math> - a flat fee of £6,000  <math>\text{Mortgage Book} \geq £250 \text{ million}</math> - a flat fee of £8,000         </p> <p>           An additional fee, charged at a rate of £1,000 per tied credit intermediary will also apply.         </p>
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			<p><u>Consumer Credit Fee</u>                  An additional fee based on Loans Outstanding:  <math>£0 \leq \text{Loans Outstanding} \leq £50,000</math> - no additional charge  <math>£50,001 \leq \text{Loans Outstanding} \leq £100,000</math> - a flat fee of £1,500  <math>£100,001 \leq \text{Loans Outstanding} \leq £500,000</math> - a flat fee of £2,500  <math>£500,001 \leq \text{Loans Outstanding} \leq £1,000,000</math> - a flat fee of £3,500  <math>\text{Loans Outstanding} \geq £1,000,001</math> - a flat fee of £4,500</p> <p><u>Mortgage Credit Fee</u>                  A fee based on the Mortgage Book:  <math>£0 \leq \text{Mortgage Book} \leq £50,000,000</math> - a flat fee of £2,000  <math>£50,000,001 \leq \text{Mortgage Book} \leq £100,000,000</math> - a flat fee of £4,000  <math>£100,000,001 \leq \text{Mortgage Book} \leq £250,000,000</math> - a flat fee of £6,000  <math>\text{Mortgage Book} \geq £250 \text{ million}</math> - a flat fee of £8,000</p> <p>An additional fee, charged at a rate of £1,000 per tied credit intermediary will also apply.</p>
	E-Money	A flat fee of £35,123 per annum	<p style="text-align: center;"><b>Base Fee + E-Money Fee + Passporting Fee + Additional Fee</b></p> <p><u>Base Fee</u>                  A flat fee of £20,000 - payable by all licensees that fall within this fee block.</p> <p><u>E-Money Fee</u>                  An additional charge, based on Average E-money Outstanding (AEO) over previous 6 months:  <math>£0 \leq \text{AEO} \leq £1,000,000</math> - no additional charge</p>

			<p>£1,000,001 ≤ AEO ≤ £2,000,000 - a flat fee of £10,000                  £2,000,001 ≤ AEO ≤ £5,000,000 - a flat fee of £18,000                  £5,000,001 ≤ AEO ≤ £10,000,000 - a flat fee of £25,000                  £10,000,001 ≤ AEO ≤ £20,000,000 - a flat fee of £30,000                  AEO ≥ £20,000,000 - a flat fee of £35,000</p> <p><u>Passporting Fee</u>                  An additional fee, charged at a rate of £200 per jurisdiction with passporting authorisation on a services basis.</p> <p>An additional fee, charged at a rate of £400 per jurisdiction with passporting authorisation on an establishment basis i.e. an outgoing branch.</p> <p><u>Additional Fee</u>                  An additional fee, charged at a rate of £200 per agent.                  An additional fee, charged at a rate of £100 per distributor.</p>
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Fee Block A2

Fee-Block	Regulated Sector	Current Annual Fees	Proposed Base Fee	Proposed Method of Calculating Annual Fees
A2	Stock Exchange (non-trading)	A flat fee of £65,400 per annum	£ 65,400	<p style="text-align: center;"><b>Base fee only</b></p> <p><u>Base Fee</u> A flat fee of £65,400 payable by all licensees that fall within this fee block.</p>
	Stock Exchange (trading)	A flat fee of £71,286 per annum		<p style="text-align: center;"><b>Base fee + Additional Fee for Trading Activity</b></p> <p><u>Base Fee</u> A flat fee of £65,400 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee</u> A flat rate of £14,600 per annum. Bringing the annual fee to a total flat fee of £80,000.</p>
	Clearing House	A flat fee of £65,400 per annum		<p style="text-align: center;"><b>Base fee + Additional Fee for Clearing House Activity</b></p> <p><u>Base Fee</u> A flat fee of £65,400 payable by all licensees that fall within this fee block.</p>

				<p><u>Additional Fee</u> A flat rate of £14,600 per annum. Bringing the annual fee to a total flat fee of £80,000.</p>
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**Fee Block A3**

Fee-Block	Regulated Sector	Current Annual Fees	Proposed Base Fee	Proposed Method of Calculating Annual Fees
A3	Experienced Investor Funds (EIF)	A flat fee of £998 per annum	£ 1,500	<p><b>Base Fee + Additional Fee</b></p> <p><u>Base Fee</u> A flat fee of £1,500 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee</u> An additional fee, charged at a rate £500 per Sub-fund or Cell.</p>
	European Long-Term Investment Funds (ELTIF)	No fees currently in place		<p><b>Base Fee + + Additional Fee 1 + Additional Fee 2</b></p> <p><u>Base Fee</u> A flat fee of £1,500 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee 1</u> A flat rate of £700 per annum. Bringing the annual fee to a total flat fee of £2,200.</p>

			<p><u>Additional Fee 2</u> An additional fee, charged at a rate £500 per Sub-fund or Cell.</p>
	UCITS	A flat fee of £4,752 per annum	<p style="text-align: center;"><b>Base Fee + Additional Fee + Passporting Fee</b></p> <p><u>Base Fee</u> A flat fee of £1,500 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee</u> A flat rate of £8,500 per annum. Bringing the annual fee to a total flat fee of £10,000.</p> <p><u>Passporting Fee</u> An additional fee, charged at a rate of £100 per jurisdiction with passporting authorisation on a services basis.</p>
	Non - UCITS Retail	A flat fee of £4,639 per annum	<p style="text-align: center;"><b>Base Fee + Additional Fee</b></p> <p><u>Base Fee</u> A flat fee of £1,500 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee</u> A flat rate of £3,500 per annum. Bringing the annual fee to a total flat fee of £5,000.</p>

Fee Block A4

Fee-Block	Regulated Sector	Current Annual Fees	Proposed Base Fee	Proposed Method of Calculating Annual Fees
A4	Non-EEA Incoming Bank Branches (third country branches)	A flat fee of £7,025 per annum	£ 10,000	<p><b>Base Fee + Customer Fee + Fund Depository Fee + CIS Intermediary Fee + E-money Fee + Mortgage Credit Fee</b></p> <p><i>Treated in the same way as a Local Subsidiary Banks at A1</i></p> <p><u>Base Fee</u> A flat fee of £10,000 - payable by all licensees that fall within this fee block.</p> <p><u>Customer Fee</u> An additional charge, based on Amounts Due To Customers (ADC):  <math>£0 \leq \text{ADC} \leq £150,000,000</math> - additional charge at a rate of £75 per £1m of ADC  <math>£150,000,001 \leq \text{ADC} \leq £300,000,000</math> - additional charge at a rate of £65 per £1m of ADC  <math>£300,000,001 \leq \text{ADC} \leq £600,000,000</math> - additional charge at a rate of £50 per £1m of ADC  <math>£600,000,001 \leq \text{ADC} \leq £900,000,000</math> - additional charge at a rate of £35 per £1m of ADC  <math>\text{ADC} \geq £900,000,001</math> - additional charge at a rate of £25 per £1m of ADC</p> <p><i>Note that amounts due to customers would be calculated as:</i></p>

			<p style="text-align: center;"><i>Current Deposits + Other Deposits + Deposits from non-bank financial institutions</i></p> <p><u>Fund Depository Fee</u></p> <p>A flat fee of £10,000 will be payable by CIS Depositaries that hold EIF assets. In addition, a flat fee of £10,000 will be payable to be authorised to hold UCITS assets.</p> <p>In addition, a flat fee of £5,000 will be payable to be authorised to hold AIF assets.</p> <p><u>E-Money Fee</u></p> <p>An additional charge, based on Average E-money Outstanding (AEO) over previous 6 months:</p> <p>£0 ≤ AEO ≤ £1,000,000 - no additional charge</p> <p>£1,000,001 ≤ AEO ≤ £2,000,000 - a flat fee of £10,000</p> <p>£2,000,001 ≤ AEO ≤ £5,000,000 - a flat fee of £18,000</p> <p>£5,000,001 ≤ AEO ≤ £10,000,000 - a flat fee of £25,000</p> <p>£10,000,001 ≤ AEO ≤ £20,000,000 - a flat fee of £30,000</p> <p>AEO ≥ £20,000,000 - a flat fee of £35,000</p> <p><u>Mortgage Credit Fee</u></p> <p>A fee based on the Mortgage Book:</p> <p>£0 ≤ Mortgage Book ≤ £50,000,000 - a flat fee of £2,000</p> <p>£50,000,001 ≤ Mortgage Book ≤ £100,000,000 - a flat fee of £4,000</p> <p>£100,000,001 ≤ Mortgage Book ≤ £250,000,000 - a flat fee of £6,000</p>
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			<p>Mortgage Book <math>\geq</math> £250 million - a flat fee of £8,000</p> <p>An additional fee, charged at a rate of £1,000 per tied credit intermediary will also apply.</p>
	<p>EEA Incoming Bank Branches</p>	<p>A flat fee of £7,025 per annum</p>	<p><b>Base Fee + Customer Fee + Fund Depository Fee + E-money Fee + Mortgage Credit Fee</b></p> <p><u>Base Fee</u> A flat fee of £10,000 - payable by all licensees that fall within this fee block.</p> <p><u>Customer Fee</u> An additional charge, based on Amounts Due To Customers (ADC):  <math>\pounds 0 \leq \text{ADC} \leq \pounds 150,000,000</math> - additional charge at a rate of £37.50 per £1m of ADC  <math>\pounds 150,000,001 \leq \text{ADC} \leq \pounds 300,000,000</math> - additional charge at a rate of £32.50 per £1m of ADC  <math>\pounds 300,000,001 \leq \text{ADC} \leq \pounds 600,000,000</math> - additional charge at a rate of £25 per £1m of ADC  <math>\pounds 600,000,001 \leq \text{ADC} \leq \pounds 900,000,000</math> - additional charge at a rate of £17.50 per £1m of ADC  <math>\text{ADC} \geq \pounds 900,000,001</math> - additional charge at a rate of £12.50 per £1m of ADC  <i>Note that ADC would be calculated as:</i>  <i>Current Deposits + Other Deposits + Deposits from non-bank financial institutions</i></p>

			<p><u>Fund Depository Fee</u></p> <p>A flat fee of £10,000 will be payable by CIS Depositories that hold EIF assets.</p> <p>In addition, a flat fee of £10,000 will be payable to be authorised to hold UCITS assets.</p> <p>In addition, a flat fee of £5,000 will be payable to be authorised to hold AIF assets.</p> <p><u>E-Money Fee</u></p> <p>An additional charge, based on Average E-money Outstanding (AEO) over previous 6 months:</p> <p>£0 ≤ AEO ≤ £1,000,000 - no additional charge</p> <p>£1,000,001 ≤ AEO ≤ £2,000,000 - a flat fee of £10,000</p> <p>£2,000,001 ≤ AEO ≤ £5,000,000 - a flat fee of £18,000</p> <p>£5,000,001 ≤ AEO ≤ £10,000,000 - a flat fee of £25,000</p> <p>£10,000,001 ≤ AEO ≤ £20,000,000 - a flat fee of £30,000</p> <p>AEO ≥ £20,000,000 - a flat fee of £35,000</p> <p><u>Mortgage Credit Fee</u></p> <p>A fee based on the Mortgage Book:</p> <p>£0 ≤ Mortgage Book ≤ £50,000,000 - a flat fee of £2,000</p> <p>£50,000,001 ≤ Mortgage Book ≤ £100,000,000 - a flat fee of £4,000</p> <p>£100,000,001 ≤ Mortgage Book ≤ £250,000,000 - a flat fee of £6,000</p> <p>Mortgage Book ≥ £250 million - a flat fee of £8,000</p>
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	<p>Incoming UCITS Branches</p>	<p>No fees currently in place</p>		<p style="text-align: center;"><b>Base Fee Only</b></p> <p><u>Base Fee</u> A flat fee of £10,000 - payable by all licensees that fall within this fee block.</p>
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**Fee Block B1**

Fee-Block	Regulated Sector	Current Annual Fees	Proposed Base Fee	Proposed Method of Calculating Annual Fees
<p><b>B1</b></p>	<p>Fund Administrators</p>	<p>A flat fee of £7,936 per annum</p>	<p style="text-align: center;">£ 7,000</p>	<p style="text-align: center;"><b>Base Fee + Additional Fee</b></p> <p><u>Base Fee</u> A flat fee of £7,000 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee</u> Additional charges based on Turnover: Turnover ≤ £100,000 - no additional charge £100,001 ≤ Turnover ≤ £500,000 - A flat fee of £2,000 £500,001 ≤ Turnover ≤ £750,000 - A flat fee of £4,000 Turnover ≥ £750,001 - A flat fee of £6,000 <i>Note that 'Turnover' would be defined as total fees or commission retained (net of any refunds) in respect of the registered entity's fund administration business covered by its registration.</i></p>

<p>Insurance Managers</p>	<p>A flat fee of £8,155 per annum</p>		<p style="text-align: center;"><b>Base Fee + Additional Fee</b></p> <p><u>Base Fee</u> A flat fee of £7,000 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee</u> £800 per Open Market Insurer under management £400 per Captive under management £400 per PCC under management £400 per Reinsurance Captive under management</p>
<p>Insurance Captives and Reinsurance Captives</p>	<p>A flat fee of £5,952 per annum</p>		<p style="text-align: center;"><b>Base Fee + Cell Fee + [ (GPI Fee + GTP Fee + Passporting Fee) x (1 + Solvency Adjustment) ]</b></p> <p><u>Base Fee</u> A flat fee of £7,000 payable by all licensees that fall within this fee block.</p> <p><u>Cell Fee</u> An additional fee, charged at a rate £2,000 per Cell.</p> <p><u>GPI (Gross Premium Income) Fee</u> An additional fee based on Gross Premium Income: £0 ≤ GPI ≤ £10,000,000 - additional charge at a rate of £150 per £1m of GPI £10,000,001 ≤ GPI ≤ £25,000,000 - additional charge at a rate of £125 per £1m of GPI £25,000,001 ≤ GPI ≤ £100,000,000 - additional charge at a rate of £100 per £1m of GPI</p>

			<p>£100,000,001 ≤ GPI ≤ £250,000,000 - additional charge at a rate of £75 per £1m of GPI</p> <p>GPI ≥ £250,000,000 - additional charge at a rate of £50 per £1m of GPI</p> <p><u>GTP (Gross Technical Provision) Fee</u></p> <p>An additional fee based on the Gross Technical Provision:</p> <p>£0 ≤ GTP ≤ £10,000,000 - additional charge at a rate of £30 per £1m of GTP</p> <p>£10,000,001 ≤ GTP ≤ £25,000,000 - additional charge at a rate of £25 per £1m of GTP</p> <p>£25,000,001 ≤ GTP ≤ £100,000,000 - additional charge at a rate of £20 per £1m of GTP</p> <p>£100,000,001 ≤ GPI ≤ £250,000,000 - additional charge at a rate of £15 per £1m of GTP</p> <p>GTP ≥ £250,000,000 - additional charge at a rate of £10 per £1m of GTP</p> <p><u>Passporting Fee</u></p> <p>An additional fee, charged at a rate of £200 per jurisdiction with passporting authorisation on a services basis.</p> <p>An additional fee, charged at a rate of £500 per jurisdiction with passporting authorisation on an establishment basis i.e. an outgoing branch.</p> <p><u>Solvency Adjustment</u></p> <p>If the Solvency cover is below 100%, there will be an additional charge of 0.38% for every 1% of solvency cover below 100%.</p> <p>If the Solvency cover is above 100%, there will no additional charges.</p>
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<p>Insurance Linked Securities (SPVs)</p>	<p>No fees currently in place</p>		<p style="text-align: center;"><b>Base Fee + Additional Fee</b></p> <p><u>Base Fee</u> A flat fee of £7,000 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee</u> An additional charge, based on type of entity. PCC - An additional fee of £1,179 for the first Cell, and subsequently at a rate of £2,227 per Cell thereafter. Non-PCC - An additional fee of £1,179 for the first Transaction, and subsequently at a rate of £2,227 per Transaction thereafter.</p>
<p>Payment Services</p>	<p>No fees currently in place</p>		<p style="text-align: center;"><b>Base Fee + Additional Fee 1 + Additional Fee 2 + Additional Fee 3+ Passporting Fee</b></p> <p><i>Note that this is only applicable if the licensee does not hold a Banking Licence.</i></p> <p><u>Base Fee</u> A flat fee of £7,000 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee 1</u> An additional charge, based on licence type. Class A Authorised - a flat fee of £7,000</p>

			<p>Class B Authorised - a flat fee of £10,000                  Class C Authorised - a flat fee of £13,000                  Class A Registered - a flat fee of £5,000                  Class B Registered - a flat fee of £5,000                  Class C Registered - a flat fee of £5,000</p> <p><u>Additional Fee 2</u>                  Additional fees based on Gross Revenue:                  Gross Revenue ≤ £1,000,000 - no additional charge                  £1,000,001 ≤ Gross Revenue ≤ £2,000,000 - a flat fee of £5,000                  £2,000,001 ≤ Gross Revenue ≤ £5,000,000 - a flat fee of £10,000                  £5,000,001 ≤ Gross Revenue ≤ £10,000,000 - a flat fee of £15,000                  £10,000,001 ≤ Gross Revenue ≤ £20,000,000 - a flat fee of £20,000                  Gross Revenue ≥ £20,000,001 - a flat fee of £25,000</p> <p><i>Note that 'Gross Revenue' would be defined as total fees or commission retained (net of any refunds) in respect of the registered entity's payment services business covered by its registration.</i></p> <p><u>Additional Fee 3</u>                  An additional fee, charged at a rate of £200 per agent.</p> <p><u>Passporting Fee</u>                  An additional fee, charged at a rate of £200 per jurisdiction with passporting authorisation on a services basis.</p> <p>An additional fee, charged at a rate of £400 per jurisdiction with passporting authorisation on an establishment basis i.e. an outgoing branch.</p>
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	<p>MiFID Firms Cat 1, 2 and 3</p>	<p><u>Cat 1</u> A flat fee of £13,188 per annum</p> <p><u>Cat 2</u> A flat fee of £9,980 per annum</p> <p><u>Cat 3</u> A flat fee of £7,354 per annum</p>	<p style="text-align: center;"><b>Base Fee + Additional Fee 1 + Additional Fee 2 + Transaction Fee + Fund Depositary Fee + Passporting Fee</b></p> <p><u>Base Fee</u> A flat fee of £7,000 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee 1</u> An additional charge, depending on the Category of the MiFID firm: Cat 1 - an additional flat fee of £9,000 per annum Cat 2 - an additional flat fee of £7,000 per annum Cat 3 - an additional flat fee of £5,000 per annum</p> <p><u>Additional Fee 2</u> Cat 1: Additional fees will be charged at a rate of £250 per every £500,000 of Gross Revenue.</p> <p style="text-align: center;"><i>Note that 'Gross Revenue' would be defined as total fees or commission retained (net of any refunds) in respect of the registered entity's investment business covered by its registration.</i></p> <p>Cat 2: Additional fees will be charged at a flat rate based on Assets Under Management (AUM): AUM ≤ £10m - no additional charge £10,000,001 ≤ AUM ≤ £100,000,000 - A flat fee of £1,000 £100,000,001 ≤ AUM ≤ £250,000,000 - A flat fee of £2,000</p>
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			<p>£250,000,000 ≤ AUM ≤ £750,000,000 - A flat fee of £4,000  AUM ≥ £750,000,000 - A flat fee of £6,000</p> <p><i>Note that 'Assets Under Management' would be the total value of the funds managed by the firm in respect of the registered entity's investment business covered by its registration.</i></p> <p>Cat 3:  Additional fees will be charged at a flat rate based on Assets Under Management (AUM):  AUM ≤ £10m - no additional charge  £10,000,001 ≤ AUM ≤ £100,000,000 - A flat fee of £1,000  £100,000,001 ≤ AUM ≤ £250,000,000 - A flat fee of £2,000  £250,000,000 ≤ AUM ≤ £750,000,000 - A flat fee of £4,000  AUM ≥ £750,000,000 - A flat fee of £6,000</p> <p><i>Note that 'Assets Under Management' would be the total value of the funds managed by the firm in respect of the registered entity's investment business covered by its registration.</i></p> <p><u>Transaction Fee</u>  Cat 2 and Cat 3 firms will not be charged a transaction fee.  Transaction fees will be payable by Cat 1 MiFID firms only.  Transaction fees will be charged at a rate of 3p per transaction, up to a maximum of £50,000 (cap) per annum.</p>
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			<p><u>Fund Depository Fee</u> A flat fee of £10,000 will be payable by all category MiFID Firms that do not hold a Banking Licence.</p> <p><u>Passporting Fee</u> An additional fee, charged at a rate of £100 per jurisdiction with passporting authorisation on a services basis.</p> <p>An additional fee, charged at a rate of £4,000 per jurisdiction with passporting authorisation on an establishment basis i.e. an outgoing branch.</p>
	<p>UCITS Manager</p>	<p>A flat fee of £10,662 per annum</p>	<p style="text-align: center;"><b>Base Fee + Additional Fee</b></p> <p><u>Base Fee</u> A flat fee of £7,000 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee</u> A flat rate of £4,000 per annum. Bringing the annual fee to a total flat fee of £11,000.</p>

	<p>AIFMs</p>	<p><u>In-Scope AIFM, Externally Managed</u>                  A flat fee of £9,980 per annum                  Additional fee of £356 per AIF (EIF)                  Managed                  Additional fee of £594 per AIF                  (non-EIF) Managed</p> <p><u>In-Scope AIFM, Self-Managed (EIF)</u>                  A flat fee of £998 per annum</p> <p><u>In-Scope AIFM, Self-Managed (non-EIF)</u>                  A flat fee of £1,188 per annum                  Additional fee of £594 per AIF                  (non-EIF) Managed</p> <p>-</p> <p><u>Small AIFM, Externally Managed (Financial)</u>                  A flat fee of £594 per annum                  Additional fee of £594 per AIF                  (non-EIF) Managed</p> <p>-</p> <p><u>Small AIFM, Externally Managed (non-Financial)</u>                  A flat fee of £1,188 per annum</p>		<p><b><u>In-Scope AIFM:</u> Base Fee + Additional Fee 1 + Additional Fee 2 + Passporting Fee + EUVECA/EUSEF Designation Fee</b></p> <p><u>Base Fee</u>                  A flat fee of £7,000 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee 1</u>                  Additional fees will be charged at a flat rate based on Assets Under Management (AUM):  <i>Self-Managed AIFM:</i>                  AUM ≤ £1 billion - A flat fee of £1,000                  AUM &gt; £1 billion - A flat fee of £2,000</p> <p><i>Externally Managed AIFM:</i>                  AUM ≤ £1 billion - A flat fee of £3,000                  AUM &gt; £1 billion - A flat fee of £4,000</p> <p><u>Additional Fee 2</u>                  An additional fee per fund managed:                  A charge of £500 per AIF Managed                  A charge of £600 per ELTIF Managed</p>
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		<p><u>Small AIFM, Self-Managed (EIF)</u> A flat fee of £119 per annum</p> <p><u>Small AIFM, Self-Managed (non-EIF)</u> A flat fee of £594 per annum</p>	<p><u>Passporting Fee</u> An additional fee, charged at a rate of £100 per jurisdiction with passporting authorisation on a services basis - done via the AIFM or AIF itself.</p> <p>An additional fee, charged at a rate of £1,000 per jurisdiction with passporting authorisation on an establishment basis i.e. an outgoing branch.</p> <p><u>EUVECA/EUSEF Designation Fee</u> A flat fee of £750 will apply to use the designation EUSEF. A flat fee of £750 will apply to use the designation EUVECA.</p> <p style="text-align: center;"><b><u>Small AIFM:</u>    Base Fee + Discount Applicable + Additional Fee</b></p> <p><u>Base Fee</u> A flat fee of £7,000 payable by all licensees that fall within this fee block.</p> <p><u>Discount Applicable</u> A discount will apply against the Base Fee as follows: Self-Managed AIFM - discount of £6,000 Externally Managed AIFM - discount of £6,600</p> <p><u>Additional Fee</u> An additional fee, charged at a rate of £300 per AIF managed.</p>
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Fee Block B2

Fee-Block	Regulated Sector	Current Annual Fees	Proposed Base Fee	Proposed Method of Calculating Annual Fees
B2	Incoming MiFID Branches	A flat fee of £6,653 per annum	£ 7,000	<p style="text-align: center;"><b>Base Fee + Additional Fee</b></p> <p><u>Base Fee</u> A flat fee of £7,000 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee</u> A flat rate of £5,000 per annum. Bringing the annual fee to a total flat fee of £12,000.</p>
	Incoming AIFM Branches	No fees currently in place		<p style="text-align: center;"><b>Base Fee + Additional Fee</b></p> <p><u>Base Fee</u> A flat fee of £7,000 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee</u> A flat rate of £5,000 per annum. Bringing the annual fee to a total flat fee of £12,000.</p>

	Payment Services Incoming Branches	No fees currently in place		<p style="text-align: center;"><b>Base Fee Only</b></p> <p><u>Base Fee</u> A flat fee of £7,000 payable by all licensees that fall within this fee block.</p>
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**Fee Block C1**

Fee-Block	Regulated Sector	Current Annual Fees	Proposed Base Fee	Proposed Method of Calculating Annual Fees
<b>C1</b>	Company Managers  and  Professional Trustees	<p><u>Companies Under Management</u> Companies Under Management ≤ 150 - £2,148 151 ≤ Companies Under Management ≤ 500 - £3,356 501 ≤ Companies Under Management ≤ 1,000 - £4,162 1,001 ≤ Companies Under Management ≤ 1,500 - £6,310 1,501 ≤ Companies Under Management ≤ 3,000 - £8,458 3,001 ≤ Companies Under Management ≤ 4,500 - £9,398 Companies Under Management ≥ 4,501 - £10,741</p>	£ 1,500	<p style="text-align: center;"><b>Base Fee + Company Under Management Fee + Trust Under Management Fee + Additional Fee</b></p> <p><u>Base Fee</u> A flat fee of £1,500 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee</u> A flat rate will be payable for the following: £1,500 per additional company licensed</p>

	<p><u>Trusts Under Management</u>                  Trusts Under Management ≤ 25 - £4,162                  26 ≤ Trusts Under Management ≤ 150 - £6,512                  151 ≤ Trusts Under Management ≤ 200 - £9,310                  201 ≤ Trusts Under Management ≤ 400 - £9,398                  401 ≤ Trusts Under Management ≤ 600 - £10,741                  Trusts Under Management ≥ 601 - £12,083</p> <p><u>Individual Directorships (Restricted Licence)</u>                  A flat fee of £134 per individual directorship.</p> <p><u>Corporate Directorships (Restricted Licence)</u>                  A flat fee of £2,082 per annum.</p> <p><u>Company Secretarial (Restricted Licence)</u>                  A flat fee of £806 per annum.</p>		<p>£500 per individual licensed</p> <p><u>Trust Under Management Fee</u>                  Fees will be charged at a flat rate based on the number of Trusts Under Management.</p> <p>Up to 25 Trusts Under Management - No additional charges                  Over 25 Trusts Under Management - A flat rate of £500 per 25 Trusts Under Management</p> <p><u>Company Under Management Fee</u>                  Fees will be charged at a flat rate based on the number of Companies Under Management.</p> <p>Up to 150 Companies Under Management - No additional charges                  Over 150 Companies Under Management - A flat rate of £100 per 50 Companies Under Management</p>
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		<p><u>Nominee Shareholding (Restricted Licence)</u> A flat fee of £873 per annum.</p> <p><u>Company Management - Additional Company (Unrestricted Licence)</u> A flat fee of £2,082 per annum.</p>	
	<p>Audit Firms</p>	<p>A flat fee of £1,782 per annum</p> <p>£713 per Statutory Auditor</p> <p>A flat fee of £1,188 for auditors of Public Interest Entities (PIEs)</p> <p>Balance of £79,750 proportionate to their audit work turnover</p>	<p><b>Base Fee + PIE Fee + Individual Statutory Auditor Fee + Additional Fee</b></p> <p><u>Base Fee</u> A flat fee of £1,500 payable by all licensees that fall within this fee block.</p> <p><u>PIE (Public Interest Entity) Fee</u> A flat rate of £1,000 per annum.</p> <p><u>Individual Statutory Auditor Fee</u> An additional fee, charged at a rate £500 per individual.</p> <p><u>Additional Fee</u> An additional fee based on Audit Turnover:                  Audit Turnover ≤ £10,000 - no additional charge                  £10,000 &lt; Audit Turnover ≤ £100,000 - A flat fee of £1,000                  £100,000 &lt; Audit Turnover ≤ £500,000 - A flat fee of £2,000                  £500,000 &lt; Audit Turnover ≤ £1,000,000 - A flat fee of £4,000                  Audit Turnover &gt; £1,000,000 - A flat fee of £6,000</p>

				<p><i>Note that 'Audit Turnover' would be defined as total fees or commission retained (net of any refunds and without netting off operating costs or business expenses) in respect of the registered entity's audit business covered by its registration.</i></p>
	Bureaux De Change	A flat fee of £1,954 per annum		<p align="center"><b>Base Fee + Additional Fee</b></p> <p><u>Base Fee</u> A flat fee of £1,500 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee</u> A flat rate of £2,000 per annum. Bringing the annual fee to a total flat fee of £3,500.</p>

**Fee Block C2**

Fee-Block	Regulated Sector	Current Annual Fees	Proposed Base Fee	Proposed Method of Calculating Annual Fees
C2	Mortgage Credit Providers	No fees currently in place	£ 1,000	<p align="center"><b>Base Fee + Fee Based on Mortgage Book + Additional Fee</b></p> <p><i>Note that this is only applicable if the licensee does not hold a Banking Licence.</i></p> <p><u>Base Fee</u> A flat fee of £1,000 payable by all licensees that fall within this fee block.</p>

			<p><u>Fee Based on Mortgage Book</u>                  An additional fee based on the Mortgage Book:  <math>£0 \leq \text{Mortgage Book} \leq £50,000,000</math> - a flat fee of £2,000  <math>£50,000,001 \leq \text{Mortgage Book} \leq £100,000,000</math> - a flat fee of £4,000  <math>£100,000,001 \leq \text{Mortgage Book} \leq £250,000,000</math> - a flat fee of £6,000                  Mortgage Book <math>\geq</math> £250 million - a flat fee of £8,000</p> <p><u>Additional Fee</u>                  An additional fee, charged at a rate of £1,000 per tied credit intermediary.</p>
	<p>Consumer                  Credit                  Providers</p>	<p>A flat fee of £1,636 per annum</p>	<p style="text-align: center;"><b>Base Fee + Fee Based on Loans Outstanding</b></p> <p><i>Note that this is only applicable if the licensee does not hold a Banking Licence.</i></p> <p><u>Base Fee</u>                  A flat fee of £1,000 payable by all licensees that fall within this fee block.</p> <p><u>Fee Based on Loans Outstanding</u>                  An additional fee based on Loans Outstanding. Note that this is only applicable if the licensee does not hold a Banking Licence.  <math>£0 \leq \text{Loans Outstanding} \leq £50,000</math> - no additional charge  <math>£50,001 \leq \text{Loans Outstanding} \leq £100,000</math> - a flat fee of £1,500  <math>£100,001 \leq \text{Loans Outstanding} \leq £500,000</math> - a flat fee of £2,500  <math>£1,000,001 \leq \text{Loans Outstanding} \leq 50,000,000</math> - a flat fee of £4,500                  Loans Outstanding <math>\geq</math> £50,000,001 - a flat fee of £5,500</p>

Fee Block D1

Fee-Block	Regulated Sector	Current Annual Fees	Proposed Base Fee	Proposed Method of Calculating Annual Fees
D1	Insolvency Practitioners	A flat fee of £3,500 per annum	£ 1,500	<p align="center"><b>Base Fee + Additional Fee 1 + Additional Fee 2</b></p> <p><u>Base Fee</u> A flat fee of £1,500 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee 1</u> An additional charge, based on licence type. Unrestricted Licence - a flat fee of £3,000 per annum Restricted Licence - a flat fee of £500 per annum</p> <p><u>Additional Fee 2</u> An additional fee based on Turnover: Turnover ≤ £500,000 - no additional charge Turnover &gt; £500,000 - A flat fee of £400</p>
				<p align="center"><i>Note that 'Turnover' would be defined as total fees or commission retained (net of any refunds and without netting off operating costs or business expenses) in respect of the registered entity's insolvency business covered by its registration.</i></p>

	EIF Directors	A flat fee of £298 per annum		<p align="center"><b>Base Fee + Additional Fee based on Number of EIF Directorships</b></p> <p><u>Base Fee</u> A flat fee of £1,500 payable by all licensees that fall within this fee block.</p> <p><u>Additional Incremental Fee</u> An additional fee, charged at a rate £400 per EIF Directorship.</p>
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**Fee Block E1**

Fee-Block	Regulated Sector	Current Annual Fees	Proposed Base Fee	Proposed Method of Calculating Annual Fees
E1	Insurance Intermediaries (General Insurance or Life Assurance)	<p><u>General</u> A flat fee of £6,898 per annum</p> <p><u>General and Life</u> A flat fee of £7,966 per annum</p>	£ 7,000	<p align="center"><b>Base Fee + Additional Fee 1 + Additional Fee 2 + Passporting Fee</b></p> <p><u>Base Fee</u> A flat fee of £7,000 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee 1</u> An additional charge, based on licence type. Both General and Life - a flat fee of £500 CIS Intermediary - a flat fee of £500 Investment Advisor - a flat fee of £500</p>

			<p><u>Additional Fee 2</u>                  An additional fee based on Turnover:                  Turnover ≤ £500,000 - a flat fee of £105                  £500,001 ≤ Turnover ≤ £1,000,000- a flat fee of £225                  £1,000,001 ≤ Turnover ≤ £5,000,000- a flat fee of £350                  £5,000,001 ≤ Turnover ≤ £20,000,000- a flat fee of £495                  Turnover ≥ £20,000,001- a flat fee of £655</p> <p><u>Passporting Fee</u>                  An additional fee, charged at a rate of £100 per jurisdiction with passporting authorisation on a services basis.                  An additional fee, charged at a rate of £1,000 per jurisdiction with passporting authorisation on an establishment basis i.e. an outgoing branch.</p>
	<p>Mortgage                  Credit                  Intermediaries</p>	<p>No fees currently in place</p>	<p style="text-align: center;"><b>Base Fee + Additional Fee + Passporting Fee</b></p> <p><u>Base Fee</u>                  A flat fee of £7,000 payable by all licensees that fall within this fee block.</p> <p><u>Additional Fee</u>                  An additional fee, charged at a rate of £1,500 per appointed representative.</p> <p><u>Passporting Fee</u>                  An additional fee, charged at a rate of £100 per jurisdiction with passporting authorisation on a services basis.</p>

				An additional fee, charged at a rate of £1,000 per jurisdiction with passporting authorisation on an establishment basis i.e. an outgoing branch.
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**Fee Block E2**

Fee-Block	Regulated Sector	Current Annual Fees	Proposed Base Fee	Proposed Method of Calculating Annual Fees
E2	Incoming Insurance Intermediary Branches	A flat fee of £6,836 per annum	£ 7,000	<p><b>Base Fee Only</b></p> <p><u>Base Fee</u> A flat fee of £7,000 payable by all licensees that fall within this fee block.</p>
	Incoming Mortgage Credit Intermediary Branches	No fees currently in place		<p><b>Base Fee</b></p> <p><u>Base Fee</u> A flat fee of £7,000 payable by all licensees that fall within this fee block.</p>

**Fee Block F1**

Fee-Block	Regulated Sector	Current Annual Fees	Proposed Base Fee	Proposed Method of Calculating Annual Fees
F1	Occupational Pension Schemes	A flat fee of £2,566 per annum	£ 2,600	<p><b>Base Fee Only + Cross-Border Activity Fee</b></p> <p><u>Base Fee</u> A flat fee of £2,600 payable by all licensees that fall within this fee block.</p> <p><u>Cross-border Activity Fee</u> An additional fee, charged at a rate of £100 per Member State.</p>

**Fee Block G1**

Fee-Block	Regulated Sector	Current Annual Fees	Proposed Base Fee	Proposed Method of Calculating Annual Fees
G1	Stock Exchange Member Firms	A flat fee of £500 per annum	£ 500	<p><b>Base Fee Only</b></p> <p><u>Base Fee</u> A flat fee of £500 payable by all licensees that fall within this fee block.</p> <p><i>It should be highlighted that this fee remains subject to reconsidered at the point at which the Gibraltar Stock Exchange commences operating as a trading exchange.</i></p>

**Appendix 2: Application Fees**

Fee-Block	Current Application fee (£)	Proposed Application Fee (£)
A1 Insurance General (open market non-life)	4,400	10,000
Insurance Long Term (open market life, reinsurers and PCCs)	11,000	15,000
Insurance Extension - new class	3,300	5,000
Insurance (additional cell)	1,650	2,500
Insurance passporting out - Branch	-	5,000
Insurance incoming branch	1,100	3,500
Insurance Linked Securities (ILS)	4,400	4,400
Insurance Linked Securities fast track	10,000	10,000
Insurance Linked Securities (SPV PCC New Cell)	-	2,500
Banks	27,500	30,000
Banks (extension of classes of business)	-	5,000
Depositaries normal (EIF)	8,250	9,250
Depositaries AIFM	2,200	3,000

	Depositaries UCITS	8,250	10,000
	Bank outgoing - branch	5,500	5,500
	E-Money	27,500	27,500
	E-Money Institution outgoing Agent	246	250
	E-Money Institution outgoing Distributer	123	150
	E-Money outgoing branch	5,500	5,500
	E-Money incoming branch	-	5,500
	E-Money incoming agent	-	1,100
	E-Money (extension of classes of business)	-	3,500
<b>A2</b>	Stock Exchange (trading & non-trading)	82,500	82,500
	Application for non-trading stock exchange to become trading	75,000	75,000
	Clearing House	82,500	82,500
	Stock Exchange (change in scope of licence)	11,000	11,000
<b>A3</b>	EIFs	2,750	3,000
	ELTIF	-	4,000
<b>A4</b>	Bank incoming Branches EEA	7,025	10,000

	Bank incoming branches third country	27,500	30,000
<b>B1</b>	Fund admins	6,600	7,000
	External Fund Administrator	-	2,000
	Insurance Managers	8,250	10,000
	AIFM In-scope Self-Managed	8,250	9,000
	AIFM In-scope Externally Managed	8,250	9,000
	AIFM Small Self-Managed	600	500
	AIFM Small Externally Managed	1,199	1,500
	AIFM outgoing branch	1,100	1,500
	AIFM (per ELTIF Managed)	-	400
	EUVECA	750	1,000
	EUSEF	750	1,000
	UCITS	4,400	6,000
	Non-UCITS Retail	3,850	4,000
	UCITS Manager Outgoing Branch	-	1,500
	Recognised fund - Section 35 of CIS Act	440	500

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Recognised fund - Section 40 of CIS Act	2,750	3,000
Class A authorised Payment Institution	4,125	4,125
Class B authorised Payment Institution	6,025	6,025
Class C authorised Payment Institution	8,250	8,250
Class A registered Payment Institution	4,125	4,125
Class B registered Payment Institution	4,125	4,125
Class C registered Payment Institution	4,125	4,125
Payment Institution Incoming Branch	1,100	1,100
Payment Institution Incoming Agent	1,100	1,100
Payment Institution Outgoing Agent	246	250
Payment Institution Outgoing Branch	1,100	1,100
Payment Institution (extension in classes of business)	-	2,500
MiFID Cat 1	11,000	13,000
MiFID Cat 2	8,250	10,000
MiFID Cat 3	6,250	7,000
MiFID (extension in classes of business)	-	3,000

<b>B2</b>	MIFID incoming branch	1,100	2,500
	MiFID outgoing branch	1,100	1,500
	AIFM incoming branch	1,199	2,000
	UCITS incoming branch	-	2,000
	NPPR application	-	500
<b>C1</b>	Company Managers (one legal entity or group)	2,750	2,750
	Company Managers (for each additional entity submitted as part of a group application)	-	500
	Company Managers (variations to the licence permissions)	-	500
	Professional Trustees (one legal entity or group)	2,750	2,750
	Professional Trustees (for each additional entity submitted as part of a group application)	-	500
	Professional Trustees (variations to the licence permissions)	-	500
	Company Manager (restricted to providing Nominee shareholder services only)	317	750
	Individual licence for company manager/ professional trustee	-	500
	Individual licence for company manager/ professional trustee - variations to the licence permissions	-	250
	Audit Firms	4,125	4,200

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	Application for audit firm to add individual statutory auditor	275	300
	Statutory Auditors (individuals)	4,125	4,200
	Statutory auditor already licensed as part of audit firm applying to conduct business on an individual capacity.	-	3,000
	Bureaux de Change	2,750	3,500
<b>C2</b>	Consumer Credit Provider	-	-
	Mortgage Credit Provider	N/A	7,000
	Mortgage Credit Provider - registration of a tied credit intermediary	N/A	1,500
<b>D1</b>	Insolvency Practitioners	1,500	2,000
	EIF Directors	275	500
	EIF Directors - extra directorship or changes to its licence (other than removal of an EIF)	-	150
<b>E1</b>	General Insurance Intermediaries	4,125	4,200
	Life Assurance Intermediary	4,125	4,500
	General Insurance Intermediaries (extension to classes of business)	-	2,000
	Life assurance Intermediaries (extension to classes of business)	-	2,000
	Mortgage credit intermediary	N/A	5,000

<b>E2</b>	Mortgage credit intermediary - appointed representative	N/A	1,500
	General Insurance Intermediary branch - outgoing	-	1,100
	Life Assurance Intermediary branch - outgoing	-	1,100
	General or Life Insurance intermediary branch - incoming	-	1,100
	CIS intermediary (non-bank) within branch	4,125	<i>no longer available for application (comes under MIFID etc)</i>
	Investment adviser within branch	4,125	<i>no longer available for application (comes under MIFID etc)</i>
	Mortgage credit intermediary outgoing branch	N/A	1,500
	Mortgage credit intermediary incoming branch	N/A	2,500
<b>F1</b>	Occupational Pensions	2,200	3,500
	Registration of cross-border activity	-	200

### Appendix 3: Additional Charges

The GFSC proposes to charge the following fees to cover the cost of resources utilised in order to provide certain regulatory services:

Regulatory Service	Proposed Fee (£)
Funds - Notification of sub-funds or cells	500
Admin fee for outgoing passporting services (all entities) (per country and per notification)	100
Admin fee for outgoing passporting when using an agent or distributor (per country and per notification)	50
NPPR Registration	150
Amendment to licences or database information e.g. name changes, change of address, etc.	50
Requests for duplicate licences	50
Incorrect Forms (mainly applies to passporting forms and notifiable positions forms - Note that this does not apply to applications for a new licence or authorisation)	The full fee will be payable again upon resubmission.
Licence fees during stages of liquidation	The full annual fee remains payable. However the GFSC retains the discretion to waive such fees if considered reasonable and necessary.
Funds Material change identification (other than notification of new sub-fund or cell)	100
Non-equity prospectus approvals	2,500
Equity prospectus approvals	6,500
Material change of prospectus (n/a when submitted together with a listing change notification)	500
Change in controllers (per new controller)	100
Material change in business plan	These will be considered as new applications therefore the relevant application fee is payable.
Base Prospectus approval fee (when submitted together with a listing application)	1,100
Prospectus approval fee (when submitted together with a listing application)	1,100
Registration Document approval fee (when submitted together with a listing application)	1,100

Supplement Approval fee (when submitted together with a listing application)	550
Securities Note approval fee (when submitted together with a listing application)	550
Summary for prospectus (when submitted together with a listing application)	550

## Appendix 4: CRDIV Levy

CRD IV fundamentally changes the capital adequacy and risk management regimes for the European industry by establishing a harmonised set of EU-wide capital requirements and corporate governance and risk management standards. The new regime requires changes to supervisory practices operated by the GFSC. Our aim is to ensure that our supervisory approach is compliant with EU legislation and is proportionate to the risks posed by Gibraltar market participants.

The GFSC is proposing to apply a levy to firms covered by CRDIV. This was referenced in the consultation on general fee increases earlier this year (and again in this consultation paper) where we said that in situations when implementation costs, such as those related to CRD IV, are significant, we will raise special levies in consultation with the relevant sectors.

We believe that the action we took to identify and implement the Invoke Portal for Common Reporting Templates (“COREP”) across the sector has saved firms both time and considerable expenses. We have also ensured that the annual licence fees charged in recent years have been held at levels below those in other jurisdictions, as was made clear in the 2015 fee increase consultation. To date, we have strived to minimise expenditure on CRD IV related matters, and have ensured that our activities and costs have been kept within the GFSC ‘business as usual’ budget. Consequently, we have not charged a specific contribution to the industry in relation to such costs to date. Any additional costs incurred to date in implementing CRDIV have been met within the GFSC ‘business as usual’ budget.

This is not, however, a sustainable position given the level of costs incurred to date and forecast up to December 2016 and beyond. In particular, the GFSC needs to ensure that it is suitably prepared to supervise under the CRD IV regime, and that it is able to provide suitable guidance and feedback to industry. Doing this is involving additional costs that we are incurring that exceed those that we are able to cover by way of annual licence fees.

### Expenses covered by the levy

The levy will be used to cover the extraordinary and one-off expenses incurred by the GFSC in operating its CRD IV Implementation Project.

Where possible we have sought to minimise the extra spend required through internal reorganisation, and the enhancing of individuals’ roles. The residual extra costs include the following:

- resource to assist with the on-going development of reporting utilising COREP submissions and finalising our proposed approach to supervision given the substantial new volume of data being received; and
- on-going Invoke portal management resource.

The levy will not be used to cover costs of any IT solution that we adopt to facilitate regulatory reporting, nor any other general expenses of the GFSC. The levy will be in addition to the fees already being charged for the Invoke filing facility used by firms in submitting their COREP returns.

Income from the levy will be ring-fenced within the GFSC’s accounts, and will not be used for any purpose other than as described above.

We estimate that the costs total £215,000.

Against this background we consider that the proposed levy is merited and is a proportionate response to the need for the GFSC to dedicate resource to continuing to develop our CRDIV supervisory approach and preparation by the industry for operating under the CRD IV regulatory regime.

### Detailed levy proposals

The costs have been allocated based on the relative costs that we expect to incur by type of firm within the scope of CRD IV.

The total proposed fee over the period by type of firm is as follows:

TYPE OF FIRM	Proposed levy (£)	Number of firms currently in this category
Bank	18,000	9
MiFID (Cat 1)	7,000	3
MiFID (Cat 2) COREP	7,000	2
MiFID (Cat 2) Non-COREP	7,000	0
MiFID (Cat 3)	1,000	18

We propose to spread the above levy over the financial year (in two equal amounts of 50% of the relevant invoice amount) in order to reduce the annual impact on firms. The invoices would be issued on 1 April 2016 and 1 October 2016.

## Appendix 5: Solvency II fees

The fees set out below are not subject to consultation and have been included in this consultation paper for information purposes only. This will enable insurance companies to calculate the total fees payable in any given year.

FEE-BLOCK	Current Application Fee	Proposed Application Fee (£)
Insurance Companies - USP application fee (per line of business)	N/A	9,000
Insurance Companies - USP annual fee	N/A	3,000
Banks and Insurance Companies Internal Model applications	N/A	25,000 – 75,000

### Internal Models

The proposed fee for the application for approval of an internal capital model will be assessed on a case by case basis. The amount will be on the basis of the nature, scale and complexity of the internal capital model being proposed. The fee charged will be a minimum of £25,000 up to a maximum of £75,000. An internal capital model for fee purposes can be either a full or a partial internal model or a group internal model. The annual fee for the monitoring of an approved internal capital model will be £5,000.

### Undertaking Specific Parameters (“USPs”)

For Undertaking Specific Parameter applications, the fee will be £9,000 for each line of business for which an application is being made.. The annual fee for the monitoring and continued use of USPs will be up to £5,000.

### Other Solvency II approvals

For any other approval sought under the Financial Services (Insurance Companies) (Solvency II Directive) Act, the fee will be up to £9,000 depending on the nature and level of effort required by the FSC to assess the application.

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