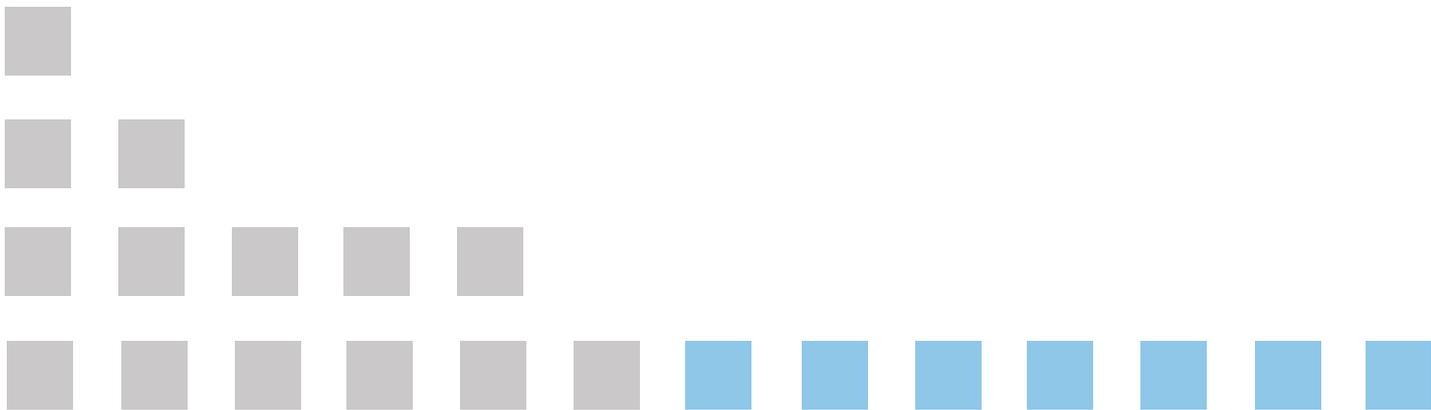


GFSC Fees Newsletter

Regulatory Fees – Financial Year 2022/2023



Introduction

This newsletter sets out the regulatory fees for the financial year ending 31 March 2023 (2022/2023), as well as expectations for payment of fees. Invoices will be issued on 1 April 2022 to existing financial services firms under the Financial Services Act 2019 for which the GFSC has responsibility.

Regulatory Fees

Changes to Regulatory Charge

The Minister for Digital and Financial Services has approved the following regulatory fee increases applicable to all Financial Service sectors in respect of the financial year 2022/23. Amendments to the regulatory fees will be reflected under the Financial Services (Fees) Regulations 2020.

The fee amendments will be effective as from 1 April 2022 and are summarised as follows:

i. Banking (Credit Institutions) Fees:

Base Fee	Increase from £23,349 to £31,000
Customer Fee, Fund Depository Fee, Passporting Fee, E-Money Fee & Mortgage Credit Fee	Increase of 15% to previous amounts

ii. Insurance Group Supervision Fees:

The introduction of a new annual fee to be charged for Insurance Group supervision as required by the Financial Services (Insurance Companies) Regulations 2020. The fees to be charged are based upon the complexity of the supervised groups as follows:

Complexity	2022/23 Fee
Non-Complex	£3,500
Moderately Complex	£11,000
Complex	£40,000

iii. Digital Ledger Technology (DLT) Fees:

The current DLT structure for DLT firms is a flat base fee of £31,000 per annum. The GFSC are to introduce an activity-based fee, in addition to the current flat fee, as follows:

Fee Calculation	
Activity-Based Fee	0.1% of reported trade volumes, capped at a maximum of £30,000

iv. Regulated Individuals:

In addition to the current fees payable by Regulated Individuals, the implementation of the following partially new fees in respect of Regulated Individuals:

Sector	2021/22 Fees		2022/23 Fees	
	Authorisation Fee	Annual (Recurring) Fee	Authorisation Fee	Annual (Recurring) Fee
Banking & Insurance	£1,000	N/A	£1,000	£500
All Other Sectors	N/A	N/A	£500	£250

Only one annual fee would be payable where:

- (i) a Regulated Individual has been appointed/notified in respect of multiple Regulated Individual functions within the same firm
- (ii) a Regulated Individual has been appointed/notified in respect of Regulated Individual functions for regulated firms within the same Trust or Company Service Provider Group (TCSP Group). For example, where a TCSP Group is composed of a number of regulated firms that provide a variety of regulated activities which could include the provision of secretarial services, nominee shareholdings, directorships, registered office, etc.

In the case of an applicant firm that does not yet hold any permissions, proposed Regulated Individuals will not carry any fee and are subsumed into the relevant application fee for the permissions being sought. Once the application process is complete and an applicant firm becomes a regulated firm, any further Regulated Individual application will carry the relevant authorisation fee set out in the table above.

v. Change in Controller & Material Change in Business Plan Fees:

The following partially new fee structure (which to date applies to all firms for change of controller applications) is to be adopted across all sectors in respect of both changes in controller fees and material changes in business plans:

Complexity	2021/22 Fee	2022/23 Fee
Non-Complex	£3,000	£3,500
Moderately Complex	£10,000	£11,000
Complex	£30,000	£40,000

To date, credit institutions and insurance firms automatically paid the £30,000 fee in respect of a change of controller fee. Going forward, they will be assessed in accordance with the three-tier structure in the table above (in line with all other firms).

To date, all Material Change in Business Plan fees were the same as the Part 7 Permission application fee for the firm in question. Going forward they will be assessed in accordance with the three-tier structure above, which will result in more proportionate fees.

vi. Intensive Supervision Fees:

The introduction of a new fee payable by firms supervised by the GFSC's Intensive Supervision Team. Following a careful analysis of the enhanced resources required for the supervision of these firms, the ordinary annual fees paid by these firms to the GFSC will see a 40% increase to such fees. The decision for firms entering or exiting Intensive Supervision are subject to a thorough review process. This is to ensure fair treatment to the firms we supervise, and that firms only remain within Intensive Supervision for as long as the specific circumstances merit and no longer.

vii. General Annual Fee Increases:

A 4% general annual fee increase is to be applied to the remaining sectors not captured by the fee increases above. These include Company Managers & Professional Trustees, CIS Managers & Funds Administration providers, Investment Services providers, Insurance Managers & Intermediaries, Money Services Businesses & Bureaux, E-money Issuers, Asset Protection Trusts, Funds, Personal Pension Scheme Advisors, Auditors & Insolvency Practitioners, Occupational Pension Schemes, and Mortgage Credit & Consumer Credit (Non-Banks) institutions.

Payment Terms

Annual regulatory fee invoices will be sent out to regulated firms on 1 April 2022 via email. Regulated entities will have *28 days* from the date of the invoice within which to pay the annual fees i.e., on or before 29 April 2022.

If you are unable to settle your annual fees in full before the prescribed timeframe, you will be required to submit a written representation before the payment deadline (29 April 2022) stating the reasons why. The GFSC will consider your request on a case-by-case basis.

Regulated firms with multiple permissions will receive a single invoice detailing all regulatory fees payable.

Methods of Payment

The GFSC no longer accepts cheque payments. Payment should be made via bank transfer, using the information provided on the invoice and quoting the unique reference number indicated. Any bank transfer charges should be covered by the firm and not deducted from the amount to be received by the GFSC.

Regulated firms will be provided with a personalised Statement of Account at monthly intervals, detailing all invoices raised, payments received and any amounts outstanding.

Late Payments

If a regulated firm does not pay the total amount of an annual regulatory fee before the end of the date by which it is due, under Regulation 9 of the Financial Services (Fees) Regulations 2020, that person must also pay:

- (a) an administrative fee of £250; and
- (b) interest on any unpaid fee or levy at the rate of 5% a year above the base rate, accruing on a daily basis from the date on which the unpaid amount was payable.

Surrender of a Permission

Invoices will be issued to all regulated firms on 1 April 2022, in respect of the 2022/2023 financial year. Should a firm wish to surrender its financial services permission(s), the GFSC must be formally notified before the invoice issue date i.e., by no later than 31 March 2022. If a regulated firm is authorised to conduct regulated activity as at 31 March 2022, an invoice will be generated automatically by our systems.

The GFSC has adopted a policy where we will refund fees on a pro-rata basis following the surrender of any permission(s) part way during the financial year. The refund will be calculated on a *monthly* basis from the date of surrender to the next financial year-end. We believe that this approach is both proportionate and fair and will provide Gibraltar-based firms with more flexibility in an ever-changing market.

Similarly, and in order to ensure consistency in approach, our policy extends to firms that are authorised part way through a financial year. If a permission is granted during the financial year, the regulatory fee payable will be charged on a pro-rata basis. The fee will be calculated on a *monthly* basis from the date of authorisation/registration to the next financial year-end.

Administration

The GFSC is keen to ensure that all regulated firms receive a copy of their invoice in a timely manner. In line with the GFSC's environmental initiative to achieve sustainability, invoices will be sent out via email only, and not in the post.

Invoices will be issued in pdf format, together with a detailed breakdown of the annual regulatory fee payable in accordance with the Financial Services (Fees) Regulations 2020.

Regulated firms may have recently received correspondence from the GFSC requesting an up-to-date contact email address for financial purposes. This will ensure that invoices reach the relevant individuals within each firm.

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