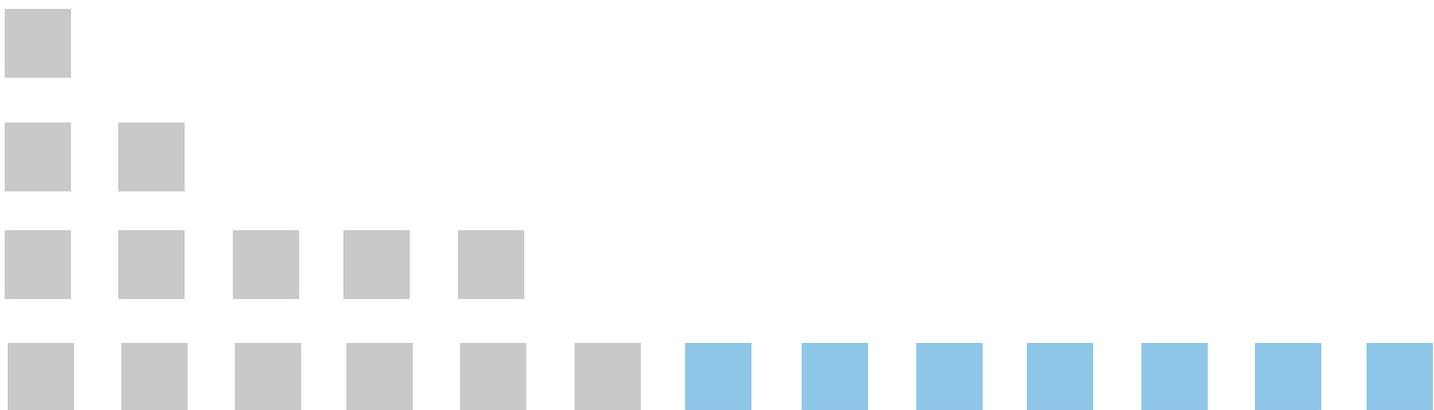


# GFSC Fees Consultation Final Policy and Consultation Response

GFSC Fees UK Single Market Levy – January 2020



# Introduction

This paper sets out the GFSC's UK Single Market Levy (Levy) final fees policy and feedback on the responses to the consultation paper issued in December 2019. The GFSC received 13 responses from regulated firms and industry bodies. The GFSC's feedback is set out in Annex 1.

The Levy will be raised on 20 January 2020. Firms will have 28 days from the invoice date within which to pay the Levy. The [Financial Services \(Fees\) Regulations](#) is available on our website, effective as from 15 January 2020.

## The Levy

The GFSC will raise a one-off special Levy to recover the costs incurred preparing our regulatory regime and firms to secure our on-going access and relationship with the UK.

The Levy will only be payable by regulated firms that passport into the UK, as these are the firms that will be most affected by the new relationship and future access to the UK market. This will include:

- Fee Block A1 Banks
- Fee Block A1 E-money firms
- Fee Block A1 Insurance Companies
- Fee Block B1 Alternative Investment Fund Managers (AIFMs)
- Fee Block B1 Insurance Captives
- Fee block B1 MiFID firms
- Fee Block E1 Insurance Intermediary firms
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The Levy has been set at 12% of the total annual regulatory fee for the year ended 31 March 2020 (2019/20). This ensures that the Levy payable is proportionate to periodic regulatory fees, and in line with the size and complexity of the regulated firms affected.

If a regulated firm falls under any of the above mentioned Fee Blocks but does not passport into the UK, no Levy will be payable.

## HM Government of Gibraltar response

HM Government of Gibraltar (HMGoG) is committed to ensuring that Gibraltar firms benefit from continued access to the UK, Gibraltar's most important market. HMGoG has secured a hugely significant commitment from the United Kingdom Government to a reciprocal continuation of the single market in financial services based on the alignment of regulatory outcomes and has worked closely with the GFSC to make this a reality and is cognisant of the resourcing demands related to EU withdrawal and preparing for this continued regulatory relationship with the UK.

HMGoG has considered and weighed up all of the responses provided by firms and industry associations. In particular, HMGoG has taken into consideration the fact that it already provides a very sizeable annual subvention to the GFSC, has and is providing material amounts of extraordinary funding to the Commission and has funded all of the costs of the Legislative Reform Programme which has been years in development, due to the size of the legislative task, and which has now come to fruition. On balance therefore, HMGoG feels that it is fair and consistent that on this occasion there should be a contribution from the industry and is content to approve the fees regulations to facilitate the UK Single Market Levy.

# Annex 1 – Consultation paper responses

The GFSC is thankful for the feedback and responses received from across the industry. There is a clear understanding of the importance of the Levy and an acknowledgment that it is essential for Gibraltar to secure ongoing access to the UK market, and for the GFSC to maintain the confidence of the UK authorities.

The questions posed to the GFSC ranged from points of clarification to substantive policy suggestions on the application of the Levy (these are set out below). The GFSC also responded to firm-specific questions directly.

Respondents queried what the fee base and calculation method would be for the Levy, including whether this should be based on the amount of business the firm carried out in the UK and whether it should be a percentage or flat fee. The basis for the Levy, in the interest of fairness, proportionality and consistency, is largely a reflection of the volume and complexity of a firm's business. The GFSC concluded that this is the fairest way to calculate the Levy.

Respondents queried if the Levy would be applied to new firms regulated from 2020 onwards. All firms newly licenced to end December 2019 and passporting into the UK will be covered by the Levy. As this is a one-off Levy, there are no plans to Levy this fee in the future.

In response to a number of questions relating to whether the Levy was a one-off, the GFSC confirms it is a one-off Levy.

Respondents asked whether firms that surrender their passport to the UK; firms that surrender their overall licence to carry out regulated activities; and firms that are in run-off would be omitted from the Levy. All regulated firms that are in possession of a UK passport will be required to pay the Levy. Full details on the calculation and the process for invoicing and paying the fee are set out in the [fees regulations](#).

The GFSC was asked how much would be raised by the Levy and what was the basis of the calculation. Exact figures will be set out in the GFSC's annual report and accounts in the usual way. The amount raised will contribute to the cost of the GFSC's work to ensure ongoing access to the UK market and to retain the confidence of its UK peers.

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