

**PRA RULEBOOK: PRA FEES AMENDMENT INSTRUMENT 2019**

**Powers exercised**

- A. The Prudential Regulation Authority (“PRA”) makes this instrument in the exercise of the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
- (1) section 137G (The PRA’s general rules);
  - (2) section 137T (General supplementary powers); and
  - (3) paragraph 31 (Fees) of Part 3 (Penalties and Fees) of Schedule 1ZB (The Prudential Regulation Authority) of the Act.
- B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instruments) of the Act.

**Pre-conditions to making**

- C. In accordance with section 138J of the Act (Consultation by the PRA), the PRA consulted the Financial Conduct Authority. After consulting, the PRA published a draft of the proposed rules and had regard to representations made.

**PRA Rulebook: PRA Fees Amendment Instrument 2019**

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

**Commencement**

- E. This instrument comes into force on 1 March 2019.

**Citation**

- F. This instrument may be cited as the PRA Rulebook: PRA Fees Amendment Instrument 2019.

**By order of the Prudential Regulation Committee**

8 February 2019

## Annex

## Amendments to the Fees Part

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

## 1 APPLICATION AND DEFINITIONS

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1.2 In this Part, the following definitions shall apply:

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*best estimate liabilities for fees purposes*

means:

...

- (3) for *UK Solvency II firms* in the *life insurance fee block (A4)*, the sum of items entered under row codes R0010 and R0030, column codes C0150 and C0210, minus the sum of items entered under row codes R0010 and R0030, column codes C0090, C0140 and C0190 of the *annual quantitative reporting template S12.01.01*, minus *corporate pensions business* reported under column code C0180 of the *annual quantitative reporting template S14.01.01*, and minus 0.35 x *unit-linked business* which is not also *corporate pensions business* reported under column code C0180 of the *annual quantitative reporting template S14.01.01*, as reported to the *PRA*.

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*corporate pensions business*

means ~~one or more *pension schemes* managed by an *insurer* on behalf of an employer and for which liabilities are calculated by the *insurer* only at scheme level~~ business reported using product ID codes 300-322 for the *annual quantitative reporting template S14.01.01*.

...

~~*financial and operating income*~~

~~means a *firm's* financial and operating income as reported to the *PRA* under line 1 column B of form FSA002.~~

...

*gross written premium for fees purposes*

means:

...

- (3) for *UK Solvency II firms* in the *life insurance fee block (A4)*, the item entered under row code R1410, column code C0300 of the *annual quantitative reporting template S05.01.01* minus *corporate pensions business* as reported to the *PRA* under column code C0060 of the *annual quantitative reporting template S14.01.01*, and minus 0.35 x *unit-linked business* which is not also *corporate pensions business* reported under column code C0060

of the *annual quantitative reporting template S14.01.01*, as reported to the PRA.

...

~~non-trading book assets for fees purposes~~

~~means total non-trading book assets as reported to the PRA under item 20B of form FSA001 minus £500 million.~~

...

total assets for fees purposes

means for firms in the designated firms dealing as principal fee block (A10), the sum of the firm's assets as recorded at row 380 of data item template 1.01 of Annex III of the Supervisory Reporting ITS.

total operating income for fees purposes

means for firms in the designated firms dealing as principal fee block (A10), the sum of the firm's net operating income as recorded at row 355 of data item template 2 of Annex III of the Supervisory Reporting ITS.

...

~~trading assets~~

~~means a firm's trading assets as reported to the PRA under item 20A of form FSA001.~~

...

unit-linked business

means business reported using product ID codes 102, 112, 122, 132, 202, 212, 222, 232, 302, 312, 322, 622, and 722 for the annual quantitative reporting template S14.01.01.

...

## 2 OBLIGATION TO PAY FEES

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Relieving provisions

2.9 If it appears to the ~~PRA~~ a firm in relation to any fee that in the exceptional circumstances of a particular case ~~it would be inequitable to require payment or to retain sums previously paid~~ requiring payment or retaining a sum previously paid would be unduly burdensome or would not achieve the purpose for which the fee rule was made, it a firm ~~may at its discretion~~ apply to the PRA under section 138A FSMA for the PRA to:

- (1) waive the payment;
- (2) reduce the amount payable; or
- (3) ~~offer~~ make a whole or partial refund of sums already paid.

2.10 ~~The PRA will not consider a~~ A claim by a fee payer for waiver, reduction or refund under section 138A FSMA, in accordance with 2.9 and based on the fee payer's error if

~~the claim is made more than~~ must be made within two years after of the beginning of the period to which the fee relates.

### 3 PERIODIC FEES

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3.4 The *tariff bases* and *valuation points* referred to in 3.3(3)(a) are:

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(5) for *firms* in the *designated firms acting dealing as principal fee block* (A10), ~~*trading assets total assets for fees purposes*~~ as at 31 December preceding commencement of the *fee year* and the ~~*sum of the firm's financial and operating income total operating income for fees purposes*~~ for the four quarters ending on or before 31 December preceding commencement of the *fee year*.

...

(7) For firms in the designated firms dealing as principal fee block (A10), if, despite a firm having complied with its reporting obligations, fewer than four quarters of data for total operating income for fees purposes have been reported to the PRA, the arithmetic mean of the reported data shall be calculated, and multiplied by 4.

3.5 The periodic fees payable by:

(1) the *Society* are as specified in Table IIIA of the *Periodic Fees Schedule*;

(2) ~~fee-payers subject to the ring-fencing implementation fee are as specified in 3.18; and~~ [deleted]

(3) ~~[deleted-]~~

...

No waiver or refund of periodic fees after start of fee year

3.14 ~~Other than where the PRA exercises the discretion in 2.9 it will not waive liability for, or refund, periodic fees. If, after the start of the fee year to which they relate should the~~ a firm applies to cancel its Part 4A permission or if the a new business activity or event which has given rise to the a fee no longer applies to the firm, the firm is still liable to pay and will not be refunded periodic and other fees for that fee year, other than in cases where the PRA exercises its discretion under section 138A FSMA, in accordance with 2.9.

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Model maintenance fee

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3.23 In the *fee year* commencing on 1 March 2018 and subsequent *fee years*:

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(8) For models incorporating more than one *UK firm*, the *model maintenance fee* shall be determined by reference to aggregated figures for all *UK firms* included within the scope of that model, and shall usually be payable by the *firm* which pays the largest *periodic fee* under 3.3(3) or otherwise by such *firms* and in such proportions as the *PRA* directs. To facilitate the aggregation calculation where a model incorporates one or more *CRD credit institutions* and one or more *designated investment firms* within its scope, for each *designated investment firm* which is also a *UK firm*, ~~*trading assets total assets for fees purposes*~~ shall be rounded to the nearest £1million, and each £1million of ~~*trading assets total assets for fees purposes*~~ shall be deemed equivalent to £0.4million in *modified eligible liabilities*. Total *modified eligible liabilities* shall then be added together for all *UK firms* within scope of the model.

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**PERIODIC FEES SCHEDULE – FEE RATES AND EEA/TREATY FIRM  
MODIFICATIONS FOR THE PERIOD FROM 1 MARCH 2018 TO 28 FEBRUARY 2019**

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**TABLE VIII – MODEL MAINTENANCE FEES**

| Basis of scale,<br>(aggregated figures for<br>all <i>UK firms</i> within the<br>scope of each model<br>or model type)   | Annual fee for <i>CRR firms</i> per model type (£) |        |         |        | Annual fee for UK<br><i>Solvency II firms</i> per<br>group or solo internal<br>model (£) |                 |
|---|--|--------|---------|--------|--|-----------------|
|   | IMA  | IMM    | IRB     | AMA    | A3 fee<br>block  | A4 fee<br>block |
| <i>CRD credit institutions</i><br>with <i>modified eligible liabilities</i> in excess of<br>£40,000million, or<br><i>designated investment firms</i> with <del><i>trading assets total assets for fees purposes</i></del><br>in excess of<br>£100,000million  | 55,000   | 75,000 | 100,000 | 25,000 | -  | -               |
| <i>CRD credit institutions</i><br>with <i>modified eligible liabilities</i> greater than<br>£5,000million and less<br>than £40,000million, or<br><i>designated investment firms</i> with <del><i>trading assets total assets for fees purposes</i></del><br>greater than<br>£12,500million and less<br>than £100,000million | 20,000   | 30,000 | 40,000  | 10,000 | -  | -               |

|   |       |        |        |       |     |     |
|---|-------|--------|--------|-------|-----|-----|
| CRD credit institutions with modified eligible liabilities of £5,000million or less, or designated investment firms with <del>trading assets</del> total assets for fees purposes of £12,500million or less | 8,000 | 12,000 | 16,000 | 4,000 | -   | -   |
| ...   | ...   | ...    | ...    | ...   | ... | ... |

#### 4 REGULATORY TRANSACTION FEES

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Insurance business transfers under Part VII FSMA

4.8 The transferor seeking regulatory consent for an *insurance business transfer scheme* under Part VII of FSMA pays a regulatory transaction fees as follows: of £20,000.00,

~~(1) transfers involving long term insurance business £9,250.00; or~~

~~(2) all other transfers £5,000.00;~~

the *due date for payment* being on or before the date of any *application* to the PRA for the appointment of an independent expert.

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Ceding Insurer's Waiver

4.11 ~~An applicant for a waiver or in relation to the treatment of assets of a United Kingdom insurance special purpose vehicle pays a fee of £20,000.00. [deleted]~~

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**Table D - Model types under CRR**

| Applicant<br>(groupings based on <i>tariff data</i> submitted by <i>firms</i> as at 31 December in the <i>fee year</i> prior to the <i>fee year</i> in which the fee is payable).   | Column 1<br>Fee payable (£)     |            |
|---|---------------------------------|------------|
|   | model type                      | £          |
| Where the application relates to <i>CRD credit institutions</i> or <i>designated investment firms</i> and includes five or more significant overseas entities within the same group | <i>advanced IRB, IMM or IMA</i> | 268,000.00 |
|   | <i>foundation IRB</i>           | 232,000.00 |
|   | <i>advanced</i>                 | 181,000.00 |

|  |  |            |
|--|--|------------|
|  | <i>measurement approaches</i><br><u>AMA</u>          |            |
| Where, <del>at 31 December prior to the fee year in which the fee is payable,</del> the applicant<br><br>(1) has <i>modified eligible liabilities</i> in excess of £40,000million; or<br><br>(2) is a <i>designated investment firm</i> with <del>trading assets</del> <u>total assets for fees purposes</u> in excess of £100,000million.   | <b>model type</b>                                    | £          |
|  | <i>advanced IRB, IMM or IMA</i>                      | 232,000.00 |
|  | <i>foundation IRB</i>                                | 198,000.00 |
|  | <i>advanced measurement approaches</i><br><u>AMA</u> | 146,000.00 |
| Where, <del>as at 31 December prior to the fee year in which the fee is payable,</del> the applicant<br><br>(1) has <i>modified eligible liabilities</i> greater than £5,000million and less than £40,000million; or<br><br>(2) is a <i>designated investment firm</i> with <del>trading assets</del> <u>total assets for fees purposes</u> greater than £15,000million and less than £100,000million. | <b>model type</b>                                    | £          |
|  | <i>advanced IRB, IMM or IMA</i>                      | 94,000.00  |
|  | <i>foundation IRB</i>                                | 72,000.00  |
|  | <i>advanced measurement approaches</i><br><u>AMA</u> | 51,000.00  |
| Where, <del>as at 31 December prior to the fee year in which the fee is payable,</del> the applicant<br><br>(1) has <i>modified eligible liabilities</i> of £5,000million or less; or<br><br>(2) is a <i>designated investment firm</i> with <del>trading assets</del> <u>total assets for fees purposes</u> of £15,000million or less.  | <b>model type</b>                                    | £          |
|  | <i>advanced IRB, IMM or IMA</i>                      | 42,000.00  |
|  | <i>foundation IRB</i>                                | 30,000.00  |
|  | <i>advanced measurement approaches</i><br><u>AMA</u> | 24,000.00  |

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Table E – Internal model application fees

| <b>Applicant</b>   | <b>Fee payable (£)</b> |
|--|------------------------|
| (groupings based on <i>tariff data</i> submitted by <i>firms</i> as at 31 December 2016 <u>in the fee year prior to the fee year in which the fee is payable</u> ) |                        |
| <b>Group Internal Model (Full and Partial)</b>   |                        |
| Sum of <i>best estimate liabilities for fees purposes</i> and <i>gross written premium for fees purposes</i> for groups in the general                             | 268,000.00             |

|  |                  |
|--|------------------|
| <i>insurance fee block of <del>£200</del> <u>1,000</u>million or more</i>  |                  |
| <i>Sum of <u>best estimate liabilities for fees purposes and gross written premium for fees purposes</u> for groups in the <u>general insurance fee block less than £200million greater than £300million and less than £1,000million</u></i>   | 100,000.00       |
| <i><u>Sum of best estimate liabilities for fees purposes and gross written premium for fees purposes</u> for groups in the <u>general insurance fee block less than £300million</u></i>  | <u>50,000.00</u> |
| <i>Sum of <u>best estimate liabilities for fees purposes and gross written premium for fees purposes</u> for groups in the <u>life insurance fee block of £15,000million or more</u></i>   | 268,000.00       |
| <i>Sum of <u>best estimate liabilities for fees purposes and gross written premium for fees purposes</u> for groups in the <u>life insurance fee block less than £5,000million greater than £5,000million and less than £15,000million</u></i> | 100,000.00       |
| <i><u>Sum of best estimate liabilities for fees purposes and gross written premium for fees purposes</u> for groups in the <u>life insurance fee block less than £5,000million</u></i>   | <u>50,000.00</u> |
| <b>Solo Internal Model (Full and Partial)</b>  |                  |
| <i>Sum of <u>Best estimate liabilities for fees purposes and gross written premium for fees purposes</u> for firms in the <u>general insurance fee block of <del>£200</del> <u>1,000</u>million or more</u></i>                                | 232,000.00       |
| <i>Sum of <u>Best estimate liabilities for fees purposes and gross written premium for fees purposes</u> for firms in the <u>general insurance fee block less than £200million greater than £300million and less than £1,000million</u></i>    | 80,000.00        |
| <i><u>Sum of best estimate liabilities for fees purposes and gross written premium for fees purposes</u> for firms in the <u>general insurance fee block less than £300million</u></i>   | <u>42,000.00</u> |
| <i>Sum of <u>Best estimate liabilities for fees purposes and gross written premium for fees purposes</u> for firms in the <u>life insurance fee block of £15,000million or more</u></i>  | 232,000.00       |
| <i>Sum of <u>Best estimate liabilities for fees purposes and gross written premium for fees purposes</u> for firms in the <u>life insurance fee block less greater than £5,000million and less than £15,000million</u></i>                     | 80,000.00        |
| <i><u>Sum of best estimate liabilities for fees purposes and gross written premium for fees purposes</u> for firms in the <u>life insurance fee block less than £5,000million</u></i>  | <u>42,000.00</u> |