

## **Additional Fees/Levies for 2012/2013 - Money Advice Service Consultation (MAS) Rates**

Costs are allocated to firms who benefit most from the provision of debt advice. Research undertaken by MAS showed that household debt is 15% unsecured and 85% secured. We therefore used this split to allocate the funding requirement between the following fee-blocks:

£5.2m (15%) to A001 (Deposit acceptors) fee-block called MA01. These firms provide unsecured lending; and,

£29.3m (85%) to A002 (Home finance providers and administrators) fee-block called MA02. These firms provide secured lending.

The fees calculator does not include provision for MAS Debt Advice in the Consultation Rates but does in the Final Rates.

More information on the funding requirements for MAS can be found here [CPI2/3](#) .

## **Additional Fees/Levies for 2011/2012 - FSCS Levies**

**SA01 (Deposit Class)** - Firms were required to pay £362m, the fourth tranche of the Specified Deposit Defaults (SDDs), arising from 2008 banking defaults.

Calculations for this levy were based on the aggregate protected deposits as at 31 December 2010. This resulted in an additional levy of approximately £406 per £1m of protected deposits. The invoices for this additional levy were raised in July 2011.

More information about the SDD levy can be found in the [July 2012 – FSCS levies for specified deposit-taker defaults update](#).

The fee calculator does not include provision for this levy.

**SD02 (Investment – Intermediation)** – Firms were required to pay £60m.

The fees calculator does not include provision for this interim levy. To use the calculator please add an additional payment of approximately £162 per £10,000 of annual income as reflected on your 2011/2012 invoice.

More information can be found in the [FSCS press release](#) see 14 March 2012 and [FSCS](#) letter of 26 March 2012.

**FSCS levies – Correction to rates** - Due to an administrative error, a number of FSCS levy rates were set incorrectly. The rates were set higher than they should have been for five fee-blocks/sub-classes – see table below. This was corrected and credit notes were issued.

A.7	Base costs	Fund Managers
A.10	Base costs	Dealers as Principal
A.12	Base costs	Advisers/Arrangers (HCM)
A.14	Base costs	Corporate Finance Business
SB01	Specific & Compensation costs	General Insurance - Provision

The 2011/2012 Final Rates in the Fee Calculator do not reflect these corrections. Firms calculating their FSCS levy for these fee-blocks/sub-classes should contact the [Fees Helpline](#).

**SA01 (Deposit Class)** – Firms were required to pay £217m. However this did not include an additional £7.3m to cover the costs in relation to Southsea Mortgage and Investment Company Limited (Southsea).

The fees calculator does not include provision for the additional £7.3m. To use the calculator please add an additional payment of approximately £8.27 per £1m of protected deposit as at 31 December 2010.

More information can be found in FSCS levy calculation notes for 2011/2012

More information on Southsea Mortgage and Investment Company Ltd can be found here [Southsea Mortgage and Investment Company Ltd.](#)

## **Additional Fees/Levies for 2010/2011 - FSCS Levies**

**SA01 (Deposit Class)** - Firms were required to pay £338.8m, the third tranche of the Specified Deposit Defaults (SDDs), arising from 2008 banking defaults.

Calculations for this levy were based on the aggregate protected deposits as at 31 December 2009. This resulted in an additional levy of approximately £327 per £1m of protected deposits. The invoices for this additional levy were raised in July 2010.

More information about the SDD levy can be found in the [July 2012 – FSCS levies for specified deposit-taker defaults update](#).

The fee calculator does not include provision for this levy.

**SD02 (Investment – Intermediation) & SD01 (Investment Fund Management)** – Firms were required to pay £326m to cover the costs of claims made against Keydata Investment Services Limited and Wills & Co.

The planned interim levy exceeded the compensation threshold for the SD02 sub-class. Under the cross subsidy principle of the FSCS funding system, the remaining £233m fell to the SD01 (Investment Fund Management sub-class). Firms in SD02 paid £93m and firms in SD01 paid £233m.

Costs are calculated by reference to the share of the firm's annual eligible income for the relevant sub-class as a proportion of the total annual eligible income for that sub-class. This resulted in an additional payment of approximately £250 per £10,000 of annual eligible income for SD02 and £384 per £10,000 of annual eligible income for SD01.

The fee calculator includes provision for £20m for sub-class SD02, it does not include provision beyond this.

More information can be found in the [FSCS press release](#) and the [letter](#) to firms explaining the levy.

For information on how the levy is calculated for your firm, please call the customer contact centre on 0845 606 9966, or email the [Fees helpline](#).

For information on why the levy is required and how it is allocated, please contact the FSCS on 0800 678 1100.

### **FSCS true-up amounts levied to firms in January 2013 in relation to fund management sub-class (SD01) and investment intermediation sub-class.**

Invoices have been raised to firms in the fund management and investment intermediation sub-classes in order to meet the shortfall of FSCS funds for the 2010/11 levy year. The shortfall is made up of refunds the FSCS has made to firms where the FSCS accepted the

firm's revised annual eligible income data, less recoveries and any surplus due to lower anticipated compensation costs for that year.

For more information please see FSCS website

[<http://www.fscs.org.uk/industry/news/2013/january/interim-levy-truing-up-complet-0953bk417/index.html>] and letter

[<http://www.fsa.gov.uk/static/pages/doing/regulated/fees/pdf/fscs-true-up-levy-letter.pdf>] accompanying the invoices:

The calculation of this additional amount is based on the total revised annual eligible income for all participant firms. The amounts invoiced to firms work out to be approximately:

Fund management sub-class SD01 - £721 per £100,000 of annual eligible income

Investment intermediation sub-class SD02 - £9 per £100,000 of annual eligible income

## **Additional Fees/Levies for 2009/2010 - FSCS Levies**

**SA01 (Deposit Class)** - Firms were required to pay £374.4m, the second tranche of the Specified Deposit Defaults (SDDs), arising from 2008 banking defaults.

Calculations for this levy were based on the aggregate protected deposits as at 31 December 2008. This resulted in an additional levy of approximately £378 per £1m of protected deposits. The invoices for this additional levy were raised on 26 July 2010.

More information about the SDD levy can be found in the [FSCS 2009/10 Annual Report](#).

The fee calculator does not include provision for this levy.

**SD02 (Investment – Intermediation)** – Firms were required to pay £110m to cover the claims against Pacific Continental Securities Ltd, Square Mile Securities Ltd, Keydata Investment Services Limited and other investment firms.

The FSCS initially levied firms £30m with a further £80m levy announced later in the year. The levy resulted in an additional payment of approximately £1,335 per approved person. The invoices for this were raised on 30 March 2010.

The fee calculator does include provision for the original levy of £30m, it does not include provision for the £80m interim levy.

More information can be found in the [FSCS press releases](#) see 12 February and 30 March 2010.

## **Additional Fees/Levies for 2008/2009 - FSCS Levies**

**SA01 (Deposit Class)** - In 2008, the FSCS borrowed £20.4bn to fund the costs of compensating or transferring the accounts of consumers in the failure of five banks, referred to as the Specified Deposit-taker Defaults (SDDs). The SDD loans were financed under facilities originally provided by the Bank of England, and subsequently refinanced by HM Treasury. The five banks were:

- Bradford & Bingley,
- Heritable Bank,
- Kaupthing Singer & Friedlander,
- Landsbanki Islands 'Icesave'; and
- London Scottish Bank,

Firms were required to pay £406m, the first tranche of the Specified Deposit Defaults (SDDs) arising from the defaults.

Calculations for this levy were based on the level of protected deposits as at 31 December 2007. This resulted in an additional levy of £431.43 per £1m of protected deposits. The levy came into force on 29 July 2009.

The fee calculator does not include provision for this levy.

More information can be found in the [FSCS Press Release](#) of 30 March 2009 and the [letter sent to trade associations](#) on 28 July 2009.

**SD02 (Investment – Intermediation)** - In January 2009 the FSCS declared Pacific Continental Securities (UK) Ltd in default. On 30 March 2009 the FSCS announced an £38m interim levy.

This resulted in an additional levy of approximately £565 per approved person as at December 2007. The invoices for this additional levy were raised on 30 March 2009.

The fee calculator does not include provision for this interim levy.

More information can be found in the [FSCS press releases](#) see 28 January and 30 March 2009.