

PRA RULEBOOK: CRR FIRMS, NON CRR FIRMS, SOLVENCY II FIRMS, NON SOLVENCY II FIRMS AND NON AUTHORISED PERSONS: MANAGEMENT EXPENSES IN RESPECT OF RELEVANT SCHEMES INSTRUMENT 2015

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 224F (Rules about relevant schemes); and
- (2) section 213 (The compensation scheme).

B. The rule-making powers referred to above are specified for the purpose of section 138G(2) (Rule-making instrument) 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 proposed rules and had regard to representations made.

PRA Rulebook: CRR Firms, Non CRR Firms, Solvency II Firms, Non Solvency II Firms and Non Authorised Persons: Management Expenses in respect of Relevant Schemes Instrument 2015

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

Commencement

E. This instrument comes into force on 3 July 2015.

Citation

F. This instrument may be cited as the PRA Rulebook: CRR Firms, Non CRR Firms, Solvency II Firms, Non Solvency II Firms and Non Authorised Persons: Management Expenses in respect of Relevant Schemes Instrument 2015.

By order of the Board of the Prudential Regulation Authority

30 March

Annex

In this Annex, the text is all new and is not underlined.

Part

MANAGEMENT EXPENSES IN RESPECT OF RELEVANT SCHEMES

Chapter content

- 1. APPLICATION AND DEFINITIONS**
- 2. MANAGEMENT EXPENSES IN RESPECT OF RELEVANT SCHEMES LEVY**
- 3. OBLIGATION TO PAY**
- 4. PAYMENTS**

Links

1 APPLICATION AND DEFINITIONS

1.1 Unless otherwise stated, this Part applies to:

- (1) the *FSCS*;
- (2) a *firm*;
- (3) a *dormant account fund operator*; and
- (3) the *Society*.

1.2 In this Part, the following definitions shall apply:

dormant account fund operator

means a person with a *Part 4A permission* for operating a *dormant account fund*.

MERS levy

means a levy imposed by the *FSCS* on a *firm*, a *dormant account fund operator* or, where applicable, the *Society*, to meet *relevant expenses* incurred by the *FSCS* in connection with acting on behalf of the *manager of the relevant scheme* in accordance with Part 15A of *FSMA*.

manager of the relevant scheme

has the meaning given in section 224B(3) of *FSMA*.

operating a dormant account fund

means any of the *regulated activities* specified in:

- (1) article 63N(1)(a) of the *Regulated Activities Order* (meeting of repayment claims); or
- (2) article 63N(1)(b) of the *Regulated Activities Order* (managing dormant account funds (including the investment of such funds)).

relevant expenses

means management expenses as defined in section 224F(7) of *FSMA*.

relevant scheme

means a scheme or arrangement (other than the *Financial Services Compensation Scheme*) for the payment of compensation (in certain cases) to customers (including customers outside the *United Kingdom*) in respect of *deposits* or under contracts of insurance or in respect of similar financial services.

2 MANAGEMENT EXPENSES IN RESPECT OF RELEVANT SCHEMES LEVY

2.1 This Chapter applies only to the *FSCS*.

2.2 The *FSCS* may at any time impose a *MERS levy* on a *firm*, a *dormant account fund operator* or, where applicable, the *Society* provided that the *FSCS* has reasonable grounds for

believing that the funds available to it to meet *relevant expenses* are, or will be insufficient, taking into account *relevant expenses* already incurred or expected to be incurred in the 12 *months* immediately following the date of the levy.

- 2.3 The FSCS can impose a *MERS levy* only if the FSCS has tried its best and has failed to obtain reimbursement of those expenses from the *manager of the relevant scheme*.
- 2.4 The FSCS must calculate a share of a *MERS levy* for a *firm*, a *dormant account fund operator* or, where applicable, the *Society*, on a reasonable basis.

3 OBLIGATION TO PAY

- 3.1 A *firm* or a *dormant account fund operator* (and, where applicable, the *Society*) must pay to the FSCS its share of each *MERS levy*.

4 PAYMENTS

- 4.2 A *firm* or a *dormant account provider* (and, where applicable, the *Society*) must pay its share of a *MERS levy* in one payment.
- 46.3 A share of a *MERS levy* is due on, and payable within, 30 days of the date when the invoice is issued.
- 46.4 A *firm* or a *dormant account fund operator* (and, where applicable, the *Society*) must pay its share of a *MERS levy* by either direct debit, credit transfer (e.g. BACS or CHAPS), cheque, Maestro, Visa Debit or by credit card (Visa/Mastercard/American Express only).
- 4.2 The FSCS may reduce, remit or refund any overpaid amounts paid in respect of a *MERS levy* in respect of a particular period, due to a mistake of law or fact by a *firm*, a *dormant account fund operator* or, where applicable, the *Society*, provided that the claim is made by the *firm*, *dormant account provider* or, where applicable, the *Society* not more than two years after the beginning of the period to which the overpayment relates.
- 4.5 If a *firm* or a *dormant account fund operator* (and, where applicable, the *Society*), does not pay the total amount of its share of a *MERS levy*, before the end of the date on which it is due, it must pay an additional amount as follows:
- (1) if the *MERS levy* was not paid in full before the end of the due date, an administrative fee of £250; and
 - (2) interest on any unpaid part of the *MERS levy* or administrative fee at the rate of 5% per annum above the Official Bank Rate from time to time in force, accruing on a daily basis from the date on which the amount concerned became due.