

CORPORATE SERVICE PROVIDERS ACT 2000

CORPORATE SERVICE PROVIDERS (FEES) REGULATIONS 2003

Approved by Tynwald 18 March 2003

Coming into operation 1 April 2003

In exercise of the powers conferred on the Financial Supervision Commission by section 26 of the Corporate Service Providers Act 2000^(a), and of all other enabling powers, and after consulting the Treasury, the following Regulations are hereby made:

Citation and commencement

1. These Regulations may be cited as the Corporate Service Providers (Fees) Regulations 2003 and shall come into operation on 1 April 2003.

Interpretation

2. In these Regulations:

“annual fee year” means the period from the annual review date to the next following 31 July;

“annual review date” means 1 August each year;

“the Act” means the Corporate Services Providers Act 2000;

“category 1 licence” and “category 2 licence” have the meanings given in paragraph 3 of the Corporate Service Providers (General Requirements) Regulatory Code 2000^(b);

“client company” has the meaning given in paragraph 1(2) of the Corporate Service Providers (General Requirements) Regulatory Code 2000;

“reference date” means 30 June immediately preceding the annual review date;

“regulated activity” has the meaning given in the Act.

^(a) 2000 c.13

^(b) SD 703/00

Application fees

3. (1) In respect of a category 1 licence, an application for a person to be licensed as a corporate service provider under section 3 of the Act shall be accompanied by a fee of £1,100.

(2) In respect of a category 2 licence, an application for a person to be licensed as a corporate service provider under section 3 of the Act shall be accompanied by a fee of £800.

Annual fees

4. (1) Subject to regulation 5(1), the annual fee for an annual fee year in respect of a category 1 licence is payable on the annual review date each year and is calculated with reference to the number of client companies for which, at the reference date in that year, the corporate service provider provides any regulated activity as follows –

- (a) £550 for 100 or fewer client companies.
- (b) £1,300 for between 101 and 250 client companies.
- (c) £2,600 for between 251 and 500 client companies.
- (d) £5,200 for between 501 and 1000 client companies.
- (e) £7,800 for between 1001 and 2500 client companies.
- (f) £10,400 for between 2501 and 5000 client companies.
- (g) £15,600 for between 5001 and 7500 client companies.
- (h) £20,800 for more than 7500 client companies.

(2) Subject to regulation 6, the annual fee for an annual fee year in respect of a category 2 licence is payable on the annual review date each year and is £300.

5. (1) In the first year of issue of a category 1 licence, the annual fee is payable on the date of issue of the licence and –

- (a) in the case of an application for a licence made before 1 January 2002, is the relevant fee under regulation 4(1) calculated with reference to the number of client companies for which, at the date on which the application for a licence was made, the corporate service provider provided any regulated activity; or
- (b) in the case of an application for a licence made after 1 January 2002, is £550.

adjusted in accordance with the formula under regulation 8(1) to cover the period from the date of issue of the licence to the next following 31 July.

(2) With effect from the first annual review date thereafter, regulation 4(1) shall apply.

6. (1) In the first year of issue of a category 2 licence, the annual fee is payable on the date of issue of the licence and is the fee under regulation 4(2) adjusted in accordance with the formula under regulation 8(2) to cover the period from the date of issue to the next following 31 July.

(2) With effect from the first annual review date thereafter, regulation 4(2) shall apply.

7. (1) In the case of a corporate service provider which changes from a category 2 licence to a category 1 licence, an adjusted annual fee is payable on the date on which the category 1 licence is issued and is the difference between the fee already paid under regulation 4(2) for the current annual fee year and, subject to paragraph (2), the fee applicable to a category 1 licence holder in respect of the period from the date of issue of the category 1 licence to the next following annual review date. The difference between the fee paid and the fee due shall be adjusted in accordance with the formula under regulation 8(3) to cover the period from the date of issue of the licence to the next following 31 July.

(2) For the purposes of paragraph (1), the calculation of the relevant fee under regulation 4(1) shall be with reference to the number of client companies for which, at the date on which the application for the change of licence category was made, the corporate service provider provided regulated activity as a category 2 licence holder.

Proportionate fee adjustment formula

8. (1) For the purposes of regulation 5(1) the adjusted annual fee payable by a category 1 licence holder is to be calculated in accordance with the following formula:

$$F \times \frac{N}{12}$$

where:

“F” is the relevant fee specified in regulation 5(1);

“N” is the number of months between the date on which the category 1 licence is issued and the next following 31 July, and for this purpose a part of a month shall be treated as a complete month.

(2) For the purposes of regulation 6(1) the adjusted annual fee payable by a category 2 licence holder is to be calculated in accordance with the following formula:

$$£300 \times \frac{N}{12}$$

where:

“N” is the number of months between the date on which the licence is issued and the next following 31 July, and for this purpose a part of a month shall be treated as a complete month.

(3) For the purposes of regulation 7(1), the appropriate fee is to be calculated in accordance with the following formula:

$$(H - F) \times \frac{N}{12}$$

where:

“H” is the higher fee;

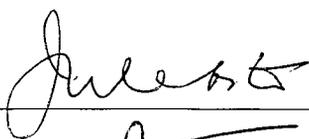
“F” is the fee already paid in accordance with regulation 4(2), and

"N" is the number of months between the date on which the corporate service provider changed from a category 2 licence to a category 1 licence and the next following 31 July, and for this purpose a part of a month shall be treated as a complete month.

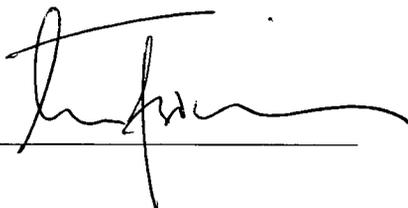
Revocation

9. The Corporate Service Providers (Fees) Regulations 2002^(b) are revoked.

Made this 13th day of February 2003.



Commissioner



Chief Executive

EXPLANATORY NOTE
(This note is not part of the Regulations)

The Regulations prescribe the fee payable by an applicant in respect of an application for a corporate service provider ("CSP") licence. Different fees apply in respect of an application for a category 1 or a category 2 licence.

The annual fee applicable to a category 1 licence holder is based on the number of client companies for which the CSP provides any of the services defined in the Corporate Service Providers Act 2000 as "regulated activities". The annual fee applicable to a category 2 licence holder is a fixed fee.

The Regulations also prescribe the annual fee due on the date on which a CSP licence is first issued, in respect of the period from the date of issue until the commencement of the first full annual licence period (from the immediately following 1 August to 31 July in the next year). However, the annual fee payable in respect of a category 1 licence is calculated on a different basis for applications made before and those made on or after 1 January 2002. On 1 January 2002 section 2 of the Act came into force, which created an offence in respect of acting as a CSP without a licence unless, prior to that date, he has applied for a licence and his application was still under consideration or the Act exempts him from the requirement to hold a licence. In the case of an application made prior to 1 January 2002, the Regulations take account of the fact that the CSP is likely to be an existing business already providing regulated activities for client companies and therefore the annual fee is calculated by reference to the number of companies at the date on which the licence application was made. However, because it would be an offence to provide regulated activities without a licence from 1 January 2002, an application for category 1 licence made on or after that date would not be an existing CSP business and the annual fee payable is therefore a fixed fee (equivalent to the fee applicable to the lowest band of client companies payable by pre 1 January 2002 applicants). At the next annual review date, however, the annual fee payable in either case is calculated by reference to the number of client companies, at the 30 June immediately preceding, for which the CSP provides any of the regulated activities.

The Regulations also provide the formulae for calculating the pro rata fee due in the first year of issue of a licence for the period from the date of issue until the next annual review date.

A CSP which changes from a category 2 licence to a category 1 licence, is required to pay the difference between the two levels of fee in respect of the period from the date of the change to the annual review date and thereafter to pay the relevant category 1 annual fee.