



## BANKING ACT 1998

### BANKING (FEES) REGULATIONS 2003

*Approved by Tynwald on 18 March 2003*

*Coming into operation on 1 April 2003*

In exercise of the powers conferred on the Financial Supervision Commission by section 31 of the Banking Act 1998<sup>(a)</sup>, 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 Banking (Fees) Regulations 2003 and shall come into operation on 1 April 2003.

#### **Interpretation**

2. In these Regulations:

“annual review date” shall mean 1 July each year;

“authorised collective investment scheme” has the meaning given in section 30 of the Financial Supervision Act 1988<sup>(b)</sup>;

“banking subsidiary” means a subsidiary of a banking institution, incorporated outside the Isle of Man, which is itself licensed or otherwise authorised by a regulatory authority to conduct banking business;

“branch” means an office of a banking institution incorporated in the Island;

“category” means a category of investment business specified in paragraph 6 of the Financial Supervision Commission (Financial Resources and Compliance Reporting) Regulatory Code<sup>(c)</sup> or, as the case may be, in paragraph 1-2 of the Financial Supervision Commission (Stockbrokers) Regulatory Code<sup>(d)</sup>;

“international collective investment scheme” has the meaning given in section 11 of the Financial Supervision Act 1988;

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<sup>(a)</sup> 1998 c.4

<sup>(b)</sup> 1988 c.16

<sup>(c)</sup> SD 345/02

<sup>(d)</sup> SD 156/96

“investment business” has the same meaning as in the Investment Business Act 1991<sup>(e)</sup>;

“lead regulator” means the regulatory authority responsible for the prudential or, as the case may be, consolidated regulation of the banking institution.

### **Application fees**

3. (1) The fee for an application for a banking licence is £5,200.

(2) Where an application is made for the purposes of replacing a banking licence held by a banking group which is changing its group structure, no fee is to be payable.

### **Other fees**

4. Subject to regulation 5:

(a) the fee for the grant of a banking licence is £11,000;

(b) a fee of £11,000 shall be payable on the annual review date for the continued operation of a banking licence which is not subject to a periodical renewal;

(c) when a banking institution is in liquidation the fee under paragraph (b) is £50.

5. The fees specified in regulations 4(a) and 4(b) in respect of a banking institution:

(a) for which the Financial Supervision Commission is the lead regulator; and

(b) which is incorporated in the Island; and

(c) which has established a branch or a banking subsidiary outside the Island,

is £26,000 or an amount calculated in accordance with the following formula, whichever is the lower:

$$£11,000 + (S \times £2,600) + (B \times £2,600)$$

where:

“S” is the number of countries or territories outside the Island in which a banking subsidiary has been established; and

“B” is the number of countries or territories outside the Island in which a branch has been established.

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<sup>(e)</sup> 1991 c.18

6. (1) In respect of banking institutions which are granted a banking licence with effect from a date other than 1 July, the fees under regulations 4(a) and 5 shall be paid in respect of the period from the date of the grant to the next following 1 July calculated in accordance with the formula in regulation 8(1).

(2) In respect of a banking institution which establishes a branch or a banking subsidiary outside the Island with effect from a date other than 1 July, the additional fee under regulation 5 shall be paid in respect of the period from the date the branch or banking subsidiary is established to the next following 1 July calculated in accordance with the formula in regulation 8(1).

7. (1) In respect of banking institutions which start to conduct investment business or which conduct investment business, the fee under regulations 4(a) and 4(b) shall be increased in accordance with the Schedule.

(2) Where a banking institution is conducting more than one category of investment business, the additional fee shall be that applicable to the category with the highest fee.

(3) In respect of a banking institution which starts to conduct investment business or, which conducts investment business and changes to a higher category of investment business in respect of which a greater fee is specified in the Schedule, the additional fee shall be paid in respect of the period from the date of the change to the next following 1 July calculated in accordance with the formula in regulation 8(2).

#### **Proportionate fee adjustment formula**

8. (1) For the purposes of regulation 6(1), the appropriate fee is to be calculated in accordance with the following formula:

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

where:

“F” is the fee;

“N” is the number of months between the date on which the banking licence is granted and the next following 30 June, and for this purpose a part of a month shall be treated as a complete month.

(2) For the purposes of regulations 6(2) and 7 the appropriate fee is to be calculated in accordance with the following formula:

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

where:

“H” is the greater fee;

“F” is the fee already paid in accordance with regulations 4(a), 4(b), 5 and 7(1); and

“N” is the number of months between the date on which the additional branch or banking subsidiary is established, the investment business activity started or changed to a higher category, as appropriate, and the next following 30 June, and for this purpose a part of a month shall be treated as a complete month.

**Revocation of statutory document 56/01 and 140/98**

9. The Banking (Fees) Regulations 2001<sup>(f)</sup> are revoked.
10. The Banking (Fees) Regulation 1998<sup>(g)</sup> are revoked.

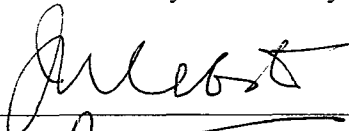
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<sup>(f)</sup> SD 56/01  
<sup>(g)</sup> SD 140/98

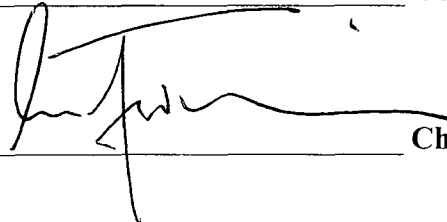
**ADDITIONAL FEES FOR BANKING INSTITUTIONS WHICH CARRY ON INVESTMENT BUSINESS**

1. The additional fee for banking institutions which carry on category 1 investment business is £850 annually.
2. The additional fee for banking institutions which carry on category 2 (a) investment business is £2,900 annually.
3. The additional fee for banking institutions which carry on category 3 (a) investment business undertaking portfolio management is £2,900 annually.
4. The additional fee for banking institutions which carry on category 3 (b) investment business is:
  - (i) £3,900 annually if the banking institution is trustee of international collective investment schemes; or
  - (ii) £6,000 annually if the banking institution is trustee of authorised collective investment schemes.
5. The additional fee for banking institutions which carry on category 4 investment business is £6,300 annually.
6. The additional fee for banking institutions which carry on category 5 group (a) investment business is £2,600 annually.
7. The additional fee for banking institutions which carry on category 5 group (b) investment business is £3,900 annually.
8. The additional fee for banking institutions which carry on category 5 group (c) investment business is £6,000 annually.
9. The additional fee for banking institutions which carry on category 5 group (d) investment business is £12,000 annually.

Made this 13th day of February 2003.



Commissioner



Chief Executive

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

These Regulations prescribe an annual licence fee for banks.

The Regulations also prescribe that applications for a banking licence shall be accompanied by a fee of £5,200 except in circumstances relating to group reorganisations.

The Regulations also provide that banks carrying on investment business will be required to pay an additional fee dependent on the category of investment business undertaken.

Category 1 investment businesses do not control client monies and only advise on, arrange or effect transactions in life policies, pension contracts and collective investment schemes.

Category 2 investment businesses may control client monies in respect of the category 1 services and products, or act in respect of other investments but then may not control client monies. Category 2 businesses also includes investment advisers to the manager or trustee of occupational pension or collective investment schemes.

Category 3 investment businesses may control client monies and make arrangements in respect of all investments, manage authorised collective investment schemes, or act as discretionary manager of occupational pension or collective investment schemes.

Category 4 investment businesses are those providing administrative services to managers of authorised and/or international collective investment schemes.

Category 5 investment businesses are those providing stockbroking services.