

**CONSULTATION PAPER
NO. 1 2014**

**BANKING BUSINESS (JERSEY)
LAW 1991**

DEPOSIT-TAKING REGISTRATION FEES

A consultation on proposals to increase annual registration fees.

CONSULTATION PAPER

The Jersey Financial Services Commission (the “**Commission**”) invites comments on this consultation paper. William Byrne at Jersey Finance Limited is co-ordinating an industry response that will incorporate any matters raised by local businesses. Comments should be submitted by 9 June 2014.

Responses should be sent to:

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Alternatively, responses may be sent directly to David Fisher at the Commission by 9 June 2014. If you require any assistance, clarification or wish to discuss any aspect of the proposal prior to formulating a response, it is of course appropriate to contact the Commission. The Commission contact is:

David Fisher

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It is the policy of the Commission to make the content of all responses available for public inspection unless specifically requested otherwise.

Glossary of terms

Commission	the Jersey Financial Services Commission
Commission Law	the Financial Services Commission (Jersey) Law 1998, as amended
2013 Paper	Consultation Paper No.6 2013 <i>"Deposit-taking Registration Fees"</i>
Fees Notice	Deposit-taking Business Fees Notice
RPI	Retail Prices Index

Contents

- Glossary of terms.....3
- Contents.....4
- 1 CONSULTATION.....5**
 - 1.1 Basis for consultation 5
 - 1.2 Who will be affected by the proposed changes..... 5
 - 1.3 Responding to the consultation..... 5
- 2 THE COMMISSION.....6**
 - 2.1 Overview 6
 - 2.2 Commission’s functions..... 6
 - 2.3 Guiding principles..... 6
- 3 PROPOSALS7**
 - 3.1 Overview 7
 - 3.2 Background 7
 - 3.3 Tariff changes..... 8
- 4 SUMMARY OF QUESTIONS.....11**
- APPENDIX A.....12**
 - List of representative bodies who have been sent this consultation paper..... 12
- APPENDIX B.....13**
 - Draft Fees Notice. 13
- APPENDIX C.....19**
 - Alternative Draft Fees Notice. 19

1 CONSULTATION

1.1 Basis for consultation

- 1.1.1 The Commission is issuing this Consultation Paper in accordance with Article 8(3) of the Financial Services Commission (Jersey) Law 1998, as amended (the “**Commission Law**”), under which the Commission “*may, in connection with the carrying out of its functions - ...consult and seek the advice of such persons or bodies whether inside or outside the Island as it considers appropriate*”.
- 1.1.2 In addition, Article 15(3) of the Commission Law, as amended, requires that before the Commission may introduce and publish any fee “*...the Commission must first publish a report that must include -*
- (a) *details of the duty or power for or in respect of which the fee is to be determined;*
 - (b) *details of the proposed fee;*
 - (c) *a request for comments on the level of the proposed fee; and*
 - (d) *a date, that is at least 28 days after the publication of the report, before which those comments may be made to the Commission*”.
- 1.1.3 The Commission considers that this Consultation Paper may be taken to constitute such a report as required by the Law.

1.2 Who will be affected by the proposed changes

- 1.2.1 These provisions will affect all deposit-takers registered under the Banking Business (Jersey) Law 1991.

1.3 Responding to the consultation

- 1.3.1 The Commission invites comments, in writing, from interested parties on the content of this Consultation Paper and its likely impact on registered deposit-takers.
- 1.3.2 Comments should be received by the Commission no later than 9 June 2014.

2 THE COMMISSION

2.1 Overview

2.1.1 The Commission is a statutory body corporate established under the Commission Law. It is responsible for the supervision and development of financial services provided in or from within Jersey.

2.2 Commission's functions

2.2.1 The Commission Law prescribes that the Commission shall be responsible for:

- 2.2.1.1 the supervision and development of financial services provided in or from within Jersey;
- 2.2.1.2 providing the States, any Minister or any other public body with reports, advice, assistance and information in relation to any matter connected with financial services;
- 2.2.1.3 preparing and submitting to the Minister recommendations for the introduction, amendment or replacement of legislation appertaining to financial services, companies and other forms of business structure;
- 2.2.1.4 such functions in relation to financial services or such incidental or ancillary matters –
 - as are required or authorised by or under any enactment, or
 - as the States may, by Regulations, transfer; and
- 2.2.1.5 such other functions as are conferred on the Commission by any other Law or enactment.

2.3 Guiding principles

2.3.1 The Commission's guiding principles require it to have particular regard to:

- 2.3.1.1 the reduction of risk to the public of financial loss due to dishonesty, incompetence, malpractice, or the financial unsoundness of persons carrying on the business of financial services in or from within Jersey;
- 2.3.1.2 the protection and enhancement of the reputation and integrity of Jersey in commercial and financial matters;
- 2.3.1.3 the best economic interests of Jersey; and
- 2.3.1.4 the need to counter financial crime in both Jersey and elsewhere.

3 PROPOSALS

3.1 Overview

- 3.1.1 Article 9(1) of the Banking Business (Jersey) Law 1991 provides for the payment of fees to the Commission in respect of deposit-taking registrations. These fees were reviewed in 2013, for the registration year to 31 January 2015.
- 3.1.2 It is the policy of the Commission that each regulated business sector is self-funding and, consequently, the regulatory fee income of each Supervision Division should cover its total allocated operating expenses.
- 3.1.3 In Consultation Paper No.6 2013 "*Deposit-taking Registration Fees*" (the "**2013 Paper**"), the Commission provided estimates in respect of its costs for the calendar year 2014 and proposed increased fee levels for registered deposit-taking businesses in respect of that period, noting that consultation on further revisions would be undertaken for the annual period to 31 January 2016, once there was more certainty regarding bank registration numbers.
- 3.1.4 This paper provides an update on the Banking division's latest forecast costs, expectations for bank registration levels, the impact of these on Commission fee income and proposed changes to the fee tariff.

3.2 Background

- 3.2.1 In the 2013 paper, an increase of 10% in deposit-taking registration fees was proposed for the year to January 2015. This reflected the Banking Division's estimated operating and allocated expenses for 2014, which were forecast to be £1,433,000. The proposed fee tariff was set to generate a shortfall of £104,000, reflecting the fact that surpluses had been run in prior years. An increase of 19% would have been necessary to achieve a forecast break even position.
- 3.2.2 Since the date of the 2013 Paper, relevant factors in the actual and projected evolution of the Division's cost base are:
- 3.2.2.1 indirect costs increased by circa £64,000 in 2013;
 - 3.2.2.2 the direct cost base is stable; and
 - 3.2.2.3 total costs for 2015 are forecast to rise generally in line with inflation, which has been assumed at 3%.
- 3.2.3 Adding to the impact of increasing costs, projected income has been revised downwards since the 2013 Paper. This reflects the higher than expected number of banks that have exited, announced plans to exit or have ceased business. In addition, the Commission had anticipated two new registrations, at the lowest income band, in 2013 but these did not occur and it is currently assumed that only one new registration is likely before the end of 2015. As a result, fee income has been, and will be, quite significantly reduced to that previously forecast.

- 3.2.4 The Commission reviews its costs on an ongoing basis and considers that the increases that have occurred have been necessary to enable the delivery of its supervisory package and keep pace with changes in international standards. The latter has required a significant increase in policy development resources, which has led to a proportionate increase in the Division’s indirect allocated costs.
- 3.2.5 The table below incorporates the above assumptions on deposit-taking registration numbers and Commission costs. It can be seen from this that the current tariff would generate for the Banking Division a shortfall of £352,000 in 2015 if no change were made to the annual fee levels. The 2013 Paper forecast for 2014 is included as a baseline for comparison.

Forecasts	Forecast 2014*	Forecast 2015*	Change
Registration numbers	39	33	(6)
Income	£1,329,000	£1,187,000	(£142,000)
Direct Expenditure	£715,000	£733,000	£18,000
Indirect Expenditure	£718,000	£805,000	£87,000
Total Expenditure	£1,433,000	£1,539,000	£106,000
Surplus/(Deficit)	(£104,000)	(£352,000)	(£248,000)

* calendar year

- 3.2.6 In summary, estimated costs are projected to increase, principally due to an increase in allocated indirect costs and inflation, whilst estimated income is projected to decline significantly, due to decreased registration numbers, creating a materially bigger shortfall than predicted for 2014 in the 2013 Paper.

3.3 Tariff changes

- 3.3.1 It is not proposed to increase the application fee of £10,000. That figure has not changed in recent years and it seems inappropriate to increase costs for new applicants in the current climate. Neither is it proposed to change the policy of charging a reduced (50%) annual fee where a registration is for business continuity purposes only.
- 3.3.2 An overall increase of 30% in the tariff for annual registrations is proposed in order to avoid the large forecast loss in 2015. Allowing for this increase, the Banking Division’s income would approximately match costs. The position for future years will be reviewed again in 2016, in light of known registration numbers.
- 3.3.3 The proposed increase greatly exceeds the increase in the Retail Prices Index (“RPI”) over the relevant period, which equates to 1.9%.

3.3.4 The increase of 30% (rounded to the nearest £100) would be spread proportionately across the tiered tariff (relative to business levels) and is detailed below:

3.3.4.1 Annual registration fees:

Income Band	Current Fee	Revised Fee
Under £ 5 million	£21,900	£28,500
Over £ 5mn, under £ 10mn	£25,400	£33,000
Over £ 10mn, under £ 20mn	£29,500	£38,400
Over £ 20million	£36,700	£47,700
Overseas branches and subsidiaries	£7,700	£10,000

3.3.5 **Question 1: Do you agree that the proposed increase to the annual fee levels for 2015 is reasonable? If not, please explain why.**

3.3.6 An alternative proposal, providing the same increase in total income, has been developed with two aims:

3.3.6.1 reflecting the different scales of activities of registered persons; and

3.3.6.2 reducing the impact of consolidation of activities within fewer registered persons.

3.3.7 The alternative would be to:

3.3.7.1 add five new income bands;

3.3.7.2 increase the fee for the lowest band by 10%; and

3.3.7.3 then increase the fee for each higher band by the same fixed amount (£6,400).

3.3.8 The revised bands would be:

Income Band	Current Fee	Revised Fee
Under £ 5 million	£21,900	£24,100
Over £ 5mn, under £ 10mn	£25,400	£30,500
Over £ 10mn, under £ 20mn	£29,500	£36,900
Over £ 20mn, under £ 40mn	£36,700	£43,300
Over £ 40mn, under £ 80mn	£36,700	£49,700
Over £ 80mn, under £ 160mn	£36,700	£56,100
Over £ 160mn, under £ 320mn	£36,700	£62,500
Over £ 320mn, under £ 640mn	£36,700	£68,900
Over £ 640 million	£36,700	£75,300

- 3.3.9 There would be no change to the annual fee for an overseas branch or subsidiary or to the application fee.
- 3.3.10 Question 2: Do you consider the alternative set out in 3.3.8 to be preferable to that set out in 3.3.4? If not, how else might the fee structure be improved?**
- 3.3.11 Draft Fee Notices, for the fee year from 1 February 2015 to 31 January 2016, for these two options are set out in Appendix B (based on the proposal) and Appendix C (based on the alternative).

4 SUMMARY OF QUESTIONS

REFERENCE		QUESTION
3.3.5	Question 1:	Do you agree that the proposed increase to the annual fee levels for 2015 is reasonable? If not, please explain why.
3.3.10	Question 2:	Do you consider the alternative set out in 3.3.8 to be preferable to that set out in 3.3.4? If not, how else might the fee structure be improved?

APPENDIX A

List of representative bodies who have been sent this consultation paper.

- Jersey Bankers' Association
- Jersey Finance Limited



Jersey Financial
Services Commission

APPENDIX B: DRAFT NOTICE OF FEES

Published in accordance with: **Article 15 of the Financial Services Commission (Jersey) Law 1998, as amended**

Payable by or in relation to: **DEPOSIT-TAKING BUSINESS FEES**

Pursuant to: **Article 9(1) of the Banking Business (Jersey) Law 1991, as amended**
Article 15(6) of the Financial Services Commission (Jersey) Law 1998, as amended

Commencement date

The fees set out in this notice are effective from 1 October 2014.

Interpretation

In this notice -

business continuity means the continuing in Jersey of business operations that are normally carried on in a place outside Jersey, where those operations are for the time being disrupted in that other place because of any accident, disaster, epidemic, civil unrest or occurrence of a similar nature.

Commission means the Jersey Financial Services Commission.

home supervisor means, in relation to a deposit-taking business, and to a person - that carries on deposit-taking business in another country; that is the holding company of a subsidiary company that carries on deposit-taking business in another country; or that is the holding company of a subsidiary company that in turn is the holding company of a subsidiary company that carries on deposit-taking business in another country, an authority that -
(i) is based in that other country; and
(ii) exercises supervision of the deposit-taking business.

Law means the Banking Business (Jersey) Law 1991, as amended.

registered person means a person registered to conduct deposit-taking business under the Law.

1 Fees payable

1.1 For the purposes of Article 9(1) of the Law, the prescribed fee is:

1.1.1 In the case of a person not registered under the Law at the time when the application is made, £10,000 on initial application, plus the annual fee as and when such application is granted; or

1.1.2 In the case of a person already registered under the Law at that time, the annual fee.

2 Annual fee calculation

2.1 The annual fee is the sum of the following components:

2.1.1 A component calculated on the basis of £10,000 for each country (other than Jersey) where the person carries on a deposit-taking business through an office of the person based in the country, if the Commission is a home supervisor in relation to that business;

2.1.2 A component calculated on the basis of £10,000 for each of the person's subsidiary companies that has its registered office outside Jersey and carries on a deposit-taking business, if the Commission is a home supervisor in relation to that business;

2.1.3 A component calculated on the basis of £10,000 for each country where a subsidiary company of the person carries on a deposit-taking business through an office of the subsidiary company based in the country, if:

2.1.3.1 The country is not Jersey, nor the country where the subsidiary company has its registered office; and

2.1.3.2 The Commission is a home supervisor in relation to that business;

2.1.4 A component calculated on the basis of £10,000 for each subsidiary company (hereafter called "X") of a subsidiary company of the person, if:

2.1.4.1 X has its registered office outside Jersey and carries on a deposit-taking business; and

2.1.4.2 The Commission is a home supervisor in relation to that business;

2.1.5 The following component calculated on the basis of the Consolidated Income of the registered person:

2.1.5.1 For a Consolidated Income not exceeding £5,000,000 (or a loss or an income of zero), a component of £28,500;

2.1.5.2 For a Consolidated Income exceeding £5,000,000 but not exceeding £10,000,000, a component of £33,000;

2.1.5.3 For a Consolidated Income exceeding £10,000,000 but not exceeding £20,000,000, a component of £38,400; and

2.1.5.4 For a Consolidated Income exceeding £20,000,000, a component of £47,700.

3 Calculation notes – overseas operations

3.1 The component referred to in paragraphs (a), (b), (c) or (d) of the annual fee calculation shall be calculated on the basis of the factors mentioned in each sub-paragraph:

3.1.1 In the case of a person not registered under the Law at the time when the application is made (or of a person registered under the Law at that time, but whose business to which the application relates has not started operations at that time), as the person expects the factors to be when the business of the person to which the application relates starts operations; or

3.1.2 In any other case, as the factors are when the application is made.

3.2 If a new operation leads to a factor relevant to (a), (b), (c) or (d) of the annual fee calculation subsequently increasing before the end of the registration period, the registered person should calculate a revised annual fee, being the incremental sum of the relevant components, pro rata reduced, being one twelfth of the incremental sum multiplied by the number of whole or part calendar months between the date of opening and the end of the registration period.

3.3 For the purposes of this notice:

3.3.1 A territory is taken to be a country if the territory is co-extensive with a discrete jurisdiction concerned with the supervision of deposit-taking business;

3.3.2 Jersey is a country;

3.3.3 Guernsey is a country and Alderney and Sark are parts of that country;

3.3.4 The Isle of Man is a country;

3.3.5 Each member state (however described) of the following federations is taken to be a separate country:

3.3.5.1 The United Arab Emirates; and

3.3.5.2 The United States of America.

4 Calculation notes – “Consolidated Income”

4.1 The Consolidated Income referred to in paragraph (e) of the annual fee calculation must be calculated as the higher of the total income and the “Deemed Income” of the person. The total income means the total income of the registered person arrived at in accordance with prudential reporting guidance. This must be calculated on a consolidated basis if the registered person has banking subsidiaries or on a solo basis otherwise. The total income must be that calculated for the relevant period, being:

4.1.1 In the case of a person not registered under the Law at the time when the application is made, the total income that the person expects to report for the calendar year starting at midnight on 31 December following the making of the application (whether the application relates to that year or to another period);

- 4.1.2 In the case of a person registered under the Law at the time when the application is made whose business to which the application relates did not operate for the whole of the year ending at midnight on 31 December in the year preceding the making of the application, the total income that the person expects to report for the calendar year starting at midnight on 31 December following the making of the application; or
- 4.1.3 In any other case, the total income for the calendar year ending on 31st December preceding the making of the application.
- 4.2 The Deemed Income of a registered person means an amount equal to 0.1% of its total assets plus the amount of its total operating expenses, each arrived at in accordance with prudential reporting guidance. The components must be calculated on a consolidated basis if the registered person has banking subsidiaries or on a solo basis otherwise. The components must be those calculated for the relevant period, being:
- 4.2.1 In the case of a person not registered under the Law at the time when the application is made:
- 4.2.1.1 Total operating expenses: the calendar year starting at midnight on 31 December following the making of the application; and
- 4.2.1.2 Total assets: as at the end of that period;
- 4.2.2 In the case of a person registered under the Law at the time when the application is made whose business to which the application relates did not operate for the whole of the year ending at midnight on 31 December in the year preceding the making of the application:
- 4.2.2.1 Total operating expenses: the calendar year starting at midnight on 31 December following the making of the application; and
- 4.2.2.2 Total assets: as at the end of that period; or
- 4.2.3 In any other case:
- 4.2.3.1 Total operating expenses: the calendar year ending on 31 December preceding the making of the application; and
- 4.2.3.2 Total assets: as at the end of that period.
- 4.3 For the avoidance of doubt, it is hereby stated that the total income, total operating expenses and total assets of a registered person includes all income, operating expenses and assets of the registered person and not just those relating to its deposit-taking business.

5 Reduced annual fee for applications in respect of a partial year

- 5.1 If an application is made in respect of a period of less than a year, the annual fee may be pro rata reduced, being one twelfth of the annual fee multiplied by the number of calendar months that the application spans in whole or in part.

6 Reduced application fee for registration for business continuity

- 6.1 This section applies if the Commission is satisfied that:

-
- 6.1.1 A person who is applying for registration under Article 9 of the Law is a member of the same group of companies as another person who is registered under that Article;
- 6.1.2 The first person is applying for registration so as to be able to use the other person's business facilities in Jersey for, but only for, the purpose of business continuity; and
- 6.1.3 At the time when the application is made, the first person is not registered under the Law.
- 6.2 This section applies whether or not the applicant's business operations in a place where they are normally carried on outside Jersey have already been disrupted in that other place.
- 6.3 Where this section applies, the part of the prescribed fee for the purposes of Article 9(1) of the Law shall be reduced by 50 per cent.
- 7 Reduced annual fee where registration is for business continuity**
- 7.1 This section applies if the Commission is satisfied that a person is or is to be registered under Article 9 of the Law for, but only for, the purpose of business continuity in the event of the future disruption of the person's business operations in a place where they are normally carried on outside Jersey.
- 7.2 Where this section applies, the part of the prescribed fee for the purposes of Article 9(1) of the Law shall be reduced by 50 per cent.
- 7.3 However, if in the course of a period for which the annual fee is payable:
- 7.3.1 Disruption of the person's business operations in a place where they are normally carried on outside Jersey actually occurs; and
- 7.3.2 The person begins to carry on operations in Jersey for the purpose of business continuity,
- 7.4 the balance of the annual fee for that period shall become payable.
- 8 Refund of annual fee**
- 8.1 The Commission must refund to an applicant the annual fee paid in accordance with the Law if the application:
- 8.1.1 Is refused; or
- 8.1.2 Withdrawn by the applicant before it is granted or refused.
- 8.2 If an application for registration is refused, the annual fee shall not be refunded until after:
- 8.2.1 The expiration of the period within which, under Article 18 of the Law, notice of appeal may be given; or
- 8.2.2 If notice of appeal is given, the appeal is determined or abandoned.
-

9 Late payment of fees

9.1 The annual fee is payable:

9.1.1 In the case of a person not registered under the Law at the time when the application is made, as and when such application is granted; and

9.1.2 In the case of a person registered under the Law at the time when the application is made, by 31 October in the year preceding the date of re-registration.

9.2 If a registered person fails to pay the whole or any part of a fee on or before the date it becomes due the person shall be liable to pay, unless otherwise agreed by the Commission, an additional late payment fee of 5% of the amount unpaid for each complete month that it remains unpaid.

10 Late filing fees

10.1 If a registered person fails to file or deliver any document to the Commission under the provisions of the Law or under the provisions of any Order issued in accordance with the Law on or before the date that the document becomes due, the registered person shall be liable to pay a fee of £100 for each complete month or part thereof that the document remains un-filed or undelivered unless the person has given the Commission prior written notice of the reasons for the late filing or delivery of a document and the Commission has agreed in writing that the filing may be late. Any such later agreed date shall become the due date for the purposes of the calculation and the payment of late filing fees.



Jersey Financial
Services Commission

APPENDIX C: ALTERNATIVE DRAFT NOTICE OF FEES

Published in accordance with: **Article 15 of the Financial Services Commission (Jersey) Law 1998, as amended**

Payable by or in relation to: **DEPOSIT-TAKING BUSINESS FEES**

Pursuant to: **Article 9(1) of the Banking Business (Jersey) Law 1991, as amended**
Article 15(6) of the Financial Services Commission (Jersey) Law 1998, as amended

Commencement date

The fees set out in this notice are effective from 1 October 2014.

Interpretation

In this notice -

business continuity means the continuing in Jersey of business operations that are normally carried on in a place outside Jersey, where those operations are for the time being disrupted in that other place because of any accident, disaster, epidemic, civil unrest or occurrence of a similar nature.

Commission means the Jersey Financial Services Commission.

home supervisor means, in relation to a deposit-taking business, and to a person -
that carries on deposit-taking business in another country;
that is the holding company of a subsidiary company that carries on deposit-taking business in another country; or
that is the holding company of a subsidiary company that in turn is the holding company of a subsidiary company that carries on deposit-taking business in another country,
an authority that -
(i) is based in that other country; and
(ii) exercises supervision of the deposit-taking business.

Law means the Banking Business (Jersey) Law 1991, as amended.

registered person means a person registered to conduct deposit-taking business under the Law.

1 Fees payable

1.1 For the purposes of Article 9(1) of the Law, the prescribed fee is:

1.1.1 In the case of a person not registered under the Law at the time when the application is made, £10,000 on initial application, plus the annual fee as and when such application is granted; or

1.1.2 In the case of a person already registered under the Law at that time, the annual fee.

2 Annual fee calculation

2.1 The annual fee is the sum of the following components:

2.1.1 A component calculated on the basis of £10,000 for each country (other than Jersey) where the person carries on a deposit-taking business through an office of the person based in the country, if the Commission is a home supervisor in relation to that business;

2.1.2 A component calculated on the basis of £10,000 for each of the person's subsidiary companies that has its registered office outside Jersey and carries on a deposit-taking business, if the Commission is a home supervisor in relation to that business;

2.1.3 A component calculated on the basis of £10,000 for each country where a subsidiary company of the person carries on a deposit-taking business through an office of the subsidiary company based in the country, if:

2.1.3.1 The country is not Jersey, nor the country where the subsidiary company has its registered office; and

2.1.3.2 The Commission is a home supervisor in relation to that business;

2.1.4 A component calculated on the basis of £10,000 for each subsidiary company (hereafter called "X") of a subsidiary company of the person, if:

2.1.4.1 X has its registered office outside Jersey and carries on a deposit-taking business; and

2.1.4.2 The Commission is a home supervisor in relation to that business;

2.1.5 The following component calculated on the basis of the Consolidated Income of the registered person:

2.1.5.1 For a Consolidated Income not exceeding £5,000,000 (or a loss or an income of zero), a component of £24,100;

2.1.5.2 For a Consolidated Income exceeding £5,000,000 but not exceeding £10,000,000, a component of £30,500;

2.1.5.3 For a Consolidated Income exceeding £10,000,000 but not exceeding £20,000,000, a component of £36,900;

- 2.1.5.4 For a Consolidated Income exceeding £20,000,000 but not exceeding £40,000,000, a component of £43,300;
- 2.1.5.5 For a Consolidated Income exceeding £40,000,000 but not exceeding £80,000,000, a component of £49,700;
- 2.1.5.6 For a Consolidated Income exceeding £80,000,000 but not exceeding £160,000,000, a component of £56,100;
- 2.1.5.7 For a Consolidated Income exceeding £160,000,000 but not exceeding £320,000,000, a component of £62,500;
- 2.1.5.8 For a Consolidated Income exceeding £320,000,000 but not exceeding £640,000,000, a component of £68,900; and
- 2.1.5.9 For a Consolidated Income exceeding £640,000,000, a component of £75,300.

3 Calculation notes – overseas operations

- 3.1 The component referred to in paragraphs (a), (b), (c) or (d) of the annual fee calculation shall be calculated on the basis of the factors mentioned in each sub-paragraph:
 - 3.1.1 In the case of a person not registered under the Law at the time when the application is made (or of a person registered under the Law at that time, but whose business to which the application relates has not started operations at that time), as the person expects the factors to be when the business of the person to which the application relates starts operations; or
 - 3.1.2 In any other case, as the factors are when the application is made.
- 3.2 If a new operation leads to a factor relevant to (a), (b), (c) or (d) of the annual fee calculation subsequently increasing before the end of the registration period, the registered person should calculate a revised annual fee, being the incremental sum of the relevant components, pro rata reduced, being one twelfth of the incremental sum multiplied by the number of whole or part calendar months between the date of opening and the end of the registration period.
- 3.3 For the purposes of this notice:
 - 3.3.1 A territory is taken to be a country if the territory is co-extensive with a discrete jurisdiction concerned with the supervision of deposit-taking business;
 - 3.3.2 Jersey is a country;
 - 3.3.3 Guernsey is a country and Alderney and Sark are parts of that country;
 - 3.3.4 The Isle of Man is a country;
 - 3.3.5 Each member state (however described) of the following federations is taken to be a separate country:
 - 3.3.5.1 The United Arab Emirates; and

3.3.5.2 The United States of America.

4 Calculation notes – “Consolidated Income”

- 4.1 The Consolidated Income referred to in paragraph (e) of the annual fee calculation must be calculated as the higher of the total income and the “Deemed Income” of the person. The total income means the total income of the registered person arrived at in accordance with prudential reporting guidance. This must be calculated on a consolidated basis if the registered person has banking subsidiaries or on a solo basis otherwise. The total income must be that calculated for the relevant period, being:
- 4.1.1 In the case of a person not registered under the Law at the time when the application is made, the total income that the person expects to report for the calendar year starting at midnight on 31 December following the making of the application (whether the application relates to that year or to another period);
 - 4.1.2 In the case of a person registered under the Law at the time when the application is made whose business to which the application relates did not operate for the whole of the year ending at midnight on 31 December in the year preceding the making of the application, the total income that the person expects to report for the calendar year starting at midnight on 31 December following the making of the application; or
 - 4.1.3 In any other case, the total income for the calendar year ending on 31st December preceding the making of the application.
- 4.2 The Deemed Income of a registered person means an amount equal to 0.1% of its total assets plus the amount of its total operating expenses, each arrived at in accordance with prudential reporting guidance. The components must be calculated on a consolidated basis if the registered person has banking subsidiaries or on a solo basis otherwise. The components must be those calculated for the relevant period, being:
- 4.2.1 In the case of a person not registered under the Law at the time when the application is made:
 - 4.2.1.1 Total operating expenses: the calendar year starting at midnight on 31 December following the making of the application; and
 - 4.2.1.2 Total assets: as at the end of that period;
 - 4.2.2 In the case of a person registered under the Law at the time when the application is made whose business to which the application relates did not operate for the whole of the year ending at midnight on 31 December in the year preceding the making of the application:
 - 4.2.2.1 Total operating expenses: the calendar year starting at midnight on 31 December following the making of the application; and
 - 4.2.2.2 Total assets: as at the end of that period; or
 - 4.2.3 In any other case:
 - 4.2.3.1 Total operating expenses: the calendar year ending on 31 December preceding the making of the application; and

4.2.3.2 Total assets: as at the end of that period.

4.3 For the avoidance of doubt, it is hereby stated that the total income, total operating expenses and total assets of a registered person includes all income, operating expenses and assets of the registered person and not just those relating to its deposit-taking business.

5 Reduced annual fee for applications in respect of a partial year

5.1 If an application is made in respect of a period of less than a year, the annual fee may be pro rata reduced, being one twelfth of the annual fee multiplied by the number of calendar months that the application spans in whole or in part.

6 Reduced application fee for registration for business continuity

6.1 This section applies if the Commission is satisfied that:

6.1.1 A person who is applying for registration under Article 9 of the Law is a member of the same group of companies as another person who is registered under that Article;

6.1.2 The first person is applying for registration so as to be able to use the other person's business facilities in Jersey for, but only for, the purpose of business continuity; and

6.1.3 At the time when the application is made, the first person is not registered under the Law.

6.2 This section applies whether or not the applicant's business operations in a place where they are normally carried on outside Jersey have already been disrupted in that other place.

6.3 Where this section applies, the part of the prescribed fee for the purposes of Article 9(1) of the Law shall be reduced by 50 per cent.

7 Reduced annual fee where registration is for business continuity

7.1 This section applies if the Commission is satisfied that a person is or is to be registered under Article 9 of the Law for, but only for, the purpose of business continuity in the event of the future disruption of the person's business operations in a place where they are normally carried on outside Jersey.

7.2 Where this section applies, the part of the prescribed fee for the purposes of Article 9(1) of the Law shall be reduced by 50 per cent.

7.3 However, if in the course of a period for which the annual fee is payable:

7.3.1 Disruption of the person's business operations in a place where they are normally carried on outside Jersey actually occurs; and

7.3.2 The person begins to carry on operations in Jersey for the purpose of business continuity,

7.4 the balance of the annual fee for that period shall become payable.

8 Refund of annual fee

8.1 The Commission must refund to an applicant the annual fee paid in accordance with the Law if the application:

8.1.1 Is refused; or

8.1.2 Withdrawn by the applicant before it is granted or refused.

8.2 If an application for registration is refused, the annual fee shall not be refunded until after:

8.2.1 The expiration of the period within which, under Article 18 of the Law, notice of appeal may be given; or

8.2.2 If notice of appeal is given, the appeal is determined or abandoned.

9 Late payment of fees

9.1 The annual fee is payable:

9.1.1 In the case of a person not registered under the Law at the time when the application is made, as and when such application is granted; and

9.1.2 In the case of a person registered under the Law at the time when the application is made, by 31 October in the year preceding the date of re-registration.

9.2 If a registered person fails to pay the whole or any part of a fee on or before the date it becomes due the person shall be liable to pay, unless otherwise agreed by the Commission, an additional late payment fee of 5% of the amount unpaid for each complete month that it remains unpaid.

10 Late filing fees

10.1 If a registered person fails to file or deliver any document to the Commission under the provisions of the Law or under the provisions of any Order issued in accordance with the Law on or before the date that the document becomes due, the registered person shall be liable to pay a fee of £100 for each complete month or part thereof that the document remains un-filed or undelivered unless the person has given the Commission prior written notice of the reasons for the late filing or delivery of a document and the Commission has agreed in writing that the filing may be late. Any such later agreed date shall become the due date for the purposes of the calculation and the payment of late filing fees.