

7th January 2010

Finance Planning & Management Information – Fees Policy
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Dear Sirs

CP09/26 Regulatory fees and levies: policy proposals for 2010/11

The Association of Private Client Investment Managers and Stockbrokers (APCIMS) represents firms acting on behalf of investors¹. Member firms deal primarily in stocks and shares as well as other financial instruments for individuals, trusts and charities and offer a range of services from execution only trading (no advice) through to full portfolio management. Our member firms operate on more than 500 sites in the UK, Ireland, Isle of Man and Channel Islands, employing 30,000 staff. Around £335 billion of the country's wealth is under the management of our members.

We set out on the attached appendix to this letter our response to the detailed question in the consultation paper.

Please do not hesitate to contact us if you wish to clarify any aspect of our response.

Yours faithfully



Ian Cornwall
Director - UK Regulation

¹ APCIMS has around 190 members, over 125 are private client investment managers and stockbrokers and the rest are associate members providing related services to our firms.

Appendix

Q1: Do you agree with the inclusion of the regulatory function costs that we propose to recover through the new minimum fee?

We support the principle in the CP that every firm makes an equal contribution to the minimum costs of regulation. We are unclear from the CP on what basis the costs recovered by the minimum fee have been determined. There are some identifiable costs which we feel should be included, for example the costs of the moneydeclared website and equally there is a minimum level of establishment costs which we feel should also be recovered as part of the new minimum fee. A clearer explanation in the feedback statement of the criteria used to determine what costs are and are not included in the minimum fee in the feedback statement would be helpful.

Q2: Do you agree with our proposal to create an A0 fee-block into which all firms will contribute and the basis for calculating the new minimum fee?

We support the principle in the CP that every firm makes an equal contribution to the minimum costs of regulation.

Q3: Do you agree with our proposal to treat smaller Credit Unions as an exception allowing them to pay a reduced minimum fee and the unrecovered minimum regulatory costs be applied to A.1 fee-block?

No comment.

Q4: Do you believe there are any other firms that should be treated as an exceptional case? If so what is the basis for making them an exception and recovering the unrecovered minimum regulatory costs?

We are against cross subsidy between firms and would advocate that there are no exceptional cases.

Q5: Do you agree with our proposed adoption of a straight line recovery policy?

We support the principle of user pays. In terms of the information in the CP it would appear that the FSA believes that a straight line recovery is now a better measure of user pays since the economies of scales previously associated with regulating larger firms no longer applies under the FSA's 'intensive supervision' approach. We accept that there has been a significant increase in the level of regulatory resources directed at the banking sector but it would be helpful in respect on non banking fee blocks if there was a clearer indication as the increased resources being directed at high impact firms. We are also of the view that further consideration should be given to determining what types of firms are giving rise to additional regulatory resources with a view to refining the approach to ensure the 'user pays' principle is as closely as possible aligned to a firm's regulatory fee.

Q6: Do you agree with our proposed moderation framework and its operation to accommodate exceptional moderation from a straight line recovery?

We agree with the proposed moderation framework and its operation to accommodate exceptional moderation from a straight line recovery. This response should be read in the context of our response to question 5.

Q7: Do you agree with our proposal to treat A.1 (Deposit acceptors) as an exception applying a premium to the top two tariff bands (higher impact firms)?

No comment.

Q8: Do you agree with our proposal to amend the rules in FEES 4 Annex 7R to clarify that the valuation date for market capitalisation is the last working day of November in the previous financial year?

No comment.

Q9: Do you agree that the separate formulae for MELs for banks and building societies in FEES 4 Annex 1 should be replaced by the single amended formula, derived from the Bank of England's BT return, as the tariff-base for 2010/11?

No comment.

Q12: Do you agree that our proposed Guidance clarifies the way life insurance firms should treat assets transferred under Part VII in the calculation of their tariff data in fee-block A.4?

Not applicable.

Q13: Do you agree that an income measure along the lines discussed in this CP is in principle viable as a tariff-base for fee-blocks A.12 – A.14?

We believe regulated income is a viable principle as a tariff-base for fee-blocks A.12 – A.14.

Q14: Do you consider that the issues we have discussed in the CP are appropriate and/or are there any others you believe we should take into account when considering an income measure for fee-blocks A.12 – A.14?

No comment.

Q15: Do you support our suggested timetable for implementing an income measure from 2012/13 in fee-blocks A.12 – A.14?

On the face of it the proposed implementation date appears to be achievable. However, switching the basis of determining the tariff to regulated income may entail system changes to our member firms' accounting and settlement systems. In the time available to respond firms are unable to readily ascertain the impact on their systems of the proposals. Whilst we believe the system changes are not too onerous the FSA should consider undertaking further investigation as to whether or not there are any systems issues which could impact on the proposed timetable.