

New FSA Funding Model

The following information has been provided by Chamber member MAC Group to assist business in their understanding of the new funding model.

Proposed changes to the FSA funding model – in relation to the following consultation document: [New Authority Funding Model from 1 April 2023 - Cabinet Office of the Isle of Man Government - Citizen Space](#)

The majority of the new fee structure involves changes to fees (in terms of fee value or fee calculation methodology) for things that the Authority already charges for, e.g., application or annual fees for Regulated Entities or Designated Businesses.

However, the new fee structure also introduces fees for the following types of activity that the Authority has not previously charged for:

1. Application fees – relevant to Auditors
2. Annual fees – Class 7 licence holders
3. Annual fees – designated Business oversight (delegated authority)
4. Annual fees – Auditors under section 14E
5. Transaction fees – Changes of control, transfer of business, portfolio transfers & notification of new appointments.

As the above 5 new items can be varied & may not in all instances be relevant, these have been set these aside to allow this review to focus on the proposed new annual fees, which will replace the existing annual fees already charged by the FSA.

In calculating the new annual fee you will see that most types of activity have a Base Fee and a Volume Fee, a Regulated Entity will only be liable to pay one Volume Fee, which will be the highest out of any applicable Volume Fees & where a Regulated Entity has multiple permissions, subject to any concessions a maximum of two Base Fees will apply.

On the attached spreadsheet for each class, you will see both the base fees & the volume fees, the volume fees are listed covering all levels but for the examples shown at the top of each tab there is one level picked at random to show what the proposed annual fees from 2023 onwards could be compared those charged for 2021 & 2022.

MAC Group acknowledge that there are numerous different classes under the Financial Services Act 2008 & also various categories under the Insurance Act, however, without a good working knowledge of the other licence classes it did not seem appropriate to make assumptions on either the proposed or existing annual fees for those classes.

Therefore, please note this research focuses on classes relevant to MAC Group & whilst this does not provide the detail for all licence classes, MAC Group hope it provides a snapshot of the impact for financial advisors & insurance intermediaries, which as you can see from the attached % increases from 2023 onwards will see some very large increases, in particular for Class 2(3) financial adviser a 234% increase on the annual fee for 2023 compared to 2022