

FEEDBACK PAPER
ON CONSULTATION FOR
FEE RATES FOR 2024
ISSUED 22 NOVEMBER 2023



Guernsey Financial
Services Commission

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1. Summary

- 1.1.1. Taking into account the feedback received, the Commission’s current reserves and the current rate of inflation, the Commission plans to increase fees for most licensees next year by 6.3%.

2. Background

- 2.1.1. On 26 July 2023, the Guernsey Financial Services Commission (the “Commission”) issued a Consultation Paper on proposals for fee rates and administrative penalties, to apply from 1 January 2024¹.

- 2.1.2. The proposals presented within the Consultation Paper focused on the following areas:

- an overall proposed increase in fees of 7.3% (1% lower than reported Guernsey inflation at that time) for all fees except those introduced in 2023, to maintain the real value of our income considering current inflation rates,
- A rebalancing of fees within the insurance sector at the request of the industry body with an aim to provide greater comparability with other jurisdictions,
- An increase in the regulatory fee for operating an investment exchange within the Bailiwick of Guernsey, and
- An update to the fees for virtual asset service providers (‘VASPs’) within an Actively Managed Certificate (‘AMC’) structure.

The consultation period ran for an eight-week period, until 20 September 2023.

- 2.1.3. During this period, we received seven responses, this included feedback from each sector. This is significantly lower than the number of responses received to the prior year’s consultation (21 responses).

- 2.1.4. Section 2 of this Feedback Paper summarises the feedback received and, where applicable, explains how we have responded to that feedback, including any changes we have made to the proposals originally put forward. Where respondents have stated a section is not applicable, or have provided no comment, we have excluded them from the number of respondents in section 2.

¹ The original consultation, which closed on 20 September 2023, can be found at: [2024 Fee Consultation - Guernsey Financial Services Commission - Citizen Space \(gfsc.gg\)](https://www.gfsc.gg/2024-Fee-Consultation-Citizen-Space)

3. Assessment of Consultation Feedback

3.1. Overall Increase in Fees

What was the general message in the feedback received?

- 3.1.1. Of the six respondents to the question “*Do you have any comments on the overall proposed fee increase?*”, all agreed to the proposed increase.
- 3.1.2. Most of the responses received understood the rationale for the increase with no specific feedback. Though limited in numbers, respondents were from each sector, including industry bodies and individual licensees.
- 3.1.3. Respondents, though in agreement with the proposed increase in fees, made note of cost pressures on the industry from regulation and compliance along with other areas of their business. Three respondents stated they understood the pressures on the Commission from both cost inflation and a competitive labour market.
- 3.1.4. Since we issued the consultation, more recent inflation figures have been released showing a small decrease in the overall rate of the inflation for the Bailiwick. Taking the feedback received into consideration along with our current financial position, whilst aiming to remain below the current inflation figure, we have decreased the size of the fee increase to 6.3%.

What specific feedback did we receive?

3.1.5. *Cost pressure on industry:*

One respondent highlighted that industry, specifically in this case the fiduciary sector, was also experiencing the same cost pressures as the Commission. It wished to emphasise that the fiduciary sector is also experiencing cost inflation and a competitive labour market amongst other things, and that the increase in Commission fees would put additional pressure on firms.

The respondent noted that based on the recent KPMG survey of the sector, average staff turnover rates across the fiduciary sector reached 19% and so they were facing the same level of turnover as the Commission during the prior year. The Commission acknowledges that all of industry is struggling with cost inflation and the competitive labour market in Guernsey, and whilst we empathise, a strong regulatory environment cannot be the part that suffers, as our inability to retain skilled staff would harm the overall position of the Bailiwick and will adversely affect our regulatory interactions.

3.1.6. *Moneyval resource increase:*

One respondent suggested that the Commission’s approach to Moneyval could be switched from the current aim of having sufficient resources in place in preparation for the outcome, to one that waits on the outcome of the Moneyval visit before deciding any allocation of resources. It was proposed this would potentially lower the need for further resources and any additional resources needed could be allocated as a temporary measure.

The Commission has been working hard for some years to prepare for the Moneyval visit. We cannot currently say how many staff we may require following Moneyval recommendations but we cannot see any scenario, post

inspection, in which we will require less staff. We will take into account any Moneyval outputs in our future fee consultations.

3.1.7. *Inaccurate filing penalties:*

One respondent questioned the definitions used as part of the inaccurate filing penalties which were introduced in 2023. They asked for the formal definition of 'inaccurate' in reference to the penalties and what the Commission considers 'material'.

As noted, both in the Consultation Paper and the Feedback Paper on our 2023 fee rates, the Commission's approach to materiality is based on the quantum of an error, time taken to correct the error and the frequency with which the error happens. This assessment is undertaken on a case-by-case basis and is not designed to penalise small, one-off errors. An inaccurate return is a return that contains incorrect necessary data submitted as part of any relevant documents under the existing Late Filing Penalty regime. A more detailed list of data considered necessary for the Commission to carry out its statutory functions is in section 4.7.8 of the 2023 fee consultation paper².

3.1.8. *Retail insurance fee changes*

One respondent asked for more information on how insurance fees will be adjusted for those engaged in retail insurance.

As mentioned in the Consultation Paper, the changes to retail insurance fees have not yet been proposed, in part because a final definition of retail insurance has not been formed. Once a definition has been agreed, and the number of firms with retail customers can be confirmed, a separate fee consultation will take place. For the fee changes proposed for the 1 January 2024, there is no difference between retail and non-retail insurers.

What is the Commission going to do next?

- 3.1.9. Since we issued the consultation more recent inflation figures have been released showing a small decrease in the overall rate of the inflation for the Bailiwick³. Having considered the feedback provided and our current financial position, whilst aiming to stay below the current inflation figure, the Commission intends to proceed with an overall fee increase of 6.3%, reduced by 1% from that outlined in the Consultation Paper. The increased fees will come into effect from 1 January 2024.

² The original consultation, which closed on 14 September 2022, can be found at: [2023 Fees Consultation - Guernsey Financial Services Commission - Citizen Space \(gfsc.gg\)](https://www.gfsc.gg/2023-Fees-Consultation-Citizen-Space)

³ [Guernsey Quarterly Inflation Bulletin Sept 2023](#)

3.2. Rebalancing of insurance fees

What was the general message in the feedback received?

- 3.2.1. Considering the previous discussions with GIIA we received no responses particularly focused on this area of the consultation.

What is the Commission going to do next?

- 3.2.2. The Commission intends to proceed with the proposals outlined within the Consultation Paper. The fee amendments will come into effect from 1 January 2024.

3.3. Operating an investment exchange in the Bailiwick of Guernsey

What was the general message in the feedback received?

- 3.3.1. The Commission received one response to the question “*Do you have any comments on the proposed increase in the fee to operate an investment exchange in the Bailiwick of Guernsey?*” The response was asking for clarification on the proposed fee due to the size of the change. This was responded to directly and no further comments have been received.

What is the Commission going to do next?

- 3.3.2. The Commission intends to proceed with the increase in the fee to operate an investment exchange in the Bailiwick of Guernsey. This will come into effect from 1 January 2024.

3.4. VASPs within an AMC structure

What was the general message in the feedback received?

- 3.4.1. The Commission received no responses to the question “*Do you have any comments on the proposed changes to fees for VASPs within an AMC structure?*”

What is the Commission going to do next?

- 3.4.2. The Commission intends to proceed with the proposed changes, as outlined in the Consultation Paper. The fee will come into effect from 1 January 2024.

4. Next Steps

- 4.1.1. Following due consideration of the feedback provided to the Consultation Paper we propose to implement the fee schedule presented in Appendix A to this paper. For clarity this includes an 6.3% overall increase in fees⁴, rather than the original increase proposed in the Consultation Paper.

⁴ With the exception of the fees created in 2023 relating to Lending, Credit and Finance firms and the Director Registration Regime.

- 4.1.2. In due course, amended regulations and fee rates will be published on the Commission's website. All updated fees will come into force on 1 January 2024.

5. Appendix A –2024 Fee Rates

6. A.1. Banking Sector

Application Fees	Current Fee for 2023	Proposed Fee for 2024
Bank Licence Application	£43,790	£46,550
Amalgamation and Migration	£2,635	£2,800
Change of Controller	£2,370	£2,520

Annual Fees	Current Fee for 2023	Proposed Fee for 2024
Total Assets Band:		
Below £500,000,000	£43,790	£46,550
£500,000,000 to £999,999,999	Total Assets x 0.000066435 Minimum of £43,790	Total Assets x 0.00007062 Minimum of £46,550
£1,000,000,000 or Greater	£66,435	£70,620
<i>Plus, Additional Fees for:</i>		
Guernsey subsidiary banks	25% of relevant annual fee	25% of relevant annual fee
Retail operations (both subsidiaries and branches)	50% of relevant annual fee	50% of relevant annual fee
Additional trading names, where a bank is effectively operating multiple separate businesses under one licence	50% of relevant annual fee	50% of relevant annual fee
Branches outside of the Bailiwick	£16,610	£17,655

7. A.2. Insurance Sector

Application Fees	Current Fee for 2023	Proposed Fee for 2024
International Insurer:		
Life Insurer / Reinsurer (Category 1 / 2)	£6,640	£7,060
Commercial Insurer / Reinsurer (Category 3 / 4)	£9,960	£10,585
Captive Insurer / Reinsurer (Category 5)	£6,640	£7,060
Category 6	£6,640	£7,060
PCC or ICC Core:		
Not Writing Business	£6,640	£7,060
Life Insurer / Reinsurer (Category 1 / 2)	£6,640	£7,060
Commercial Insurer / Reinsurer (Category 3 / 4)	£9,960	£10,585
Captive Insurer / Reinsurer (Category 5)	£6,640	£7,175
Category 6	£6,640	£7,060
Cell of a PCC or ICC:		
Life Insurer / Reinsurer (Category 1 / 2)	£2,170	£2,305
Commercial Insurer / Reinsurer (Category 3 / 4)	£3,255	£3,460
Captive Insurer / Reinsurer (Category 5)	£2,170	£2,305
Non-Special Purpose Insurer (Category 6)	£2,170	£2,305
Special Purpose Insurer (Category 6)	£1,000	£100
Reactivation of a Dormant Cell:		
Life Insurer / Reinsurer (Category 1 / 2)	£2,170 minus £175, pro-rated to end of the year	£2,305 minus £185, pro-rated to end of the year
Commercial Insurer / Reinsurer (Category 3 / 4)	£3,255 minus £175, pro-rated to end of the year	£3,460 minus £185, pro-rated to end of the year
Captive Insurer / Reinsurer (Category 5)	£2,170 minus £175, pro-rated to end of the year	£2,305 minus £185, pro-rated to end of the year
Category 6 Non-Special Purpose Insurer	£2,170 minus £175, pro-rated to end of the year	£2,305 minus £185, pro-rated to end of the year
Domestic Insurer	£3,740	£3,975
Mutual, Friendly, or Provident Society	£3,740	£3,975
Insurance Manager	£6,180	£6,570
Insurance Intermediary (Base Fee)	£6,225	£6,615
Additional Category of Intermediary Licence:		
General – Personal Lines	£220	£235
General – Commercial	£430	£460
Long Term – Life	£430	£460
Long Term – Regular Premium	£660	£700
Long Term – Single Premium (Insurance Element)	£2,135	£2,270

8. A.2. Insurance Sector (continued)

Application Fees (continued)	Current Fee for 2023	Proposed Fee for 2024
Amalgamation and Migration	£2,635	£2,800
Application for Consent to a Scheme of Transfer of Long Term Business	£6,230	£6,620
Change of Controller	£2,370	£2,520
Conversion / transfer / subsumption of regulated entities under Part V of Companies Law	£1,255	£1,335
Variation of Activities in respect of which Insurer is Licensed	£1,345	£1,430

9. A.2. Insurance Sector (continued)

Annual Fees	Current Fee for 2023	Proposed Fee for 2024
Active Life Insurer (PCC and Non-Cellular) (Category 1 / 2)		
Net Policyholder Liabilities Band:		
Below £1	£6,640	£7,060
£1 to £999,999	£8,620	£9,165
£1,000,000 to £9,999,999	£10,585	£11,250
£10,000,000 to £99,999,999	£16,465	£17,500
£100,000,000 to £499,999,999	£26,265	£27,920
£500,000,000 to £1,999,999,999	£50,860	£54,065
£2,000,000,000 or Greater	£99,715	£105,995
Life Insurer Closed to New Business (PCC and Non-Cellular) (Category 1 / 2)		
Net Policyholder Liabilities Band:		
Below £1	£6,640	£7,060
£1 to £9,999,999	£8,610	£9,150
£10,000,000 to £499,999,999	£11,850	£12,595
£500,000,000 or Greater	£16,465	£17,500
Non-Life International Insurer:		
Commercial Insurer / Reinsurer (Category 3 / 4)	£9,960	£10,585
Captive Insurer / Reinsurer (Category 5)	£6,640	£7,175
Category 6	£6,640	£7,060
Domestic Insurer		
Gross Written Premium Band:		
Below £12,000	£555	£590
£12,000 to £4,999,999	£3,740	£3,975
£5,000,000 or Greater	£19,075	£20,275
Mutual, Friendly, or Provident Society:		
Non-Commercial	£555	£590
Commercial	£3,740	£3,975
Cell of a PCC or ICC:		
Life Insurer / Reinsurer (Category 1 / 2)	£2,170	£2,305
Commercial Insurer / Reinsurer (Category 3 / 4)	£3,255	£3,460
Captive Insurer / Reinsurer (Category 5)	£2,170	£2,305
Non-Special Purpose Insurer (Category 6)	£2,170	£2,305
Special Purpose Insurer (Category 6)	£1,000	£100
Transformer Cell	£1,000	£100
Dormant Cell	£175	£185

10. A.2. Insurance Sector (continued)

Annual Fees	Current Fee for 2023	Proposed Fee for 2024
Insurance Manager (Based on Companies under Management)		
Pure	£5,865	£6,235
Commercial	£9,820	£10,440
Society of Lloyds	£3,400	£3,615
Insurance Intermediary (Base Fee)	£3,020	£3,210
<i>Plus, Additional Fees for Category of Intermediary:</i>		
General – Personal Lines	£220	£235
General – Commercial	£430	£460
Long Term – Life	£430	£460
Long Term – Regular Premium	£660	£700
Long Term – Single Premium (Insurance Element)	£2,135	£2,270
Long Term – Single Premium (PoI Element)	£1,320	£1,405
<i>Plus, Additional Fee for Intermediary Turnover from Licensed Bailiwick Activity:</i>		
Below £250,000	£2,135	£2,270
£250,000 to £499,999	£3,230	£3,435
£500,000 to £749,999	£4,270	£4,540
£750,000 to £999,999	£5,350	£5,685
£1,000,000 to £1,999,999	£6,420	£6,825
£2,000,000 to £2,999,999	£7,500	£7,975
£3,000,000 or Greater	£8,565	£9,105

11. A.3. Fiduciary Sector

Application Fees	Current Fee for 2023	Proposed Fee for 2024
Personal Fiduciary Licence	£1,210	£1,285
Primary Fiduciary Licence	£2,755	£2,930
Secondary Fiduciary Licence	£670	£710
Discretionary Exemption (Individual)	£570	£605
Discretionary Exemption (Company or Partnership)	£1,270	£1,350
Amalgamation and Migration	£2,635	£2,800
Change of Controller	£2,370	£2,520
Consent to Use of a Name	£2,155	£2,290

Annual Fees	Current Fee for 2023	Proposed Fee for 2024
Personal Fiduciary Licensee	£1,255	£1,335
Primary Fiduciary Licensee – Turnover Band:		
Below £250,000	£6,115	£6,500
£250,000 to £499,999	£12,220	£12,990
£500,000 to £999,999	£18,335	£19,490
£1,000,000 to £1,999,999	£24,440	£25,980
£2,000,000 to £3,999,999	£30,555	£32,480
£4,000,000 to £7,999,999	£36,660	£38,970
£8,000,000 to £15,999,999	£48,880	£51,960
£16,000,000 or Greater	£61,105	£64,955
Pension Regulation Fee:		
Fixed Fee	£555	£590
	£1	£1
Fee per Scheme Member	Subject to a £7,500 cap per scheme	Subject to a £7,500 cap per scheme

12. A.4. Investment Sector

Application Fees	Current Fee for 2023	Proposed Fee for 2024
Open-Ended Collective Investment Schemes:		
Scheme	£3,780	£4,020
<i>Plus:</i> Additional Fast Track Application Fee	£500	£530
New Class of Existing Umbrella/Multi-Class Scheme	£855	£910
<i>Plus:</i> Additional Fee for Additional Elements to Fast Track Funds	£500	£530
Closed-Ended Collective Investment Schemes:		
Scheme	£3,780	£4,020
<i>Plus:</i> Fast Track Additional Application Fee	£500	£530
“De-QIFing”	£3,055	£3,245
“De-PIFing”	£3,055	£3,245
Registration of Non-Application Prospectus	£500	£530
Form EX Notification	£1,310	£1,395
Licensees	£2,750	£2,925
Amalgamation and Migration	£2,635	£2,800
Consent to Removal from Register	£2,450	£2,605
Change of Controller	£2,370	£2,520
Extension of Licence	£1,345	£1,430

Annual Fees	Current Fee for 2023	Proposed Fee for 2024
Open-Ended Collective Investment Schemes:		
Schemes	£3,780	£4,020
Additional Classes	£265	£280
Designated Territories Scheme (EX)	£660	£700
Closed-Ended Collective Investment Schemes	£3,780	£4,020
Designated Persons, Brokers, and Licensees with an Authorised Financial Advisor – Turnover Band:		
Below £1,500,000	£3,940	£4,190
£1,500,000 to £2,999,999	£6,210	£6,600
£3,000,000 to £5,999,999	£8,370	£8,895
£6,000,000 to 11,999,999	£10,800	£11,480
£12,000,000 or Greater	£13,500	£14,350
Manager of Overseas Collective Investment Scheme	£3,940	£4,190
Principal Managers of Open-Ended Schemes	£1,970	£2,095
Managers of Closed-Ended Schemes	£1,970	£2,095
Investment Exchanges	£77,290	£142,160
Insurance Intermediary with PoI Licence	£1,320	£1,405
Other Licensees	£3,940	£4,190

13. A.5. Lending, Credit and Finance Sector

Application Fees	Current Fee for 2023	Proposed Fee for 2024
Licence Application for:		
Credit Providers (Home Finance)	£6,000	£6,000
Credit Providers (Consumer Credit)	£4,500	£4,500
Services Ancillary to Credit (Home Finance)	£3,000	£3,000
Services Ancillary to Credit (Consumer Credit with less than £3,000,000 loans brokered in preceding calendar year)	£1,000	£1,000
Services Ancillary to Credit (Consumer Credit with more than £3,000,000 loans brokered in preceding calendar year)	£2,000	£2,000
Financial Firm Businesses	£4,500	£4,500
Platforms	£6,000	£6,000
Virtual Asset Service Providers (Exchanges and Stablecoin Issuers)	£95,000	£95,000
Virtual Asset Service Providers (Non-Exchanges)	£25,000	£25,000
AMC held virtual asset		
AMC issuer		£3,750
AMC cell		£500
Change of Controller	£2,370	£2,370
Exemption for a Company or Partnership	£1,270	£1,270
Exemption for an Individual	£570	£570
Extension of a Licence	£1,345	£1,345
Annual Fees (From 1 July 2023)	Current Fee for 2023	Proposed Fee for 2024
Credit Providers (Home Finance):		
Non-Bank with a Below £100,000,000 Lending Book	£6,000	£6,000
Non-Bank with a Greater than £100,000,000 Lending Book	£9,000	£9,000
Bank Credit Provider (Home Finance)	50% of Relevant Fee Above	50% of Relevant Fee Above
Credit Providers (Consumer Credit):		
Non-Bank with a Below £10,000,000 Lending Book	£4,500	£4,500
Non-Bank with a Greater than £10,000,000 Lending Book	£7,500	£7,500
Bank Credit Provider (Consumer Credit)	50% of Relevant Fee Above	50% of Relevant Fee Above
Services Ancillary to Credit:		
Home Finance	£3,000	£3,000
Consumer Credit with less than £3,000,000 loans brokered in preceding year	£1,000	£1,000
Consumer Credit with more than £3,000,000 loans brokered in preceding year	£2,000	£2,000
Financial Firm Businesses	£1,500	£1,500
Platforms	£6,000	£6,000
Virtual Asset Service Providers:		
Exchanges and Stablecoin Issuers	£95,000	£95,000
Non-Exchanges	£25,000	£25,000

AMC held virtual asset	
AMC issuer	£3,750
AMC cell	£500

14. A.6. Prescribed Businesses

Registration / Annual Fees	Current Fee for 2023	Proposed Fee for 2024
Number of Full-Time / Full-Time Equivalent Staff:		
1 to 5	£780	£830
6	£890	£945
7	£1,015	£1,080
8	£1,135	£1,205
9	£1,255	£1,335
10	£1,375	£1,460
11	£1,490	£1,585
12	£1,610	£1,710
13	£1,730	£1,840
14	£1,850	£1,965
15	£1,965	£2,090
16	£2,085	£2,215
17	£2,205	£2,345
18	£2,325	£2,470
19	£2,440	£2,595
20	£2,560	£2,720
21	£2,680	£2,850
22	£2,800	£2,975
23	£2,920	£3,105
24	£3,035	£3,225
25 or Greater	£3,150	£3,350

15. A.7. Director Registration Regime

Registration / Annual Fees	Current Fee for 2023	Proposed Fee for 2024
Director Registration Regime	£75	£75

16. A.8. Other Fees and Penalties

Other Fees Not Specific to a Sector

Application Fees	Current Fee for 2023	Proposed Fee for 2024
Consent Request to Incorporate a PCC or ICC not Connected to a Licence Application under a Supervisory Law	£500	£530

Administrative Financial Penalties

Late Filing Penalty	Current Fee for 2023	Proposed Fee for 2024
First Month	£125	£125
Second Month	£250	£250
Third Month	£375	£375
Each Subsequent Month	£375	£375

Inaccurate Filing Penalty (From 1 January 2023)	Error Identified by Firm	Error Identified by the Commission
On identification of the error and return of the submission for correction by the firm	£125	£500
Each subsequent month taken to correct the error	£125	£500

Inaccurate Filing Penalty (From 1 January 2024)	Error Identified by Firm	Error Identified by the Commission
On identification of the error and return of the submission for correction by the firm	£125	£500
Each subsequent month taken to correct the error	£125	£500