

Guide to the Competition and Consumer Protection Commission (CCPC) levy on financial service providers in 2016

SECTION 1 – Background to the levy and the 2016 Regulations

The Competition and Consumer Protection Commission (the Commission) was formed on 31 October 2014 following the amalgamation of the Competition Authority and the National Consumer Agency (NCA).

The Commission has made Regulations, with the approval of the Minister for Jobs, Enterprise and Innovation and with the consent of the Minister for Finance, for the imposition of its levies for 2016. These are the Consumer Protection Act 2007 (Competition and Consumer Protection Commission) Levy Regulations, 2016 [S.I. No. 479 of 2016].

The method of calculation of the levies varies depending on the category of financial service provider that a firm comes within (further details below).

The levies imposed by the Commission relate to the functions transferred previously to the NCA from the Financial Regulator (now the Central Bank), which are now functions of the Commission, and are separate from any levies that are imposed by the Central Bank in relation to its current functions.

Collection of the levies

The legislation granting the power to impose these levies provides that the Commission may enter into an arrangement with a prescribed body in relation to the collection of the levies that it imposes. The Central Bank, one of the prescribed bodies, has agreed to collect the levies on behalf of the Commission. The Commission and the Bank have agreed detailed procedures for the issuing by the Bank of the notices to firms in respect of the Commission levy, and for the collection by the Bank of that levy.

These levy notices are separate from any notices that the Central Bank issues in respect of its own funding requirements.

The Commission levies are invoiced retrospectively and cover the cost of the performance of the transferred functions during all of 2016. Firms that receive levy notices are required to pay the amount of the levy indicated therein within 28 days from the date of the levy notice.

A firm that is liable to pay a levy under the Commission levy Regulations remains liable to pay the levy contribution in accordance with the Regulations even where the firm does not

receive a levy notice. Where this arises, the firm in question should request a copy of the levy notice by email from ccpclevy@centralbank.ie
In such cases, the firm must pay the levy contribution not later than 28 days after the expiry of the levy period set out in the Regulations.

Where a firm that is liable to pay a levy contribution under the Commission levy Regulations has been subject to regulation by the Central Bank for only part of the levy period set out in the Regulations, then the required levy contribution is calculated on a pro-rata basis by reference to the number of days of the levy period for which the firm was regulated.

Payment of the levies

Payment of the levies should be made by Electronic Funds Transfer, using the following details:

Danske Bank	
BIC:	DABAIE2D
IBAN :	IE 18 DABA 9519 9010 0038 83

Firms **must** include their Central Bank client number and /or invoice number in the transfer details (both of which are included in the 2016 levy notices). Failure to include the required details may result in payment being returned at the firm's expense.

The details are set out in the Payment Options Form that is included with the levy notices sent to all firms; this Form is also on our website.

Appeals

A firm that receives a notice in respect of the levy that it is liable to pay to the Commission may appeal to the Chairperson of the Commission not later than 28 days following the date on the levy notice, to change the amount of the levy contribution as set out in the notice where it considers that the amount has been incorrectly assessed.

Appeals must be in writing and set out the grounds of the appeal in detail with full disclosure of all relevant facts. All appeals must be accompanied by the full levy amount as set out in the levy notice; in the event of a successful appeal, the Commission will reimburse such sums as the Chairperson directs, to the successful appeal firm.

Proceedings for recovery of levies due to the Commission

The legislation granting the power to impose the levies contains a provision whereby the Commission may, by proceedings in a court of competent jurisdiction, recover as a debt an amount of levy payable under the Regulations made by the Commission.

SECTION 2 – Categorisation of firms and levy amount per category

(i) Categories, or classes, of regulated entities

The legislation giving the power to impose the levies states that the levies are to be upon entities that are subject to regulation by the Central Bank. These entities are authorised and regulated based on the nature of the financial services they provide.

The Commission has adopted the same categorisation of regulated financial services providers that is used by the Central Bank for the authorisation of the providers to carry on various types of financial services business. However, the Commission is not imposing levies on firms in all of those categories in 2016 (further details below).

As for the levies in previous years, the Commission continues to use the ‘baseline’ date of 31 December in the previous year as the effective authorisation date in respect of which the lists of firms authorised within each of the categories is compiled for the purpose of its levies.

(ii) Relationship between the Categories of regulated firms and transferred functions

The levies imposed are in relation to the cost of the performance of the personal finance functions of the Commission (consumer information and education on financial services).

The information is provided through the Commission’s consumer helpline and through its website www.consumerhelp.ie With regard to education and the personal finance function, the focus of the Commission is on providing information and on producing education resources to cover basic money management as well as the main financial products available from regulated providers.

(iii) Total amount of the levy in 2016

The Commission has calculated the total amount of the levy to be collected in respect of the cost of carrying out the personal finance consumer information and education functions in 2016 as follows:

Staff pay and related cost	€1,282,000
Non-pay costs	€1,250,000
Carry-over of 2014 levy surplus	- € 162,000

The net levy amount being imposed in 2016 (**€2,370,030¹**) is an increase of over 9% on the corresponding amount in 2015. This is mainly due to the carry-over of a smaller surplus from the 2015 levy into 2016, than the surplus that was carried over from 2014 into 2015.

(iv) Proxy Measures used to determine the CCPC levy per category

In 2016, the Commission carried out a detailed examination of statistics on calls to its consumer helpline relating to personal finance matters, and of the resource requirements involved in providing information on those matters through its website

www.consumerhelp.ie

From this exercise, it has calculated proxy measures for the apportioning of the costs associated with the performance of the transferred functions.

These measures are broadly similar to those calculated in previous years and again show that the resource requirements are not evenly spread across all the categories of financial service providers. The majority of the requirements are in respect of work relating to a small number of the categories, while other categories only account for minimal resource use, or in some cases almost none at all.

The Commission has also conducted a review of the categories that it would be appropriate for it to impose levies upon, particularly in relation to those categories from which only a very small proportion of its overall levy would fall to be collected. It has considered the cost effectiveness of collecting relatively small amounts of levy from some categories, particularly those that contain large numbers of individual firms and where the levy amount per firm would consequently be very small. The Commission has therefore decided that only those providers that come within the Categories listed in the Table below are required to pay levies to it in 2016. The position is subject to review on an annual basis.

(v) Proportion of the CCPC levy applicable to each category

In order to arrive at an equitable distribution of the levy among the categories of firms that are being levied by the Commission in 2016, the proxy measures referred to above have been used to calculate the proportionate share-out of the total levy among those categories.

The outcome of this exercise indicated that almost 90% of the resources required for the performance of the transferred functions are accounted for by the Categories of:

- **Credit Institutions**, including those that are authorised in other EEA Member States and operate in Ireland on a branch basis.

¹ Which takes into account the imposition of minimum levy amounts where the calculation of individual levies is below the minimum amount for the relevant category

- **Insurance firms**, including Life Insurance Head Office firms and firms authorised in a non-EEA State operating in Ireland, non-Life Head Office firms authorised in Ireland, as well as insurers that are authorised in other EEA Member States and operate in Ireland on a branch basis.

The remaining 10% (approx.) is accounted for by the following categories:

- Credit Unions
- Stock Exchange Member firms
- Moneylenders
- Retail Credit Firms and
- Investment (MiFID) Firms

The share-out of the total levy among the categories of regulated entities being charged is set out in Table 1 below.

Table 1

Categories of Regulated entities	Institution type	Percentage share out of total levy
A	Irish Authorised Credit institutions and those authorised in another EEA State operating in Ireland on a branch basis.	54.58%
B (a)	Life companies with Irish head office, life undertakings authorised in another non-EEA state operating in Ireland and life insurance undertakings authorised in another EEA state operating in Ireland on a branch basis.	10.49%
B (b)	Non-life companies with Irish head office (other than those designated as 'captives' by the Central Bank of Ireland) and non-life insurance undertakings authorised in another EEA state, operating in Ireland on a branch basis.	22.84%
D2, D3, D4	Investment firms authorised under the European Communities (Markets in Financial Instruments) Regulations 2007	1.86%
D5	Member Firms of the Irish Stock Exchange	1.51%

F	Credit Unions	6.43%
G	Money Lenders	0.66%
M1	Retail credit firms	1.63%

Amounts per category are shown in the following Table.

Table 2

Categories for Regulated entities	Institution type	Total amount payable by regulated entities in 2015 (€)	Total amount payable by regulated entities in 2016 (€)
A	Irish Authorised Credit institutions and those authorised in another EEA State operating in Ireland on a branch basis.	1,210,660	1,293,511
B(a)	Life companies with Irish head office, life undertakings authorised in another non-EEA state operating in Ireland and life insurance undertakings authorised in another EEA state operating in Ireland on a branch basis.	241,213	248,648
B(b)	Non-life companies with Irish head office (other than those designated as 'captives' by the Central Bank of Ireland) and non-life insurance undertakings authorised in another EEA state, operating in Ireland on a branch basis.	488,433	541,327
D2, D3, D4	Investment firms authorised under the European Communities (Markets in Financial Instruments) Regulations 2007	29,027	44,093
D5	Member Firms of the Irish Stock Exchange	31,825	35,786
F	Credit Unions	120,419	152,358
G	Money Lenders	9,324	15,651
M1	Retail credit firms	34,268	38,656

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SECTION 3 –Calculation of the levy amount per firm within the categories

The Commission wishes to achieve an equitable distribution of the levy among the firms within each category, and has therefore decided that the calculation of the levy applicable to each firm should take into account the relative size of firms, their authorisation status and relevant activities (where data is available).

As in previous years, the levies for individual firms are therefore based on information relating to the business level of the firms obtained from official sources or from the firms themselves. In the case of moneylenders, the total levy for this category is small and a flat-rate levy is therefore being charged.

A summary of the approach is set out below.

Category A– Irish Authorised Credit institutions and those authorised in another EEA state operating in Ireland on a branch basis.

The levies for credit institutions are calculated on the basis of the number of retail customers each had at the end of 2015, as provided to the Commission by the institutions themselves. The rate is €0.17589 per retail customer. A minimum levy of €500 is payable by each credit institution.

Category B (a) - Life undertakings with Irish head office, life undertakings authorised in another non-EEA member state operating in Ireland and life undertakings authorised in another EEA member state operating in Ireland on a branch basis

All life undertakings in these categories that engage in the writing of Irish risk business are being charged levies by the Commission. The levies are calculated on the basis of total net premium Irish risk business of each firm for the year 2014 as stated in the Central Bank of Ireland Insurance Statistics for 2014. The rate is 0.002391% of that premium income. A minimum levy of €500 is payable by each life assurance undertaking.

Category B (b) - Non-Life insurance undertakings with Irish head office (other than those designated as ‘captives’ by the central Bank of Ireland) and non- life insurance undertakings authorised in another EEA member state operating in Ireland on a branch basis

All non-life undertakings in these categories that engaged in the writing of Irish risk business (other than those designated as ‘captives’ by the Central Bank of Ireland) are being charged

levies by the Commission. The levies are calculated on the basis of total net premium Irish risk business of each firm for the year 2014 as stated in the Central Bank of Ireland Insurance Statistics for 2014. The rate is 0.02325% of that premium income. A minimum levy of €500 is payable by each non-life insurance undertaking.

Categories D2, D3, D4 - Investment (MiFID authorised firms)

Firms authorised under the European Communities (Markets in Financial Instruments) Regulations 2007 (other than those in Category D5 below), and with retail clients in Ireland as at 31 December 2015 are being charged levies by the Commission. The levies are calculated on the basis of the number of retail clients each firm had at the end of 2015, as provided to the Commission by the firms themselves. The rate is €2.637 per retail client. A minimum levy of €50 is payable by each firm.

Category D5 - Stock Exchange Member firms

Stock Exchange Member Firms with retail clients in Ireland as at 31 December 2014 are being charged levies by the Commission in 2015. The levies are calculated on the basis of the number of retail clients each firm had at the end of 2015, as provided to the Commission by the firms themselves. The rate is €0.29481 per retail client. A minimum levy of €50 is payable by each firm.

Category F - Credit Unions

Credit unions in this category are being charged levies by the Commission. The levies are calculated on the basis of each credit union's total assets as at end September 2015, or if these assets figures are not available, of its total assets as at 30 September in the most recent year available, as supplied to the Commission by the Central Bank of Ireland (Registrar of Credit Union Division). The rate being charged is 0.001011% of total assets. A minimum levy of €50 is payable by each credit union.

Category G - Moneylenders

Moneylenders in this category are being charged levies by the Commission. The total levy being charged to this category of firm is relatively small and a flat rate levy per firm of €423 is being charged to each firm.

Category M1 - Retail Credit firms

Retail credit firms in this category are being charged levies by the Commission. The levies are calculated on the basis of the value of each firm's outstanding loans as at 31 December 2015, as reported to the Commission by the firms themselves. The rate being charged is 0.000876% of each firm's outstanding loans figure. A minimum levy of €50 is payable by each firm.