Dubai Financial Services Authority

# CONSULTATION PAPER NO.110

## 1 FEBRUARY 2017

# DFSA FEES

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### Why are we issuing this paper?

1. The DFSA proposes to amend the fees it charges to those who fall under its regulatory regime. This paper sets out those proposals for public consultation.

2. The proposals in this paper are designed to support on-going DFSA efforts towards increasing cost recovery from the regulated community, while:

   a) giving due consideration to the commercial considerations of affected parties; and

   b) ensuring that the DFSA is able to continue fulfilling its statutory and regulatory obligations.

### Who should read this paper?

3. The proposals in this paper would be of particular interest to:

   a) Authorised Firms, including Credit Rating Agencies;

   b) Designated Non-Financial Businesses and Professions (DNFBPs);

   c) Registered Auditors;

   d) Recognised Bodies;

   e) Recognised Members;

   f) applicants to be any of the above; and

   g) advisers to any of the above.

4. For ease of reference, in this paper we use the term ‘regulated entities’ as shorthand for those listed above who are actually, or potentially, subject to DFSA fees.

### Terminology in this paper

5. In this paper, defined terms are identified throughout by the capitalisation of the initial letter of a word or of each word in a phrase and are defined in the Glossary Module (GLO). Unless the context otherwise requires, where capitalisation of the initial letter is not used, the expression has its natural meaning.

### How to provide comments

6. All comments should be emailed to the address specified below, using the Table provided in Appendix 5. Please refer to the consultation paper number in the subject line. You may identify the organisation you represent in providing your comments. The

DFSA reserves the right to publish, including on its website, any comments you provide, unless you expressly request otherwise at the time of making comments.

Comments to be emailed to: **consultation@dfsa.ae**

7. The deadline for providing comments on the proposals set out in this paper is **18 March 2017**.

## What happens next?

8. Once we receive comments, we shall consider if any changes are required to these proposals and then seek approval from our Board for the finalised proposals. Once the proposals are approved, we shall issue a notice on our website to this effect.

## Proposed Changes

9. This consultation paper seeks views on a number of proposals that include changes to the way fees for regulated entities are calculated and levied, increases of basic annual fees for some categories, and the introduction of distinct fees for services provided by the DFSA upon request. Implementation of these proposed changes would be intended to take place gradually over a period of several years.

10. The structure of this consultation paper is set out below:

    a) Background;

    b) Part A: Changes proposed for 2017:

       i. One-off fees for distinct services;

       ii. Fees for late regulatory returns;

       iii. Application fees;

       iv. Supplementary fees;

       v. Changes in who can pay fees;

    c) Part B: Changes proposed for later years:

       i. General remarks

       ii. Annual fees – Fixed flat rate fee increase;

       iii. Annual fees – Fees for each additional Financial Service;

       iv. Annual fees - Top ups;

    d) Appendix 1: draft amendments to the FER Module;

    e) Appendix 2: draft amendments to the PIB Module;

    f) Appendix 3: draft amendments to the PIN Module;

    g) Appendix 4: draft amendments to the REC Module; and

    h) Appendix 5: Table for providing comments.

## Background

11. The proposals in this paper are designed to support ongoing DFSA efforts to increase the level of recovery of our overall costs from the regulated community. This objective has been communicated in several previous consultation papers, including CP91, CP 96 and CP100. Until now, only a minority of DFSA funding has been raised from regulated entities with the majority of DFSA funding being currently provided by the Government of Dubai.

12. The purpose of the present funding review is to ensure that, whilst the fees collected from the regulated community remain fair and proportionate, the DFSA increases the level of funding from the regulated community to enable it to continue to meet its statutory obligations as the integrated risk-based financial services regulator in the DIFC.

***DIFC growth and the DFSA's funding needs***

13. The DIFC is part way through delivering its 10-year strategy, which covers the period from 2015 to 2024. This strategy envisages continued significant annual growth in the number of firms providing financial services in and from the DIFC.

14. Significant further growth in regulated business in the DIFC will require the DFSA to grow, in order for us to be able to fulfil our role and our objectives. We have looked at the potential future growth of the Centre to achieve the DIFC strategy, and other growth scenarios, based on a number of assumptions, including that:

    a) the mix of new firms (i.e. the proportion of banks, the proportion of Representative Offices, and so on) coming to the Centre will remain similar to past trends; and

    b) there will be efficiencies related to scale, as the regulated community grows, in the way we carry out our business (including through the use of improved IT systems).

15. Meeting our statutory obligations as the DIFC expands in terms of number of firms, depth of business being carried out, sophistication and complexity of the business models of firms requires, to a large extent, ensuring that we possess an adequate number of staff with suitable skills and experience. This is to ensure that we can adequately regulate and supervise the growing DIFC financial sector in line with our risk tolerance and the increasing number of international standards and practices. It remains important to ensure that we maintain the integrity and reputation of the DIFC and its position as a leading international financial centre.

16. We have looked at our staffing needs under these different forecasts. As with most regulatory organisations, by far the majority of the DFSA's costs derive from staff – roughly 80% (as can be seen from the DFSA's annual reports).

17. Bearing in mind the challenges in accurately forecasting several years into the future, we have concluded that our policy objective should be to aim to cover, to some extent, the future expenditure growth of the DFSA through fees paid by the regulated community.

18. Arrangements in other international financial centres vary but, in many mature markets, the financial services industry is expected to bear the costs of its own regulation. The Government of Dubai remains steadfast in its support of the DFSA. The DFSA nonetheless considers that it is not appropriate or responsible to seek from the Government a continually increasing cost contribution, particularly when it is being considered that the DIFC has achieved some measure of maturity as a financial centre.

19. The DFSA has, accordingly, undertaken a review of its current activities and related this to the current fee structure. This revealed that there are various activities where there is currently no cost recovery and some where costs greatly exceed the amount currently recovered in fees. The proposals in this paper are designed to ensure that such increases are spread in a fair way across the regulated and to-be-regulated community.

20. The fee increases proposed in this paper need to be seen against the backdrop of a DFSA fee regime that has seen relatively little change over the first decade of the DIFC's life. For example, changes were made to application and annual fees payable by Authorised Firms in 2007 (CP49), but these have remained largely unchanged since then. Further changes were made in 2009 (CP64) to reflect the introduction of regulatory regimes for Protected Cell Companies and for Representative Offices. More recently, a series of minor changes were introduced for Authorised Firms (CP96) and for Authorised Market Institutions and listing activity (CP100).

21. The principles on which the DFSA has previously relied when setting our fees remain unchanged, namely:

    a) the cost of regulation to the market should be proportionate, transparent and flexible;

    b) fees should not, to the extent it is possible, be a disincentive to set up in the DIFC, as opposed to broadly comparable centres;

    c) fees should not provide or create any undesirable behavioural incentives for regulated entities; and

    d) fees should be efficient from the perspective of being easy to administer.

22. In assessing potential changes to the DFSA fees, we have considered recent consultation papers published by other financial regulators world-wide, including in Australia, Bermuda, Ireland and Jersey, all of which aim at increasing the level of cost recovery from the regulated community.

***Summary of proposals***

23. In this CP, we are proposing a number of new or increased one-off fees for distinct services, as well as some increases in application and annual fees, intended to reflect better the cost of carrying out regulatory functions.

24. When formulating the proposals, the DFSA has given careful consideration to the impact of any potential fee change on regulated entities, both large and small.

25. It is intended to phase in the proposed changes over the coming years in a way that minimises the impact on firms, with changes proposed in Part A below entering into force in 2017 and those set out in Part B being phased-in gradually taking into account DIFC growth in the short-term.

26. Please note that the draft changes to the FER Module of the DFSA Rulebook, attached at Appendix 1, incorporate all proposed changes irrespective of the envisaged date of their introduction.

## Part A: Changes proposed for 2017

## One-off fees for distinct services

27. The DFSA has reviewed its processes and activities and has identified a range of activities which are relatively time-consuming for DFSA staff and, in aggregate, consume a significant portion of our resources. As a result, the DFSA proposes to introduce distinct fees for a range of activities instigated by regulated entities. These proposals are set out below.

***Change of control***

28. The Rulebook in GEN 11.8.4 and AMI 8.2 requires that Authorised Persons, which are Domestic Firms and Authorised Market Institutions incorporated under DIFC law, respectively, must in certain circumstances seek prior written approval of their Controllers by the DFSA . Whilst some cases of change of control fall outside of GEN 11.8.4 and AMI 8.2 and only require written notification, the DFSA workload related to the applications for the prior written approval of change of control differs depending on the degree of the change of control and specific circumstances. Whilst some cases are relatively 'simple' (e.g. increasing the level of control beyond certain thresholds by an existing Controller), some cases are particularly prone to raise additional concerns by reason of their complexity or the factors related to the Controller. The approval process in such cases requires substantial work by the DFSA which will need to conduct more or less complex risk assessments on the proposed change of control.

29. Based on our experience to date, the DFSA would consider the application as 'complex' in circumstances where the Controller:

    a) is from a jurisdiction which has not been recognised by the DFSA;

    b) has no regulatory past, i.e., no experience to operate the type of business which the Authorised Firm conducts;

    c) has a past negative regulatory track record;

    d) is also a Controller of another existing DIFC business (given the risk of potential conflicts of interest, including relating to issues such as confidentiality); or

    e) proposes, as part of the process of change of control, a change of business model and/or activities of the Firm including changes of senior management.

30. The DFSA proposes the following fees in respect of change of control:

| Table 1 | |
|---|---|
| **Circumstances** | **Proposed fee** |
| Change of control by Authorised Persons (whether Domestic Firms or not) which only requires a notification (cases outside GEN 11.8.4 and AMI 8.2) | USD 1,000 |

| | |
|---|---|
| Applications for approval of change of control of a Domestic Firm or AMI – simple | USD 3,000 |
| Applications for approval of change of control of a Domestic Firm or AMI – complex | USD 10,000 |

Please see draft FER Rules 6.1.1 to 6.1.4.

***Waivers and modifications***

31. Waivers and modifications can be granted upon application under Article 25 of the Regulatory Law 2004, Article 10 of the Collective Investment Law 2010 or Article 9 of the Markets Law 2012. Depending on the workload involved, they may fall into three categories:

    a) waivers and modifications can be standard if they are cases which we have considered in the past. Based on our experience, we have developed a list of 'standard' waivers which can be granted in a straightforward manner; or

    b) applications can relate to matters which are more complex and novel. These require in-depth analysis and consideration.

32. Given the differing circumstances described above, the DFSA does not propose to charge application fees in category a). It is proposed that applications that fall into category b) – a question that can only be determined by the DFSA at the point of application – would face a fee of USD 5,000.

    Please see draft FER Rule 2.11.1.

***Withdrawals***

33. Processing time for withdrawals by regulated entities can range from being relatively quick in straightforward cases to (much) more time-consuming in more complex cases. The latter would include situations when the entity is a Custodian, holds or controls Client Assets, Client Money or Deposits, deals with Insurance Monies, has outstanding liabilities or is subject to certain legal actions.

34. The DFSA proposes a one-off fee for processing withdrawals with rates depending on complexity: USD 2,000 for straightforward cases and USD 5,000 for more complex cases.

    Please see draft FER Rule 6.1.5.

***A DIFC firm opening a branch and/or a subsidiary in another country***

35. The DFSA remains committed to encouraging and supporting appropriate business expansion of DIFC regulated entities. Opening a branch and/or a subsidiary in another country, by an Authorised Firm (which would as a rule be subject to a notification

under GEN 11.10) would normally require DFSA consideration and substantial supervisory workload at the onset and, potentially, subsequently on an on-going basis.

36. To reflect this work, the DFSA proposes a one-off fee for dealing with such notifications equivalent to 50% of the applicant's fixed annual fee specified under FER 3.2.1(2)(a) payable in the year in which the application is made.

Please see draft FER Rule 6.1.6.

***Correcting mistakes in reports and applications***

37. Identifying, clarifying and correcting mistakes in applications, regulatory returns submitted via EPRS or other mandatory reports submitted to the DFSA (e.g. the Annual AML return or the CIR Form) may, and indeed do, consume a substantial amount of time of the DFSA staff.

38. We propose to charge an administrative fee of USD 100 per mistake we identify in these submissions. However, no fee will be charged for correcting mistakes which have been identified and self-reported by the regulated entity themselves within two weeks from the submission date. The DFSA expects this measure would positively influence the quality of information submitted to the DFSA going forward.

Please see draft FER Rule 6.1.7.

***Issuing a Licence in paper form***

39. Under Article 48 of the Regulatory Law No 1 of 2004, the DFSA must inform an applicant in writing that the Licence containing certain Financial Services has been issued on a specific date and, if relevant, of the conditions and restrictions it contains, etc. There is no legal obligation as such on the DFSA to issue a paper copy of the actual Licence. A formal communication from the DFSA, together with information contained in our Public Register, constitute valid and reliable sources of information about the regulated entity's status. That said, it has been our practice to date to produce, at the Authorised Firm's request, a Licence document in paper form, which contains the DFSA seal and signature of the DFSA's Chief Executive Officer or Managing Director, Supervision.

40. Going forward, the DFSA has considered whether to introduce a fee for the provision of a licence in paper form. However, we consider that it is more in line with the Dubai Government's Smart City initiative to stop issuing paper licences. We will, as noted above, still write to new licensees to confirm that their licence has been issued.

***Summary***

41. For ease of reference, the fees and rates described above are summarised in the table below:

| Table 2 | |
|---|---|
| **Proposed fee** | **Proposed fee (USD)** |
| Change of control – non-DIFC firm and DIFC firm – notification | 1,000 |
| Change of control – DIFC firm – simple approval | 3,000 |
| Change of control – DIFC firm – complex approval | 10,000 |
| Complex Waiver/Modification | 5,000 |
| Withdrawal – simple | 2,000 |
| Withdrawal – complex | 5,000 |
| Opening a branch and/or a subsidiary in other jurisdiction by a DIFC firm | 50% of the basic application fee |
| Fee for correcting mistakes in applications and regulatory returns | 100 |

***Increases in existing one-off fees for distinct services***

42. In addition, based on our experience and in order to reflect the work involved, we also propose increasing our fees for a number of services we provide on request as per the table below:

| Table 3 | | |
|---|---|---|
| **Activity** | **Current fee (USD)** | **Proposed fee (USD)** |
| Endorsement to offer financial services to Retail Clients | 5,000 | 20,000 |
| Endorsement to act as Trade Repository | 5,000 | 25,000 |
| Licence modifications (FER 2.2.7) | 5,000 | 10,000 |

Please see draft FER Rules 2.1.6, 2.2.5 and 2.2.7.

## Fees for late regulatory returns and other submissions

43. In 2013, the DFSA introduced administrative fees of USD 1,000 for late submission of prudential returns under the PIB and PIN Modules. CP88 described the rationale for the proposed changes and the matter was the subject of public consultation. Following the introduction of the administrative fees, late submissions reduced considerably, but a number of firms continue to submit returns late. Understandably, this requires additional work from the DFSA to prompt the belated submission.

44. Bearing this in mind, and to compensate for the administrative burden related to pursuing the late submitters, whilst hoping to motivate the elimination of repeat late submissions, the DFSA proposes a fee for repeat late submissions in a given year of USD 4,000.

45. In addition, mindful of the positive effect the administrative fee has had on the regulated community, we propose to extend both the administrative fee for late submissions and the fee for repeat late submissions to other mandatory submissions due to the DFSA. This would cover all reports due to be submitted by regulated entities to the DFSA by a specific date.

    Please see draft FER Rules 7.1.1 to 7.1.3.

## Application fees

46. The DFSA application fees for regulated entities have remained largely unchanged since 2008. Mindful of our objective not to create a disincentive to potential applicants to establish their businesses in the DIFC, the DFSA remains committed to keeping our application fees at a competitive level.

47. However, bearing in mind the DFSA's workload at the application stage, we are considering introducing the following changes which should adequately reflect the DFSA's increased efforts in these cases.

### *Fees for complex applications*

48. The DFSA proposes, for complex applications, fees at twice the standard rate. Standard rates would continue to apply to simple and straightforward applications. These increased fees for complex applications would be payable by applicants where:

    a) there is a complex corporate structure including multiple levels of ownership and/or the entities that make up its Group are in more than one jurisdiction;

    b) it is planned to establish a holding company in the DIFC;

    c) the applicant originates from a jurisdiction or intends to conduct business from the DIFC in a jurisdiction, where no bilateral Memorandum of Understanding is in place between the relevant regulator in that jurisdiction and the DFSA;

    d) the DFSA will act as the consolidated prudential supervisor of the applicant's Financial Group; or

    e) the DFSA will act as the lead supervisor of part of the applicant's Group.

    Please see draft FER Rule 2.1.1.

### *Fees for additional services*

49. Some applications for authorisation include a range of incidental applications compared to a typical application for a licence. These could include applications to: grant a waiver and/or a modification, applications to approve an Endorsement on a

Licence, to approve a number of Authorised Individuals, Audit Principals in the case of Registered Auditors and Key Individuals for Authorised Market Institutions.

50. Bearing in mind the workload involved generally, and in particular the additional work compared to applications which do not require, for example, waivers/modifications or Endorsements, the DFSA proposes to charge additional fees for these services, at the rates set out in the FER Module.

Please see draft FER Rules 2.1.6, 2.1.7, 2.3.2 and 2.11.1.

***New or increased application and registration fees***

51. Currently, the DFSA does not charge Recognised Members any application fees. This however, does not reflect the DFSA's efforts expended in approving applications for recognition. This may involve time-consuming analysis of the home jurisdiction's regulatory framework applicable to the applicant for recognition, as well as establishing relationships with the home regulators. To reflect these efforts, the DFSA proposes to introduce an application fee for Recognised Members of USD 3,500.

Please see draft FER Rule 2.6.2.

52. Currently, the DFSA does not charge a fee for considering applications for registration as an Audit Principal. Since the DFSA's work in respect of these types of applications involves similar elements to the applications for Authorised Individuals, the DFSA proposes to charge a fee of USD 500 for these applications.

Please see draft FER Rule 2.3.2.

53. The fees proposed above are without prejudice to the supplementary *ad hoc* fee, currently set out in FER 1.2.6, which the DFSA can impose if we expect to incur substantial additional costs related to dealing with an application.

## Supplementary fees

54. We are proposing to clarify further the circumstances in which the DFSA can impose supplementary *ad hoc* fees currently set out in FER 1.2.6. We intend to provide greater clarity as to when this power may be exercised, further guidance as to how such fees would be assessed, and safeguards to ensure that a Person may challenge the imposition of the fee, if it feels that the fee has been assessed on an incorrect basis. The key point is that this supplementary fee is intended to enable the DFSA to cover the costs it incurs in a specific case; it is not intended as a general revenue-raising measure or for the DFSA to make a profit from the particular case.

55. We also propose merging these provisions with similar supplementary fee rules which can be imposed, in certain circumstances, in respect of Recognised Persons (currently set out in FER 3.11.2). The latter change would result in removing the upper limit for the fee.

Please see draft FER Rule 1.2.7.

## Changes in who can pay fees

56. We are proposing to simplify further FER 1.2.7, which currently contains prescriptive provisions setting out who can pay fees, by deleting some of these provisions. As a result of the simplification, the remaining requirements in this rule would be for the fees to be paid in US dollars and by bank transfer.

Please see draft FER Rule 1.2.8.

## Part B: Changes proposed for later years

### General remarks

57. In the medium term, an increase in annual fees is likely to be necessary in order to increase the regulated community contribution to the future funding of the DFSA. The DFSA wishes to consider whether the proposed increases discussed below would bear fairly on various classes of regulated firms and whether some firms may be unfairly affected. In the medium term, these are likely to be the most significant increases to be borne by the generality of firms.

58. None of the changes discussed in Part B would be introduced before 2018. The DFSA's expectation is that some of the changes discussed below would be introduced no earlier than 2019. As mentioned before, for illustration purposes, Appendix 1 contains all proposed changes to the DFSA FER Module irrespective of the date of their potential introduction.

59. The annual fees paid by regulated entities to the DFSA currently consist, in most cases, of two elements specified in FER 3.2.1(2), namely fixed and variable components. As noted in the Background section of this paper, there has been little significant change to this approach since 2009. We are considering making three changes to the fixed component of annual fees. It should be noted that the change proposed under point a) below would be intended to apply to all firms, the changes proposed in b) and c) would apply to some firms only.

60. Again as discussed earlier, we believe these proposed changes in the calculation and applicability of annual fees are the most practical way for the DFSA to spread the burden of increased fees across regulated entities, but we would welcome comments on this point.

### Annual fees – Fixed flat rate fee increase

61. Bearing in mind the time spent on regulating and supervising certain entities, due to their risk profile, extent of activities or potentially more complex issues arising in the course of supervision, relative to the time the DFSA spends on other firms, it is proposed to increase fixed annual fees for firms licenced to provide the Financial Services of Deposit Taking, Providing Credit, Dealing in Investments as Principal, Effecting or Carrying Out Contracts of Insurance (excluding Captive Insurers, PCC or ISPV), Insurance Management and operating a Credit Rating Agency. The details of the increased rates are set out in the table below.

    Please see draft FER Rule 3.2.1(3).

62. Recognised Bodies are currently not subject to any annual fees. There are precedents from other jurisdictions which subject Recognised Bodies to fees, sometimes substantial, for on-going supervisory activity. Based on this, the DFSA proposes to introduce an annual fee for Recognised Bodies of USD 5,000.

63. Currently, the DFSA does not charge Recognised Members any annual fees. This however, does not reflect the DFSA's efforts expended, in particular time spent on actual supervision of these entities' activities in the DIFC. To reflect these efforts, the DFSA proposes to introduce an annual fee of USD 2,500.

Please see draft FER Rules 3.12.1 and 3.13.1.

64. The DFSA charges fees for its work related to maintaining the register of DNFBPs and its supervisory work related to anti-money laundering and counter terrorism financing in relation to these entities. However, these fees do not reflect the effort expended by the DFSA, and so we propose to increase the annual fee from USD 4,000 to USD 6,000.

Please see draft FER Rule 3.8.1.

65. The DFSA also proposes to remove the cap of USD 21,000, currently in FER 3.6.1(2), on the maximum fee which can be paid by Registered Auditors and the cap of USD 20,000, currently in FER 3.6.2, for audits of Public Listed Companies.

Please see draft FER Rules 3.6.1 and 3.6.2.

66. The table below summarises these proposed new and increased fees.

**Table 4**

| Financial Service | Current fee (USD) | Proposed fee (USD) |
|---|---|---|
| Accepting Deposits or Providing Credit | 70,000 | 100,000 |
| Dealing in Investments as Principal | 40,000 | 50,000 |
| Effecting Contracts of Insurance or Carrying Out Contracts of Insurance where the Authorised Firm is not carrying on business as a Captive Insurer, as a PCC, or as an ISPV | 40,000 | 50,000 |
| Insurance Management | 15,000 | 40,000 |
| Operating a Credit Rating Agency | 10,000 | 15,000 |
| Recognised Bodies | - | 5,000 |
| Recognised Members | - | 2,500 |
| Registered Auditors | Capped | Remove caps |

## Annual fees – Fees for each additional Financial Service

67. In order to reflect the extent of actual and potential regulatory and supervisory work which is typically generated by entities authorised to conduct extensive activities in terms of the number of Financial Services on their Licence compared to entities with fewer Financial Services, the DFSA proposes to modify the fixed element of annual fees.

68. We propose to add a fee of USD 1,000 for each additional Financial Service featuring on a regulated entity's Licence, as is the practice in a number of other financial centres. The sum of these fees will be added to the basic fixed annual fee specified under FER 3.2.1(2)(a).

    Please see draft FER Rule 3.2.1(2)(e).

69. We recognise that this may cause some fee increase. Setting the right figure is a matter of judgment but, in general, a firm in a similar prudential risk category which has more Financial Services on its Licence does increase the amount of necessary supervision, so it generates larger costs for the DFSA.

## Annual fees – Top-ups

70. The DFSA also considers that certain regulated entities, by virtue of their size, systemic importance and inter-connectedness, the extent of their activities, or the type of activities undertaken in and from the DIFC, pose higher risks to the DIFC compared to other entities. This results in the need for the DFSA to allocate additional regulatory time and resources to ensure adequate supervision of these entities. In addition, bearing in mind the increasing number of international standards directed at many of these entities, we also need to develop suitable regimes and regulatory policies to address the risks posed by these entities.

71. In this light, the DFSA proposes to introduce additional fees, payable annually and on a cumulative basis, for the following Authorised Firms:

| Table 5 | |
|---|---|
| **Circumstances** | **Additional fee** |
| Authorised Firms designated as global systemically important financial institutions (G-SIFIs) by the Financial Stability Board in a given year, provided they are licenced as Authorised Firms in Prudential Categories 1, 2 or 5 or are carrying out Insurance Business in the DIFC | 100% of the basic annual fee specified in FER 3.2.1(2)(a) |
| Authorised Firms for which the DFSA acts as the consolidated prudential supervisor of a Financial Group or as a lead supervisor of a part of the Financial Group | 100% of the basic annual fee specified in FER 3.2.1(2)(a) |

Please see draft FER Rules 3.2.1(2)(b) and 3.2.3.

72. The fees proposed above are without prejudice to the supplementary *ad hoc* fee, currently set out in FER 1.2.6, which the DFSA may exceptionally impose, if we expect to incur substantial additional costs.

**Questions for consideration**

**1. Do you have any comments on or concerns related to the proposed fees? If so, what are they and how should they be addressed?**

**2. Please could you comment on the expected impact of the proposed fees on your DIFC activities?**

**3. Do you think that the proposed fees are fairly allocated across different types and sizes of regulated entity? If not, please explain your concerns and suggest an alternative approach.**

**4. Do you have any comments on the proposed timing of the changes?**