



**ISLE OF MAN  
FINANCIAL SERVICES AUTHORITY**

---

*Lught-Reill Shirveishyn Argidoil Ellan Vannin*

**Consultation Paper**  
**Bank (Recovery and Resolution) Act 2020**  
**Administrative Levy Order 2022**  
**CP22-02**

**Issue Date: 21 March 2022**

**Closing Date: 18 April 2022**

## Consultation Paper – CP22-02

This Consultation Paper is issued by the Isle of Man Financial Services Authority, in its capacity as the Resolution Authority of the Isle of Man ('the Authority'), under the Bank (Recovery and Resolution) Act 2020 ('BRRA20'), which came into force on 4 January 2021.

The purpose of the consultation is to obtain views and evidence in relation to the proposed Bank (Recovery and Resolution) Administrative Levy Order 2022. The consultation is relevant to all banks<sup>1</sup> whose licence under the Financial Services Act 2008 is in force on 31 March 2022 (other than Class 1(3) licence-holders, which are outside the scope of BRRA20.)

The closing date for comments is **18 April 2022**.

Please send comments in writing and preferably by email to:

**Mrs Ruth Baxendale**

**Isle of Man Financial Services Authority**

PO Box 58, Finch Hill House, Bucks Road, Douglas Isle of Man, IM99 1DT

**Email:** ruth.baxendale@iomfsa.im

**Telephone:** +44 (0) 1624 689376

### Confidentiality and Data Protection

The information you send may be published in full or in a summary of responses. All information in responses, including personal data, may be subject to publication or disclosure in accordance with the access to information regimes (these are primarily the Freedom of Information Act 2015 and the Data Protection Act 2018). If you want your response to remain confidential, you should explain why confidentiality is necessary. Your request will be acceded to only if it is appropriate in the circumstances. An automatic confidentiality disclaimer generated by your IT system will not, of itself, be regarded as binding. The Authority is registered with the Information Commissioner as a data controller under Isle of Man data protection legislation. It collects and processes personal data to carry out its functions under relevant legislation and may share personal data with other parties where there is a legal basis for doing so. Further information on how the Authority collects and processes personal data can be found in the Privacy Policy on the Authority's website: <https://www.iomfsa.im/terms-conditions/privacy-policy/>.

If you have a query in relation to how this consultation has been carried out, please contact the Authority's Policy and Authorisations Division by email at [Policy@iomfsa.im](mailto:Policy@iomfsa.im) or by telephone on +44 (0) 1624 646000.

---

<sup>1</sup> "Bank" means a person licensed under the Financial Services Act 2008 to carry on Class 1(1) or Class 1(2) regulated activity, as defined in the Regulated Activities Order 2011

## Contents

Glossary.....	3
1. Executive Summary.....	4
1.1 Overview .....	4
1.2 What is the purpose of this Consultation Paper? .....	4
1.3 Who may be affected by this Consultation Paper? .....	4
2. Consultation Process.....	4
2.1 Responding to the Consultation Paper .....	4
3. Proposals.....	5
3.1 Introduction and background .....	5
3.2 Administrative Levy Order 2022 .....	5
3.3 Predicted Op-costs .....	5
3.4 Other costs .....	6
3.5 Levy notices .....	6
4. Impact Assessment .....	6
5. Questions .....	6
6. Next Steps .....	7
Appendix A – List of Groups to which this Consultation Paper has been sent.....	8
Appendix B – Bank (Recovery and Resolution) Administrative Levy Order 2022 .....	9

## Glossary

<b>Administrative Levy Order 2022 / the Order</b>	Bank (Recovery and Resolution) Administrative Levy Order 2022
<b>Authority</b>	Isle of Man Financial Services Authority
<b>BRR20</b>	The Bank (Recovery and Resolution) Act 2020
<b>FSA08</b>	The Financial Services Act 2008
<b>Op-costs</b>	The cost of the ongoing administrative operations of the Authority

## 1. Executive Summary

### 1.1 Overview

This Consultation Paper is issued by the Authority under BRRA20 to request feedback on the proposed Bank (Recovery and Resolution) Administrative Levy Order 2022 (“the Order”).

### 1.2 What is the purpose of this Consultation Paper?

This Consultation Paper sets out the draft Order for imposing the levy. Views are sought on the content of the Order and timing of its application.

### 1.3 Who may be affected by this Consultation Paper?

Banks operating in the Island (other than Class 1(3) licence-holders, which are outside the scope of BRRA20) may be affected by this Consultation Paper. This Consultation Paper will also be of relevance to the banks’ professional advisers.

## 2. Consultation Process

### 2.1 Responding to the Consultation Paper

Open dialogue with stakeholders is an essential element for successful development of the Authority’s proposals. Constructive feedback will help the Authority reach an informed decision on the content of the proposals and manner of implementation. Respondents should note the following when responding to this Consultation Paper:

- As responses to the consultation may be subject to publication or disclosure in accordance with access to information regimes, respondents should state if they wish their response to remain confidential and, if so, the reasons for this.
- Submissions received by the closing date of the consultation will be considered but may not necessarily result in a change to the proposals following a review of all responses received.
- Professional bodies, trade associations and other representative groups should provide a summary of the people and organisations they represent when responding to a consultation as well as the methodology used to gain members’ input.
- The Authority requests that submissions are not made anonymously as they will not be considered or included in the Consultation Response.

This Consultation Paper has been published on the Authority’s website and the Isle of Man Government’s Consultation Hub<sup>2</sup>. A list of specific representative groups to which this Consultation Paper has been sent is shown in Appendix A.

---

<sup>2</sup> <https://consult.gov.im/>

## 3. Proposals

### 3.1 Introduction and background

Section 12 of the Bank (Recovery and Resolution) Act 2020 (“BRRA20”) states the following:

#### *Funding of the Authority*

*(1) The ongoing administrative operations of the Authority may be funded, inter alia, through —*

*(a) a subvention from the Treasury;*

*(b) borrowings;*

*(c) investment earnings; or*

*(d) a levy which the Authority may impose annually upon banks operating in the Island.*

*(2) The amount and terms of a levy under subsection (1)(d) must be prescribed by order made by the Authority under this subsection, after the Authority has consulted with the Treasury.*

*Tynwald procedure – affirmative.*

In a consultation issued on 8 February 2021, titled “Bank (Recovery and Resolution) Act 2020 Funding of administrative expenses of the Resolution Authority”, the Authority stated that it intends to separately identify the direct costs (such as staffing, professional services, training expenses etc.) incurred in relation to its role as the Resolution Authority from the commencement of its financial year beginning 1 April 2021 and annually thereafter.

The Consultation Response on “Funding of administrative expenses of the Resolution Authority” was issued on 21 April 2021. In this response, the Authority advised that these expenses, for the year 2021-22, would be recovered through levies on an ‘equal share’ basis amongst the banks, early in the year 2022-23.

The banks to be levied will be those holding Class 1(1) and Class 1(2) licences that are in existence at the end of the Authority’s financial year.

### 3.2 Administrative Levy Order 2022

In order to recover the Op-costs of the Authority for the financial year 1 April 2021 to 31 March 2022 from the banking industry, the Authority has drafted the Administrative Levy Order 2022 under BRRA20 section 12, see Appendix B.

### 3.3 Predicted Op-costs

The unaudited Op-costs for the 9 months ending on 31 December 2021 totalled £103,261. If this figure is extrapolated over 12 months, this would give a total of £137,681. Dividing this between the 11 Class 1(1) and Class 1(2) banks currently on the Register of entities

regulated by the Isle of Man Financial Services Authority, the expected figure to be levied per bank would be £12,516.

The final figure for the year will be calculated after the year end and inserted in the draft Order.

### 3.4 Other costs

In addition to the direct Op-costs, the Authority also has the use of Government Shared Services e.g. HR, payroll, IT. At present, there is no recharge imposed for these services.

The funding of the ongoing Op-costs of the Authority follows a separate process to the funding of the costs that may be incurred should there be an actual bank resolution event. In those circumstances, the recovery of resolution-related costs will be dealt with in the manner set out in Section 37 of BRRA20.

### 3.5 Levy notices

It is envisaged that Levy Notices will be issued shortly after the Administrative Levy Order 2022 has completed its passage through Tynwald. The proposed date for the Order to come into operation is 31 July 2022 and payment will be required by 31 October 2022, i.e. 3 months after the Order comes into operation.

For transparency to industry stakeholders, Levy Notices will include a high level breakdown of the expenses. The Order will be published in the Resolution Authority's section of the Authority's website.

## 4. Impact Assessment

As explained in the previous consultation described in section 3.1 above, the financial impact of the recovery of Op-costs incurred by the Authority is not considered to be significant at the level of each individual bank, when viewed in the context of the combined cost base of the banking industry on the Island.

## 5. Questions

### Question 1

Do you have any comments regarding the content of the proposed Order?

### Question 2

Do you have any comments regarding the timing of the Order coming into operation, or the proposed payment date?

### Question 3

Do you have any other comments in respect of this Consultation Paper?

## **6. Next Steps**

Following closure of the consultation period, the Authority will review the responses received and publish a Consultation Response document on the Authority's website and the Isle of Man Government's Consultation Hub.

Subject to any views received, it is proposed that the Bank (Recovery and Resolution) Administrative Levy Order will progress through Tynwald and come into operation later in 2022.

## **Appendix A – List of Groups to which this Consultation Paper has been sent**

- Isle of Man Bankers Association
- Isle of Man Society of Chartered Accountants
- Association of Chartered Certified Accountants (Isle of Man branch)



## **Appendix B – Bank (Recovery and Resolution) Administrative Levy Order 2022**

See attached.