



HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

The Lord Livermore and The Lord Sharkey
House of Lords
London
SW1A 0PW

14 March 2024

Dear Spencer and John,

THE BANK OF ENGLAND LEVY (AMOUNT OF LEVY PAYABLE) REGULATIONS 2024

Thank you for your contributions during the Parliamentary debate on the draft Bank of England Levy (Amount of Levy Payable) Regulations 2024 (“the main Regulations”). The Bank of England Levy will cover costs connected to the policy functions exercised by the Bank in pursuit of its Financial Stability and Monetary Policy objectives, including (but not limited to) work on financial stability strategy and risk, monetary analysis, the Monetary Policy Committee and international policy. Ensuring that the Bank of England is able to fully and efficiently recover the costs of funding this work in a manner that is fair to firms is of paramount importance. By introducing the Bank of England Levy, we have ensured that this important aim will be met, and I want to thank you for supporting the measure.

During the debate, Lord Sharkey asked why the Statutory Instrument (SI) did not include a coming-into-force date or commencement provisions and how the Bank of England Levy and the Prudential Regulation Authority (PRA) levy work together and Lord Livermore asked for clarity on when the SI would come into force.

Following Parliamentary approval, the main Regulations were made on 29 February 2024 and came into force on 1 March 2024. This was provided for in regulation 1(1) of those Regulations and is in alignment with the Bank of England’s financial year which began on the 1 March.

With regard to the commencement of the necessary primary legislation, it is my understanding that Commencement Regulations are not laid before the House and are therefore not subject to debate or parliamentary procedure. The regulations to commence sections 70 and 71 of the Financial Services and Markets Act (FSMA) 2023 were therefore made separately. Section 70 was partially commenced for certain purposes, including for the purpose of making the main Regulations, on 1 January 2024 under regulation 9(1)(c) of the Financial Services and Markets Act 2023 (Commencement No. 4 and Transitional and Saving Provisions) (Amendment) Regulations 2023. Sections 70 and 71 were commenced in full on 1 March 2024 under regulation 2(b) and (c) of the Financial Services and Markets Act 2023 (Commencement No. 5) Regulations 2024.

I can therefore confirm that all legislation required to commence the levy on 1 March 2024 is in force. An indicative timeline for the levy year is included in the Bank of England's levy framework document. This sets out that first invoice will be issued to firms in July 2024 with payment due in August 2024. This payment will cover the 2024-2025 levy year.

With regards to the PRA levy, the PRA separately charges a levy, paid by the entities it supervises, to cover its costs related to the supervision of regulated firms. The PRA sets an annual Total Funding Requirement which covers the PRA's costs in advancing its statutory objectives and in supervising regulated firms and activities. The PRA publishes its proposed regulated fees and levies each year. There will be some firms who are eligible to pay both the new Bank of England Levy and the PRA Levy, as was previously the case where some firms were eligible for both the Cash Ratio Deposits Scheme and the PRA Levy.

Thank you again for your contributions during the debate and I hope this letter is helpful in answering the matter you raised. A copy of this letter has been deposited in the House of Lords Library.

*Yaws,
Charlotte*

BARONESS VERE OF NORBITON