

## Chapter 6

# Financial Services Compensation Scheme Funding

**6.5A The retail pool**

**Allocation of compensation costs levies and specific costs levies through the retail pool**

**6.5A.1** **R** The *FSCS* must allocate a *compensation costs levy* or *specific costs levy*, which has been allocated to the *retail pool* (under ■ FEES 6.5.2-AR(2) or ■ FEES 6.4.6AR):

- (1) to *classes* whose *levy limit* has not been reached as at the date of the levy;
- (2) in proportion to the relative sizes of the *levy limits* of the *classes* in (1) and up to those *levy limits*; and
- (3) in accordance with the table in ■ FEES 6 Annex 2R; and
- (4) a *class's* share of a levy allocated to the *retail pool* must be distributed amongst any *categories* within that *class* in proportion to the unused *levy limits* for those *categories* and up to those *levy limits*: see ■ FEES 6 Annex 2R.

**6.5A.2** **R** [deleted]

**6.5A.3** **G** [deleted]

**How levy limits affect allocation to classes in the retail pool**

**6.5A.4** **R** The calculation of the relative sizes of the *levy limit* (for the purpose of ■ FEES 6.5A.1R(2)) is based on the original *levy limits* for the *classes* (as set out in ■ FEES 6 Annex 2R) and not the remaining capacity in each *class*.

**6.5A.5** **R** When the *FSCS* allocates excess *compensation costs levies* or *specific costs levies* under ■ FEES 6.5A.1 R or any levy imposed under ■ FEES 6.5A.2 R (3)(a), a *class* to which part of the excess is allocated (a "receiving class") may, as a result of that allocation, itself reach its limit. In that case, the *FSCS* must apply ■ FEES 6.5A.1 R or ■ FEES 6.5A.2 R so that any resulting excess levy beyond the limit of the receiving class is allocated amongst the remaining *classes* whose limits have not been reached, to the exclusion of the receiving *class*.

This process is repeated until the *compensation costs levy* or *specific costs levy* has been met in full or the limits of all *classes* have been exhausted.

6.5A.6 **R** [deleted]

6.5A.7 **R** [deleted]