SCHEDULE 3

Capital requirements

PART 2

Own Funds

Method C

18.—(1) "Method C" means the calculation method set out in this paragraph.

(2) The own funds requirement is the relevant indicator multiplied by—

(a) the multiplication factor; and

(b) the scaling factor;

subject to the proviso in sub-paragraph (7).

(3) The "relevant indicator" is the sum of the following elements—

(a) interest income;

(b) interest expenses;

(c) gross commissions and fees received; and

(d) gross other operating income.

(4) For the purpose of calculating the relevant indicator—

(a) each element must be included in the sum with its positive or negative sign;

(b) income from extraordinary or irregular items may not be used;

(c) expenditure on the outsourcing of services rendered by third parties may reduce the relevant indicator if the expenditure is incurred from a payment service provider;

(d) the relevant indicator is calculated on the basis of the twelve-monthly observation at the end of the previous financial year;

(e) the relevant indicator must be calculated over the previous financial year; and

(f) audited figures must be used unless they are not available in which case business estimates may be used.

(5) The "multiplication factor" is the sum of—

(a) 10% of the first 2,500,000 euro of the relevant indicator;

(b) 8% of the next 2,500,000 euro of the relevant indicator;

(c) 6% of the next 20,000,000 euro of the relevant indicator;

(d) 3% of the next 25,000,000 euro of the relevant indicator; and

(e) 1.5% of any remaining amount of the relevant indicator.

(6) "Scaling factor" has the meaning given in paragraph 17(4).

(7) The proviso is that the own funds requirement must not be less than 80 % of the average of the previous three financial years for the relevant indicator.