

GD 3 Compliance Template – 2018

Purpose

This template comprises a set of forms and associated guidance to assist the operators of regulated payment systems in completing the compliance reports that are required by the PSR General Directions on Access and Governance. The table below summarise which of General Directions are applicable to each operator:

Operator	GD2	GD3	GD4
BPSL	✓		✓
C&C	✓		✓
FPSL	✓		✓
LINK		✓	✓
MASTERCARD		✓	
VISA		✓	

Operators must comply with our directions and also report annually on how they're achieving compliance. In doing this, it will be important to reflect on the principles-based nature of the obligations that are in place.

This key evidence will show how you have responded to these rules over the 12-month period from 1 October 2017 to 30 September 2018.

Confidential information

We recognise you deal with confidential information, some of which is relevant to the reporting arrangements. This information can be provided in one of the confidential annexes which are set out as part of this template. Information not contained within the annexes will not be treated as confidential and may be published in the course of our reporting on operators' compliance with these general directions.

General Directions: Compliance Report Template

Supporting documents

In completing the forms in this template you should reference documents to evidence your descriptions (i.e. Web links to public documents; sections where relevant). If any supporting documents are confidential they should be provided to us separately and marked up as confidential.

Contacting us

We hope the forms are clear, but if you have any questions please feel free to contact Nick Davey 020 7066 1508 or nick.davey@psr.org.uk.

Form B - General Direction 3

Please complete the form below. The **main headings** relate to the reporting requirements of general direction 3 (3.4, a-f). The sub-headings provide you with guidance on the information that we would like you to provide in order to meet the reporting requirements.

GD3.1 Self-assessment by the operator on compliance of its access requirements contained in regulation 97 of the Payment Services Regulations 2009 (PSRs 2009) [now updated to regulation 103 of the PSRs 2017] throughout 2017/18.	
<p>GD3.1.1 Please state whether you have or have not complied with the obligation contained in regulation 97 of the PSRs 2009 [now updated to regulation 103 of the PSRs 2017].</p> <p>Please include a summary relevant to your response.</p>	<p>➤ <u>Suggested limit: 500 Words</u></p> <p>➤ Visa Europe’s access requirements may vary but are proportionate to the level of risk an applicant is deemed to pose for example, should it be unable to meet its settlement obligations.</p> <p>The above statements were endorsed by the Scheme Commercial Committee on 2 November 2018. Authority for oversight of the Scheme Business Unit is delegated to the Scheme Commercial Committee by the Visa Europe Chief Executive Officer.</p>
<p>GD3.1.2 Please highlight any changes to your access requirements over 2017/18 (that are now complete). Where changes have been made, please explain the impact on the obligations in regulation 97 of the PSRs 2009 [now updated to regulation 103 of the PSRs 2017].</p>	<p><u>Suggested limit: 500 Words</u></p> <ol style="list-style-type: none"> 1. Visa Europe integrated its on-boarding process with Visa Inc. in 2017 and has continued to take steps towards an aligned global client licensing model. There are a number of ‘integration principles’ which are aligned to regulation 97 of the PSR 2009 including, but not limited to: 2. Enhancing the client experience; 3. Improving time to market; and 4. Increasing clarity and transparency in process and decision making. <p>Some of the more significant changes Visa Europe has made include:</p>

General Directions: Compliance Report Template

5. Application licensing decisions are now under delegated authority to the Scheme Commercial Committee which meets every week, as opposed to the Europe Risk Committee which is updated quarterly.
6. Service Level Objective established for the end-to-end process of 40 business days, reducing from a licencing time in the region of 100 days.
7. Simplification of document requirements (e.g. the Visa Europe Trade Mark Licence, Visa Europe Technology Licence and Visa Europe Membership Deed is in the process of being replaced with the VEL Membership Agreement. The changes made do not materially alter Visa Europe's access requirements.
8. License fee payable upon approval rather than upon application.
9. In August 2017 the Member Risk Policy was replaced with the Credit Settlement Risk Policy. The new policy expands the risk controls to include letters of credit, guarantees and securities. In addition to this, updates were made to the principles guiding the method for calculating client exposure to provide a more accurate view of the risk posed.
10. The Visa Europe Operating Regulations were incorporated into the Visa Core Rules and Visa Product and Service Rules. The purpose of the change was to align into a global model, making the rules simpler for those clients operating on a global basis rather than having separate rules for European and rest of the world Visa engagements.
11. Initiating a simplified Fintech on-boarding

Over the past year, these new processes have continued to be fully embedded.

Relevant internal stakeholders e.g. Account Executives are receiving training on the end-to-end membership process, provided by Visa Europe's Licensing team as a continued commitment to the business and the interests of wider stakeholders.

General Directions: Compliance Report Template

GD3.2 Details of all occasions in the <u>2017/18</u> period when an expression of interest in potentially securing direct access or direct technical access has been made and details of the operator's response to, and outcome of, such expression of interest.				
GD3.2.1 Information for publication on new members and demand for access.	Complete the following table. Data should be correct as at 30 September 2018.			
	<i>Expressions of interest</i>	<i>Signed letters of intent</i>	<i>New members during reporting period</i>	<i>No. of participants</i>
	➤ 11	➤ 11	➤ 9	➤ 122
GD3.2.2 Confidential information on demand for access.	Please complete the table at confidential annex 1 . This information will not be published.			
GD3.3 Details of all occasions in the <u>2017/18</u> period when an enquiry or objection regarding potential changes to the <i>access requirements</i> has been made to the <i>operator</i> and details of the <i>operator's</i> response to, and outcome of, such enquiry or objection.				
GD3.3.1 Please detail the number of enquires made to change your access requirements including a summary of the processes followed to deal with those enquiries.	<ul style="list-style-type: none"> ➤ <u>Suggested Limit: 300 Words</u> ➤ Visa Europe has received feedback from all client facing roles during the relevant period. Of those teams, no formal requests were received to change access requirements. 			
GD3.3.2 Please detail the number of objections made to any proposed changes to your access requirements including a summary of the process followed to deal with those enquiries.	<ul style="list-style-type: none"> ➤ <u>Suggested Limit: 300 Words</u> ➤ Visa Europe has collated information from its complaint capture process during the relevant period. Visa Europe did not receive any objections from UK parties to proposed changes to its access requirements during the relevant period. 			

General Directions: Compliance Report Template

GD3.3.3 Confidential information on enquiries and objections.	<i>Please complete the table at confidential annex 2. This information will not be published.</i>
GD3.4 Details of all occasions in the <u>2017/18</u> period when the operator has engaged with, and considered, the views of payment service providers and other interested parties on the operation and effectiveness of its access requirements.	
GD3.4.1 Please detail the instances when you have engaged with and considered the views of PSPs and other interested parties on the operation and effectiveness of your access requirements.	<p><u>Suggested Limit: 300 Words</u></p> <ul style="list-style-type: none"> ➤ Visa Europe has previously surveyed those entities that have gone through the membership application process during the relevant period to obtain feedback on the operation and effectiveness of its access requirements. <p>Visa Europe is continuing to review, and adapt the application process to better align to regulation 97 of the PSR 2009 and to address feedback received. Given Brexit, Visa Europe is continuing to further streamline processes to facilitate changes to an existing Members structure.</p> <p>Visa Europe is facilitating an on-boarding process for Fintechs. This process encourages early engagement with these applicants to ensure a more seamless experience during the application and on-boarding process. Visa Europe will use these lessons learned to then improve Membership application and on-boarding processes for both existing and new Members going forward.</p>
GD3.4.3 Confidential information on views express relating to the operation and effectiveness of the access requirements.	<i>Please complete the table at confidential annex 3. This information will not be published.</i>
GD3.5 Details of any anticipated <i>operator</i> review, or engagement with <i>payment service providers</i> and other interested parties, that the <i>operator</i> plans to take over the following 12-month period in relation to its access requirements.	

General Directions: Compliance Report Template

<p>GD3.5.1 If you have work on-going reviewing your access requirements please include a description of that work, the progress that has been made so far, and the expected completion date.</p>	<ul style="list-style-type: none"> ➤ <u>Suggested Limit: 300 Words</u> ➤ Visa Europe continues to work with stakeholders on how they plan to meet rules relating to Brexit. These plans, once known, will feed into any future developments/ amendments to the Visa Europe access requirements. This is an ongoing piece of work based on stakeholder needs and is expected to continue up until 2019. ➤ Enquiries Mailbox: Visa Europe performed a review of the enquiries mailbox included in the membership section of its website (https://www.visaeurope.com/enabling-payments/information-for-partners/enquiry-form). The purpose of the review was to determine the effectiveness of the access mailbox in capturing genuine membership enquiries. A comparison was made between the number of enquiries received and those that resulted in a membership application to Visa Europe between the period of October 2017 - September 2018. Over the 12-month period, 16 (non-spam) UK membership enquiries were received and 1 of the enquiries received resulted in a membership application.
<p>GD3.5.2 If you are planning to review your access requirements in the next 12 months please include a description of the planned work.</p>	<ul style="list-style-type: none"> ➤ <u>Suggested limit: 300 Words</u>
<p>GD3.6 Details of any anticipated future developments that the <i>operator</i> considers may require or justify material updates or changes to its <i>access requirements</i>.</p>	
<p>GD3.6.1 Please provide an explanation of any anticipated future external developments you have identified that will impact on your access requirements.</p>	<ul style="list-style-type: none"> ➤ <u>Suggested Limit: 300 Words</u> ➤ Visa Europe continues to work with stakeholders on how they plan to meet rules relating to Brexit. These plans, once known, will feed into any future developments/ amendments to the Visa Europe access requirements. This is an ongoing piece of work based on stakeholder needs and is expected to continue up until 2019.

General Directions: Compliance Report Template

	<p>➤ Alignment with Visa Inc.: following the Visa Europe by Visa Inc. in June 2016 – please refer to GD3.1.2 for more detail on changes that are in progress/ taken affect.</p>
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