

The Payment Systems Regulator Ltd

Minutes

Meeting:	PSR Board	
Date of Meeting:	9 March 2016	
Venue:	25 The North Colonnade, Canary Wharf, London E14 5HS	
Present:	Carole Begent	Hannah Nixon
	Amelia Fletcher	Christopher Woolard
	John Griffith-Jones (Chair)	
Apologies:	Sir Brian Pomeroy	
In attendance:	Set out in Annex A	

Quorum and Conflicts

The meeting received apologies from Sir Brian Pomeroy.

The Meeting noted there was a quorum present and proceeded to business.

1 Minutes and Matters Arising

1.1 Minutes of the Board meeting held on 27 January 2016

The minutes of the Board meeting held on 27 January 2016 were approved as a correct record of the meeting.

1.2 Matters arising

Mr Griffith Jones updated the Board on the progress of the recruitment process to appoint a new Non-executive Director.

The Board noted the progress in respect of the matters arising from previous meetings and agreed revised timings for two actions.

1.3 Minutes of the Executive Committee meetings.

The Board noted the minutes of the Executive Committee meetings and requested a briefing on Direct Debit Liability.

2 Board Committee Reports

The Board noted that the Remuneration Committee had met and received an update from the Chair.

3 Report from the PSR Panel

The Board noted the Panel report and discussed the importance of making the most of the Panel as a resource and maintaining a positive relationship.

The Board noted the potential for including Open Application Programming Interfaces in the PSR's work programme and agreed Mr Smith should discuss this with Mr Locke.

4 Report from the Managing Director

The Board received and discussed the report from the Managing Director and noted the following points:

- The interim infrastructure market review had been published and had received accurate press coverage;
- staff stretch figures reflected the recent increase in workload, particularly the infrastructure market review and the ongoing work on the indirect access market review and guidance on interchange fee regulations;
- a workshop had been held between the Bank of England, the PSR and the FCA to discuss how the organisations could work together to enable direct access to a greater number of entities; and
- 1 April 2016 marked the first year of the PSR having its full powers and there would be some events and speeches to highlight this.

5 Specific items of business

5.1 PSR Panel Effectiveness Review

Mr Locke presented the results of the effectiveness review which included a survey of staff, panel members and the Board. The Board noted the results and discussed the following points:

- the initial view that the Panel was too large had not been reinforced – Panel members thought it was useful to have different views from the various stakeholders (consumer, small businesses and large corporates);
- there were some issues to be addressed, including how to make more effective strategic use of the Panel or its members as a resource, given the expertise and seniority of involved individuals. The Panel looked forward to working with Paul Smith, the new Head of Policy, who would be attending all Panel meetings in the future;
- there was more that could be done to communicate the role of the Panel and how it could add value to the work of the PSR; Mr Locke was willing to meet with PSR staff and explain the work of the Panel;
- Mr Locke was meeting regularly with Ms Evans, Chair of the PSR Strategy Forum; and
- Mr Locke had reviewed the recruitment process for the Panel and a paper would be brought to the Board in May; he would also keep under review the frequency of meetings.

The Chair thanked Mr Locke and the Panel for their work.

5.2 Approach to the 2015/16 annual report & accounts, and measuring our success

The Board considered the paper and discussed the following points:

- the Board encouraged the team to continue their work to find measures that could be tracked in future to monitor performance in relation to statutory objectives;

- whilst the PSR should not claim credit for issues outside of its control, it was important to recognise the changes in the market were in line with the PSR's existence; for example, the PSR had facilitated and ensured there were no barriers to the increase in contactless payments; and
- the report should explain how the work of the strategy forum had linked to the PSR's objectives.

The Board agreed the structure of the report, subject to comments provided. The Board noted that the team was working closely with Finance and Corporate Services to complete the remaining statutory requirements for the report and encouraged the team to circulate further drafts when available.

5.3 Interchange Fee Regulation - final Guidance on certain provisions

The Board noted and discussed the proposed final guidance in relation to the PSR's approach to monitoring and enforcement of the Interchange Fee Regulation. The Board was updated on responses to the consultation, including where respondents had contended that the PSR's draft guidance misstated or misapplied the law.

The Board agreed the final Guidance should be issued and agreed with the Executive on its proposed response to consultation responses. In particular, the Board agreed:

- that the approach in the draft guidance to how the PSR would calculate the market shares of exemptible three-party schemes should be confirmed in the final guidance;
- that the approach in the draft guidance to the IFR definition of commercial cards should be confirmed in the final guidance;
- that the approach in the draft guidance to the IFR definitions of cross-border and domestic transactions should be confirmed in the final guidance, subject to certain actions being taken;
- that the final guidance should clarify that, for three-party schemes that operate with licensee PSPs or who issue cards with a co-branding partner or through an agent, that the interchange fee caps do not apply to transactions on cards that were both issued and acquired by the scheme itself;
- that the approach set out in the draft guidance to monitoring compliance be confirmed in the final guidance, with the Board noting that there would be annual compliance reporting for the interchange fee cap provisions and a process of initial compliance reporting followed by a mainly complaints-led approach for the Business Rule provisions.

The Board agreed to publish the guidance and delegated authority to Hannah Nixon to sign off the final wording for the publication.

5.4 Results of 1st PSR perceptions survey

The Board noted the findings and agreed that, subject to cost, the survey should be carried out the following year to assess any change and the PSR should consider how to publish the results.

5.5 PSR regulatory fees 2016/17

The Board noted the paper and agreed the policy proposals should be recommended to the FCA Board to make the rules as set out.

5.6 Implementation of the Payment Accounts Regulations (PARs)

The Board noted that the Payment Accounts Directive was a maximum harmonisation directive which set common regulatory standards across EU Member States and was transposed into UK law in December 2015 through the Payment Accounts Regulations 2015 (PARs). The FCA and the PSR had been designated as the competent authorities for implementing, monitoring and enforcing the PARs.

The Board considered the proposals and agreed:

- the proposed designation process and ongoing monitoring and enforcement of compliance with the PARs;
- the proposal on PARs fees; and
- to consult on draft guidance in relation to proposed designation process and ongoing monitoring and enforcement of compliance and on the proposed fee arrangements.

5.7 Payments Strategy Forum - Review of the forum

The Board noted and discussed the following points:

- at its meeting in December 2015 the forum had agreed a work programme which would deliver its strategic initiatives in October 2016. It currently had four working groups to support this (covering the topics of: end user needs, simplifying access to markets, financial crime data and security and horizon scanning). Good progress had been made since the start of 2016 but a significant amount of work remained. All information on the work of the forum was published on its website;
- the MD and the Chair of the forum met regularly to discuss progress, and the Chair of the Forum would attend the Board in May to provide a fuller update to the Board. The Chair's role was crucial in driving the Forum forward and achieving consensus;
- there was some question about the point at which the PSR would intervene and what analysis would be required to do so. The Board noted that the infrastructure market review final report, due to be published later in the year, provided an opportunity to intervene if the Forum had not progressed well in relation to common messaging standards; and
- the Board noted that the PSR provided secretariat support for the Forum and industry was providing financial and other support.

6 Decisions of the Board

6.1 PSR Panel appointments

The Board approved the appointment of Conor Langford and David Gaselee to the PSR Panel for a period of three years, to commence from 1 April 2016.

6.2 Decisions required of the Board

The Board noted that it had agreed by correspondence the appointment of Philip Marsden to the CDC for a three year term starting on 25 Feb 2016 until 28 Feb 2019. It had also approved the amendments to the Corporate Governance Document and delegated Authority to the Chairman to sign-off any final changes required for consistency with the Senior Managers Regime documents.

The Board approved the appointment of Philip Marsden to the Enforcement Decisions Committee (EDC), subject to discussions with Tim Parkes, EDC Chair, to coincide with his term as a member of the CDC.

The Board ratified the appointment of Sir Brian Pomeroy as Senior Independent Director with effect from 7 March 2016 when the Senior Managers Regime came into effect. The Board agreed that when Sir Brian left the Board on 31 March, Ms Fletcher should be appointed as the Senior Independent Director from 1 April 2016.

7 Papers for noting

7.1 PSR Communications Strategy

The Board noted the communications strategy and that all the risks identified were covered in the risk register.

7.2 PSR Annual Plan and Budget

The Board noted the PSR annual plan and budget.

7.3 Forward Agenda

The Board noted the forward agenda.

8 Any Other Business

There was none.

Claire Strong

Deputy Company Secretary

Annex A: Attendees

Alana Christopher	Assistant Company Secretary
Claire Strong	Deputy Company Secretary
Louise Buckley	Head of PSR Communications and Operations
Dora Guzeleva	Manager, PSR (items 5.2, 5.5, 5.6 & 5.7)
Nancy Johnson	Manager, PSR (items 5.5)
Stephen Locke	Chair PSR Panel (item 5.1)
Paul Smith	Head of Policy
Grahame Tinsley	Manager, PSR (item 5.2)

Relevant associates and technical specialists also attended the meeting.