

General directions given by the Payment Systems Regulator

This document includes the following decisions, directions and general guidance:

- **Decision of the Board of the *Payment Systems Regulator* of 18 March 2015** on General directions on *participants'* relationships with the *Payment Systems Regulator*, access to and governance of *regulated payment systems* (including commencement)

- **Decision of the Board of the *Payment Systems Regulator* of 11 May 2016** on General directions on *transitional provisions* and on access to and governance of *regulated payment systems* (including commencement)

- **Consolidated text of the General directions** (reflecting all amendments), as follows:
 - **General directions on *general provisions*** regarding the application of the general directions and general requirements on participation in *regulated payment systems* (General Provisions GP1, GP2, GP3, GP4 and GP5)
 - **General directions on *transitional provisions*** in relation to these general directions on access to and governance of *regulated payment systems* (Transitional Provisions TP1 and TP2)
 - **General direction on *transitional provisions*** in relation to these general directions on access to and governance of *regulated payment systems* (Transitional Provision TP3)
 - **General direction 1 (Participants' relationships with the Payment Systems Regulator)**
 - **General direction 2 (Access)** (modified)
 - **General direction 3 (Access)** (modified)
 - **General direction 4 (Governance)** (modified)
 - **General direction 5 (Governance)**
 - **General direction 6 (Governance)**

General directions on general and transitional provisions, participants' relationships with the Payment Systems Regulator, access to, and governance of, regulated payment systems

Powers exercised

The Payment Systems Regulator makes these general directions in accordance with the following sections of the Financial Services (Banking Reform) Act 2013 ('the Act'):

- sections 49 to 53 (General duties of regulator)
- section 54 (Regulatory and competition functions – directions)
- section 96 (Guidance)
- section 104 (Consultation in relation to generally applicable requirements)

Commencement

These general directions come into force as follows:

General direction	Applicable to	Commencement date
General directions on General Provisions (GP1, GP2, GP3, GP4 and GP5)	Participants in regulated payment systems	30 April 2015
General directions on Transitional Provisions (TP1, TP2)	Participants in regulated payment systems	30 April 2015
General direction 1 (Participants' relationships with the Payment Systems Regulator)	Participants in regulated payment systems	30 April 2015
General direction 2 (Access)	Non-PSR 2009 payment system operators*	30 June 2015
General direction 3 (Access)	PSR 2009 payment system operators	30 June 2015
General direction 4 (Governance)	Operators of non-card regulated payment systems*	30 September 2015
General direction 5 (Governance)	Operators of non-card regulated payment systems*	30 April 2015
General direction 6 (Governance)	Operators of non-card regulated payment systems*	30 April 2015

* excluding *Northern Ireland Cheque Clearing*

Citation

These general directions may be cited as:

- General directions on general provisions (General Provisions)
 - General direction on general provision GP1 (General Provision GP1)
 - General direction on general provision GP2 (General Provision GP2)
 - General direction on general provision GP3 (General Provision GP3)
 - General direction on general provision GP4 (General Provision GP4)
 - General direction on general provision GP5 (General Provision GP5)
- General directions on transitional provisions (Transitional Provisions)
 - General direction on transitional provision TP1 (Transitional Provisions TP1)
 - General direction on transitional provision TP2 (Transitional Provision TP2)
- General direction 1 (Participants' relationships with the Payment Systems Regulator)
- General direction 2 (Access)
- General direction 3 (Access)
- General direction 4 (Governance)
- General direction 5 (Governance)
- General direction 6 (Governance)

By order of the Board of the Payment Systems Regulator

18 March 2015

General directions on transitional provisions and access to, and governance of, regulated payment systems

Powers exercised

The Payment Systems Regulator makes these general directions in accordance with the following sections of the Financial Services (Banking Reform) Act 2013 ('the Act'):

- sections 49 to 53 (General duties of regulator)
- section 54 (Regulatory and competition functions – directions)
- section 96 (Guidance)
- section 104 (Consultation in relation to generally applicable requirements)

Commencement

These general directions come into force as follows:

General direction	Applicable to	Commencement date
General directions on Transitional Provisions (TP3) (new)	Operators of regulated payment systems	31 May 2016
General direction 2 (Access) (modifications to Directions 2.4 & 2.5)	Non-PSR 2009 payment system operators*	31 May 2016
General direction 3 (Access) (modifications to Directions 3.4 & 3.5)	PSR 2009 payment system operators	31 May 2016
General direction 4 (Governance) (modifications to Directions 4.2 & 4.3)	Operators of non-card regulated payment systems*	31 May 2016

* excluding *Northern Ireland Cheque Clearing*

Citation

These general directions may be cited as:

- General directions on transitional provisions (Transitional Provisions)
 - General direction on transitional provision TP3 (Transitional Provision TP3)
- General direction of 11 May 2016 modifying General direction 2 (Access)
- General direction of 11 May 2016 modifying General direction 3 (Access)
- General direction of 11 May 2016 modifying General direction 4 (Governance)

By order of the Board of the Payment Systems Regulator

11 May 2016

Consolidated text

of the

General directions on
general and transitional provisions,
participants' relationships with the
Payment Systems Regulator,
access to, and governance of,
regulated payment systems

(status: May 2016)

General directions on *general provisions* regarding the interpretation, definitions used and application of general directions and general requirements on participation in *regulated payment systems*

These General Directions set out general provisions regarding the application of general directions and general requirements on participation in regulated payment systems.

Guidance:

General directions are made under section 54 of the Financial Services (Banking Reform) Act 2013 (the Act), general requirements under section 55 of the Act and guidance under section 96 of the Act.

Guidance, including in this section, appears in a separate box.

Breaching a general direction or general requirement is a compliance failure, which makes a participant liable for regulatory sanctions. Guidance, on the other hand, does not give rise to a binding obligation. Guidance may be used, among other things, to explain the implications of other provisions (such as general directions), to indicate a possible means of compliance and to recommend a particular course of action. Guidance is generally used to throw light on a particular aspect of a regulatory requirement, not to be an exhaustive description of a participant's obligations. Guidance provides clarification about what is required under a general direction or general requirement, and sets out what the Payment Systems Regulator expects in terms of behaviours when complying with a general direction or general requirement.

A participant cannot be liable for a compliance failure merely because it has not followed guidance. Nor is there any presumption that departing from guidance is indicative of a breach of the relevant direction or requirement. However, if a participant acts in accordance with guidance in the circumstances contemplated by that guidance, then the Payment Systems Regulator will proceed as if that participant has complied with the aspects of the direction or requirement to which the guidance relates.

General direction on general provision GP1

General directions and general requirements only apply to *participants* in *regulated payment systems*.

Guidance:

The application of general directions or general requirements on participation in *regulated payment systems* will depend on who the direction or requirement is aimed at. In some instances this will be obvious from the direction or requirement itself. For example, some directions only apply to *operators*. The following General Provisions restrict the application of the directions and requirements to take into account, among other things, matters reserved for authorities and regulators under EU instruments, including authorities and regulators in other EEA States.

General direction on general provision GP2

The application of the directions and requirements made by the *Payment Systems Regulator* are restricted by the following:

- a. directions and requirements do not apply to any *participant* that provides services to persons in the United Kingdom in so far as responsibility for the matter in question is reserved by an EU instrument for another EEA State (or an authority in that EEA State)
- b. the reference to the provision of services to persons in the United Kingdom includes both services provided on a cross-border basis and services provided from an establishment in the United Kingdom.

Guidance:

The general directions and general requirements on participation in *regulated payment systems* are not intended to apply to foreign *participants* exercising the freedom to provide services or the right of establishment where the supervision of the relevant activities of that *participant* is reserved by an EU instrument to an authority in another EEA State. In particular, the general directions and general requirements on participation in *regulated payment systems* are not intended to apply to a *participant* insofar as the matter in question is reserved for an authority in another EEA State by, for example:

- Regulation 575/2013 (the Capital Requirements Regulation)
- Directive 2007/64/EC (the Payment Services Directive)
- Directive 2009/110/EC (the E-Money Directive)

The general directions and general requirements on participation in *regulated payment systems* are not intended to apply to a service provider within the meaning of article 2(b) of Directive 2000/31/EC (the E-Commerce Directive) that provides services to persons in the United Kingdom from an establishment in another EEA State to the extent that the service provider is acting as such.

General direction on general provision GP3

A *participant* will not be subject to a direction or requirement to the extent that it would be contrary to the United Kingdom's obligations under an EU instrument.

Guidance:

The general directions and general requirements on participation in *regulated payment systems* will not apply to the extent that they purport to impose an obligation which is inconsistent with the requirements of an EU instrument. For example, there may be circumstances where the scope of a direction is limited by the harmonised obligations contained in Directive 2007/64/EC (the Payment Services Directive) or Directive 2009/110/EC (the E-Money Directive).

General direction on general provision GP4

The general directions and general requirements on participation in *regulated payment systems* apply to activities of *participants* within the United Kingdom, or which impact on the activities of *participants* in the United Kingdom in relation to *regulated payment systems* and services provided by *regulated payment systems*.

General Provision GP5: Definitions

Words or expressions will have the meaning assigned to them in this General Provision GP5, and except where the context otherwise requires, other expressions have the meanings attributed to them in Part 5 and Schedules 4 and 5 of the Act.

<i>access requirements</i>	the rules (including criteria), terms or conditions (including fees and charges), policies and procedures governing access to, or participation in, a <i>regulated payment system</i>
<i>Act</i>	the Financial Services (Banking Reform) Act 2013
<i>Bacs</i>	the <i>Bacs regulated payment system</i> designated by HM Treasury under section 43 of the Act in March 2015
<i>Cheque & Credit</i>	the <i>Cheque & Credit regulated payment system</i> designated by HM Treasury under section 43 of the Act in March 2015
<i>card payment system</i>	a <i>regulated payment system</i> that enables a holder of a payment card to effect a payment
<i>central infrastructure</i>	a package of systems and services, comprising hardware and software, provided under contract to an <i>operator</i> for the purposes of operating the relevant <i>regulated payment system</i> , including the processing of funds transfers
<i>central infrastructure provider</i>	an <i>infrastructure provider</i> when providing <i>central infrastructure</i>
<i>CHAPS</i>	the <i>CHAPS regulated payment system</i> designated by HM Treasury under section 43 of the Act in March 2015
<i>direct access</i>	access to a <i>regulated payment system</i> to enable a <i>payment service provider</i> to provide services for the purposes of enabling the transfer of funds using the <i>regulated payment system</i> , as a result of arrangements made between that <i>payment service provider</i> and the <i>operator</i> (and other <i>participants</i> , as applicable)
<i>direct payment service provider</i>	a <i>payment service provider</i> with <i>direct access</i> to a <i>regulated payment system</i>
<i>direct technical access</i>	a direct connection by a <i>payment service provider</i> or another third party with the <i>central infrastructure</i> used by a <i>regulated payment system</i>
<i>director</i>	in relation to an unincorporated association or a body corporate, any person appointed to direct its affairs, including a person who is a member of its <i>governing body</i>
<i>Faster Payments</i>	the <i>Faster Payments Scheme regulated payment system</i> designated by HM Treasury under section 43 of the Act in March 2015
<i>General Provisions</i>	<i>citation for the General Direction on general provisions</i> regarding interpretations and definitions used within these general directions on participants' relationships with the <i>Payment Systems Regulator</i> , access to and governance of <i>regulated payment systems</i> (numbered GP1, GP2, GP3, GP4 and GP5 respectively)
<i>governing body</i>	the board of <i>directors</i> , committee of management, or other body entitled to take management decisions, as set out in the memorandum and articles of association or equivalent constitutional document

<i>indirect access</i>	access to a <i>regulated payment system</i> through a contractual arrangement with a <i>direct payment service provider</i> to enable it to provide services (for the purposes of enabling the transfer of funds using that <i>regulated payment system</i>) to persons who are not <i>participants</i> in the system
<i>indirect payment service provider</i>	a <i>payment service provider</i> that has <i>indirect access</i>
<i>infrastructure provider</i>	as defined in section 42(4) of the <i>Act</i>
<i>LINK</i>	the <i>LINK regulated payment system</i> designated by HM Treasury under section 43 of the <i>Act</i> in March 2015
<i>MasterCard</i>	the <i>MasterCard regulated payment system</i> designated by HM Treasury under section 43 of the <i>Act</i> in March 2015
<i>non-card payment system</i>	a <i>regulated payment system</i> other than a <i>card payment system</i>
<i>non-PSR 2009 payment system</i>	a <i>regulated payment system</i> other than a <i>PSR 2009 payment system</i>
<i>Northern Ireland Cheque Clearing</i>	the <i>Northern Ireland Cheque Clearing regulated payment system</i> designated by HM Treasury under section 43 of the <i>Act</i> in March 2015
<i>operator</i>	as defined in section 42(3) of the <i>Act</i>
<i>participant</i>	as defined in section 42(2) of the <i>Act</i>
<i>payment service provider</i>	as defined in section 42(5) of the <i>Act</i>
<i>payment system</i>	as defined in section 41 of the <i>Act</i>
<i>Payment Systems Regulator</i>	the body corporate established under Part 5 of the <i>Act</i>
<i>PSR 2009</i>	Payment Services Regulations 2009 (SI 2009/209), as amended from time to time
<i>PSR 2009 payment system</i>	a <i>regulated payment system</i> to which Part 8 of the <i>PSR 2009</i> applies
<i>public interest matters</i>	a matter concerning the <i>operator</i> , the <i>regulated payment system</i> operated by the <i>operator</i> or the payments industry for the long-term benefit of the United Kingdom, its citizens and businesses as a whole, with particular emphasis on customer needs, competition, innovation, reducing barriers to entry in the payments industry and limiting systemic risk, as set out in the memorandum and articles of association or equivalent constitutional document of the relevant <i>operator</i>
<i>regulated payment system</i>	a <i>payment system</i> designated by HM Treasury under section 43 of the <i>Act</i>
<i>service-users</i>	those who use or are likely to use services provided by <i>regulated payment systems</i>
<i>Transitional Provisions</i>	<i>citation for the General Direction on transitional provisions</i> regarding access to and governance of <i>regulated payment systems</i> (numbered TP1 and TP2 respectively)
<i>Visa</i>	the <i>Visa Europe regulated payment system</i> designated by HM Treasury under section 43 of the <i>Act</i> in March 2015 in March 2015

For the purpose of interpreting general directions:

- the General Provisions are to be read as directions under section 54 of the *Act* or as guidance under section 96 of the *Act*, as appropriate
- headings and titles shall be disregarded, and
- the Interpretation Act 1978 shall apply as if these directions were an Act of Parliament.

Emergency

Guidance:

The *Payment Systems Regulator* recognises that there may be occasions when, because of a particular emergency, a *participant* may be unable to comply with a particular direction or requirement. The purpose of this guidance is to provide insight into our approach in such circumstances.

If any emergency arises which:

- makes it impracticable for a *participant* to comply with a particular direction or requirement
- could not have been avoided by the *participant* taking all reasonable steps, and
- is outside the control of the *participant* and its agents (and any of their employees)

the *Payment Systems Regulator* will not normally consider the *participant* to be failing to comply with that direction or requirement to the extent that, in an emergency, compliance with that direction or requirement is impracticable.

This would normally be the position of the *Payment Systems Regulator* only for as long as:

- the consequences of the emergency continue, and
- the participant can demonstrate that it is taking all practicable steps to deal with those consequences, to comply with the direction or requirement, and to mitigate losses and potential losses to service-users (if any).

We expect such a *participant* to notify us as soon as practicable of the emergency and of the steps it is taking and proposes to take to deal with the consequences of the emergency.

In the context of the above in emergencies, an action is normally considered not practicable if it involves a *participant* going to unreasonable lengths. The above does not affect our powers to take action in an emergency. For example, the *Payment Systems Regulator* may exercise its power to grant access or to issue a specific direction in an emergency.

General direction on *transitional provisions* in relation to the general directions on access to and governance of *regulated payment systems*

General direction on transitional provision TP1

In the first year following designation of a *payment system* by HM Treasury under section 43 of the *Act*, references to the '12-month period' in General Direction 2 (access), General Direction 3 (access) and General Direction 4 (governance) are to be read as references to the period beginning with the date of designation and ending with the specified date on which the relevant report is due.

General direction on transitional provision TP2

For reports due in 2015, the following transitional provision applies:

- a. the report due on 31 July 2015 from non-*PSR 2009 payment system operators* need only include the following:
 - i. a self-assessment by the *operator* on preparatory work it has carried out to ensure that its *access requirements* are compliant with the obligation in Direction 2.1 by 30 June 2015, and
 - ii. the items in Directions 2.4(e) and 2.4(f);
- b. the report due on 31 July 2015 from *PSR 2009 payment system operators* need only include the following:
 - i. a self-assessment by the *operator* on its compliance with the obligation in regulation 97 of the *PSR 2009* covering the period from 1 July 2014 to 30 June 2015, and
 - ii. the items in Directions 3.4(e) and 3.4(f);
- c. the report due on 31 October 2015 from *regulated payment system operators* need only include the following:
 - i. a self-assessment by the *operator* on preparatory work it has carried out to ensure that it is compliant with the obligation in Direction 4.1 by 30 September 2015, and
 - ii. the items in Direction 4.2(c).

General direction on transitional provision TP3¹

For reports due in 2016, the following transitional provision applies:

- a. the report due under General Direction 2 (Access) on 31 October 2016 from non-*PSR 2009 payment system operators* should cover the period from 1 July 2015 to 30 September 2016, and
- b. the report due under General Direction 3 (Access) on 31 October 2016 from *PSR 2009 payment system operators* should cover the period from 1 July 2015 to 30 September 2016.

¹ Transitional provision TP3 inserted on 11 May 2016. This direction comes into effect on 31 May 2016.

General direction 1 (Participants' relationships with the Payment Systems Regulator): participants in regulated payment systems

1.1 A *participant* must deal with the *Payment Systems Regulator* in an open and cooperative way and must disclose to the *Payment Systems Regulator* appropriately anything relating to the *participant* which could materially adversely impact on the advancement of the *Payment Systems Regulator's* statutory objectives and duties.

1.2 This direction comes into effect on 30 April 2015.

Guidance:

The *Payment Systems Regulator's* statutory objectives referenced in Direction 1.1 include those set out in the *Act* as well as any objectives or duties under any other legislation that we are designated the competent authority for.

Direction 1.1 is relevant to the *Payment Systems Regulator's* powers of information gathering and investigation and more generally its powers of regulatory intervention.

Direction 1.1 applies in so far as it:

- a. requires or prohibits the taking of specified action in relation to a *regulated payment system* or
- b. sets the standards to be met in relation to the *regulated payment system* in which a *participant* participates.

In dealing with the PSR,

- the *Payment Systems Regulator* expects a 'no surprises' culture from *participants*, and for *participants* to engage meaningfully and constructively with it
- the *Payment Systems Regulator* expects the *governing bodies* of *participants* to take responsibility for fostering an open and co-operative relationship with it, bringing to its attention in appropriate ways the most important information the *Payment Systems Regulator* needs
- the *Payment Systems Regulator* relies on *participants* to exercise sound judgement in determining the developments or changes that could materially adversely impact on the advancement of the *Payment Systems Regulator's* statutory objectives and duties and, when communicating particular information to the *Payment Systems Regulator*, to explain why they are doing so and how that information is relevant. The *Payment Systems Regulator* does not expect *participants* to notify it of the minutiae of running their businesses.

General direction 2 (Access): non-PSR 2009 regulated payment system operators

(modified 11 May 2016)

2.1 An operator of a regulated payment system which is not a PSR 2009 payment system or Northern Ireland Cheque Clearing must have objective, risk-based and publicly disclosed access requirements which permit fair and open access to the regulated payment system.

Guidance:

This General Direction applies to the *Bacs*, *CHAPS*, *C&C* and *Faster Payments regulated payment systems* designated by HM Treasury.

2.2 For the purposes of Direction 2.1, public disclosure of the access requirements means by providing at least the following:

- a. a copy of such access requirements in a prominent, easily accessible position on any relevant website operated or controlled by that operator
- b. the *Payment Systems Regulator* with a link to the relevant website referred to in Direction 2.2(a), and
- c. a copy of such access requirements to the *Payment Systems Regulator*.

Guidance:

The *Payment Systems Regulator* does not expect operators to provide or publicly disclose in the access requirements of the regulated payment system any technical information which could compromise the security or integrity of the payment system.

2.3 The *Payment Systems Regulator* must be informed, as soon as reasonably practicable, of any material updates and changes which are made to the operator's access requirements.

2.4 A report on compliance with the obligation in Direction 2.1 must be provided to the *Payment Systems Regulator* by 31 October covering the 12-month period to 30 September in each year.² This report must include at least the following:

- a. a self-assessment by the operator on compliance of its access requirements with the obligation in Direction 2.1 throughout the relevant 12-month period
- b. details of all occasions in the relevant 12-month 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

² Modified by General direction of 11 May 2016 modifying General direction 2 (Access) – previous text was: 'A report on compliance with the obligation in Direction 2.1 must be provided to the *Payment Systems Regulator* by 31 July covering the 12-month period to 30 June in each year.'

c. details of all occasions in the relevant 12-month period when an enquiry or objection regarding potential changes to the *access requirements* has been made to the *operator* and details of the *operator's* response to, and outcome of, such enquiry or objection

d. details of all occasions in the relevant 12-month 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*

e. details of any anticipated *operator* review, or engagement with *payment service providers* and other interested parties, that the *operator* plans to take over the following 12-month period in relation to its *access requirements*, and

f. details of any anticipated future developments that the *operator* considers may require or justify material updates or changes to its *access requirements*.

2.5 This direction comes into effect on 30 June 2015, and the modifications to Direction 2.4 come into effect on 31 May 2016.³

Guidance:

Examples of 'material updates and changes' as referred to in Directions 2.3 and 2.4(f) may include, but are not limited to, changes to:

- terms and conditions relating to fees or charges for *direct access*, or technical requirements for entry to, or ongoing participation in, the *regulated payment system*, where the update or change could noticeably affect (positively or negatively) *direct access* or *direct technical access* for *payment service providers*
- eligibility requirements for *payment service providers* to obtain or continue to have *direct access*, or
- any rule, criteria, term or condition, policy or procedure governing access to, or participation in, a *regulated payment system* that may affect *indirect access* to that *regulated payment system* – to the extent that *operators* believe that such changes could noticeably affect (positively or negatively) *indirect access* (i.e. routine changes to technical requirements, such as non-significant software updates, do not need to be notified).

³ Modified by General direction of 11 May 2016 modifying General direction 2 (Access) – previous text was: 'This direction comes into effect on 30 June 2015.'

General direction 3 (Access): PSR 2009 regulated payment system operators

(modified 11 May 2016)

3.1 An operator of a regulated payment system which is a PSR 2009 payment system must publicly disclose its access requirements.

Guidance:

This General Direction applies to the *LINK*, *MasterCard* and *Visa* regulated payment systems designated by HM Treasury.

3.2 For the purposes of Direction 3.1, public disclosure of the access requirements means by providing at least the following:

- a. a copy of such access requirements in a prominent, easily accessible position on any relevant website operated or controlled by that operator
- b. the Payment Systems Regulator with a link to the relevant website referred to in Direction 3.2(a), and
- c. a copy of such access requirements to the Payment Systems Regulator.

Guidance:

The Payment Systems Regulator does not expect operators to provide or publicly disclose in the access requirements to the regulated payment system any technical information which could compromise the security or integrity of the payment system.

3.3 The Payment Systems Regulator must be informed, as soon as reasonably practicable, of any material updates and changes which are made to the operator's access requirements.

Guidance:

Examples of 'material updates and changes' as referred to in Directions 3.3 and 3.4(f) may include, but are not limited to, updates and changes to:

- terms and conditions relating to fees or charges, or technical requirements for entry to, or ongoing participation in, the regulated payment system, where the update or change could noticeably affect (positively or negatively) direct access or direct technical access for payment service providers
- eligibility requirements for payment service providers to obtain or continue to have direct access, or
- any rule, criteria, term or condition, policy or procedure governing access to, or participation in, a regulated payment system that may affect indirect access to that regulated payment system – to the extent that operators believe that such changes could noticeably affect (positively or negatively) indirect access (i.e. routine changes to technical requirements, such as non-significant software updates, do not need to be notified).

3.4 An *operator of a regulated payment system* which is a *PSR 2009 payment system* must provide a report on compliance of its *access requirements* with the obligation contained in regulation 97 of the *PSR 2009* to the *Payment Systems Regulator* by 31 October covering the 12-month period to 30 September in each year.⁴ This report must include at least the following:

- a. a self-assessment by the *operator* on compliance of its *access requirements* with the obligation contained in regulation 97 of the *PSR 2009* throughout the relevant 12-month period
- b. details of all occasions in the relevant 12-month 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
- c. details of all occasions in the relevant 12-month period when an enquiry or objection regarding potential changes to the *access requirements* has been made and details of the *operator's* response to, and outcome of, such enquiry or objection
- d. details of all occasions in the relevant 12-month period in which 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*
- e. details of any anticipated *operator* review, or engagement with *payment service providers* and other interested parties, that the *operator* plans to take over the following 12-month period in relation to its *access requirements*, and
- f. details of any anticipated future developments that the *operator* considers may require or justify material updates or changes to its *access requirements*.

3.5 This direction comes into effect on 30 June 2015, and the modifications to Direction 3.4 come into effect on 31 May 2016.⁵

⁴ Modified by General direction of 11 May 2016 modifying General direction 3 (Access) – previous text was: ‘An *operator of a regulated payment system* which is a *PSR 2009 payment system* must provide a report on compliance of its *access requirements* with the obligation contained in regulation 97 of the *PSR 2009* to the *Payment Systems Regulator* by 31 July covering the 12-month period to 30 June in each year.’

⁵ Modified by General direction of 11 May 2016 modifying General direction 3 (Access) – previous text was: ‘This direction comes into effect on 30 June 2015.’

General direction 4 (Governance): operators of non-card regulated payment systems

(modified 11 May 2016)

4.1 An operator of a regulated payment system which is not a card payment system or Northern Ireland Cheque Clearing must ensure that there is appropriate representation of the interests of service-users in the operator's governing body's decision-making processes.

Guidance:

This General Direction applies to the Bacs, CHAPS, C&C, Faster Payments and LINK regulated payment systems designated by HM Treasury.

When complying with Direction 4.1, the Payment Systems Regulator recognises that an operator may have service-users outside the UK, but we accept that operators can take a reasonable approach to considering as relevant for the purpose of Direction 4.1 those service-users who engage with the services and activities of that regulated payment system in the UK. Direction 4 should also be read in light of General Provision GP4.

4.2 A report on compliance with the obligation in Direction 4.1 must be provided to the Payment Systems Regulator by 31 October covering the 12-month period to 30 September in each year. This report must include at least the following:

- a. a self-assessment by the operator on compliance with the obligation in Direction 4.1 throughout the relevant 12-month period
- b. details of all occasions in the relevant 12-month period when the operator has engaged with, and considered, the views of service-users (including indirect payment service providers) and other interested parties on the effectiveness of the representation of the interests of service-users in its decision-making processes of its governing body, and
- c. details of any anticipated review, or engagement with service-users (including indirect payment service providers) and other interested parties, that the operator plans to take over the following 12-month period in the representation of the interests of service-users in its decision-making processes of its governing body.

The operator may combine the report on compliance with the obligation in Direction 4.1 with the report on compliance with the obligation in Direction 2.1 or Direction 3.1, in a single report.⁶

4.3 This direction comes into effect on 30 September 2015, and the modification to Direction 4.2 comes into effect on 31 May 2016.⁷

⁶ New sentence inserted by General direction of 11 May 2016 modifying General direction 4 (Governance).

⁷ Modified by General direction of 11 May 2016 modifying General direction 4 (Governance) – previous text was: 'This direction comes into effect on 30 September 2015.'

General direction 5 (Governance): operators of non-card regulated payment systems

5.1 An *operator* of a *regulated payment system* which is not a *card payment system* or *Northern Ireland Cheque Clearing* must take all reasonable steps to ensure that any person acting as a *director* of that *operator* must not be appointed to, retain the position of or act as a *director* of a *central infrastructure provider* to that *regulated payment system*.

5.2 This direction comes into effect on 30 April 2015.

Guidance:

This General Direction applies to the *Bacs*, *CHAPS*, *C&C*, *Faster Payments* and *LINK regulated payment systems* designated by HM Treasury.

Direction 5.1 applies where a *central infrastructure provider* is currently supplying that *regulated payment system*.

It also applies where a *central infrastructure provider* is participating in a tendering exercise or otherwise bidding to supply that *regulated payment system*.

As soon as a *regulated payment system* is considering organising a tendering exercise or otherwise inviting bidding to supply *central infrastructure* to that *regulated payment system*, the *operator* of that *regulated payment system* must take all reasonable steps to ensure that any person acting simultaneously as a *director* of that *regulated payment system* and of any *central infrastructure provider* participating in that tendering exercise, or otherwise bidding to supply that *regulated payment system*, must give up one of those *director* positions.

General direction 6 (Governance): operators of non-card regulated payment systems

6.1 An *operator* of a *regulated payment system* which is not a *card payment system* or *Northern Ireland Cheque Clearing* must, as soon as reasonably practicable, publish minutes of its *governing body*, in accordance with Directions 6.2, 6.3, 6.4, 6.5 and 6.6.

Guidance:

This General Direction applies to the *Bacs*, *CHAPS*, *C&C*, *Faster Payments* and *LINK regulated payment systems* designated by HM Treasury.

6.2 The minutes published must include at least the following, in a clear, comprehensive and easily accessible form:

- a. an accurate summary of the discussions of the *governing body*, including any dissenting views
- b. a record of all decisions and all votes by *directors* (where a decision is made by consensus, all *directors* present and entitled to vote must be recorded as supporting that decision, with any absentee or recused *directors* being recorded)
- c. the reasons behind each decision, including the reasons given by *directors* for their vote, and including where the decision is to reject a proposal made to the *governing body*, and
- d. if applicable, a statement from all independent *directors* explaining how they have exercised their discretion related to *public interest matters*.

Guidance:

The minutes required under Directions 6.1 and 6.2 are not expected to be verbatim transcripts of meetings but, rather, to demonstrate clearly what proposals have been made, what discussions were held and what decisions were arrived at, including reasons for decisions and any votes (in favour, dissenting, abstentions and recusals).

6.3 Publication of the minutes must be effected by providing:

- a. a copy of the minutes in a prominent, easily accessible position on any relevant website operated or controlled by the *operator*
- b. the *Payment Systems Regulator* with a link to the relevant website in Direction 6.3(a), and
- c. a copy of the minutes to the *Payment Systems Regulator*.

Guidance:

Minutes should be published as soon as possible after the meeting of the relevant *governing body* to be effective in achieving transparency over decision-making. The *Payment Systems Regulator* would typically expect that this would involve publication of the minutes within eight weeks after the relevant meeting.

6.4 The minutes published in accordance with Direction 6.3 may be published in redacted form where this is necessary to protect commercial confidentiality, candid debate and the financial stability or integrity of the *regulated payment system*, but any and all redactions must be:

- a. limited to the extent necessary, reasonable and justifiable
- b. consistent with retaining the sense or meaning of the remaining text so that the matters referred to are capable of being understood by interested parties, and
- c. in accordance with the policy in Direction 6.6.

6.5 Redactions to minutes in accordance with Direction 6.4 may also include information relating to the *operator's* activities outside of the United Kingdom, to the extent that those activities do not impact on the relevant *regulated payment system* in the United Kingdom, but any and all redactions must be:

- a. limited to the extent necessary, reasonable and justifiable
- b. consistent with retaining the sense or meaning of the remaining text so that the matters referred to are capable of being understood by interested parties, and
- c. in accordance with the policy in Direction 6.6.

6.6 An *operator* of a *regulated payment system* which is not a *card payment system* or *Northern Ireland Cheque Clearing* must have a stated and reasoned policy regarding the redaction of minutes of its *governing body* and must provide the *Payment Systems Regulator* with a copy of that policy.

6.7 This direction comes into effect on 30 April 2015.