

# Specific Direction 3b varying Specific Direction 3 (Procurement: FPS) 2025

[xx] 2025

# Specific Direction 3b varying Specific Direction 3 (Procurement: FPS)

## 1 Recitals

### Whereas:

- 1.1 The Payment Systems Regulator (the PSR) gave Specific Direction 3 (SD3) under section 54 of the Financial Services (Banking Reform) Act 2013 (the Act). SD3 requires the operator of the Faster Payments Scheme (FPS) to ensure that the central infrastructure services for FPS are competitively procured. It came into force on 20 June 2017.
- 1.2 In December 2021, the PSR gave Specific Direction 3a (SD3a), varying SD3, to Pay.UK (the current operator of FPS). This changed the date in paragraph 2.1 of SD3 to 1 July 2026. The current version of SD3 requires that on and after that date the operator must ensure that any central infrastructure in place has been competitively procured in accordance with the direction's requirements.
- 1.3 In December 2024, the PSR published a consultation paper proposing changes to SD3. This paper observed that the circumstances surrounding Pay.UK's New Payments Architecture (NPA) programme have significantly changed.<sup>1</sup> It set out that, as a result, the PSR was considering a new approach to the procurement of central infrastructure for FPS.
- 1.4 On [xx] 2025, the PSR published its response to the consultation, including its final decision. This direction is given to implement that decision.
- 1.5 This direction varies SD3 to remove reference to the 1 July 2026 date. Instead, the PSR will have the ability to notify the operator of a date for the purposes of paragraph 2.1 of SD3. That date will not be before 1 July 2036. Additionally, if the operator wishes to extend the current central infrastructure contract, or enter into a new one, other than to comply with a date notified, or specified<sup>2</sup>, by the PSR for the purposes of paragraph 2.1, it must obtain the PSR's written non-objection.

---

1 In a letter dated 21 March 2024, the PSR referenced these circumstances as: "regulatory processes being ongoing, the uncertainty and delay created by the government announcing its intention to consider the NPA's role as part of the National Payments Vision and Pay.UK's subsequent decision to pause the NPA programme." See: [Letter to Pay.UK on NPA work programme](#)

2 Under Section 4 of the current SD3, the PSR may 'specify' a later date to the one in paragraph 2.1 where this is required because of the implementation of the NPA. This will remain available in SD3, as varied by SD3b, and therefore apply to any date notified to the operator under paragraph 2.1.

- 1.6** This direction also removes the reporting requirements and expands reference to the NPA, to include new infrastructure and upgrades that would not otherwise be covered by the definition of the NPA in section 9 of SD3. It also makes a connected change relating to the operator having regard to the work of the Payments Strategy Forum, where relevant.

## **2 Powers exercised and purpose**

- 2.1** The PSR makes this specific direction in accordance with section 54(3)(c) (Regulatory and competition functions: Directions) of the Act.

- 2.2** The PSR has had regard in particular to the following provisions of the Act:

- a. sections 49 to 53 (General duties of Regulator)
- b. section 62 (Duty to consider exercise of powers under Competition Act 1998)

DRAFT

# Direction

**NOW the PSR gives the following specific direction to the operator of FPS:**

## 3 Variation of SD3

**3.1** Specific Direction 3 (Procurement: FPS)<sup>3</sup> is varied as follows.

**3.2** In the recitals, after ‘Whereas:’, insert as a heading:

**‘Original recitals’**

**3.3** In the recitals, after paragraph 1.8, insert as a heading:

**‘Recitals as introduced by SD3a’**

**3.4** At the end of the recitals, insert:

“

**Recitals as introduced by SD3b**

**1.8f** In [xx] 2025, the Payment Systems Regulator gave Specific Direction 3b to vary this specific direction.

**1.8g** The deadline for the purposes of paragraph 2.1 of 1 July 2026 was replaced by an ability for the Payment Systems Regulator to notify the operator of a deadline. The Payment Systems Regulator will not notify the operator of a deadline that is before 1 July 2036.

**1.8h** The operator cannot extend the existing central infrastructure contract for FPS or replace it with a new contract for the supply of central infrastructure services for FPS, or a successor to FPS, unless the Payment Systems Regulator has:

- a. notified it of a deadline for the purposes of paragraph 2.1, or
- b. not objected to the operator extending the existing central infrastructure contract or entering into a new contract.”

---

3 [Specific Direction 3](#) (June 2017)

**3.5** In paragraph 2.1 for '1 July 2026', substitute: 'such date as the Payment Systems Regulator may notify the operator of in writing.'

**3.6** After paragraph 2.1, insert:

“

**2.1a** The Payment Systems Regulator will not notify the operator of a date that is before 1 July 2036.

**2.1b** The Payment Systems Regulator will publish a copy of the notification on its website<sup>4</sup> within seven days of giving it.

**2.1c** In deciding whether to notify the operator of a date, and what that date should be, the Payment Systems Regulator will take account of such matters as it considers relevant which may include the needs of end users, the economic, technological and commercial landscape, and the state of the supplier market.”

**3.7** In paragraph 2.3a, sub-paragraph a, before 'non-objection,' insert 'first'.

**3.8** After paragraph 2.4, insert:

“

**2.4a** The operator must not enter into a new central infrastructure contract unless:

- a. the Payment Systems Regulator has notified the operator of a date under paragraph 2.1, or specified a later date in accordance with Section 4, and the operator has complied with the requirements of this Section in procuring the contract, or
- b. it has given notice of its intention to enter into the contract under the second non-objection process (see Section 2B), and the Payment Systems Regulator has given notice in writing that it does not object.

**2.4b** The operator must not extend the existing central infrastructure contract (including by exercising any options to do so in the contract) unless it has given notice of its intention to extend under the second non-objection process (see Section 2B), and the Payment Systems Regulator has given notice in writing that it does not object.

**2.4c** The operator must comply with any conditions the Payment Systems Regulator sets under paragraph 2B.6.”

---

4 <https://psr.org.uk>

- 3.9** In paragraph 2.5, after 'have regard' insert ', to the extent relevant,'.
- 3.10** For the current heading of Section 2A, substitute 'The first non-objection process'.
- 3.11** After Section 2A, insert:

“

## **2B The second non-objection process**

- 2B.1** If the operator wishes to give notice under paragraph 2.4a(b) or 2.4b, it must do so in writing.
- 2B.2** In the notice, the operator must set out:
- a. the date on which it proposes to enter into the contract or extension (or, if not known, the best estimate available)
  - b. the purpose of entering into, or extending, the contract
  - c. details of its consultation on the new contract or extension (including on the implications for competition, innovation, service users and the New Payments Architecture), including the responses and its consideration of them
  - d. the extent to which the operator considers the provisions of the contract (where appropriate, the provisions of the extended contract) will achieve the benefits the Payment Systems Regulator has identified to the operator as its priorities, and the operator's reasoning for its assessment
  - e. the extent to which the provisions of the contract (or of the extended contract) offer value for money to the operator, to those providing funding to the operator related to the contract and the services provided under it and to those likely to pay for services under the contract, and the operator's reasoning for its assessment
  - f. a copy of the proposed contract, or, if the contract is being extended, the contract with any proposed changes highlighted
  - g. a summary of the terms of the contract or, if the contract is being extended, a summary of the changes to its terms, that specifically identifies provisions which might reasonably be regarded as substantive changes from the previous contract, or the contract before extension
  - h. information not covered by sub-paragraphs (a) to (g) that it considers will assist the Payment Systems Regulator, in particular information relevant to the matters set out in paragraph 2B.4

**2B.3** The Payment Systems Regulator may:

- a. waive the requirement for the operator to provide any of the material mentioned in paragraph 2B.2 (to any extent)
- b. require further material that it considers appropriate for the non-objection process

**2B.4** In deciding whether to object, or to attach conditions to not objecting, the Payment Systems Regulator will take account of such matters as:

- a. whether the operator has consulted interested parties adequately, and how it has taken account of their views
- b. the evidence and reasoning provided by the operator for its intended course of action (including the risks involved), and how the proposed action compares to alternatives
- c. the implications for competition, innovation and service users, including consumers and businesses
- d. the implications for the New Payments Architecture
- e. the implications for the operator's ability to comply with all its obligations under this Specific Direction 3

**2B.5** The Payment Systems Regulator will notify the operator in writing whether or not it objects.

**2B.6** The Payment Systems Regulator may attach conditions to a decision not to object – for example, conditions about the services to be included in the contract.”

**3.12** Omit Section 3 (reporting requirement), leaving that section blank.

**3.13** In paragraph 4.1, for ‘1 July 2026 (or a previously specified date)’, substitute ‘a date notified under paragraph 2.1 (or a previously specified date)’.

**3.14** After paragraph 9.4 insert:

“

**9.4a** When this specific direction refers to the New Payments Architecture, the reference is to be taken to include any proposal by the operator of FPS for the development of new, or upgrading of existing, central infrastructure (including where the proposal is for central infrastructure to replace (in whole or part) FPS).”

## 4 Application of Specific Direction 3b

4.1 This specific direction applies to the operator of FPS.

## 5 Commencement

5.1 This specific direction comes into force on [14 days after it is made].

5.2 It continues in force until the PSR revokes it.

## 6 Citation

6.1 This specific direction may be cited as Specific Direction 3b varying Specific Direction 3 (Procurement: FPS) 2025.

## 7 Interpretation

7.1 The headings and titles used in this specific direction are for convenience and have no legal effect.

7.2 The Interpretation Act 1978 applies to this specific direction as if it were an Act of Parliament except where words and expressions are expressly defined.

7.3 References to any statute or statutory provisions shall be construed as references to that statute or statutory provision as amended, re-enacted or modified, whether by statute or otherwise.

7.4 Terms defined in Specific Direction 3 have the same meaning in this direction.

**Made on [xx] 2025**

**David Geale**

Managing Director,  
The Payment Systems Regulator Limited



© The Payment Systems Regulator Limited 2024  
12 Endeavour Square  
London E20 1JN  
Telephone: 0300 456 3677  
Website: [www.psr.org.uk](http://www.psr.org.uk)

All rights reserved