

Minutes

Meeting: PSR Board

Time & date of Meeting: 10.00 on 19 March 2025

Venue: Board Room 2.38

Members present: Aidene Walsh Joanna Whittington
David Geale Edward Knapp
Jessica Rusu (from item 4) Lara Stoimenova
Tommaso Valletti (virtual) Andrew Buckley

In attendance: Set out in Annex A

Apologies: Sheldon Mills

1 Apologies, quorum and declarations of interest

- 1.1 The meeting was noted to be quorate and proceeded to business.
- 1.2 No interests were declared in the items to be discussed.
- 1.3 The Board welcomed Deb Jones to her first Board meeting as Interim Deputy Managing Director.
- 1.4 The Board noted that Andrew Buckley's prior need for recusal no longer applied.
- 1.5 The Board noted that Kate Fitzgerald would be leaving at the end of April and recorded its thanks for her contributions as Head of Policy.

2 Report from the Chair

- 2.1 The Chair updated the Board on:
 - a) meetings with stakeholders including HM Treasury and the Chair of LINK.
 - b) the next steps following the Prime Minister's announcement concerning the consolidation of the PSR and its functions, primarily into the FCA.
 - c) approval of the PSR's budget by the Oversight Committee.
 - d) plans to circulate the Annual Plan to Board members.

3 Managing Director's Report to the Board

- 3.1 The Managing Director and members of the executive team briefed the Board on a number of topical issues. Discussion included reference to the following:

- a) The Chair and MD's recent appearance at the Treasury Select Committee.
- b) The Government's review of the regulatory landscape to support growth.
- c) The Prime Minister's announcement concerning the consolidation of the PSR and its functions, primarily into the FCA.
- d) Updates on policy work and initiatives including:
 - a. Engagement with the National Payments Vision Delivery Committee and the Vision Engagement Group.
 - b. Account-to-Account payments, Open Banking and Variable Recurring Payments. The Board agreed that a future discussion in this area would be useful.
 - c. Review of data handling policies and practices.

4 Cross-Border Interchange Fees

Stage 1 remedy decision

- 4.1 In respect of the remedy options presented, the Board considered the following:
 - a) The updated feedback from the consultation as set out in the Board paper.
 - b) The relative differences as between the options in terms of end-to-end timelines.
 - c) The timetable to conduct a Merchant Indifference Test (MIT) and the viability of condensing this.
 - d) Given the litigation timeline, the opportunity to review progress of the MIT work, in order to consider, based on the facts at the time, the most appropriate use of resources and approach to remedy work.
- 4.2 The Board also noted that pausing the external facing statutory consultation and decision-making, in order to prioritise stage 2 remedy design work in the nearer term, would not in of itself, limit future action, if this were to be taken by the PSR.
- 4.3 Tommaso Valletti expressed a preference to continue to pursue the phase 1 remedy including through to statutory consultation in the nearer term, noting the importance of the XBIFs work, the evidence relating to merchant harm, and the significance to the UK economy.

Decision	The Board approved, by majority decision, to continue with internal-facing work on the Stage 1 cap and to maintain pace on the Stage 2 work, but not to proceed to a statutory consultation or
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	decision at this time. The Board will receive an update at the May Board meeting and an assessment of progress on the Stage 2 cap in six months' time.
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- 4.4 The Board noted that the decision to continue with internal-facing work on the Stage 1 cap and to maintain pace on the Stage 2 work, but not to proceed to a statutory consultation or decision was not supported by Tommaso Valletti. The Board will receive an update on the Stage 2 cap in six months' time.
- 4.5 It was also noted that the decision would be communicated to the relevant stakeholders by the Managing Director and the Head of Strategy, Engagement and Analysis.

5 FCA Update

- 5.1 Jessica Rusu, the FCA Chief Data, Information and Intelligence Officer, briefed the Board on the business of the FCA that was of relevance to the PSR including:
- a) Corresponding FCA discussions on the consolidation of the PSR and its functions, primarily into the FCA.
 - b) The launch of My FCA, a unified digital innovation that reduces unnecessary regulatory burden for firms.
 - c) Discussions with Government in relation to risk appetite in order to promote growth.
 - d) The impending launch of the FCA's new five-year strategy.

6 New Payments Architecture – Approach to our consultation on amending Specific Direction 3

- 6.1 The Board was briefed on the approach to amending Specific Direction 3 (SD3) in light of responses received following the recent consultation.
- 6.2 The Board considered the following:
- a) The balance of consultation responses.
 - b) The potential reputational risk of revocation and the perception that resilience is prioritised over competition.
 - c) The potential, where evidence supports it, to introduce a new measure at a future date and the implications of revocation upon other Specific Directions, particularly Specific Direction 2 and 4.
 - d) The benefit of clarity on the roles and responsibilities between Vocalink, Pay.UK as well as the approach of the Payments Vision Delivery Committee (PVDC) in delivering ongoing competition in payment systems.

- e) The positive engagement with Pay.UK on work to continue delivery of upgrades to the Faster Payments System.

Decision	The Board agreed to revoke Specific Directions 3 and 3a.
Decision	The Board agreed to delegate approval of the Policy Statement on the Specific Direction 3 consultation to the Managing Director.

7 Corporate Governance – Board Committee Delegations

- 7.1 The Board was briefed on the proposed suite of updates to the Corporate Governance document, including options to delegate certain decision making to relevant Board Committees to align with the approach taken by the FCA.
- 7.2 The Board considered the following:
- The merits of aligning with the FCA’s approach.
 - In light of the consolidation announcement, that oversight and approval of any structural or operational changes be reserved to the Board.
 - The potential development of a Board Charter, building on its existing objectives and specifically tailored to the Board’s role during the consolidation period.
- 7.3 The Board agreed the proposed updates, subject to its comments, and that amendments to the Corporate Governance Document be prepared accordingly.

8 Committee and Panel Reports

- 8.1 The Board noted the following Committee and Panel reports:
- AuditCo (20/02/2025)
 - PeopleCo (23/01/2025)
 - PSR Panel Board Report (29/01/2025). The Board wished to invite the Chair of the PSR Panel to a future Board meeting.
- 8.2 The Board noted that the internal audit plan for FY25/26 would likely need revision in light of the consolidation announcement.

9 Matters reserved to the Board

Minutes of the last meeting

- 9.1 The Board reviewed the minutes of the meeting held on 22 January 2025 and considered minor amendments.

Decision:	The Board approved the minutes from the Board meeting held on 22 January 2025, subject to minor amendment.
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Written Procedures

- 9.2 The Board noted the following decision taken since the last meeting:
- a) To approve the recommended work programme and associated budget of £28.0m; maintaining higher reserves for FY25/26 to ensure adequate provision for current litigation and other risks; and an Annual Funding Requirement recommendation of £27.0m for FY25/26.

Action Log

- 9.3 The Board reviewed recommendations to close or extend specific actions agreed at previous meetings.

PSR Panel Re-Appointments

- 9.4 The Board considered the recommendations for appointment to the PSR Panel and sought clarification on the original term of office for Neira Jones and Stephen Wright's and whether re-appointment was required at this time.

Decision:	<p>As necessary, the Board approved the following re-appointments to the PSR Panel:</p> <ul style="list-style-type: none"> i. Neira Jones for a second term, retrospectively from 1 March 2025 to 29 February 2028 ii. Stephen Wright for a second term, retrospectively from 1 March 2025 to 29 February 2028 iii. Jo Oxley for a third term, retrospectively from 1 February 2025 to 31 January 2028.
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Items for noting

- 9.5 The Board noted the draft Board agenda for 21 May 2025.

10 AOB

- 10.1 With no further business to discuss, the Chair closed the meeting.

Aidene Walsh
Chair

Annex A: Attendees**Attending all, or substantially all, of the meeting:**

Alex Olive	General Counsel (virtual)
Dan Moore	Head of Strategy, Analysis and Engagement
Deb Jones	Interim Deputy Managing Director
Natalie Golding	Chief Operating Officer
Oliver Hanmer	Head of Supervision and Compliance Monitoring
Kim Turner	Private Secretary to the Managing Director
Sarah Day	Company Secretary

Attending for the following items:

Item 2 – Chair’s update	No attendees
Item 3 – Managing Director’s update	No attendees
Item 4 – XBIFs	Pietro Menis - Senior Manager Anthony Pygram – Senior Manager Fiametta Gordon – Senior Manager Claire Simpson – Senior Manager Brendan Gollogly – Manager
Item 5 - FCA Update	No attendees
Item 6 - NPA – Approach to our consultation on amending SD3	Maria Jose Barbero – Senior Manager Daniel Solomon – Manager Paul Rowe – Technical Specialist
Item 7 – Corporate Governance – Delegations	No attendees
Item 8 - Committee and Panel reports	No attendees
Item 9 – Matters reserved to the Board	No attendees