

GD 2 Compliance Template

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.

Operator	GD2
Pay.UK (Bacs)	✓
Pay.UK (C&C)	✓
Pay.UK (FPS)	✓

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 to 30 September.

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.

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.

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Contacting us

We hope the forms are clear, but if you have any questions please feel free to contact

[REDACTED].

Form A - General Direction 2

Please complete the form below. The **main headings** relate to the reporting requirements of general direction 2. The sub-headings provide you with guidance on the information that we would like you to provide in order to meet the reporting requirements.

GD2.3.4 Self-assessment by the operator on compliance of its access requirements with the obligation in Direction 2 throughout the relevant period.	
GD2.3.5a Please state whether you have or have not complied with the obligation in General Direction 2 throughout the relevant 12-month period.	<p>➤ <u>Suggested limit: 500 Words</u></p> <p>Pay.UK considers that it is compliant with General Direction 2, which requires us to have "...objective, risk-based and publicly disclosed access requirements which permit fair and open access...". The activities and changes that are included in this report seek to demonstrate this.</p> <p>No significant changes have been made to our access requirements since last year's compliance report, as we deem them to be efficient and fair.</p> <p>Pay.UK has taken steps to harmonise the participant on-boarding process by reviewing its legal policies and documents. This has included delivery of work to consolidate and simplify Pay.UK participant assurance processes, for both existing and new participants in Bacs, FPS and ICS.</p> <p>This allows Pay.UK to adopt an agile approach with new participants seeking to join one of the Schemes, as only one set of assurance documentation is now required to be completed by the participant, rather than one per scheme, which was required previously. This is a more efficient participant focused process, that still meets the need for robust participant assurance.</p>
GD2.3.5b Please provide details of all occasions in the relevant 12-month period where access has been withdrawn or modified for an existing service-user.	<p><u>Suggested limit: 500 Words</u></p> <p>N26 - (a German based Bank) decided as part of its UK strategy review that it would exit the UK market, therefore in June 2020, N26 successfully exited the Faster Payments System.</p>

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	<p>Ipagoo – Ipagoo was suspended from FPS and Bacs on 24 July 2019, further to being placed into administration, losing its FCA authorisations and having its settlement accounts at the Bank of England suspended. Each amounting to a 'default event' and contractual breach as defined in the Pay.UK participation agreements. The Pay.UK Board agreed on 9 September 2020 that Ipagoo would be fully excluded from both the Faster Payments and Bacs systems, further to:</p> <ol style="list-style-type: none">1. failure by Ipagoo to repay contractual sums owed to Pay.UK group companies2. challenges from other participants unable to fulfil contractual obligations of participation owed to Ipagoo (in administration);3. several attempts on the part of Pay.UK to engage with the Ipagoo administrators being met with sustained non-response. <p>The Board decision to exclude Ipagoo took effect on 18 September 2020. The legal notices were shared with FMID and the PSR.</p> <p>Bó – part of RBS/NatWest, Bó exited Faster Payments in September 2020 following a strategic decision by RBS/NatWest (a new Bank 'Mettle' will look to join Faster Payments in Q1 2021).</p>
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GD2.3.5 Details of expressions of interest in potentially securing direct access or direct technical access and response to, and outcome of, such expression of interest.

GD2.3.5b Details of all occasions in the relevant 12-month period when another party expressed interest in potentially securing direct access or direct technical access to the system.

Complete the following table. Data should be correct as at 30 September.

Schedule (inc. ring-fenced Banks)

Correct as at 30/9/2020

Bacs

<i>Expressions of interest</i>	<i>Signed letters of intent</i>	<i>New members during reporting period</i>	<i>No. of participants</i>
➤ 4	➤ 2	➤ 2	➤ 27*

**Please note this figure includes Coutts, NatWest and Royal Bank of Scotland part of The Royal Group*

Faster Payments

<i>Expressions of interest</i>	<i>Signed letters of intent</i>	<i>New members during reporting period</i>	<i>No. of participants</i>
➤ 10	➤ 8	➤ 3	➤ 35

ICS (Settlement and Switch)

<i>Expressions of interest</i>	<i>Signed letters of intent</i>	<i>New members during reporting period</i>	<i>No. of participants</i>
➤ 3	➤ 2	➤ 2	➤ 20

GD2.3.5b the initial response to the expression of interest, and the outcome at the conclusion of the process.

Suggested limit: 300 Words

Pay.UK continues to support the PSPs that have provided an expression of interest (captured via signed NDA's) and a number of these interested parties are working towards a go live date in 2021 (some of these PSP's changed their plans from 2020 go live dates due to the current economic/Covid climate).

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	<p>Please complete any confidential information in the table at confidential annex 1. This information will not be published.</p>
<p>GD2.3.5 Details of any enquiry or objections regarding potential changes to the <i>access requirements</i> and the response to, and outcome of, such enquiry or objection.</p>	
<p>GD2.3.5c details of all occasions in the relevant 12-month period where you have engaged with, and considered, the views of PSPs and other interested parties on the operation and effectiveness of your access requirements.</p>	<p>➤ <u>Suggested Limit: 300 Words</u></p> <p>The Assurance Consolidation project has considered the views of the participants to each/all of the systems. This included two workshops in September 2019, where participants expressed their views on the current assurance models, two workshops in May 2020 to review and deliberate on an early prototype of the new model, and three workshops in August and September 2020 to review and comment on the latest version.</p> <p>Please complete any confidential information in the table at confidential annex 2. This information will not be published.</p>
<p>GD2.3.5 Details of any ongoing or anticipated review, or engagement with <i>payment service providers</i> and other interested parties in relation to <i>access requirements</i>.</p>	
<p>GD2.3.5d 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>	<p>➤ <u>Suggested Limit: 300 Words</u></p> <p>As per GD2.3.5c the Assurance Consolidation project is in the final stages of development. The model is scheduled for approval and ratification in late September 2020. The final version will be presented to participants in November, and will go live in January 2021.</p> <p>Also:</p> <p>Brexit - Pay.UK continues to analyse the impact of Brexit. For example, we have seen some impact on access arising from the risk posed to the settlement finality principle due to the Brexit implications.</p>

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	<p>New PSPs seeking to participate in the Pay.UK systems through corporate entities established in non-UK jurisdictions are being asked to supply legal opinions to give Pay.UK sufficient comfort that PFMI Principle 1 is complied with, to ensure high degree of legal certainty in all relevant jurisdictions.</p> <p>This was further evidenced with LHV Bank who joined Faster Payments in 2019, albeit held in a state of Friends & Family Live Proving until January 2020, once Pay.UK received the legal opinion confirming Settlement Finality Directive (SFD) obligations were met and covered accordingly under Estonian law.</p>
<p>GD2.3.5d details of any anticipated review of your access requirements, or any engagement with service-users and other interested parties, that you plan to take over the following 12-month period.</p>	<p>➤ <u>Suggested limit: 300 Words</u></p> <p>Pay.UK continues to work on opportunities to harmonise on-boarding processes (and requirements) over the next 12 months where possible/viable.</p> <p>Work has already started on the assurance activities (as mentioned above) across the individual systems as well as on-boarding processes to ensure best practice is administered where prospective PSP's are looking to join a particular (or all three) systems.</p> <p>This is done in line with our risk management framework ensuring the quality control and effectiveness of the processes are not compromised.</p>

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GD2.3.5 Details of any anticipated future developments, updates or changes to *access requirements*.

GD2.3.5e details of any planned future developments that require or justify material updates or changes to the operator's access requirements.

➤ Suggested Limit: 300 Words

NPA Access Model. As described previously the NPA Access Model will comply with General Direction 2, one way this might be delivered is through a Role Based Access Model (RBAC) with the aim of delivering improved end user outcomes.