

Corporate Governance of The Payment Systems Regulator Limited

Adopted by resolution of the
board on 31 October 2025

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1 Introduction

- 1.a** The purpose of this document is to summarise the corporate governance structure within the Payment Systems Regulator Limited (the PSR). The corporate governance structure defines the way in which the PSR is constituted, directed and controlled by its governing body, the Board. It specifies the distribution of rights and responsibilities from the Board to the committees to which it delegates, to various other committees carrying out particular regulatory functions and to executive level. In order to do this the document outlines how the PSR is constituted, the role of the Board, the Chair, the Managing Director, the Directors, and the Secretary and sets out which decisions are reserved specifically to the Board (the Schedule of Matters Reserved to the Board) and the process by which the Board delegates some other responsibilities to committees or individuals.
- 1.b** This document also includes the terms of reference of committees established by the Board and the Articles of Association.

2 The PSR's statutory objectives and constitution

The PSR

- 2.a** The PSR is an independent economic regulator.
- 2.b** The PSR is a company limited by shares (Company No. 8970864), incorporated on 1 April 2014. The PSR was set up by the Financial Conduct Authority (FCA) due to the requirements in the Financial Services (Banking Reform) Act 2013 (FSBRA).
- 2.c** The PSR is a wholly owned subsidiary of the FCA and shares operational functions and support with the FCA through a provision of services agreement, reviewed annually. All PSR staff are employed by the FCA and designated to the PSR.

PSR's statutory objectives

- 2.d** The PSR has duties and functions relating to payment systems conferred on it by FSBRA (see especially FSBRA section 49). The general functions of the PSR include:
 - giving general directions (FSBRA section 54);
 - giving general guidance (FSBRA section 96); and
 - determining general policy and principles by reference to which it performs particular functions (FSBRA section 49(4)(c)).
 - 2.e** In discharging its functions, the PSR must:
 - so far as reasonably possible, act in a way which advances one or more of its payment systems objectives, which are:
 - to ensure that payment systems are operated and developed in a way that considers and promotes the interests of all the businesses and consumers that use them (FSBRA section 52);
 - to promote effective competition in the markets for payment systems and services - between operators, payment services providers (PSPs) and infrastructure providers (FSBRA section 50);
 - to promote the development of and innovation in payment systems, in particular the infrastructure used to operate those systems (FSBRA section 51).
- and*
- have regard to the:
 - importance of maintaining the stability of, and confidence in, the UK financial systems (FSBRA section 49(3)(a));

- importance of the payment systems in relation to the performance of functions by the Bank of England in its capacity as a monetary authority (FSBRA section 49(3)(b)); and
- regulatory principles (FSBRA section 53).

2.f FSBRA requires that the PSR has a number of accountability measures in place, including the requirement to report annually to the FCA on the extent to which the PSR has advanced its payment systems objectives (FSBRA schedule 4, section 7).

Constitution of the PSR

2.g The PSR must comply with the requirements contained in Schedule 4 of FSBRA regarding how it is constituted.

2.h The PSR is governed by a Board, which sets the PSR's strategic aims and ensures it meets its statutory objectives.

2.i The PSR is required to make and maintain effective arrangements for consulting participants in regulated payment systems and those who use, or are likely to use, services provided by regulated payment systems (FSBRA section 103). One way it does this is through the operation of the Payment Systems Regulator Panel (the Panel). More information about the work of the Panel can be found on the [website](#).

3 The role of the Board

- 3.a** The Board is the governing body of the PSR. It sets the PSR's strategic direction and ensures the long-term success of the PSR. It ensures through liaison with the FCA, pursuant to the latter's duty, to take such steps as are necessary to ensure that the PSR is, at all times, capable of exercising its functions and that the necessary financial and human resources are in place for the PSR to meet its statutory objectives.

The Board's constitution

- 3.b** The Board is comprised of:
- a member to chair it, appointed by the FCA with the approval of the Treasury;
 - a member to be the Managing Director, appointed by the FCA with the approval of the Treasury;
 - one or more other members appointed by the FCA.

The Board's role

- 3.c** The Board members are the directors of the PSR (FSBRA Schedule 4 section 2(1), see also PSR Constitution).
- Sections 171 to 177 of the Companies Act 2006 provide that duties of directors include:
 - To act within their powers.
 - To promote the success of the company for the benefit of its members (shareholders) as a whole, having regard to a non-exhaustive list of factors.
 - To exercise independent judgment.
 - To exercise reasonable care, skill and diligence.
 - To avoid conflicts of interest.
 - Not to accept benefits from third parties.
 - To declare certain interests they have in a proposed transaction or arrangement with the company.
- 3.d** The Board retains all decision-making powers for the PSR except those which it has delegated to either a committee or an individual: See Section 7.
- 3.e** The Board's role includes:
- Determining the matters that should be reserved to it for decision, which shall include the exercise of the PSR's functions of giving general directions and imposing generally imposed requirements under sections 54 and 55 FSBRA and other matters as set out in the Schedule of Matters Reserved to the Board from time to time. The Schedule of Matters Reserved to the Board is set out in this governance document.
 - Making strategic decisions affecting the future operation of the PSR.

- Overseeing the discharge by the executive management of the day-to-day business of the PSR.
- Setting appropriate policies to manage risks to the PSR's operations and the achievement of its regulatory objectives.
- Seeking regular assurance that the system of internal control is effective in managing risks in the manner it has approved.
- Maintaining a sound system of financial control.
- Taking specific decisions, outside those specified in the Schedule of Matters Reserved to the Board, which the Board or executive management consider to be of a novel or contentious nature or to be of such significance that they should be taken by the Board.
- Maintaining high level relations with other organisations and authorities, including government, the Financial Conduct Authority, the Prudential Regulation Authority, the Bank of England and the Competition and Markets Authority.
- Establishing and maintaining arrangements to ensure accountability regarding decisions of committees of the Board and executive management, through periodic reporting.

3.f In order to discharge its duties effectively the Board normally meets at least six times a year. Additional meetings of the directors are held as required.

3.g The quorum needed for business to be carried out is three directors, one of whom should be an independent non-executive director¹.

3.h The Board members may request information from any employee of the PSR, or of the FCA who is undertaking work in relation to the PSR, and this includes calling any employee to attend a Board meeting to answer questions on a particular matter.

3.i Any Board member who requires professional advice on a matter relating to their duties on the Board may make a request to the Secretary to have direct access to the PSR's professional advisers. If the Board member considers it essential to receive independent professional advice on a matter, this may be obtained at the PSR's expense within reasonable financial limits after reference to the Chair.

¹ With effect from 05 November 2025

4 The role of the Chair and Managing Director

- 4.a** The UK Corporate Governance Code (the Code) states that there should be a clear division of responsibilities at the head of any organisation between the running of the Board and the executive responsibility for the running of the organisation. No one individual should have unfettered powers of decision. The division of responsibilities between the Chair and Managing Director, which are clearly established, are set out in writing below and may only be changed with the agreement of the Board.
- 4.b** The responsibilities of the Chair and Managing Director are not exercised by the same individual and are clearly defined. The Board will review the objectives for both the Chair and the Managing Director annually to ensure that there is a clear division between their duties.

The Chair

- 4.c** The key responsibility of the Chair is leading an effective Board, in particular through:
- facilitating the running of the Board.
 - ensuring that the Board meets with sufficient frequency.
 - fostering an open, inclusive discussion which challenges executives, where appropriate.
 - ensuring that the Board devotes sufficient time and attention to the matters within its remit.
 - helping to ensure that the Board and its members have the information necessary to perform its and their tasks.
 - maintaining and developing a productive relationship with the PSR Managing Director.
 - with the Managing Director, leading the communication of PSR policies with a wide range of consumers and other stakeholders.
 - evaluating the performance of the Board and individual directors.
 - acting as a focus for the accountability of the PSR, for example, giving evidence to Parliamentary select committees and communicating with Government ministers on significant issues.
- 4.d** The Chair has no executive responsibility for the day-to-day running of the PSR but undertakes their responsibilities as Chair by fostering the relationships between executive and non-executive directors. In addition, the Chair ensures that the PSR's strategy is formulated clearly and is well understood internally and externally.
- 4.e** The Chair provides a source of counsel and challenge to the Managing Director on how the PSR is run. In particular, the Chair will be involved in discussions with the Managing Director on key issues in relation to the business of the organisation and in maintaining and

developing a productive relationship with the PSR Managing Director. The Chair has an important externally facing role with stakeholders.

The Managing Director

- 4.f** To enable the Chair to undertake their duties and represent the PSR publicly, the Managing Director ensures that the Chair is properly briefed on PSR business.
- 4.g** The Chair and Managing Director discuss all major issues and emerging policies through frequent meetings, and specifically discuss any contentious matters or those likely to set significant precedent.
- 4.h** The Managing Director is responsible for implementing the strategy agreed by the Board, in the formulation of which the Managing Director will have played a major part.
- 4.i** The Managing Director is responsible for the leadership of the organisation and managing it within the authorities delegated by the Board. All PSR staff, other than the Chair's immediate staff and the Company Secretary, ultimately report to the Managing Director.
- 4.j** The key responsibilities of the Managing Director include:
- reporting regularly to the Board with appropriate timely and quality information so the Board can discharge its responsibilities effectively.
 - informing and consulting the Chair on all matters of significance to the Board so that the Chair and the Board can properly discharge their responsibilities.
 - developing and delivering the strategic objectives agreed with the Board.
 - recommending to the Board significant operational changes and major capital expenditures where these are beyond the Managing Director's delegated authority.
 - assigning responsibilities clearly to senior management and overseeing the establishment of effective risk management and control systems.
 - recruiting, developing and retaining talented people to work at the PSR and, in particular, establishing a strong management team which is fairly and fully evaluated.
 - communicating throughout the PSR the strategic objectives and the values of the PSR agreed with the Board and ensuring that these are achieved in practice.
 - sharing with the Chair and with other members of the PSR senior management the responsibility for communicating the PSR's messages externally.

5 The role of the non-executive directors (NEDs)

5.a The non-executive directors (NEDs) make up the majority of the Board and have a variety of skills and experience that are appropriate for the requirements of the PSR.

5.b The key responsibilities of NEDs are:

- constructively challenging and helping to develop the strategic direction of the organisation.
- scrutinising the performance of the organisation in meeting agreed goals and objectives and monitoring reporting.
- holding the Managing Director to account for the PSR's performance and providing appropriate challenge, leadership and mentoring to the Managing Director and executive team.
- ensuring that the regulatory powers and responsibilities specifically reserved to the Board by legislation are exercised appropriately.
- ensuring the PSR complies with all relevant good governance practices and legislative requirements and acts within the provisions of its Articles.
- developing, promoting and acting at all times in the best interests of the PSR.
- assisting in maintaining high-level relations with the PSR key stakeholders.
- ensuring appropriate policies are in place to manage risks to the organisation's operations and the achievement of its strategic objectives.
- devoting time to developing and refreshing their knowledge and skills.
- working with the executive and other board members on key issues.

5.c The Board appoints one of the NEDs to be the Deputy Chair to provide a sounding board for the Chair and to serve as an intermediary for the other directors when necessary.

5.d The key responsibilities of the Deputy Chair include:

- acting as a channel of communication between the NEDs and the Chair, if required.
- meeting with the NEDs at least once a year to appraise the Chair's performance.
- assisting the Chair to develop a formal internal Board effectiveness evaluation process, the themes to be discussed and agreed by the Board.
- being available to key stakeholders and the public if they have concerns which contact through the normal channels of Chair, Managing Director or other senior executives has failed to resolve or where such contact is inappropriate.
- taking a role in the recruitment of a new Chair.
- taking a role in the recruitment and induction of new NEDs.
- taking a role in the recruitment of senior executives, as appropriate.

- deputising for the Chair as required.
- taking a leading role on pieces of work as delegated by the Chair.

5.e In the event of any conflict of interest arising, whether personal or professional, all appropriate steps will be taken to protect both the director and the PSR and to ensure that all decisions are taken without any suggestion of undue influence.

5.f The NEDs meet privately with the Chair which gives them an opportunity to discuss any concerns they may have without the executive present.

5.g The PSR, its directors and staff (including any officer or member of staff of the FCA who is, or who is acting as, an officer or member of staff or to whom any functions have been delegated), benefit from exemption from liability for damages for anything done or omitted in the discharge, or purported discharge of the PSR's functions (FSBRA Schedule 4, section 14). The PSR supplements this with indemnities in favour of individual directors.

6 The role of the Secretary

- 6.a** The Board is responsible for the appointment and removal of the Company Secretary, who is accountable to it through the Chair.
- 6.b** The Secretary provides a source of advice to Board members and is responsible for ensuring that Board procedures are followed and that applicable internal rules and regulations relating to the operation of the Board are met. In addition, the Secretary is responsible for maintaining this document and ensuring good information flows within the Board and its committees, as well as between senior executive management and NEDs. The Secretary will also arrange appropriate induction and training for all Board members.
- 6.c** The Secretary ensures that the business of the Board is compliant, where appropriate and applicable, with the UK Corporate Governance Code, the Companies Act, the Financial Services (Banking Reform) Act and all other relevant regulations and legislation.
- 6.d** The Secretary also keeps under review all legal and regulatory developments affecting the operations of the PSR and makes sure that the directors are properly briefed about them.

7 Delegation of authority by the Board

- 7.a** The Board retains all decision-making powers except those which it has delegated to either a committee or an individual. The Schedule of Matters Reserved to the Board decision is set out later in this document: see Section 8.
- 7.b** The duties of directors under the *Companies Act 2006* apply to the Board Members of the PSR.
- 7.c** In particular, directors are under duties to:
- act within their powers (section 171, *Companies Act 2006*);
 - promote the success of the company (section 172, *Companies Act 2006*);
 - exercise independent judgment (section 173, *Companies Act 2006*); and
 - exercise reasonable care, skill and diligence (section 174, *Companies Act 2006*).
- 7.d** Board members are therefore required to exercise their duties diligently, keeping themselves informed about the PSR's affairs and joining with their co-directors in supervising and controlling them. This will not prevent a director from relying on the experience and expertise of another director or, generally, prevent sensible delegation or division of tasks, provided that the director does not attempt to abrogate all responsibility.
- 7.e** Subject to legislative restrictions, in general, a public authority can choose to whom to delegate its delegable functions, but it must exercise its discretion rationally. A court may, therefore, intervene where, for instance “the seniority of the official exercising a power... [is not] of an appropriate level having regard to the nature of the power in question”. In assessing the suitability of a delegation, however, “it is not for the court to second-guess [the public authority] unless [its] choice is irrational or otherwise beyond [its] powers”².

Board Committees

- 7.f** The Board has established certain standing committees to which it has delegated specific duties and decision-making responsibilities:
- **The Audit Committee** is responsible for reviewing and providing assurance to the Board on matters including the effectiveness of the PSR's internal controls, risk management and mitigation strategies, the integrity of the financial statements in the annual accounts and the statements that relate to financial controls and internal risk, and for oversight of the external audit process.
 - **The Risk Committee** is responsible for supporting the Board in meeting its responsibilities for an effective system of risk management and appropriate assurance of the adequacy and effectiveness of the PSR's system of regulation.

² De Smith's Judicial Review 9th Edition, 5-146.

- **The People Committee** is responsible for approving, overseeing and reviewing the PSR's employment framework.
- **The Enforcement Decisions Committee (EDC)** is a committee that is authorised to decide whether to issue warning notices and decision notices imposing sanctions in respect of compliance failure.
- **The Competition Decisions Committee (CDC)** exercises decision making powers in Competition Act 1998 investigations on behalf of the PSR including decisions on whether there has been a competition law infringement and decisions on whether to impose a financial penalty in respect of an infringement. The functions of the CDC are carried out by the members of the respective FCA committee.

7.g Subject to provisions contained in the Articles, the Board may establish other committees, consisting of such members as they think fit, and delegate to those committees the exercise of specific powers, duties and decision-making responsibilities.

Delegation procedure

- 7.h** The nature and scope of delegations should be recorded centrally.
- 7.i** Existing delegations of authority to take decisions within the executive management structure remain in force until replaced by new delegations.
- 7.j** A person nominated by the Chair may discharge any function in any case of urgency where it is not practicable for the Board, Chair, Managing Director, or other executive Board member to discharge the function. Any decisions made or actions taken under this provision must be subsequently ratified by the Board.

Implied delegation of amendments to PSR instruments

- 7.k** When the Board exercises its powers to give general directions under FSBRA section 54 or to impose generally imposed requirements under FSBRA section 55, its decision allows subsequent technical or drafting amendments to be made to the text of the relevant instrument, if they are within the scope of the Board's decision and agreed by the staff member responsible for the instrument and the General Counsel.

8 Schedule of Matters Reserved to the Board

- 8.a** The Board is committed to high standards of corporate governance and adopted this formal schedule of matters reserved to it for its decision.
- 8.b** This Schedule sets out those matters the Board reserves for decision. Except as set out in this Schedule and in the terms of reference of its committees, the Board delegates authority to the Managing Director, with authority for further delegation.

Legislative functions

- 8.c** Discharge the PSR's legislative functions for:
- giving general directions to participants in regulated payment systems (s54 FSBRA)
 - imposing generally imposed requirements in respect of system rules (s55 FSBRA)

As part of the functions set out above, the Board will also determine the general policy and principles by reference to which the PSR performs a particular function.

Strategy and management

- 8.d** Responsibility for the overall leadership of the PSR and setting the organisation's values and standards.
- 8.e** Approve, amongst other things, the PSR's:
- overall strategy
 - annual plan
 - annual budget and any material changes to them
 - risk appetite
- 8.f** Review performance against the PSR's strategy, objectives, annual plan and budget and ensure any necessary corrective action is taken.
- 8.g** Oversee the discharge of the PSR's operations by the executive management ensuring:
- competent and prudent management
 - sound planning
 - maintenance of sound management and internal control systems
 - adequate systems of assurance and risk management
 - adequate accounting and other records
 - compliance with statutory obligations

- 8.h** Approve the statements of responsibilities under the Senior Managers Regime for the Chair and the Managing Director and the division of responsibilities between them.
- 8.i** Approve major changes to the PSR's corporate structure (e.g., the creation of a new divisions).
- 8.j** Agree to cease to operate any material part of the PSR's operations.

Financial reporting and controls

- 8.k** Approve the Annual Report and Accounts including the:
 - Strategic Report
 - Directors' Report
 - Corporate Governance statement
 - Remuneration Report
 - Financial Overview and Financial Statements
 - report on the extent to which the PSR has met its aims and priorities and advanced its objectives in accordance with FSBRA
- 8.l** Approve any significant changes in accounting policies or practices.
- 8.m** Approve the delegation of financial authorities (DoFA).
- 8.n** Approve financial decisions in accordance with the DoFA.

Board membership and other appointments

- 8.o** Subject to the statutory requirements for the composition of the PSR's Board, make representation to the FCA on the balance and composition of the Board to ensure there is adequate succession planning within it.
- 8.p** Appoint one of the non-executive directors to be the Deputy Chair.
- 8.q** Appoint the chair and members of Board committees.
- 8.r** Ensure that a formal evaluation of the performance of the PSR Chair and of each of the non-executive directors is conducted annually.
- 8.s** Plan for the succession of Board members and in consultation with the Managing Director, ensure appropriate succession arrangements are in place for members of the executive team.
- 8.t** Approve the creation of senior roles including members of the executive team.
- 8.u** Set the performance objectives of the Managing Director.
- 8.v** Appoint and remove the Company Secretary.
- 8.w** Appoint the Chair (subject to HMT approval) and members of the payment systems regulator's panel(s).

Policies

- 8.x** The Board has agreed that the PSR adopts the organisational policies of the FCA where relevant and appropriate. Should the PSR wish to adopt its own policy, the Board should be notified in advance of such a decision being taken.

Corporate governance matters

- 8.y** Keep under review the PSR's overall corporate governance arrangements.
- 8.z** Approve, and agree any revisions to, this schedule of matters reserved to the Board for decision.
- 8.aa** Approve the basis of permissible delegation of the Board's authority to any Committee or individual and review it periodically.
- 8.bb** Establish Board committees and approve, and agree any revisions to, their terms of reference.
- 8.cc** Receive reports from Board Committees on their activities.
- 8.dd** On an annual basis, undertake a formal and rigorous review of its own and its committees' performance (or report on why this has not occurred in any particular year).
- 8.ee** Authorise conflicts of interest where permitted by the Articles of Association.

Other

- 8.ff** Approve the prosecution, defence and settlement of litigation, or an alternative dispute resolution mechanism, involving more than £2m or otherwise material to the interests of the PSR.
- 8.gg** Discuss any novel or contentious matters which, in the opinion of the Board or executive management, it would be appropriate for the Board to consider.
- 8.hh** Agree, and review on an annual basis, the operation of the Memorandum of Understanding between the PSR and the Financial Conduct Authority, the Prudential Regulation Authority and the Bank of England.
- 8.ii** Agree, and review on an annual basis, all Memorandums of Understanding which are required by statute between the PSR and any third parties.

9 Terms of reference of Board Committees

General provisions applicable to Board Committees (excluding the Enforcement and Competition Decisions Committees)

Reporting Responsibilities

- 9.1 The committee chairs shall report to the Board on the committees' proceedings after each meeting.
- 9.2 The committees shall make whatever recommendations to the Board they deem appropriate on any area within their remit.
- 9.3 The committees shall prepare a report on its activities to be included in the annual report of the PSR.

Secretary

- 9.4 The Company Secretary, or their nominee, shall act as the Secretary of the committees.

Membership

- 9.5 Committee chairs shall be appointed by the Board.
- 9.6 Members of the committees shall be appointed by the Board in consultation with the relevant committee chair and taking into account the recommendation of the FCA Board as applicable.
- 9.7 All members of the committees shall be non-executive directors of either the PSR or FCA.
- 9.8 Only members of the committees have the right to attend committee meetings.
- 9.9 Other individuals, including external advisors, may be invited by the committee chair to attend committee meetings on a regular basis or to attend all or part of any meeting.
- 9.10 Board committee chairs shall meet with each other to ensure appropriate co-ordination and prioritisation of meeting agendas.

Committee proceedings

- 9.11 Unless otherwise agreed, notice of each meeting confirming the venue, time and date together with an agenda of items to be discussed, shall be forwarded to each member of the committees, and any other person required to attend, no later than 5 working days before the date of the meeting.

- 9.12 Supporting papers shall be sent to committee members and, as appropriate, other attendees at the same time.
- 9.13 The notices, agendas and supporting papers shall normally be distributed in electronic form.
- 9.14 Meetings may be held by telephone or other electronic means that allows those participating in the meeting to communicate with each other.
- 9.15 Committee members should declare any interests in the matters to be discussed in accordance with the Conflict of Interest Policy for Non-Executive Directors.
- 9.16 The committees may hold private sessions as the chair of each committee deems appropriate.
- 9.17 In the absence of the committee chair at any meeting, the remaining members shall elect one of themselves to chair the meeting.

Minutes of meetings

- 9.18 The Secretary shall minute the proceedings and resolutions of all meetings of the committees, including recording the names of those present and in attendance.
- 9.19 The Secretary shall ascertain, at the beginning of each meeting, the existence of any interests in the matters to be discussed, advise on how to manage them and minute the outcome accordingly.
- 9.20 Minutes of meetings shall be agreed with the relevant committee chair and presented for approval at a subsequent committee meeting. Minutes will be made available to all Board members and other individuals unless it would be inappropriate to do so in the opinion of the chair of the relevant committee.

Authority

- 9.21 The committees are authorised:
- to seek any information they require from any employee of the organisation to perform their duties
 - to obtain, at the organisation's expense, outside legal or other professional advice on any matter within their terms of reference
 - to request the attendance of any employee of the organisation at a meeting of a committee as and when required
 - to publish in the Annual Report details of any issues that cannot be resolved between the committee and the Board

Other matters.

- 9.22 The committees shall:
- have access to sufficient resources to carry out their duties, including access to a secretariat for help as required
 - be provided with appropriate and timely training, both in the form of an induction programme for new members and on an ongoing basis for all members

- give due consideration to relevant laws and regulations, the provisions of the Code and any other applicable rules, as appropriate
- work and liaise as necessary with all other Board committees
- oversee any investigation of activities that are within their terms of reference e. work and liaise as necessary with all other Board committees
- arrange for periodic review of the committee's own performance and at least once a year review their own terms of reference and recommend any changes considered necessary to the Board
- refer any areas of material concern to the Board or relevant Board committee for their consideration.

10 Terms of reference of the Audit Committee

Purpose

- 10.a** The Audit Committee (the Committee) shall have oversight of the PSR and, unless required otherwise by regulation, carry out the duties below for the PSR.
- 10.b** The Committee is responsible for supporting the Board in meeting its responsibilities for an effective system of internal control and financial reporting.
- 10.c** The Committee shall monitor and assess the role and effectiveness of Internal Audit in the overall context of the risk management framework and the work of Risk, Finance and the external auditor, the National Audit Office (NAO), in ensuring that the PSR achieves its statutory and operational objectives. This includes the effectiveness of the mitigation of harm and the safety and soundness of its own operations.
- 10.d** The Committee oversees the operation of the FCA Complaints Scheme in respect of complaints about the PSR on behalf of the PSR Board.
- 10.e** The Committee also provides assurance on any additional matters as instructed or delegated by the PSR Board.

Duties

Financial reporting

- 10.f** The Committee shall monitor the integrity of the PSR's financial statements, including its annual report and any other public statements relating to financial performance. It shall review and report to the Board on significant financial reporting matters, issues and judgements which those statements contain, having regard to the matters communicated to it by the NAO.
- 10.g** In particular, the Committee shall review and challenge where necessary:
 - the application of significant accounting policies and any changes to them
 - the methods used to account for significant or unusual transactions where different approaches are possible
 - whether the PSR has adopted appropriate accounting standards and made appropriate estimates and judgements, taking into account the NAO's views on the financial statements
 - all material information presented with the financial statements, including the strategic report and the corporate governance statements relating to the audit or to internal controls
 - the consideration of any material environmental risks in the development of the PSR's financial statements

- 10.h** Where the Committee is not satisfied with any aspect of the proposed financial reporting, it shall report its views to the PSR Board.

Narrative reporting

- 10.i** The Committee shall review the content of the PSR's annual report and accounts and advise the PSR Board on whether they:
- taken as a whole, it is fair, balanced and understandable
 - provide the information necessary to assess the PSR's performance, business model and strategy
 - informs the PSR Board's statement in the annual report on these matters that is required under the UK Corporate Governance Code (the Code).

Internal controls and risk management systems and policies

- 10.j** The Committee shall:
- Ensure that a sound system of internal controls is in place, including:
 - receiving reports on, reviewing and maintaining the effectiveness of, the PSR's internal control processes to support its strategy and objectives
 - undertaking an annual assessment of these processes
 - approving an appropriate statement on material controls in the Annual Report
 - Approve policies relating to the following, in so far as they differ from those of the FCA and ensuring the PSR Board is notified as required:
 - Prevention of fraud and bribery
 - Health and Safety
 - Finance
 - Procurement
 - keep under review the internal financial controls systems that identify, assess, manage and monitor financial risks
 - keep under review the PSR's governance and control framework in relation to the origination, procurement and implementation of contracts including, but not limited to, business technology contracts, ensuring environmental risks are considered as part of the framework
 - keep under review other internal control and risk management systems
 - review and approve the statements to be included in the annual report concerning internal control, risk management and the viability statement
- 10.k** In its evaluation of risk management systems, the Committee shall liaise with the PSR Risk Committee and take account of its assessment.

Compliance, whistleblowing and fraud

10.l The Committee shall oversee and review:

- the adequacy, effectiveness and security of the PSR's internal whistleblowing arrangements for its employees and contractors to raise concerns, in confidence, about possible wrongdoing. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action
- the procedures for detecting fraud
- the systems and controls for the prevention of bribery and corruption and receive reports on non-compliance
- reports from the Money Laundering Reporting Officer and the adequacy and effectiveness of anti-money laundering systems and controls
- compliance activities.

Internal Audit

10.m The Committee shall:

- review and approve the role and mandate of Internal Audit ensuring it is appropriate for the needs of the PSR
- in close liaison with the PSR Risk Committee, review and approve the internal audit universe and internal audit plan (including review of its annual budget) to ensure it is aligned to the key risks of the PSR.
- receive regular reports on work carried out by Internal Audit
- review the findings, recommendations, and any other relevant reports of Internal Audit
- review and monitor the executive's responsiveness to the findings and recommendations of Internal Audit

10.n The Committee shall ensure that:

- Internal Audit has unrestricted scope, the necessary resources and access to information to enable it to fulfil its mandate
- there is open communication between different functions and Internal Audit and that Internal Audit evaluates the effectiveness of these functions as part of its internal audit plan
- Internal Audit is equipped to perform in line with appropriate professional standards for internal auditors
- the Chief Internal Auditor has direct access to the Chair of the PSR and the Chair of the Committee, providing independence from the executive and accountability to the Board and the Committee

10.o The Committee shall carry out an annual assessment of the effectiveness of Internal Audit and as part of this assessment shall:

- meet the Chief Internal Auditor, without the presence of the executive, to discuss the effectiveness of the Internal Audit function

- review and assess progress to complete the annual internal audit work plan
- whether it is satisfied that the quality, experience and expertise of Internal Audit is appropriate for the PSR
- review the actions taken by the executive to implement the recommendations of Internal Audit and to support the effective working of the Internal Audit function
- consider whether an independent, third-party review of processes is appropriate

External Audit

10.p The Committee shall oversee the PSR's relationship with the NAO, including:

- approving the NAO's remuneration, including both fees for audit and non-audit services, and ensuring that the level of fees is appropriate to enable an effective and high-quality audit to be conducted
- approving the NAO's terms of engagement, including any engagement letter issued at the start of each audit and the scope of the audit

10.q The Committee shall:

- agree with the PSR Board a policy on the employment of former employees of the NAO, taking into account the Ethical Standard and legal requirements, and monitor the application of this policy
- monitor the NAO's processes for maintaining independence, its compliance with relevant UK law, regulation, other professional requirements and the Ethical Standard, including guidance on the rotation of audit partner and staff
- monitor the level of fees paid to the NAO in the context of the relevant legal, professional and regulatory requirements, guidance and the Ethical Standard

10.r The Committee shall:

- evaluate the risks to the quality and effectiveness of the financial reporting process in the light of the NAO's communications with the Committee
- meet regularly with the NAO (including once at the planning stage before the audit and once after the audit at the reporting stage) and, at least once a year, without the executive being present, to discuss the NAO's remit and any issues arising from the audit
- discuss with the NAO the factors that could affect audit quality and review and approve the annual audit plan, ensuring it is consistent with the scope of the audit engagement, having regard to the seniority, expertise and experience of the audit team
- review the findings of the audit with the NAO. This shall include, but not be limited to:
 - a discussion of any major issues which arose during the audit
 - the NAO's explanation of how the risks to the audit quality were addressed
 - key accounting and audit judgments
 - the NAO's view of their interactions with senior executives
 - levels of errors identified during the audit

10.s The Committee shall:

- review any representation letters requested by the NAO before they are signed on behalf of the PSR
- review the management letter and the executive's response to the NAO's findings and recommendations
- review any other relevant reports by the NAO

10.t The Committee shall review the effectiveness of the external audit process, including an assessment of the quality of the audit, the handling of key judgements by the NAO and the NAO's response to questions from the Committee.

10.u The Committee shall seek to ensure co-ordination of the external audit with the activities of Internal Audit.

Complaints

10.v The Committee shall:

- monitor the effectiveness of the investigation of complaints against the PSR
- review the outcomes of upheld complaints and ensure the executive has appropriate processes in place to address the root causes of such complaints
- monitor the resources available to the complaints investigation function to ensure that they are capable of investigating complaints effectively

Chair's expenses

10.w The Committee shall review the expenses incurred by the Chair of the PSR, by an annual summary, showing separately travel, entertainment and any other significant items of expense.

Potential implications of legal action

10.x The Committee shall make recommendations to the PSR Board on the potential implications of any legal action taken against the PSR, based on litigation reports received from the PSR's General Counsel and the Human Resources team.

Reporting responsibilities

10.y The Committee's report on its activities to be included in the Annual Report shall include:

- an explanation of how the Committee has addressed the effectiveness of the external audit process
- the significant issues that the Committee considered in relation to the financial statements and how these issues were addressed, having regard to matters communicated to it by the NAO
- all other information requirements set out in the Code.

Membership and committee proceedings

- 10.z** The Committee shall be comprised of the same members as that of the FCA Audit Committee.
- 10.aa** This shall include at least three members, one of whom should be a PSR non-executive director.
- 10.bb** At least one member shall have recent and relevant financial experience and with competence in accounting and/or auditing.
- 10.cc** A majority of members will be FCA Non-Executive Directors.
- 10.dd** The Chair of the PSR shall not be a member of the Committee.
- 10.ee** The following individuals will be invited to attend meetings on a regular basis or as required:
- the Chair of the PSR
 - the Managing Director
 - the Chief Internal Auditor
 - one or more representatives of the NAO

Quorum

- 10.ff** The quorum necessary for the transaction of business shall be two members.

Frequency of meetings

- 10.gg** The Committee shall meet at least four times a year to coincide with meetings of the FCA's Audit Committee, key dates in the financial reporting and audit cycle and otherwise as required.

Notice and proceedings of meetings

- 10.hh** Meetings of the Committee shall be called by the Secretary at the request of any of its members or at the request of any of the following:
- the Chair of the PSR
 - the audit lead at the NAO
 - the Chief Internal Auditor

11 Terms of reference of the Risk Committee

Purpose

- 11.a** The Risk Committee (the Committee) shall have oversight of the PSR and, unless required otherwise by regulation, carry out the duties below for the PSR.
- 11.b** The Committee is responsible for:
- supporting the Board in meeting its responsibilities for an effective system of risk management and appropriate assurance of the adequacy and effectiveness of the PSR's system of regulation (including policy, supervision, enforcement, competition and associated support function activities)
 - ensuring that the PSR achieves its statutory and operational objectives, including the effectiveness of the mitigation of harm and the safety and soundness of its own operations
- 11.c** For the avoidance of doubt, the activities of the Committee do not affect the responsibilities of the PSR Board in relation to the PSR's risk appetite.
- 11.d** The Committee also provides assurance on any additional matters as instructed or delegated by the Board.

Duties

- 11.e** The Committee is responsible for:
- ensuring an effective system of assurance and risk management including maintaining a risk management system which both identifies and, where feasible, seeks to mitigate risks to the PSR's statutory objectives
 - undertaking an annual assessment of the effectiveness of the risk management system
 - approving an appropriate statement on risk management in the annual report
- 11.f** The Committee shall approve the PSR's:
- risk strategy, with reference to, among other things, first line performance reporting, enterprise-wide risk management reporting, and views of external stakeholders
 - risk tolerance framework
 - risk management framework
- 11.g** The Committee shall:
- review the maturity of the PSR's risk culture and the adequacy and effectiveness of processes to embed this within and across the organisation.

- review the adequacy and effectiveness of the PSR's risk appetite, tolerances and strategy in supporting the delivery of the PSR's statutory objectives.
- review the adequacy and effectiveness of the PSR's risk management framework and taxonomy and processes that identify, assess, manage, mitigate, monitor and report risks within agreed tolerances, including long term emerging risks.
- review the adequacy and effectiveness, including timeliness and maturity, of the PSR's first- and second-line assurance frameworks and associated outputs
- receive regular reports on the PSR's risk profile, covering current and future, regulatory, governance, legal, people, strategy, reputational, operational and data & information risks as appropriate and seek assurance that it is consistent with ensuring the delivery of the PSR's statutory objective.
- seek assurance from the executive that the principal risks have been appropriately identified, assessed, prioritised and have appropriate mitigations in place to ensure they are managed within Board approved risk tolerance.
- monitor the organisation's non-financial policies, including in relation to environmental, social and governance issues
- approve policies relating to the following, in so far as they differ from those of the FCA and ensuring the PSR Board is notified as required:
 - Operational Resilience

11.h The Committee shall review and approve the role and mandate of the risk management and compliance functions ensuring they are appropriate for the needs of the organisation. This includes reviewing and approving risk and compliance operational and assurance plans. This will be done with reference to the annual internal audit plan.

11.i The Committee shall:

- review the findings, recommendations and any other relevant reports of the Chief Risk Officer.
- review and monitor the executive's responsiveness to the findings and recommendations of the Chief Risk Officer.
- ensure the Chief Risk Officer has direct access to the Chair of the PSR and the Chair of the Committee, providing independence from the executive and accountability to the Board and the Committee.
- meet the Chief Risk Officer, without the presence of the executive, to discuss the effectiveness of the system of risk management.

11.j The Committee shall receive reports on the operation, resourcing and effectiveness of the PSR's decision making committees and make recommendations to the Board as appropriate

11.k The Committee's report on its activities to be included in the Annual Report shall include reference to the PSR's risk strategy and management.

Reporting responsibilities

11.l The Committee's report on its activities to be included in the Annual Report shall include reference to the PSR's risk strategy and management.

Membership and Committee Proceedings

- 11.m** The Committee shall be comprised of the same members as that of the FCA Risk Committee.
- 11.n** The Committee shall include at least three members, one of whom should be a PSR non-executive director.
- 11.o** A majority of members will be FCA non-executive directors.
- 11.p** The Chair of the PSR may be a member of the Committee but shall not chair it.
- 11.q** The following individuals will be invited to attend meetings on a regular basis:
 - the Chair of the PSR, if not a member
 - the Managing Director
 - the Chief Risk Officer
 - the Chief Internal Auditor

Quorum

- 11.r** The quorum necessary for the transaction of business shall be two members.

Frequency of meetings

- 11.s** The Committee shall meet at least three times a year to coincide with meetings of the FCA's Risk Committee, key dates in the risk review process and otherwise as required.

Notice and proceedings of meetings

- 11.t** Meetings of the Committee shall be called by the Secretary at the request of any of its members or the Chief Risk Officer if they consider it necessary.

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12 Terms of reference of the People Committee

Purpose

- 12.a** The People Committee (the Committee) shall have oversight of the PSR and, unless required otherwise by regulation, carry out the duties below for the PSR.
- 12.b** The role of the Committee is to approve, oversee and review the PSR's employment framework and its processes for engagement with its workforce.
- 12.c** For the avoidance of doubt, the activities of the Committee do not affect the responsibilities of the PSR Board in relation to the PSR's People Strategy and culture.
- 12.d** The Committee also provides assurance on any additional matters as instructed or delegated by the Board.

Duties

General

- 12.e** The Committee shall:
 - review the PSR's employment framework, in so far as it differs from that of the FCA, which includes policies on all aspects of remuneration, performance and reward, pension offering and its application of the Senior Managers and Certification Regime (SMCR) to itself. The objectives of the PSR's employment framework and associated policies are:
 - to ensure that the workforce is provided with appropriate incentives to encourage enhanced performance and are, in a fair and responsible manner, rewarded for their contribution to the success of the PSR.
 - to ensure the PSR has at all times a workforce capable of carrying out its strategic and business plans within an appropriate level of risk.
 - monitor the application of the employment framework to ensure it is transparent, fair and consistent across the PSR.
 - monitor risks to the PSR arising out of the application of the employment framework and communicate these to the PSR Risk Committee or Board as appropriate.
 - oversee and review the PSR's policies and processes for engagement with its workforce.

Remuneration policy

12.f The Committee shall:

- approve the remuneration policy for the organisation, in so far as it differs from that of the FCA, and ensuring the PSR Board is notified as required.
- determine the remuneration policy for the PSR Managing Director, in so far as it differs from that of the FCA, and in accordance with the Principles and Provisions of the UK Corporate Governance Code (the Code).
- agree the design of remuneration policies and practices to support strategy and promote long-term sustainable success
 - with executive remuneration aligned to the PSR's purpose and values, clearly linked to the successful delivery of the PSR's long term strategy. Consideration should also be given to the Code requirements for clarity, simplicity, risk mitigation, predictability, proportionality and alignment to culture
 - that enable the use of discretion to override formulaic outcomes and to recover and/or withhold sums under appropriate specified circumstances
 - that take into account all other factors which it deems necessary or appropriate, including relevant legal and regulatory requirements, the provisions and recommendations of the Code and associated guidance.
 - that seek to attract, retain and motivate management of the quality required to run the PSR successfully without paying more than is necessary, having regard to views of stakeholders.
- make recommendations to the FCA People Committee on the appropriate level of remuneration for Non-Executive Directors.
- review the PSR's recommendations for the annual budget for remuneration.

Executive remuneration

12.g The approval of the remuneration or compensation packages or arrangements following the severance of the service contract of the PSR Managing Director is the responsibility of the FCA People Committee following advice given by the PSR Chair.

Other policies

12.h The Committee shall approve policies relating to the following, in so far as they differ from those of the FCA and ensuring the PSR Board is notified as required:

- Conflict of Interests for PSR staff, non-executive directors, members of the Enforcement Decisions and Competition Decisions Committees and members of the PSR panel
- Corporate Responsibility
- Redundancy
- the involvement of the Chair and Chief Executive in relation to the treatment of fees arising from any outside appointment offered to them
- authorising claims for expenses for the Chief Executive and the Chair

Appointments

- 12.i** Appoint the Chair and members of the Enforcement Decisions Committee (EDC).
- 12.j** Appoint the members of the Competition Decisions Committee (CDC).

Reporting responsibilities

- 12.k** The Committee's report on its activities to be included in the Annual Report shall include:
 - a description of its work in line with the requirements of the Code.
 - a report on the directors' remuneration policy and practices.
 - identifying any external remuneration consultancy that has been engaged, alongside a statement about any other connection it has with the PSR or individual directors.

Membership and committee proceedings

- 12.l** The Committee shall be comprised of the same membership as that of the FCA People Committee.
- 12.m** The Committee shall include at least four members, one of whom should be a PSR non-executive director.
- 12.n** A majority of members will be FCA non-executive directors.
- 12.o** The Chair of the PSR may be a member of the Committee if independent.
- 12.p** The FCA's Chief People Officer will be invited to attend every meeting.
- 12.q** The following individuals will also be invited to attend meetings on a regular basis:
 - the PSR Chair, if not a member
 - the Managing Director

Quorum

- 12.r** The quorum necessary for the transaction of the business of the Committee shall be three members.

Frequency of meetings

- 12.s** The Committee shall meet at least four times a year to coincide with meetings of the FCA's People Committee and otherwise as required.

Notice of meetings and proceedings of meetings

- 12.t** Meetings of the Committee shall be called by the Secretary at the request of any of its members or the FCA's Chief People Officer.

13 Terms of reference of the Enforcement Decisions Committee

Background and purpose

- 13.a** The Enforcement Decisions Committee (EDC) is a committee of the PSR Board that is authorised to decide whether to issue warning notices and decision notices imposing sanctions in respect of compliance failure.
- 13.b** A compliance failure may be:
- by a participant in a regulated payment system to comply with one or more PSR directions (general or specific) given under section 54 of the Financial Services (Banking Reform) Act 2013 (FSBRA),
 - by a participant in a regulated payment system to comply with one or more PSR requirements imposed by the PSR under section 55 FSBRA,
 - by a participant in a regulated payment system to comply with one or more PSR requirements to grant access to a regulated payment system imposed under section 56 FSBRA,
 - by a regulated person to comply with an obligation or prohibition imposed by Regulation (EU) 2015/751 of the European Parliament and the Council of 29 April 2015 on interchange fees for card-based payment transactions (the 'Interchange Fee Regulation'),
 - by a regulated person to comply with a direction given by the PSR under Regulation 4 of the Payment Card Interchange Fee Regulations 2015 (the 'PCIFRs'),
 - by the operator of a switching service which has been designated as an alternative arrangement to comply with a PSR direction given under Schedule 4, paragraph 8 of the Payment Accounts Regulations 2015 (the 'PARs'),
 - by the operator of a switching service which has been designated as an alternative arrangement to comply with a PSR notice to provide information given under Schedule 4, paragraph 7 of the PARs, or
 - by a regulated person to comply with a qualifying requirement or a PSR direction given under Regulation 125(1) of the Payment Systems Regulations 2017 (the 'PSRs 2017').
- 13.c** The purpose of the EDC is to advance the fairness of the PSR's enforcement process by ensuring, in certain contested cases, separation between those who conduct investigations and those who decide whether a compliance failure has occurred and, if so, what sanction, if any, should be imposed. To this end:
- The EDC exercises decision-making powers on behalf of the PSR Board. The EDC is accountable to the Board in respect of its procedures and general arrangements, but this does not affect its independence in relation to its decisions.

- All EDC members, including the Chair and Deputy Chairs, are appointed for fixed periods by the Board. The Board may remove an EDC member only in the event of that member's misconduct or incapacity, or with the member's agreement.
- An EDC Panel is a three-person decision-making panel drawn from the pool of EDC members. An EDC Panel will be appointed to be the decision-makers each time the PSR considers that there is a compliance failure and that the compliance failure should be sanctioned. This means that there may be more than one EDC Panel in place at any one time. The EDC members and EDC Panels are separate from the PSR's executive management structure.
- The Decision-Making Committees Secretariat (the Secretariat) in the FCA's Corporate Governance Division shall provide administrative services to the EDC, EDC members and EDC Panels in accordance with the Protocol.
- The EDC is not involved in deciding which cases to investigate and only becomes involved in a case where the relevant division of the PSR considers that a compliance failure has occurred and recommends imposing a sanction.

Functions of the EDC Panels

13.d The functions of individual EDC Panels are:

- to consider whether the material on which a recommendation is based is adequate to support it and whether the action recommended is appropriate in all circumstances
- to consider representations made (whether written, oral or both) and any comments made by PSR staff, FCA staff (where appropriate) or others in respect of those representations
- to decide whether to give warning notices setting out the suspected compliance failure and, where a sanction is proposed, the nature of the proposed sanction, which can consist of a financial penalty in respect of the suspected compliance failure, publication of the details of the suspected compliance failure or both
- to decide whether to issue decision notices finding a compliance failure and, where a sanction is imposed, the nature of the sanction, which can consist of a financial penalty in respect of the compliance failure, publication of the details of the compliance failure or both
- where a financial penalty is imposed, to decide on the appropriate amount of any penalty, having regard to the applicable penalty principles in force at the time when the compliance failure occurred
- to take decisions associated with the matters which are within its scope

13.e EDC Panels do not take any of the following decisions:

- closing a case on grounds of administrative priority
- settling a case³

³ Settlement is the process whereby the PSR reaches an agreement with a regulated party on the issues in an enforcement case, specifically that there has been one or more compliance failures and the appropriate sanction, if any. An EDC member may act as a settlement decision-maker. Where they do, they will not be involved in any aspect of the case considered at a later stage by an EDC panel. The process is set out in the sections relating to settlement in the PSR's Powers and Procedures Guidance, the Guidance on the PSR's approach to monitoring

- applying to court for an injunction in accordance with section 75 of FSBRA

Operation of the EDC

- 13.f** The EDC will operate in accordance with the PSR's published guidance documents in particular, as applicable:
- the PSR's Objectives Guidance,
 - the PSR's Powers and Procedures Guidance (Chapter 5),
 - the Guidance on the PSR's approach to monitoring and enforcing compliance with the Interchange Fee Regulation (Chapter 6),
 - the Guidance on the PSR's approach as a competent authority for designation of alternative switching schemes under the Payment Account Regulations 2015 (Chapter 7),
 - the PSR's approach to monitoring and enforcing the revised Payment Services Directive (PSD2) (Annex 1),
 - the Revised Penalty Statement, and/or
 - any other relevant published guidance (together the 'PSR Published Guidance').
- 13.g** The PSR Published Guidance provides details in respect of the following matters:
- Appointment of EDC panels, EDC meetings and composition of panels
 - the EDC's general procedure
 - the EDC's procedure in relation to warning notices
 - the EDC's procedure in relation to representations
 - the EDC's procedure in relation to decision notices.
- 13.h** Where they are not specified in published guidance, the EDC will conduct itself in the manner and may adopt such procedures as the Panel Chair considers suitable and appropriate to enable the EDC to determine fairly and expeditiously any matters which EDC Panels are considering.
- 13.i** Each EDC member shall comply with the FCA and PSR Code of Conduct for Decision-Making Committee members ("the Code of Conduct"), including its confidentiality obligations and conflicts of interest principles and process. The Secretariat will record and document all disclosures of potential conflicts of interest and the steps taken to manage them.
- 13.j** Each EDC member must make him or herself reasonably available to attend training relevant to their role as an EDC member regardless of whether they are currently sitting on an EDC Panel.
- 13.k** EDC members can be a member of more than one EDC Panel at any one time.
- 13.l** If the EDC Panel thinks it appropriate, it may seek its own legal, technical, economic and/or other relevant expert advice from PSR staff unconnected to the case team. In cases where

and enforcing compliance with the Interchange Fee Regulation, the Guidance on the PSR's approach as a competent authority for designation of alternative switching schemes under the Payment Account Regulations 2015 and the PSR's approach to monitoring and enforcing the revised Payment Services Directive (PSD2).

the necessary additional expertise cannot be provided by PSR staff unconnected to the case team, the Panel Chair may, with the agreement of the PSR, seek expert advice from external sources.

- 13.m** Each member of the EDC Panel will have a vote in relation to the matters before it, including the Panel Chair. EDC Panels will make decisions by simple majority, but a decision need not indicate whether it was taken unanimously. In the event of a tie, the Chair shall have a casting vote.

Notice of meetings

- 13.n** The Secretariat will make the arrangements for each EDC and EDC Panel meeting, including confirming the availability of each EDC member.

Minutes of meetings

- 13.o** The Secretariat will make and retain appropriate records of the meetings held by EDC Panels and of the decisions taken by EDC Panels.

Resources

- 13.p** The EDC shall have access to sufficient resources in order to carry out its duties including, in particular, the Secretariat.

14 Terms of reference of the Competition Decisions Committee

Background and purpose

- 14.a** The Competition Act 1998 (Competition and Markets Authority's Rules) 2014 (CMA Rules) require separation between: (a) the person who oversees an investigation and decides to issue a notice setting out a proposed finding of infringement of the prohibitions contained in Chapter I or Chapter II of the Competition Act 1998 (CA98) and/or Article 101(1) or 102 of the Treaty on the Functioning of the European Union (the Statement of Objections), and (b) the person who decides whether any supplementary Statement of Objections is required, whether there has in fact been such an infringement (other than in settlement cases) or whether there are no grounds for action and whether to impose a penalty under the CMA Rules.
- 14.b** The Board of the Payment Systems Regulator (PSR) has authorised a pool of persons to be appointed to the Competition Decisions Committee (CDC) that can act as decision-makers in any particular CA98 investigation. In individual cases, a CDC Panel comprised of three CDC members will be appointed to exercise decision-making powers on behalf of the PSR in relation to:
- issuing a Supplementary Statement of Objections (if necessary).
 - issuing an infringement decision (or decision that there are no grounds for action).
 - determining whether to impose a penalty for an infringement of CA98; and/or
 - deciding whether to give directions when it has found an infringement of CA98.
- 14.c** A CDC Panel will be appointed each time the PSR has come to the provisional view that a conduct under investigation amounts to an infringement and has issued a Statement of Objections. This means that there may be more than one CDC Panel in place at any one time.
- 14.d** The CDC and CDC Panels are separate from the PSR's executive management structure. All members of the CDC are appointed for fixed periods by the Board. The Board may remove a member of the CDC, but only in the event of that member's misconduct or incapacity or with the member's agreement.
- 14.e** The FCA Corporate Services Decision-Making Committees Secretariat (Secretariat) shall provide administrative services to the CDC, CDC members and CDC Panels in accordance with the Protocol.

Duties of the CDC members

- 14.f** Each CDC member has agreed to comply with the Code of Conduct of the CDC.

14.g Each CDC member must make him or herself reasonably available to attend training in relation to CA98 regardless of whether they are currently sitting on a CDC Panel.

14.h CDC members can be a member of more than one CDC Panel at any one time.

Functions of the CDC Panel

14.i The CDC Panel's functions in a given case are:

- to decide whether to issue any supplementary Statement of Objections.
- based on its review of the facts and arguments presented, to decide whether to issue an infringement decision (other than in settlement cases) or 'no grounds for action' decision.
- to give notice of and decide on the appropriate level of any penalty for an infringement, having regard to the penalty guidance in force for the time being under s38 CA98, based on a proposal put forward by the case team; and
- if it has found an infringement of CA98, to decide whether to impose directions under s32 or s33 CA98.

14.j In exercising its functions, the CDC Panel will consider the Statement of Objections, the key documents on the case file, the written and/or oral representations of the party/parties (including attending the oral hearing, described below, or, where a member of a CDC Panel changes after the oral hearing, reviewing the transcript of the oral hearing), and any representations received from third parties on the Statement of Objections issued by the PSR.

14.k The CDC Panel does not take any of the following decisions:

- Closing a case on grounds of administrative priority (including if this decision is taken following the issuing of a Statement of Objections).
- Accepting commitments under s31A CA98.
- Issuing interim measures under s35 CA98.
- Settling a case (even if the case settles following the issuing of the Statement of Objections, including taking the infringement decision following any such settlement); and
- Imposing a penalty under s40A CA98 relating to failures of parties to comply with the PSR's information-gathering powers in CA98 investigations.

14.l The CDC Panel does not have a role in a case before the issuing of a Statement of Objections.

14.m In addition, it is the case team and PSR who are responsible for resolving any issues raised by parties relating to access to file and redaction of confidential information, both in relation to disclosure to addressee(s) of a Statement of Objections and in relation to the publication of any final infringement decision. Such issues are subject to parties' rights to raise complaints with the PSR's Procedural Officer.

Appointment of the CDC Panels

- 14.n** The CDC Panel in a given case is appointed by ExCo from the CDC members on recommendation from the Procedural Officer once the PSR has issued a Statement of Objections setting out its provisional finding of infringement against one or more parties.
- 14.o** The Procedural Officer shall report to the Board if his recommendation referred in 14 above is rejected by ExCo.
- 14.p** ExCo will designate one of the three appointed CDC panel members to be the Chair of that CDC Panel. The Chair will not have a casting vote.
- 14.q** Each CDC Panel will typically include at least one lawyer and one economist.

Conflicts of interest

- 14.r** Each member of the CDC shall comply with the rules and procedures laid down in the Code of Conduct in relation to conflicts of interest. The Secretariat will record and document information disclosed in relation to conflicts of interest and the steps taken to manage them.

Role and Procedures of the CDC

Duties of the CDC Panel in individual cases

- 14.s** The CDC Panel takes a decision based on all the relevant information available to it, including the views of PSR staff about the relative quality of the evidence. The CDC Panel will direct the case team in the drafting of any supplementary Statement of Objections, draft penalty statement, and/or infringement decision or 'no grounds for action' decision.
- 14.t** Before deciding whether to issue an infringement or 'no grounds for action' decision and/or to issue a draft penalty statement, the CDC Panel may ask the case team to:
 - provide a further explanation of the Statement of Objections or any aspect of any PSR staff recommendation (for example, in relation to penalties) or accompanying papers.
 - explain or provide any other additional information about the matter.
 - investigate any matter further; and/or
 - issue a supplementary Statement of Objections under its direction.
- 14.u** The CDC is accountable to the Board in respect of its general arrangements, but this does not affect its independence in relation to its decisions. In this context, the Chair of each CDC Panel will prepare an annual report on the work of that CDC Panel.

Case team and party liaison

- 14.v** The Chair of the CDC Panel in any particular case will be the main liaison point for the PSR case team.
- 14.w** The party or parties under investigation will not engage with the CDC directly; day-to-day contact will continue to take place through the case team (under the guidance of the Case Sponsor overseeing the investigation).

Legal, economic and technical input

- 14.x** The CDC will be advised by PSR case team and its legal, economic and technical advisers, though it may choose to obtain advice from a new adviser from within the PSR or externally if it feels that this is required in order to reach its final view on the decisions it has to take. In such a case, the Chair and the Case Sponsor will discuss what advice is being sought and the Case Sponsor will make appropriate PSR staff team available to the CDC Panel. Where external advice is sought, this will be agreed with and for by the PSR.

Oral hearings and report of the Procedural Officer

- 14.y** Addressee(s) of the Statement of Objections are invited to make oral submissions to the CDC Panel, but they are not obliged to do so. Any oral hearing will be chaired by the Procedural Officer, in accordance with the CA98 Rules.
- 14.z** The CDC Panel will indicate to the case team any matters it wishes to cover at the oral hearing and discuss other relevant issues with the case team (which could include considering a multi-party hearing or if interested third parties should be present).
- 14.aa** During the oral hearing, both the CDC Panel and PSR staff present may ask questions about the addressee's written representations or questions of clarification. There is no obligation on the addressee to respond, and it may respond to questions in writing after the hearing.
- 14.bb** Following the oral hearing, the Procedural Officer will report to the CDC Panel, indicating any procedural issues that have been brought to the attention of the Procedural Officer during the investigation and confirming whether the parties' right to be heard has been respected, including an assessment of the fairness of the procedure followed in the oral hearing.

Quorum

- 14.cc** The CDC Panel is composed of three CDC members, who are appointed to act as decision-makers in any particular case. At least two members must be present to form a quorum.
- 14.dd** Decisions require at least two members of the CDC Panel to be in agreement. Dissenting opinions will not be published.

Notice of Meetings

- 14.ee** The Secretariat shall make the arrangements for each meeting, including confirming the availability of each CDC member.
- 14.ff** Unless otherwise agreed, confirmation of the arrangements for each meeting shall be forwarded to each CDC member and any other relevant person as soon as practicable before the date of the meeting, together with the papers to be considered at the meeting.
- 14.gg** Attendance at meetings may be by telephone or similar facility. Decisions may also be taken in writing including email or other electronic means. The CDC Panel meets in private.

Minutes of Meetings

- 14.hh** The Secretariat will make and retain appropriate records of the decisions taken by the CDC and CDC Panels.

Resources

- 14.ii** The CDC shall have access to sufficient resources in order to carry out its duties including, in particular, the Secretariat.

15 Delegation of authority by the Managing Director

15.a The duties of directors under the *Companies Act 2006* apply to the Manager Director, see paragraph 3.c of this document.

15.b The Managing Director may exercise any function of the PSR except where:

- the function is a function reserved by FSBRA to the Board.
- the function is contained in the Schedule of Matters Reserved to the Board or the terms of reference of the committees of the Board, or
- it is considered by the Managing Director or any such committee with the appropriate delegated authority that the matter should be referred to the Board.

15.c The Managing Director may delegate authority (and, if they choose, the authority to make further delegations) to:

- a committee, sub-committee, officer or member of staff of the PSR
- an officer or member of staff of the FCA.

Committees established by the Managing Director

15.d The Managing Director has established certain standing committees to which they have delegated authority:

- **Executive Committee (ExCo)** is the PSR's most senior executive decision-making body and is responsible for maintaining oversight of strategy, regulatory and competition policy initiatives and projects within the PSR. The main role and purpose of ExCo is the development of PSR policy in relation to regulatory and competition issues.
- **Executive Committee (Organisational Leadership) (ExCo-OL)** is the PSR's senior executive decision-making body and is responsible for maintaining oversight of all operational, financial, and resourcing issues, HR policies, initiatives and projects within the PSR. It will escalate operational, financial and resourcing decisions to the PSR Board where appropriate.

Further delegation by committees established by the Managing Director

15.e Where functions vested in the Managing Director are exercisable by him/her through a committee, that committee may similarly delegate that authority to one or more individuals or PSR committees. However, any new delegation must provide for:

- decisions to be made at an appropriate level.
- a clear line of accountability to the Board.
- any person with authority to take a decision to be entitled instead to refer it to a person or committee which is more senior.
- appropriate procedures for decision making to be in place.

16 Board Charter

Background and context

- 16.a** On 12 March 2025, the Government announced its intention to consolidate the PSR and its functions primarily within the FCA. The Government will consult on the details of its proposal and will legislate as soon as possible once the consultation has concluded. There are no immediate changes to the PSR's remit or ongoing work programme in respect of this announcement, and the PSR continues to have access to its statutory powers until legislation is passed by Parliament to enact the agreed way forward.
- 16.b** The timetable for completing the consolidation is yet to be decided but is expected to take place towards the end of 2026.

Purpose Of This Document

- 16.c** Given the above context, the purpose of this charter is to provide a framework to guide the Board on what it does and how it does it, for the remainder of its remit.
- 16.d** Board members are individually and collectively responsible for abiding with the spirit of this charter.

Our Role (The What)

- 16.e** The PSR's main statutory functions are set out in sections 54 and 55 of FSBRA. The Board will continue to fulfil the PSR's duties while also promoting (i) competition; (ii) innovation and (iii) the interest of service users and having regard to the regulatory principles set out in law.
- 16.f** More specifically, the Board's main functions will continue to include the following:
- Review progress against PSR's updated strategy, which is aligned with the Government's National Payments Vision.
 - Oversee the discharge of PSR's annual plans and budget and ensure any corrective action is taken in a timely manner.
 - Ensure robust corporate governance; including maintaining a robust risk management and internal controls framework.
 - Continue to represent the PSR at relevant Committees (AuditCo, PeopleCo etc.), attend the Oversight Committee and run the RiskCo⁴.
- 16.g** Ensure there is a PSR Board in place to deliver against its responsibilities through to termination of the PSR (as set out in section 3). The quorum needed for business to be carried out is four directors.

⁴ When the risk function is assumed by the FCA Team, the governance for the PSR RiskCo will be reviewed.

16.h In addition to the activities listed above, the Board will work closely with the FCA (and other relevant institutions) and the PSR Executives, to ensure the orderly consolidation of the PSR's functions and its people. The PSR Board will also continue to support the Government as and when needed.

16.i The detail of the matters reserved for the PSR Board can be found in section 9.

Our Modus Operandi (The How)

16.j The PSR has entered a transition period which may be challenging for many in the PSR, where the Board will need to lead by example, reflecting the behaviours we expect from others.

16.k In practice, the Board will:

- Act in a way which aligns with the PSR's statutory duties and its remit letter to Government to support growth; while being mindful of the more complex context in which it is operating in (including the ongoing UK trade negotiations and its future consolidation into the FCA).
- At all times, act in accordance with the PSR values: Purpose, Unity, Engagement, Knowledge, Integrity.
- As individual board members; listen attentively, question and debate respectfully, and participate actively in meetings.
- Be supportive of the Executive team, while continuing to challenge them appropriately and respectfully.
- Continue to support engagement with PSR employees in a way which is complementary with the initiatives undertaken by the Executive team (for example, continue with the Board staff sessions following scheduled Board meetings). The Board will be led by the MD and Deputy MD as to the right opportunities for engagement with employees.
- Continue to support engagement with our external stakeholders including the Government, Bank of England (BoE), National Payments Vision Delivery Committee (NPVDC) and the wider payments ecosystem.
- Demonstrate collective responsibility, supporting decisions once they are made.

16.l To be effective in discharging its duties, the Board expects:

- Board agendas that enable focus on the right topics at the right level.
- To be updated in a timely manner on developments in respect of the PSR consolidation.
- Board members who prepare well, supported by timely and succinct papers that:
 - enable the Board to quickly understand the issues,
 - explain the Executive team's perspective,
 - provide assurance that management is effective and key deliverables are being met, and
 - highlight what is needed from the Board.
- Disciplined and timely capture and follow up of Board action points.

The Companies Act 1948 to 2006 Company
Limited by Shares

Articles of Association⁵ of the Payment Systems Regulator Limited

(Approved on 22 October 2015)

⁵ These Articles of Association should be read in conjunction with Schedule 4 to the Financial Services (Banking Reform) Act 2013 which governs the constitution of the Payment Systems Regulator.

Part 1: Introduction

1 Defined terms

1.1 In these Articles, unless the context requires otherwise:

Term or abbreviation	Description
Act	means the Companies Acts as defined in section 2 of the Companies Act 2006, in so far as they apply to the Company.
Address	means a physical address or, in relation to Electronic Form, any number of electronic mail address(es), which has been notified to the Secretary for the purpose of receiving and sending documents.
Authenticated Document	relates to the Directors' and/or Members' agreement to a resolution. Directors/Members can either sign a paper copy of the resolution or signify agreement to an electronic version. For the document to be valid it must originate from an Address agreed with the Company.
Company	means The Payment Systems Regulator Limited.
Board	means the governing body of the Company appointed pursuant to Schedule 4, paragraph 2 of the Financial Services (Banking Reform) Act 2013.
Chair	means the person who for the time being holds such office pursuant to Schedule 4, paragraph 2, sub-paragraph 2(a) of the Financial Services (Banking Reform) Act 2013.
Common Seal	means the common seal of the Company.
Conflict	means a situation in which a Director has or can have a direct or indirect interest that conflicts or possibly may conflict, with the interests of the Company.
Director	a person appointed to the Board pursuant to Schedule 4, paragraph 2 of the Financial Services (Banking Reform) Act 2013.
Document	includes, unless otherwise stated, any document sent or supplied in Electronic Form.
Electronic Form	has the meaning given in section 1168 of the Act.

Term or abbreviation	Description
Eligible Director	means a Director who would be entitled to vote on the matter at a meeting of directors (but excluding in relation to the authorisation of a Conflict pursuant to Article 8, any director whose vote is not to be counted in respect of the particular matter).
Eligible Member	means a Member who would have been entitled to vote on the resolution on the circulation date of the resolution (as defined in section 289 of the Act).
Member	means a shareholder of the Company.
Present or Present in Person	means any Member or Director who is present in person or deemed to be present by virtue of some other form of communication, for example, conference telephone or video link or similar communications equipment whereby all persons participating in the meeting communicate with each other.
Secretary	means any person appointed to perform the duties of the Secretary of the Company.
Treasury	means His Majesty's Treasury.
United Kingdom	means Great Britain and Northern Ireland.
Writing	means the representation or reproduction of words, symbols or other information in a visible form by any method or combination or methods, whether sent or supplied in Electronic Form or otherwise.

Unless the context otherwise requires, other words or expressions contained in these Articles shall bear the same meaning as in the Act as in force on the date when these Articles become binding.

2 Objects

2.1 The Company's objects are:

- a. to carry out any functions conferred on the Company by or under any provision of any European or United Kingdom legislation, as amended from time to time, and to carry out such other functions or exercise such powers as, from time to time, may be carried out or exercisable by the Company;
- b. to carry out any other function or exercise any other power as may, in the Company's view, assist or enable it to carry out the functions and powers referred to above or which the Company considers incidental, desirable or expedient.

3 Powers

3.1 In pursuance of the objects set out in Article 2, the Company has the power to:

- a. buy, lease or otherwise acquire and deal with any property real or personal and any rights or privileges of any kind over or in respect of any property real or personal and to improve, manage, develop.
- b. construct, repair, sell, lease, mortgage, charge, surrender or dispose of or otherwise deal with all or any part of such property and any and all rights of the Company.
- c. borrow and raise money in such manner as the Directors shall think fit and secure the repayment of any money borrowed, raised or owing by mortgage, charge, lien or other security on the Company's property and assets.
- d. invest and deal with the funds of the Company not immediately required for its operations in or upon such investments, securities or property as may be thought fit.
- e. subscribe for, take, buy or otherwise acquire, hold, sell, deal with and dispose of, place and underwrite shares, stocks, debentures, debenture stocks, bonds, obligations or securities issued or guaranteed by any government or authority in any part of the world.
- f. lend and advance money or give credit on such terms as may seem expedient and with or without security, to enter into guarantees, contracts of indemnity and suretyships of all kinds to receive money on deposit or loan upon such terms as the Company may approve and to secure or guarantee the payment of any sums of money or the performance of any obligation by any company, firm or person including any holding company or subsidiary.
- g. lobby, advertise, publish, educate, examine, research and survey in respect of all matters of law, regulation, economics, accounting, governance, politics and/or other issues and to hold meetings, events and other procedures and co-operate with or assist any other body or organisation in each case in such way or by such means as may, in the opinion of the Directors, affect or advance the principal object in any way.
- h. pay all or any expenses incurred in connection with the promotion, formation and incorporation of the Company and to contract with any person, firm or company to pay the same.
- i. enter into contracts to provide services to or on behalf of other bodies.
- j. provide and assist in the provision of money, materials or other help.
- k. open and operate bank accounts and other facilities for banking and draw, accept, endorse, issue or execute promissory notes, bills of exchange, cheques and other instruments.
- l. incorporate subsidiary companies to carry on any activity.
- m. do all such other lawful things as are incidental or conducive to the pursuit or to the attainment of any of the objects set out in Article 2.

4 Not for distribution

- 4.1** The income and property of the Company shall be applied solely in promoting the objects of the Company as set out in Article 2.
- 4.2** No dividends or bonus may be paid or capital otherwise returned to the Members, provided that nothing in these Articles shall prevent any payment in good faith by the Company of:
- a.** reasonable and proper remuneration to any Member, Director, officer or servant of the Company for any services rendered to the Company.
 - b.** reasonable out-of-pocket expenses properly incurred by any Director.

5 Winding up

- 5.1** On the winding-up or dissolution of the Company, any assets or property that remains available to be distributed or paid to the Members shall not be paid or distributed to such Members in their capacity as such but shall be transferred to another body (charitable or otherwise):
- a.** with objects similar to those of the Company; and
 - b.** which shall prohibit the distribution of its or their income to its or their members, such body to be determined by the Members at the time of winding-up or dissolution

6 Liability of Members

- 6.1** The liability of each Member is limited to the amount, if any, unpaid on the shares held by them.

Part 2: Directors and Secretary

7 Directors' terms of service

- 7.1** The terms of service of the Directors are to be determined by the Board subject to approval of the FCA and will be notified to the Directors by the Company Secretary.
- 7.2** The Directors may be paid all travelling, hotel and other expenses properly incurred by them in connection with their attendance at meetings of Directors or committees or general meetings of the Company or otherwise in connection with the discharge of their duties.

8 Directors' conflicts of interest

- 8.1** The Directors may, in accordance with the requirements set out in this Article, authorise any Conflict proposed to them by any Director which would, if not authorised, involve a Director (an Interested Director) breaching his duty under section 175 of the Act to avoid conflicts of interest.
- 8.2** Any authorisation under this Article 8 shall be effective only if:
- a. the matter in question shall have been proposed by any Director for consideration in the same way that any other matter may be proposed to the Directors under the provisions of these Articles or in such other manner as the Directors may determine.
 - b. any requirement as to the quorum for consideration of the relevant matter is met without counting the Interested Director; and
 - c. the matter was agreed to without the Interested Director voting or would have been agreed to if the Interested Director's vote had not been counted.
- 8.3** Any authorisation of a Conflict under this Article 8 may (whether at the time of giving the authorisation or subsequently):
- a. extend to any actual or potential conflict of interest which may reasonably be expected to arise out of the matter or situation so authorised.
 - b. provide that the Interested Director be excluded from the receipt of documents and information and the participation in discussions (whether at meetings of the Directors or otherwise) related to the Conflict.
 - c. provide that the Interested Director shall or shall not be entitled to vote in respect of any future decision of the Directors in relation to any resolution related to the Conflict.
 - d. impose upon the Interested Director such other terms for the purposes of dealing with the Conflict as the Directors think fit.
 - e. provide that, where the Interested Director obtains, or has obtained (through his involvement in the Conflict and otherwise than through his position as a Director of the Company) information that is confidential to a third party, he shall not be obliged to disclose that information to the Company, or to use it in relation to the Company's affairs where to do so would amount to a breach of that confidence; and
 - f. permit the Interested Director to absent himself from the discussion of matters relating to the Conflict at any meeting of the Directors and be excused from reviewing papers prepared by, or for, the Directors to the extent they relate to such matters.

- 8.4** Where the Directors authorise a Conflict, the Interested Director shall be obliged to conduct himself in accordance with any terms and conditions imposed by the Directors in relation to the Conflict.
- 8.5** The Directors may revoke or vary such authorisation at any time, but this shall not affect anything done by the Interested Director prior to such revocation or variation in accordance with the terms of such authorisation.
- 8.6** A Director is not required, by reason of being a Director (or because of the fiduciary relationship established by reason of being a Director), to account to the Company for any remuneration, profit or other benefit which he derives from or in connection with a relationship involving a Conflict which has been authorised by the Directors in accordance with these Articles or by the Company in general meeting (subject in each case to any terms, limits or conditions attaching to that authorisation) and no contract shall be liable to be avoided on such grounds.
- 8.7** Subject to sections 177(5) and 177(6) of the Act, a Director who is in any way, whether directly or indirectly, interested in a proposed transaction or arrangement with the Company shall declare the nature and extent of his interest to the other Directors before the Company enters into the transaction or arrangement in accordance with the Act.
- 8.8** Subject to sections 182(5) and 182(6) of the Act, a Director who is in any way, whether directly or indirectly, interested in a transaction or arrangement that has been entered into by the Company shall declare the nature and extent of his interest to the other Directors as soon as is reasonably practicable in accordance with the Act, unless the interest has already been declared under Article 8.7.
- 8.9** Subject, where applicable, to any terms and conditions imposed by the Directors in accordance with Article 8.4, and provided he has declared the nature and extent of his interest in accordance with the requirements of the Act, a Director who is in any way, whether directly or indirectly, interested in an existing or proposed transaction or arrangement with the Company:
- a. may be a party to, or otherwise interested in, any transaction or arrangement with the Company or in which the Company is otherwise (directly or indirectly) interested.
 - b. shall, subject to any other relevant restriction at law or under these Articles, be entitled to vote, for the purposes of any proposed decision of the Directors (or committee of Directors) in respect of such existing or proposed transaction or arrangement in which he is interested.
 - c. shall, subject to any other relevant restriction at law or under these Articles, be entitled to vote at a meeting of Directors (or of a committee of the Directors) or participate in any unanimous decision, in respect of such existing or proposed transaction or arrangement in which he is interested.
 - d. may act by himself or his firm in a professional capacity for the Company (otherwise than as auditor) and he or his firm shall be entitled to remuneration for professional services as if he were not a Director.
 - e. may be a Director or other officer of, or employed by, or a party to a transaction or arrangement with, or otherwise interested in, any body corporate in which the Company is otherwise (directly or indirectly) interested; and
 - f. shall not, save as he may otherwise agree, be accountable to the Company for any benefit which he (or a person connected with him (as defined in section 252 of the Act)) derives from any such transaction or arrangement or from any such office or employment or from any interest in any such body corporate and no such transaction or arrangement shall be liable to be avoided on the grounds of any such interest or

benefit nor shall the receipt of any such remuneration or other benefit constitute a breach of his duty under section 176 of the Act.

8.10 For the purposes of this Article 8:

- a. a general notice given to the Directors that a Director is to be regarded as having an interest of the nature and extent specified in the notice in any transaction or arrangement in which a specified person or class of persons is interested shall be deemed to be a disclosure that the Director has an interest in any such transaction of the nature and extent so specified; and
- b. an interest of which a Director has no knowledge and of which it is unreasonable to expect him to have knowledge shall not be treated as an interest of his.

Powers and Duties of the Directors

9 Exercise of powers and validity of Directors' acts

- 9.1 Subject to the provisions of the Act, the Financial Services (Banking Reform) Act 2013, other applicable legislation, and these Articles the activities of the Company shall be managed by the Directors who may exercise all powers of the Company as they see fit. No alteration of these Articles shall invalidate any prior act of the Directors which would have been valid if that alteration had not been made. Any defect in appointments shall not affect the validity of any act of the Board, of any member of the Board or of any committee of the Board or of the Company itself.
- 9.2 All acts done by any meeting of the Directors or of any committee, or by any person acting as a Director, shall, notwithstanding that it be afterwards discovered that there was some defect in any appointment relevant thereto or that any person was disqualified from acting in any capacity, or had vacated office or was not entitled to vote, shall be as valid as if all relevant appointments had been duly made and any such person was qualified and had continued as a Director and had been entitled to vote.
- 9.3 The Directors may act notwithstanding any vacancy in their body.

10 Delegation of function and powers

- 10.1 The Directors shall themselves perform any function and exercise any power of the Company which is required by law to be performed or exercised by them. Where any function or power of the Company is not required by law to be so performed or exercised, the Directors may delegate its performance or exercise to committees or sub-committees, consisting of such member or members (whether or not of their body) as they think fit or such persons as may be prescribed for the purpose, to any officer or servant of the Company or to any other body or person who is able and willing to perform the function or exercise the power. Any committee or sub-committee so formed, and any other delegate, shall, in the discharge of the functions and in the exercise of the powers so delegated,

comply with any written requirements that may be imposed, whether generally or specifically, by the Directors.

- 10.2** The Directors may revoke any delegation in whole or part, or alter its terms and conditions at any time.

Decision making by Directors

11 Proceedings of Directors

- 11.1** The Directors may meet together for the despatch of business, adjourn, and otherwise regulate their meetings and proceedings, as they think fit.

12 Records of decisions to be kept

- 12.1** The Directors must ensure that the Company keeps a record, in Writing, for at least ten years from the date of the decision recorded, of all resolutions, decisions and proceedings at all meetings of the Company, and of the Directors, and of committees. Such record shall include the names of the persons Present at each meeting.

13 Chair

- 13.1** The Chair shall preside as chair at every meeting of the Board. In the event that the Chair, or failing him a person nominated by him, is not Present or is unwilling to act within fifteen minutes after the time appointed for the holding of the meeting, the Directors Present shall elect one of the non-executive Directors Present to be chair of the meeting.

14 Unanimous decisions

- 14.1** A decision of the Directors is taken in accordance with this Article when all Eligible Directors indicate to each other by any means that they share a common view on a matter.
- 14.2** Such a decision may take the form of a resolution in Writing, where each Eligible Director has signed one or more copies of it, or to which each Eligible Director has otherwise indicated agreement in Writing.
- 14.3** A decision may not be taken in accordance with this Article if the Eligible Directors would not have formed a quorum at such a meeting.

15 Casting vote

- 15.1** If the number of votes for and against a proposal are equal, the Chair or other Director chairing the meeting has a casting vote.

- 15.2** Article 15.1 shall not apply in respect of a particular meeting (or part of a meeting) if, in accordance with the Articles, the Chair or other Director is not an Eligible Director for the purposes of that meeting (or part of a meeting).

16 Calling a meeting of Directors

- 16.1** A Director may, and the Secretary on the requisition of a Director shall, at any time summon a meeting of the Directors.
- 16.2** Notice of any Directors' meeting must indicate:
- a. its proposed date and time.
 - b. where it is to take place; and
 - c. if it is anticipated that Directors participating in the meeting will not be in the same place, how it is proposed that they should communicate with each other during the meeting.
- 16.3** Notice of a Directors' meeting must be given to each Director but this notice need not be in writing.
- 16.4** It shall not be necessary to give notice of a meeting to a Director who is absent from the United Kingdom.

17 Quorum for Directors' meetings

- 17.1** The quorum necessary for the transaction of the business of the Directors may be fixed by the Directors, and unless so fixed shall be four Eligible Directors; and
- 17.2** The quorum for meetings of committees of the Board may be fixed by the Directors, and unless so fixed shall be three Eligible Directors.

18 Participation and presence at meetings

- 18.1** Directors are deemed to be participating in any meeting of the Directors or any committee thereof as long as they are Present in Person.

19 Committee proceedings

- 19.1** Except where a chair is appointed, a committee may elect a chair of its meetings. If no such chair is appointed or elected, or if at any meeting the chair (or any deputy) is not Present within five minutes after the time appointed for holding the same, the members Present may choose one of their number to be chair of the meeting.
- 19.2** Aside from Article 19.1, committees to which the directors delegate any of their powers must follow procedures which are based as far as they are applicable on those provisions of the articles which govern the taking of decisions by directors.
- 19.3** The Directors may make rules of procedure for all or any committees, which prevail over rules derived from the articles if they are not consistent with them.

20 Directors' written resolutions

- 20.1** Any Director may propose a Directors' written resolution.
- 20.2** The Secretary must propose a Directors' written resolution if a Director so requests.
- 20.3** A Directors' written resolution is proposed by giving notice of the proposed resolution to the Directors.
- 20.4** Notice of a proposed Directors' written resolution must indicate:
- a. the proposed resolution, and
 - b. the time by which it is proposed that the Directors should adopt it.
- 20.5** To be valid, a proposed Directors' written resolution must be given to all persons entitled to receive notice of a meeting of the Directors or a committee, either by means of oral communication (such as telephone) or in Writing to an agreed Address.
- 20.6** Any decision which a person giving notice of a proposed Directors' written resolution takes regarding the process of adopting that resolution must be taken reasonably in good faith.
- 20.7** A proposed Directors' written resolution is adopted when a response to the proposed written resolution by Authenticated Document which identifies the resolution to which it relates and signifies unambiguous agreement to the terms of the resolution has been received by the Secretary from Directors entitled to vote comprising a simple majority and constituting a quorum.
- 20.8** The Directors' written resolution shall be as valid and effectual as if it had been passed at a meeting of Directors or of a committee duly convened and held.
- 20.9** All written resolutions shall be noted at the next meeting of the Directors where the decision and any comments will be formally recorded in the minutes.
- 20.10** In Articles 7 to 10, 12, 17 to 20 and 29, "committee" includes "sub-committee".

Secretary

21 Appointment and termination of the appointment of the Secretary

- 21.1** There shall be a Secretary who shall be appointed by the Directors for such term, at such remuneration and upon such conditions as they may think fit; and any Secretary so appointed may be removed by the Board at a meeting of the Directors duly convened in accordance with these Articles and any such appointment may not be made or terminated by any committee of the Board. The Secretary may also be an executive officer or Director of the Company.

22 Validity of acts done by one person acting as both Director and Secretary

- 22.1** A provision of the Act or these Articles requiring or authorising a thing to be done by or to a Director and the Secretary shall not be satisfied by its being done by or to the same person acting both as Director and as, or in place of, the Secretary.

Part 3: Members

23 Arrangements for shareholders and general meetings

- 23.1** The arrangements in the model articles shall apply, subject to the provisions of articles 4, 5 and 6.

24 Company resolutions in writing

- 24.1** A written resolution may be passed to resolve any business which could have been passed by the Company in a general meeting.
- 24.2** The Secretary of the Company must send the written resolution to every Eligible Member to the Address provided by the Member. The resolution must be accompanied by:
- a.** a statement informing the Member how to signify agreement to the resolution; and
 - b.** the date by which the resolution must be passed.
- 24.3** A Member signifies his agreement to the proposed written resolution when the Company receives an Authenticated Document, identifying the resolution to which it relates and indicating unambiguous agreement to the resolution.
- 24.4** A written resolution is deemed as passed when the required majority of Eligible Members have signified approval in Writing and shall be as valid and effective as if the same had been passed at a general meeting of the Company duly convened and held.

Part 4: Administrative arrangements

25 Cheques, notes and receipts etc

- 25.1** All cheques, promissory notes, drafts, bills of exchange and other negotiable instruments, and all receipts for moneys paid to the Company, shall be signed, drawn, accepted, endorsed, or otherwise executed, as the case may be, in such manner as the Directors shall from time to time by resolution determine.

26 Accounting records

- 26.1** The Directors shall cause accounting records to be kept in accordance with the Act and any requirement or direction given by the Treasury under Schedule 4, paragraph 7 of the Financial Services (Banking Reform) Act 2013.
- 26.2** The books of account shall be kept at the registered office of the Company, or, subject to the Act and any requirement or direction given by the Treasury under Schedule 4, paragraph 7 of the Financial Services (Banking Reform) Act 2013, at such other place or places as the Directors think fit, and shall always be open to the inspection of the Directors.

27 Methods of communication to be used

- 27.1** Subject to the Articles, anything sent or supplied by or to the Company under the Articles may be sent or supplied in any way in which the Act provides for Documents or information which are authorised or required by any provision of the Act to be sent or supplied by or to the Company.
- 27.2** Subject to the Articles, any notice or Document to be sent or supplied to a Director in connection with the taking of decisions by Directors may also be sent or supplied by the means by which that Director has asked to be sent or supplied with such notices or Documents for the time being.
- 27.3** A Director may agree with the Company that notices or Documents sent to that Director in a particular way are to be deemed to have been received within a specified time of their being sent, and for the specified time to be less than that set out in these Articles.

28 Deemed Delivery of Documents

- 28.1** This Article applies to Directors and Members where the Company has sent information to an Address.
- 28.2** Where notices, documents or information are sent by post to an Address in the United Kingdom, and the Company is able to show that it was properly addressed, prepaid and posted, it is deemed to have been received by the intended recipient 48 hours after it was posted.

- 28.3** Where notices, documents or information are sent or supplied in Electronic Form, and the Company is able to show that it was properly addressed, it is deemed to have been received by the intended recipient 3 hours after it was sent.
- 28.4** Where notices, documents or information are sent or supplied by means of a website, secure portal, or through access to the Company's systems it is deemed to have been received by the intended recipient:
- a. when the material was first made available on the website, secure portal, or Company system; or
 - b. if later, when the recipient received (or is deemed to have received) notice of the fact that the material was available on the website, secure portal or Company's system.

29. The Common Seal

- 29.1** The Directors shall provide for the safe custody of the Common Seal, which shall only be used by the Company of the Directors or of a committee authorised by the Directors. The Directors may decide by what means and in what form any common seal is to be used. The Directors may determine who shall sign any instrument or class of instruments to which the Common Seal is or shall be affixed and unless otherwise so determined any such instrument or class of instruments shall be signed by a Director and shall be countersigned by the Secretary, or by a second Director.

30. Notices

- 30.1** Notice of general meetings given to or by any person pursuant to the Articles shall be in Writing.
- 30.2** Any notice given to or by any person pursuant to the Articles in Writing shall be to an Address for the time being notified for that purpose to the person giving the notice.
- 30.3** The Company may give any notice to a Member either personally or by sending it by post in a prepaid envelope addressed to the member at his registered address or by leaving it at that address or by giving it in Electronic Form to an address for the time being notified to the Company by the Member. A Member whose registered address is not within the United Kingdom and who gives to the Company an address within the United Kingdom at which notices may be given to him, or an address to which notices may be sent in Electronic Form, shall be entitled to have notices given to him at that address, but otherwise no such member shall be entitled to receive any notice from the Company.
- 30.4** A Director or Member Present at any meeting of the Company shall be deemed to have received notice of the meeting and, where requisite, of the purposes for which it was called.

31. Indemnity

- 31.1** Subject to Article 31.2, but without prejudice to any indemnity to which a relevant Director or other officer is otherwise entitled:
- a. each relevant Director or officer shall be indemnified out of the Company's assets against all costs, charges, losses, expenses and liabilities incurred by him as a relevant Director or officer in the actual or purported execution and/or discharge of his duties, or in relation to them including any liability incurred by him in defending any civil or criminal proceedings, in which judgment is given in his favour or in which he is acquitted or the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in connection with any application in which the court grants him, in his capacity as a relevant Director or other officer, relief from liability for negligence, default, breach of duty or breach of trust in relation to the company's affairs; and
 - b. the Company may provide any relevant Director or other officer with funds to meet expenditure incurred or to be incurred by him in connection with any proceedings or application referred to in article 31.1 and otherwise may take any action to enable any such relevant officer to avoid incurring such expenditure.
- 31.2** This article does not authorise any indemnity to the extent that such indemnity would be prohibited or rendered void by any provision of the Companies Acts or by any other provision of law and any such indemnity is limited accordingly.
- 31.3** The Directors may decide to purchase and maintain insurance, at the expense of the company, for the benefit of any relevant Director or officer in respect of any relevant loss.
- 31.4** In this article:
- a. a "relevant loss" means any loss or liability which has been or may be incurred by a relevant officer in connection with that relevant officer's duties or powers in relation to the Company or any pension fund of the Company; and
 - b. a "relevant Director or other officer" means any current or former Director, or Secretary or other officer of the Company and such other persons as the Company may from time to time determine.

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