

Draft Specific Direction [XX]

Mastercard and Visa Regulatory Financial Reporting

[Month] 2026

Draft Specific Direction [XX]: Mastercard and Visa Regulatory Financial Reporting

1 Recitals

Whereas:

- 1.1** The PSR formally launched its scheme and processing fees market review in October 2022. In its Final Report, published in March 2025 (the Final Report), the PSR concluded that:
- Mastercard and Visa are subject to ineffective competitive constraints on the acquiring side of the market, which is unlikely to change in the short to medium term.
 - Mastercard and Visa do not give acquirers sufficiently clear and detailed information about their fees, which creates poor outcomes for acquirers and merchants.
 - Fees have risen substantially in recent years, with no clear evidence that new fees are set on the basis of detailed cost analysis, competition or innovation. We have found some evidence that is consistent with a finding that Mastercard's and Visa's margins are higher than would be expected in competitive markets. However, in view of the limitations of the data available, we did not consider that we could reach firm conclusions on the schemes' UK profitability.¹
- 1.2** For the reasons set out in the Final Report and the [Decision] published alongside this RFR Direction, the PSR has decided to introduce a *Regulatory Financial Reporting* (RFR) remedy, the purpose of which is to gather information that would enable the PSR to make a robust assessment of the schemes' UK profitability in their respective card businesses.
- 1.3** In developing the RFR remedy, the PSR has engaged extensively with Mastercard and Visa, as well as other stakeholders, including acquirers, merchants and merchant associations.
- 1.4** The RFR Direction requires Mastercard and Visa each to prepare and provide annually specified financial statements and information to the PSR.

¹ MR22/1.10, *Market review of card scheme and processing fees: Final Report* (March 2025), paragraph 8.9.

2 Powers exercised and purpose

- 2.1** The Mastercard Payment System and Visa Europe Payment System are each designated by the Treasury as Regulated Payment Systems under section 43 FSBRA for the purposes of Part 5 of FSBRA.
- 2.2** Mastercard is the Operator of the Mastercard Payment System and has responsibility for managing and operating it. Visa is the Operator of the Visa Europe Payment System and has responsibility for managing and operating it.
- 2.3** The PSR gives this specific direction in accordance with section 54(1) and (2) of FSBRA. In accordance with section 54(3)(c), this direction applies to specified persons.
- 2.4** In making its decision to use its section 54 FSBRA powers, the PSR had regard to section 62 of FSBRA (duty to consider exercise of powers under the Competition Act 1998).
- 2.5** The PSR gives this direction in order to specify the financial statements and information to be prepared and provided by each Directed Operator to the PSR, including how the outputs must be produced and prepared, and independently audited.

Direction

NOW the PSR gives the following RFR Direction to Mastercard and Visa (each a Directed Operator):

3 General obligations

Compliance with the RFR Direction and the Guidelines

3.1 Each Directed Operator must comply with this RFR Direction and the Regulatory Accounting Guidelines (Guidelines), which form part of the RFR Direction. Unless the context expressly requires otherwise:

- a. all references to the RFR Direction should be understood as including the Guidelines; and
- b. all references to the Guidelines should be understood as including the RFR Direction.

Requirements for financial statements

3.2 Each Directed Operator must prepare and provide to the PSR the following financial statements and information for each Financial Year specified in paragraph 3.3 (together the Regulatory Financial Statements or RFS):

- a. a statement of profit and loss of its UK Card Operations (UK Card Operations P&L Statement);
- b. a statement of revenues and Direct Costs of its UK Card Operations, disaggregated by customer type (e.g. issuer and acquirer) (UK Card Operations R&DC Statement);
- c. a statement of disaggregated revenues by product, service and customer type (e.g. issuer and acquirer) of its UK Card Operations (Disaggregated UK Card Operations Revenue Statement);
- d. a statement setting out certain information relating to Contextual Factors, in relation to its UK Card Operations as specified in the Guidelines (Contextual Factors Statement);
- e. if not provided as part of the UK Card Operations P&L Statement, supplementary financial performance information in relation to its UK Card Operations as specified in the Guidelines (Supplementary Financial Performance Information Schedule);
- f. a narrative summary giving an explanation of the financial performance for the Year, as well as key year-on-year changes in the RFS (the Financial Review);

- g. a statement setting out the basis of accounting, accounting policies used, reconciliation in accordance with paragraph 3.7 of this RFR Direction, changes made compared to prior Year and associated restatements (including correction of errors), non-compliance with Appropriate Accounting Standards; and any other information that will enable users to properly understand the RFS (the Explanation Statement); and
- h. where applicable, a statement setting out the nature of any conflict between Regulatory Accounting Principles identified pursuant to paragraph 4.3 of the RFR Direction and the manner in which that conflict has been resolved (Conflict Resolution Statement).

3.3 Each Directed Operator must prepare and provide to the PSR the RFS for:

- a. the Financial Years ending in 2023 to 2026 (the Initial Reporting Period); and
- b. in respect of each Financial Year thereafter (the Continuing Reporting Period).

3.4 Each Directed Operator must prepare the RFS in accordance with the requirements of this RFR Direction applying the accounting standards and methodologies specified in the Guidelines and, where applicable, by using the pro forma worksheets and templates (RFS Templates) corresponding to the statement or information in question prescribed by the PSR in the Guidelines.

Requirements relating to the AMD and RFS Model

3.5 Each Directed Operator must prepare, maintain and provide to the PSR:

- a. the Accounting Methodology Document (or AMD); and
- b. the RFS Model.

3.6 The RFS Model must be sufficiently transparent such that it is possible to review all key steps² (including intermediate steps and calculations) performed in implementing the attribution methodology in the RFS for revenues and costs.

Requirements relating to reconciliation and Comparative Figures

3.7 Each Directed Operator must reconcile the RFS (subject to the requirements specified in the Guidelines) either to:

- a. the Form 10-K of the Ultimate Parent; or
- b. a suitable alternative within its Corporate Group, subject to the written consent of the PSR.

² All steps that are relevant to assessing compliance with the requirements of the RFR Direction.

- 3.8** Each Directed Operator's draft and final versions of the AMD, RFS Model and RFS for the Continuing Reporting Period must include Comparative Figures for the previous Financial Year.
- 3.9** Comparative Figures for the Initial Reporting Period must be prepared in accordance with the requirements of paragraphs 3.10 to 3.11.

Requirements relating to production of the draft and final AMD, RFS Model and RFS

- 3.10** In respect of the Initial Reporting Period, each Directed Operator must prepare and provide to the PSR:
- a. draft versions of: (i) the AMD and (ii) RFS Model, in respect of the 2025 Financial Year by a date to be specified in writing by the PSR no earlier than four Months after the Commencement Date;
 - b. draft versions of: (i) the AMD, (ii) the RFS Model, and (iii) the RFS, in respect of the 2026 Financial Year by a date to be specified in writing by the PSR no earlier than seven Months after the Commencement Date. These draft versions of the AMD, RFS Model and RFS must include Comparative Figures for the 2023, 2024 and 2025 Financial Years; and
 - c. final versions of: (i) the AMD, (ii) the RFS Model, and (iii) the RFS, in respect of the 2026 Financial Year by a date to be specified in writing by the PSR no earlier than nine Months after the Commencement Date. These final versions of the AMD, RFS Model and RFS must include Comparative Figures for the 2023, 2024 and 2025 Financial Years.
- 3.11** In respect of the Initial Reporting Period, each Directed Operator must, if required to do so by the PSR, prepare and provide to the PSR:
- a. draft versions of the AMD and RFS Model in respect of the 2026 Financial Year (both to include Comparative Figures for the 2025 Financial Year) by a date to be specified in writing by the PSR no earlier than six Months after the Commencement Date; and/or
 - b. a draft version of the RFS in respect of the 2025 Financial Year (including Comparative Figures for the 2024 and 2023 Financial Years) by a date to be specified in writing by the PSR no earlier than six Months after the Commencement Date.
- 3.12** In respect of the Continuing Reporting Period, each Directed Operator must, on an annual basis for each Financial Year, prepare and provide to the PSR (i) the AMD, (ii) the RFS Model, and (iii) the RFS as follows:
- a. in draft versions by a date to be specified in writing by the PSR no earlier than three Months after the Financial Year ends, and
 - b. in final versions by a date to be specified in writing by the PSR no earlier than six Months after the Financial Year ends.

- 3.13** The PSR may, upon review of draft versions of the AMD, RFS Model or RFS, determine that they are or may not be compliant with this RFR Direction. Each Directed Operator must engage openly and constructively with the PSR in relation to feedback or instructions it provides on how to address such issues. Each Directed Operator must comply with instructions provided by the PSR in writing to the extent necessary to ensure compliance with the RFR Direction. The PSR's written instructions will specify:
- a. the reasons why the PSR considers the draft version(s) are or may not be compliant with the RFR Direction;
 - b. the steps that it requires the Directed Operator to take to make the draft(s) compliant with the RFR Direction. Such steps may include, without limitation, submission of a further draft or drafts; and
 - c. the date(s) by which the Directed Operator is required to comply with the PSR's written instructions.

Requirements relating to material changes

- 3.14** Each Directed Operator must engage openly and constructively with the PSR regarding, and is required to provide advance notice prior to, any material changes being made to the preparation (or basis for preparation of) of its RFS Model, RFS and/or AMD. For the purposes of this obligation:
- a. a "material change" is to be determined in accordance with the Regulatory Accounting Principles, and
 - b. "advance notice" means a minimum of one Month.

Requirements for approval of the RFS

- 3.15** Each Directed Operator must secure the approval of the final versions of the RFS required pursuant to paragraphs 3.10c and 3.12b. The RFS must be approved by either:
- a. the board of directors of its Relevant Parent or Ultimate Parent (the Board); or
 - b. subject to the PSR's agreement and the requirements of paragraph 3.16, each Directed Operator may appoint an appropriately senior employee (either holding a position referred to in paragraph 1.1 (a) or (b) of Schedule 1 or another suitable employee agreed with the PSR pursuant to Schedule 1) to approve, and sign the RFS in compliance of the requirements in paragraph 3.15 of this RFR Direction. This person is referred to in this RFR Direction as 'Executive Manager'.

- 3.16** Each Directed Operator must ensure that an Executive Manager appointed pursuant to paragraph 3.16(b):
- a. is approved by the Board;
 - b. is provided with appropriate resources to discharge their responsibilities, including as may reasonably require such internal and external support to ensure that the Executive Manager’s scrutiny and approval of the RFS is sufficiently rigorous; and
 - c. is subject to appropriate oversight from its Audit Committee (or Board), details of which must be set out in a written statement that is provided together with the final versions of the RFS provided to the PSR. This must include details of at least one meeting with the Audit Committee (or Board) for each calendar year or Financial Year from the Executive Manager’s appointment.
- 3.17** Each Directed Operator must provide, together with the RFS, a written statement setting out the basis of preparation of the RFS and confirming the approval of the RFS pursuant to paragraph 3.15 (the RFS Approval Statement). The RFS Approval Statement must be signed by:
- a. a director for and on behalf of the Board; or
 - b. the Executive Manager.

Requirements for correction of errors and restatements

- 3.18** Each Directed Operator has responsibility for correcting errors in the RFS and information provided pursuant to this RFR Direction. Where a Directed Operator identifies or becomes aware of errors in the RFS, it is required to correct them using the process specified in the Guidelines (paragraphs 3.60 to 3.62).

4 Regulatory Accounting Principles

4.1 Each Directed Operator must ensure that information required by or under this RFR Direction (including the RFS, RFS Model and AMD) complies with the Regulatory Accounting Principles set out in paragraph 4.2.

4.2 The Regulatory Accounting Principles are:

Principles	Description
a. Completeness	Each Directed Operator's RFS must encompass all relevant revenues and costs (the scope of which is determined by the Regulatory Accounting Guidelines) that relate to its UK Business, including any activities relating to the UK Business that are carried out overseas.
b. Accuracy	The RFS must maintain an adequate degree of accuracy, such that the information included in the RFS is free from significant errors (i.e., so that it is an appropriate and meaningful reflection of the economic benefits that the Directed Operators derive from their UK Card Operations).
c. Objectivity	Each element of the RFS, so far as is possible, must take account of all the available financial and operational data that is relevant to that element.
d. Causality	The RFS must ensure that revenues and costs are allocated and attributed in accordance with the activities which cause the revenues to be earned, or costs to be incurred, respectively.
e. Consistency	The RFR Direction and the AMD must be applied consistently to all parts of the RFS relating to the same period and the comparative period.
f. Compliance with accounting standards	All revenues and costs must be measured in accordance with accounting standards used for the preparation of the Directed Operator's published group financial statements unless stated or otherwise set out in the RFR Direction or as the PSR may otherwise require, consent or recommend.
g. Materiality	The Regulatory Accounting Principles must be applied to all material items of revenue and costs or material changes in those items. An item is material if its omission, misstatement or obscurity could reasonably be expected to influence decisions made by the PSR as the primary user of the RFS.

4.3 Where it appears to a Directed Operator that any of these requirements conflict with each other in a particular case, that Directed Operator must secure that the conflict is resolved as follows:

- a. Where the requirements of any of the Regulatory Accounting Principles conflict with each other, the Directed Operator must give priority to them in the order in which they are set out in paragraph 4.2 (starting with compliance with the Regulatory Accounting Principle concerning completeness, which must have the highest priority, and so on).
- b. Subject to (c) below, where the requirements of any of the Regulatory Accounting Principles set out in paragraph 4.2 conflict with other specific requirements as the PSR may specify in the Guidelines and the other parts of the RFR Direction (including by exemption pursuant to Section 10 of this RFR Direction), the Directed Operator must give priority to the latter specific requirements.
- c. Where the Materiality Principle conflicts with other specific requirements as the PSR may direct or specify from time to time (including in the Guidelines and the other parts of the RFR Direction), the Directed Operator must give priority to the former (i.e. the Regulatory Accounting Principle). The only exception to giving such priority to paragraph 4.2(g) is in relation to the identification of material changes for the purpose of complying with the requirements set out in paragraph 3.14, in respect of which the Directed Operator must give priority to such other specific requirements as the PSR may provide from time to time (including in the Guidelines and the other parts of this RFR Direction).

5 Audit requirements

Requirement to appoint a Regulatory Auditor

- 5.1** Each Directed Operator must appoint an Independent Auditor or, where relevant, an Alternative Independent Auditor in accordance with the requirements of this RFR Direction. The Independent Auditor and Alternative Independent Auditor shall be both referred to as 'Regulatory Auditor'.
- 5.2** Each Directed Operator must not appoint as Regulatory Auditor a person who is disqualified from acting as an Auditor.
- 5.3** Each Directed Operator must take reasonable steps to ensure the Regulatory Auditor is independent of the Directed Operator, taking into consideration any ethical guidance in current issue from the Regulatory Auditor's recognised supervisory body.
- 5.4** Each Directed Operator must satisfy itself on an ongoing basis that the Regulatory Auditor has taken reasonable steps to ensure that it is free from any conflicts of interest (including an apparent or perceived conflict of interest).
- 5.5** Each Directed Operator must require the Regulatory Auditor to perform its audit in accordance with UK auditing standards, including ISA 800 (UK) which concerns the audit of special purpose financial statements.

- 5.6** Each Director Operator must, at all times, cooperate with its Regulatory Auditor in the discharge of its duties, including its duties under this RFR Direction and its professional obligations.
- 5.7** Each Directed Operator must provide the Regulatory Auditor with such access to its accounts and records as the Regulatory Auditor reasonably requires pursuant to the requirements of this RFR Direction.
- 5.8** Each Directed Operator must ensure that its Regulatory Auditor enters into a Regulator's Notice with the PSR. The Regulator's Notice shall state that the Regulatory Auditor accepts responsibility to the PSR in respect of its audit of the RFS, subject to a capped limitation on its liabilities and a disclaimer of rights to third parties.

Requirement to remunerate the Regulatory Auditor

- 5.9** Each Directed Operator must remunerate the Regulatory Auditor and meet its costs for such matters connected to its compliance with this RFR Direction.

Requirement to obtain an Independent Audit Report

- 5.10** Each Directed Operator must obtain from the Regulatory Auditor an Independent Audit Report.
- 5.11** The Independent Audit Report must include an Independent Audit Opinion in respect of the RFS required by this RFR Direction. The Independent Audit Opinion:
- a. must be jointly addressed to the PSR and to the directors of its Relevant Parent or Ultimate Parent, and
 - b. must confirm whether, in the Regulatory Auditor's opinion, the RFS have been properly prepared in accordance (PPIA) with:
 - the RFR Direction (including any exemptions agreed from time to time pursuant to Section 10 of this RFR Direction),
 - the Guidelines, and
 - the AMD.
- 5.12** The Regulatory Auditor is required to confirm in the Independent Audit Opinion whether:
- a. the previous Year figures adjusted for the material errors and any other restatements required under paragraph 3.2g of this RFR Direction have been properly prepared in accordance with the RFR Direction, the Guidelines, and the AMD;
 - b. the reconciliation within the Explanation Statement in accordance with paragraphs 3.2g and 3.3 of this RFR Direction has been properly prepared in accordance with the RFR Direction, the Guidelines, and the AMD.

- 5.13** The Regulatory Auditor may prepare a Management Letter which does not need to be provided to the PSR unless relevant to the Independent Audit Opinion provided pursuant to paragraph 5.11 of this RFR Direction.
- 5.14** Each Directed Operator must provide the Independent Audit Report to the PSR by a date to be specified by the PSR, which must not be earlier than the date specified for submission of the final version of the RFS pursuant to paragraphs 3.10c and 3.12b of this RFR Direction.

Requirement to notify the PSR about the appointed Regulatory Auditor

- 5.15** Within one Month of the Commencement Date, each Directed Operator must notify the PSR in writing of:
- a. the identity of the Regulatory Auditor;
 - b. confirmation that the terms of engagement or proposed terms of engagement include:
 - 1. the acceptance by the Regulatory Auditor of duties and responsibilities to the PSR in respect of its audit work, independent audit opinions and audit reports as set out in this RFR Direction, and as are consistent with the ICAEW Guidance;
 - 2. confirmation of the Regulatory Auditor's willingness to act on those terms and conditions; and
 - 3. confirmation of the Regulatory Auditor's willingness to enter into discussions with the PSR regarding a Regulator's Notice.

Requirement to appoint an Alternative Independent Auditor

- 5.16** Each Directed Operator must notify the PSR, without delay, when its Independent Auditor terminates or gives notice to terminate its appointment.
- 5.17** The Directed Operator must appoint an Alternative Independent Auditor in the event that:
- a. an Independent Auditor, after being duly appointed in accordance with this RFR Direction, is no longer able to perform its role, or
 - b. a Directed Operator determines it is otherwise not suitable for an Independent Auditor appointed pursuant to this RFR Direction to continue in its role.

- 5.18** In the event that the Independent Auditor appointed by a Directed Operator is in the opinion of the PSR unsatisfactory, the Directed Operator shall appoint and instruct an Alternative Independent Auditor that is at all times satisfactory to the PSR having regard to such matters as the PSR considers appropriate.³
- 5.19** The Directed Operator shall ensure that the Alternative Independent Auditor:
- a. carries out such on-going duties as are required to secure compliance with the RFR Direction;
 - b. carries out any work or further work, in addition to that performed by the former Independent Auditor, in relation to such matters connected to compliance with this RFR Direction;
 - c. re-performs any work previously performed by the former Independent Auditor in relation to such matters connected to compliance with this RFR Direction; and
 - d. can take up the role of Regulatory Auditor at the time the vacancy arises or as soon as reasonably practicable after that.

Requirements relating to further explanation and clarification, and Additional Procedures

- 5.20** Each Directed Operator shall use its best endeavours to obtain from the Regulatory Auditor any further explanation and clarification of the Independent Audit Opinion or the Independent Audit Report and any other information in respect of the matters which are the subject of that material as the PSR may require.
- 5.21** The Directed Operator shall commission Additional Procedures from the Regulatory Auditor when requested to do by the PSR.

6 Record-keeping

- 6.1** Except in so far as the PSR may otherwise consent in writing from time to time, each Directed Operator must keep for a period of six Years:
- a. The RFS, RFS Model and AMD required by or under this RFR Direction in respect of each Financial Year ending in 2023 onwards.

³ The PSR does not consider that it is possible to provide comprehensive guidance on the circumstances in which it could decide that a Regulatory Auditor was unsatisfactory but potential instances in which it might need to be used could include, e.g. findings that contradict assurances or information previously provided by the Regulatory Auditor, evidence of material errors and omissions in the Independent Auditor's work, failure to carry out work required, failure to enter into a Regulator's Notice within a reasonable timeframe, breach of professional duties, or a conflict of interest (including the perception of a conflict of interest).

- b. Internal documents relating to the internal approval (pursuant to paragraphs 3.15 to 3.17) of draft and final versions of the RFS, RFS Model and AMD, and compliance with this RFR Direction.
- c. Correspondence, including emails, between the Directed Operator and the Regulatory Auditor relating to this RFR Direction.

7 Monitoring

- 7.1** Each Directed Operator must provide information that the PSR may require from time to time in relation to:
- a. the operation of this RFR Direction;
 - b. the Directed Operators' compliance, or proposals for compliance with this RFR Direction (or any provision of this RFR Direction); and
 - c. monitoring the effectiveness and appropriateness of this RFR Direction, including indirectly through any work carried out in connection with this RFR Direction.
- 7.2** Each Directed Operator must provide the information requested of them by the date the PSR specifies.
- 7.3** Paragraphs 7.1 and 7.2 of this RFR Direction do not affect the PSR's power to request such information under section 81 of FSBRA or under an alternative paragraph of this RFR Direction.

8 Non-circumvention

- 8.1** Each Directed Operator must not circumvent or attempt to circumvent this RFR Direction directly or indirectly by any act or omission.

9 Compliance

- 9.1** If a Directed Operator has any reason to suspect that this RFR Direction might have been breached it shall immediately notify the PSR, explaining how it has or might have failed to comply with this RFR Direction and, if applicable, what it has done, or proposes to do, to become compliant.

10 Exemptions

- 10.1** A Directed Operator may apply to the PSR for an exemption from the duty to comply with one or more obligations set out in this RFR Direction. Each Directed Operator shall be expected to act in accordance with the PSR's guidance on exemptions and extensions (unless the PSR has withdrawn it).

- 10.2** The PSR may approve an exemption if it is satisfied that:
- a. exceptional circumstances reasonably prevent the Directed Operator from complying with the obligation or obligations in the RFR Direction; or
 - b. it is not reasonable or proportionate to require that Directed Operator to comply with the obligation or obligations (or to do so by the applicable deadline or deadlines) in the RFR Direction.
- 10.3** In considering an application, the PSR will have regard to all the circumstances, including the impact of approving the application on the achievement of the objectives of this RFR Direction.
- 10.4** The application by the Directed Operator must be in writing and set out:
- a. the obligation or obligations to which the application relates;
 - b. the circumstances that, in the Directed Operator's opinion, justify the exemption;
 - c. the specific aspect or aspects of the obligation to which the application relates;
 - d. the steps (if any) the Directed Operator has taken to comply with its obligations under this RFR Direction;
 - e. if the Directed Operator is proposing that it comply with an amended form of its obligations under this RFR Direction, the nature of the amendments sought together with an explanation of why such amendments are reasonable and consistent with the Regulatory Accounting Principles; and
 - f. whether, in the Directed Operator's opinion, the application contains information that is confidential (and identify that information).
- 10.5** The PSR may ask the Directed Operator to provide further information for the purposes of determining the application (and the Directed Operator, when responding, must identify any information provided that, in its opinion, is confidential).
- 10.6** The PSR may reject an application or approve it in whole, or in part, and may make approval subject to compliance with conditions (including a new deadline for compliance). In the case of an exemption approved under paragraph 10.2b of this RFR Direction in relation to a deadline, a new deadline will be imposed as a condition.
- 10.7** The PSR may publish the application (and any further information provided about the application) and its decision (in accordance with its legal obligations as regards the protection of confidential information).

- 10.8** The effect of the PSR approving the application is that the Directed Operator need not comply with an obligation or obligations imposed under this RFR Direction to the extent it (or they) is (or are) disapplied by the approval, but the Directed Operator must comply with any conditions imposed.

11 Giving notice and time limits

- 11.1** Unless specified otherwise by the PSR in writing from time to time:
- a. any notice or other communication given by a Directed Operator under or in connection with this RFR Direction to the PSR must be in writing in English and sent by email to [PSR mailbox address] and/or such other email address that may be notified by the PSR to Mastercard and/or Visa from time to time.
 - b. any notice or other communication given by the PSR to a Directed Operator under or in connection with this RFR Direction must be in writing, in English and sent by email to the email address nominated from time to time by each Directed Operator and approved in advance by the PSR for this purpose. In the event there is no approved nomination in place, a valid email address at the relevant Directed Operator deemed appropriate by the PSR may be used.
 - c. this paragraph does not apply to the service of any proceedings or other documents in any legal action in connection with this RFR Direction.
- 11.2** Any notice or other communication made under or in connection with this RFR Direction by a Directed Operator shall be deemed to have been received at the time of transmission to the appropriate email address, or, if this time falls outside Business Hours, when Business Hours resume.
- 11.3** Unless specified otherwise in this RFR Direction or by the PSR from time to time:
- a. an act that a Directed Operator is required to do on or by a particular Working Day must be done before the expiry of Business Hours on that Working Day.
 - b. a period expressed in Working Days, weeks or Months is to be calculated from when an event occurs (the Start Date) and the day when that event occurs is not to be counted as falling within the period in question.
 - c. subject to (e), a period expressed in weeks ends with the expiry of whichever day in the relevant week is the same day of the week as the Start Date;
 - d. subject to (e), a period expressed in Months ends with the expiry of the same date in the Month as the Start Date, save that if that date does not occur in the relevant Month, the period ends with the expiry of the last day of that Month; and
 - e. where the time prescribed for doing any act expires on a day that is not a Working Day, the act is in time if done on the next Working Day.

12 Application

- 12.1 This Direction applies to the operators of the Mastercard Payment System and Visa Europe Payment System.

13 Commencement

- 13.1 This RFR Direction comes into force on the day it is published.

14 Citation

- 14.1 This Direction may be cited as Specific Direction [XX]: Mastercard and Visa Regulatory Financial Reporting, or as the **RFR Direction**.

15 Interpretation

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

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

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

- 15.4 In this RFR Direction, the words "including", "in particular", "for example" or similar expressions shall be interpreted as illustrative and without limitation or prejudice to the generality of any description, definition, term or phrase preceding those expressions.

- 15.5 Reference in this direction to a government department or non-departmental public body or organisation or person includes a reference to its successor.

- 15.6 A reference in this direction to a "company", "corporate entity" or "entity" shall include any company, corporation or other body, wherever and however established or incorporated.

- 15.7 A change of name of an organisation, company or entity shall not affect any rights or obligations of that organisation, company or entity under this direction or render defective any legal proceedings against it.

- 15.8 No delay, failure, forbearance or omission by the PSR in exercising any right or power under this direction shall impair such right or power, nor shall any single or partial exercise of any such right or power, preclude any further exercise thereof or the exercise of any other right, or power.

- 15.9** The rights and remedies provided under this direction are in addition to, and not exclusive of, any rights or remedies provided by law.
- 15.10** Schedules to this direction form part of this direction and shall have effect as if set out in full in the body of this RFR Direction. Any reference to this direction includes the annexes.
- 15.11** The following definitions apply in this direction:
- **Accounting Methodology Document** or **AMD** means a document maintained by the Directed Operator setting out in detail the methodology used to derive the financial information set out in the RFS (and, as appropriate, reflected in the RFS Model) used by each Directed Operator to comply with the obligations imposed by or under this RFR Direction, in particular the requirements in the Guidelines.
 - **Acquirer** means a payment service provider contracting with one or more Merchants to provide Card-Acquiring Services for card-based payment transactions.
 - **Additional Procedures** means an engagement carried out in accordance with international standard (ISRS 4400) under which a person independent from the Directed Operator performs a set of audit procedures agreed by the PSR and based on the PSR's specific requirements and reports the findings of that work to the PSR.
 - **Alternative Independent Auditor** means an Independent Auditor appointed under paragraph 5.17 of this RFR Direction.
 - **Appropriate Accounting Standards** means the standards specified in paragraph 4.2(f) of this RFR Direction.
 - **Audit Committee** means, as the context requires, the audit committee of the Board of one or both of the Relevant Parent or the Ultimate Parent.
 - **Auditor** means a person who is eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006 and, if the appointment were an appointment as a statutory auditor, would not be prohibited from acting by section 1214 of that Act (independence requirement).
 - **Board** means as defined in paragraph 3.15 of this RFR Direction.
 - **Business Hours** means 9am to 5.30pm UK time on a Working Day.
 - **Card-Acquiring Services** means services to accept and process card transactions on behalf of a Merchant which result in a transfer of funds to the Merchant.
 - **Card Payment System** or **Card Scheme** is a payment system which enables people and organisations to make payments by card by providing infrastructure and business rules to make a payment transaction by means of any card, telecommunication or digital or IT device or software if this results in a transaction using the Visa Europe Payment System or Mastercard Payment System.
 - **Commencement Date** means the publication date of the PSR's RFR Direction.

- **Comparative Figures** means the statements and information listed in paragraph 3.2 of this RFR Direction, in a format specified or agreed with the PSR.
- **Contextual Factors** means the following information, as specified in Chapter 3 of the Guidelines: (i) changes in year-on-year business performance; (ii) key cost categories; and (iii) understanding the drivers of profitability.
- **Contextual Factors Statement** means the RFS mandated in paragraph 3.2d of this RFR Direction and specified in the Guidelines which must be prepared by each Directed Operator in accordance with the requirements specified.
- **Continuing Reporting Period** has the meaning given to it at paragraph 3.3b of this RFR Direction.
- **Corporate Group** refers to a group as defined in Section 1261 of the Companies Act 2006 and applies irrespective of whether a body corporate is registered in the UK or elsewhere.
- **Direct Costs** has the meaning given to it at paragraph 2.2 of the Guidelines.
- **Directed Operator** means either or both Mastercard and Visa as the context requires.
- **Director** has the meaning given to it in section 250 of the Companies Act 2006 and applies irrespective of whether a body corporate is registered in the UK or elsewhere.
- **Executive Manager** has the meaning given to it in paragraph 3.15b of this RFR Direction.
- **Explanation Statement** means the information mandated in paragraph 3.2g of this RFR Direction which must be prepared by each Directed Operator in accordance with the requirements specified.
- **Final Report** means as specified in paragraph 1.1 of this RFR Direction.
- **Financial Review** means the information mandated in paragraph 3.2f of this RFR Direction which must be prepared by each Directed Operator in accordance with the requirements specified.
- **Financial Year** means, as the context requires, a financial year of the Directed Operator, comprising an accounting period of 365 days (or 366 days in a leap year) in respect of either or both Directed Operators.
- **Form 10-K** is the annual report (or such other document, should its name or form change over time) required to be filed with the US Securities and Exchange Commission that provides details of the financial performance of the company or group of companies.
- **FSBRA** means the Financial Services (Banking Reform) Act 2013.
- **Guidelines** or **Regulatory Accounting Guidelines** means the document at Annex 1.
- **ICAEW Guidance** refers to official guidance issued by the Institute of Chartered Accountants in England and Wales (ICAEW) to support accountants – particularly auditors – in applying professional, ethical, and regulatory requirements.

- **Independent Auditor** means a person who is eligible for appointment as a statutory auditor under Part 42 of the Companies Act 2006 and, if the appointment were an appointment as a statutory auditor, would not be prohibited from acting by section 1214 of that Act (independence requirement). Such appointment must be in accordance with the terms specified in Section 5 of this RFR Direction.
- **Independent Audit Opinion** means an opinion issued by the Independent Auditor or Alternative Independent Auditor in accordance with paragraph 5.11 of this RFR Direction.
- **Independent Audit Report** means the report issued by the Independent Auditor or Alternative Independent Auditor in accordance with paragraphs 5.10 to 5.14 of this RFR Direction.
- **Initial Reporting Period** has the meaning given to it at paragraph 3.3 of this RFR Direction.
- **Issuer** means a bank or other organisation licensed by Mastercard and/or Visa to provide cards to cardholders. The Issuer pays an Acquirer the money a Merchant is owed for the transaction (retaining the interchange fees) and debits a cardholder's account.
- **Management Committee** means, as the context requires, the Board or the executive management committee of one or both of the Relevant Parent or the Ultimate Parent.
- **Management Letter** means a confidential letter provided to a Directed Operator by its Independent Auditor (or Alternative Independent Auditor) that recommends any improvements to the RFS that the Directed Operator may implement in future reporting periods. Any statements provided in the Management Letter must not undermine or otherwise compromise the Independent Auditor's (or Alternative Independent Auditor's) ability to confirm that the RFS are PPIA with this RFR Direction, the Guidelines, or the AMD.
- **Mastercard Payment System** means the Regulated Payment System designated by the Mastercard 2015 Order.
- **Mastercard 2015 Order** means the Order designating Mastercard as a Regulated Payment System made by HM Treasury under section 43 of FSBRA on 19 March 2015.
- **Mastercard** means the collective entities within the Mastercard Corporate Group that are each an Operator and together the Operator of the Mastercard Payment System and their successors and assigns, their connected undertakings, subsidiaries, divisions, and groups.
- **Materiality Principle** means as specified in the definition of Regulatory Accounting Principles.
- **Month** means a calendar month.
- **Merchant** means an organisation that accepts card payments.

- **Operator** has the same meaning as under section 42(3) of FSBRA in relation to the Mastercard Payment System and Visa Europe Payment System.
- **Payment Systems Regulator** or **PSR** means the body corporate established under Part 5 of the Act or any successor to this body corporate specified under any new legislation.
- **PPIA** means as specified in paragraph 5.11(b) in this Direction.
- **Regulator's Notice** means as specified in paragraph 5.8 of this Direction.
- **Regulatory Auditor** means as specified in paragraph 5.1 of this RFR Direction.
- **Regulatory Accounting Principles** means the seven principles set out in the table below paragraph 4.2 in this Direction, each of which may be referred to as a Regulatory Accounting Principle or Principle, e.g. the Materiality Principle.
- **Regulatory Financial Statements** or **RFS** means the financial statements and information specified in paragraph 3.2 of this RFR Direction.
- **Regulated Payment Systems** means a payment system designated as a regulated payment system by a designation order made by HM Treasury under section 43 of FSBRA.
- **Relevant Parent** means the subsidiary or holding company through which the majority of Mastercard's or Visa's UK Card Operations activities are directly or indirectly undertaken. As at the Commencement Date, the Relevant Parent can therefore be:
 - In relation to Mastercard, Mastercard Europe SA
 - In relation to Visa, Visa Europe Limited
- **RFR** means as specified in paragraph 1.2.
- **RFR Direction** means this direction, including its annexes.
- **RFS Model** means the computerised and manual accounting methods, procedures, processes and controls established to determine, allocate and attribute the costs and revenues and summarise, interpret, and present the resultant financial data in an accurate and timely manner.
- **RFS Template** means, as the context requires, one or more of the templates in the Guidelines which must be used by each Directed Operator in the preparation of the RFS, in accordance with the requirements of the RFR Direction.
- **Start Date** means as specified in paragraph 11.3.
- **Statutory Auditor** means the auditor of the financial statements used by the Directed Operator for reconciliation against the RFS under paragraph 3.3 of this RFR Direction.
- **Supplementary Financial Performance Information Schedule** means the statement defined in paragraph 3.2e of this Direction, which must be provided as the RFS unless the relevant information is provided as part of the UK Card Operations P&L Statement.

- **Ultimate Parent** means the ultimate holding company of Mastercard or Visa.
- **UK** means the United Kingdom.
- **UK Business** means the same as specified in the Guidelines.
- **UK Card Operations** means the same as specified in the Guidelines.
- **UK Card Operations P&L Statement** means the financial statement and information mandated in paragraph 3.2(a) of this RFR Direction which must be prepared by each Directed Operator in accordance with the requirements specified, save that certain information may be provided in a Supplementary Financial Performance Information Schedule if not provided as part of the UK Card Operations P&L Statement.
- **UK Non-Card Activities** means the same as specified in the Guidelines.
- **Visa Europe Payment System** means the Regulated Payment System designated by the Visa 2015 Order.
- **Visa** means the collective entities within the Visa Corporate Group that are each an Operator and together the Operator of the Visa Europe Payment System and their successors and assigns, their connected undertakings, subsidiaries, divisions, and groups.
- **Visa 2015 Order** means the Order designating Visa Europe as a Regulated Payment System made by HM Treasury under section 43 of FSBRA on 19 March 2015.
- **Working Day** means any day of the week other than a Saturday or a Sunday, Christmas Day, Good Friday or any other day that is a bank holiday in England and Wales under the Banking and Financial Dealings Act 1971.
- **Year** means any period of twelve consecutive Months.

Made on [date 2026]

David Geale
Managing Director
Payment Systems Regulator

Schedule 1: Requirements relating to the appointment of the Executive Manager

- 1.1** The Executive Manager appointed pursuant to paragraph 3.15(b) of this RFR Direction must have the necessary knowledge, skills and experience to perform the role and responsibilities required by and under this RFR Direction, and must hold either:
- a. a Board level position,
 - b. be a representative of the Management Committee of the Directed Operator or its ultimate parent company, or
 - c. hold a senior role in respect of compliance matters.
- 1.2** The Directed Operator must give notice in writing to the PSR setting out the details of the Executive Manager, or Executive Managers, and how they meet the requirements set out in paragraph 1.1 of this Schedule 1.
- 1.3** In assessing the suitability of an individual proposed under paragraph 1.1(c) of this Schedule as an Executive Manager, the PSR shall evaluate their suitability based on the criteria specified at paragraph 1.1 of this Schedule 1 alone. Approval by the PSR shall not unreasonably be withheld. If the PSR has reasons to believe that the individual proposed as an Executive Manager does not meet the criteria specified at paragraph 1 of this Schedule 1, it may require the Directed Operator to propose an alternative candidate Executive Manager.
- 1.4** Where the Directed Operator intends to reassign the role of the Executive Manager, it must give notice in writing to the PSR seeking its approval, setting out the details of the Executive Manager(s), and how they meet the requirements set out in paragraph 1 of this Schedule 1, prior to the appointment taking effect.

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12 Endeavour Square
London E20 1JN
Telephone: 0300 456 3677
Website: www.psr.org.uk

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