

Specific Direction 11

Closure of initial technical environment
for Confirmation of Payee

February 2022

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Specific Direction 11: closure of initial technical environment for Confirmation of Payee

1 Recitals

Whereas:

- 1.1** Confirmation of Payee (CoP) is a valuable tool in reducing certain types of authorised push payment (APP) scams and accidentally misdirected payments. It checks the name of the payee's account against the other details given by the payer, to help reduce the number of APP scams.
- 1.2** The first phase of CoP currently uses a part of the open banking directory that supports multiple activities of Payment Service Providers (PSPs), in addition to the provision of CoP (the initial CoP technical environment).
- 1.3** Pay.UK maintains the rules and standards for the initial CoP technical environment. The PSR has given Specific Direction 10, requiring certain PSPs (the SD10 PSPs) to carry out CoP checks in accordance with those rules and standards for payments over Faster Payments and CHAPS.
- 1.4** Pay.UK has agreed with the SD10 PSPs and other PSPs that currently participate in CoP (together, the 'initial CoP participants') that by 30 March 2022 they will move to the second phase of CoP. This requires migration to a new part of the open banking directory that is dedicated only to enabling CoP (the CoP domain). Pay.UK has also published a new rule book specifically for the CoP domain.
- 1.5** The CoP domain is designed to make the CoP service available to a wider range of PSPs, enabling them to offer the CoP service to their customers. The PSR therefore considers it desirable to ensure that initial CoP participants complete the planned migration to the CoP domain by 1 May 2022, and that the initial CoP technical environment should subsequently be closed on 31 May 2022.
- 1.6** Closure of the initial CoP technical environment is triggered by Pay.UK withdrawing the initial CoP accreditation from the initial CoP participants and removing those participants from the initial CoP participant list. The Open Banking Implementation Entity (OBIE) is then able to close the initial CoP technical environment.
- 1.7** Closure of the initial CoP technical environment means that SD10 is no longer appropriate.

- 1.8** The PSR has therefore decided:
- a. to require Pay.UK to ensure the closure of the initial CoP technical environment on 31 May 2022 and provide an end point for the first phase of CoP
 - b. to require the initial CoP participants to provide regular reports to Pay.UK, which Pay.UK must transmit to the PSR, on work towards completing migration by 1 May 2022, in order to monitor their progress
 - c. that if, during the period preceding 1 May 2022, the PSR considers there is a significant risk that an initial CoP participant will fail to migrate by 1 May 2022, the initial CoP participant must implement a remediation plan to ensure timely migration
 - d. to revoke SD10 at midnight on 31 May 2022

2 Powers exercised and purpose

- 2.1** Faster Payments and CHAPS are designated by the Treasury under section 43 of the Financial Services (Banking Reform) Act 2013 (the Act) for the purposes of Part 5 of the Act.
- 2.2** The PSR makes this direction in accordance with section 54 (Regulatory and competition functions – directions) of the Act. In accordance with section 54(3)(c), this direction applies to persons of a specified description.
- 2.3** The purpose of this direction is to ensure initial CoP participants migrate to the CoP domain no later than 1 May 2022, and set a backstop date for Pay.UK to close the initial CoP technical environment.

Direction

NOW the Payment Systems Regulator gives the following specific direction to:

- a. Pay.UK;**
- b. Each initial CoP participant within the meaning of section 3.1e of this direction.**

3 Key definitions

3.1 In this direction:

- a. 'CoP' means the service overseen by Pay.UK and known as Confirmation of Payee, which allows the account-holding name of the payee in a payment transaction to be checked against the details given by the payer in that transaction.
- b. 'CoP domain' means the part of the open banking directory dedicated only to enabling CoP.
- c. 'CoP participant list' means the list of accredited CoP participants maintained by Pay.UK.
- d. 'initial CoP accreditation' means an approval given by Pay.UK to participate in CoP in accordance with the initial CoP terms and conditions.
- e. 'initial CoP participant' means a person with an initial CoP accreditation before 31 May 2022.
- f. 'initial CoP rules and standards' means the rules and standards for CoP provided for in the rule book developed by Pay.UK that is applicable to initial CoP participants.
- g. 'initial CoP terms and conditions' means the terms and conditions applicable to CoP participants that initiated an application to join the CoP service before 31 August 2021.
- h. 'switchover' means, in relation to an initial CoP participant, the point at which that participant begins to send and respond to CoP requests using only the CoP domain.
- i. 'switchover date' means 1 May 2022.

4 Closure of the initial CoP technical environment

- 4.1** Pay.UK must inform OBIE by 28 February 2022, and each initial CoP participant by 16 May 2022, of the steps that it proposes to ensure the outcomes mentioned in paragraph 4.2.
- 4.2** Pay.UK must ensure the following outcomes occur on 31 May 2022:
- a. the initial CoP terms and conditions are terminated for all initial CoP participants
 - b. initial CoP accreditation is withdrawn from each initial CoP participant, and each such participant is removed from the CoP participant list in respect of its initial CoP accreditation
- 4.3** As soon as reasonably practicable after securing the outcomes in paragraph 4.2, Pay.UK must:
- a. notify OBIE of those outcomes
 - b. publish a statement on its website for at least one month confirming it has:
 1. secured those outcomes
 2. as a result, withdrawn the initial CoP rules and standards
- 4.4** After 31 May 2022, an initial CoP participant must only send or respond to CoP requests using the CoP domain.

5 Reporting obligations relating to initial CoP participants

- 5.1** Each month, on a date specified by the PSR (the 'reporting date'), an initial CoP participant must provide Pay.UK with:
- a. the date it intends to achieve switchover
 - b. a description of its progress towards achieving switchover on that intended date, including:
 1. details of any risks to achieving switchover on that intended date and, if different, the switchover date
 2. an explanation of how it intends to mitigate those risks

- c. any additional information relevant to achieving switchover by that intended date, and if different, the switchover date

5.2 Each month, no later than five working days after the reporting date, Pay.UK must provide the PSR with:

- a. the information set out in paragraph 5.1 for each initial CoP participant
- b. any additional information relevant to each initial CoP participant achieving switchover by the switchover date

5.3 Paragraphs 5.1 and 5.2 cease to apply in relation to an initial CoP participant that has achieved switchover and confirmed to Pay.UK and the PSR that it has done so.

6 Enhanced obligations for specified initial CoP participants

6.1 An initial CoP participant must comply with the obligations in paragraph 6.2, if the PSR notifies it in writing that the PSR considers there is a significant risk of the initial CoP participant failing to achieve switchover by the switchover date.

6.2 The initial CoP participant must:

- a. by a date specified by the PSR in the notice, propose to Pay.UK and the PSR a remediation plan to ensure switchover by the switchover date, or its intended date if earlier.
- b. adjust the remediation plan to reflect any modifications proposed by the PSR from time to time, or proposed by the initial CoP participant and accepted by the PSR
- c. implement the remediation plan, subject to any modifications required or accepted by the PSR
- d. from a date specified by the PSR in the notice, provide to Pay.UK and the PSR a weekly report containing:
 - 1. the information set out in paragraph 5.1
 - 2. the steps the initial CoP participant has taken to implement the remediation plan as modified from time to time
 - 3. the extent to which those steps have reduced the risk of the initial CoP participant failing to achieve switchover by the switchover date, or its intended date if earlier
 - 4. any additional steps the initial CoP participant considers necessary to ensure switchover by the switchover date, or its intended date if earlier.

7 Revocation of Specific Direction 10

7.1 Specific direction 10 is revoked at midnight on 31 May 2022.

8 Commencement and duration

8.1 This specific direction comes into force on 11 February 2022.

8.2 This direction ceases to be in force on 10 February 2023, unless prior to that date it is varied, revoked or extended by the PSR.

8.3 The PSR may review this direction at any point prior to the date it ceases to be in force.

9 Citation

9.1 This specific direction may be cited as Specific Direction 11 (closure of initial technical environment for Confirmation of Payee).

10 Interpretation

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

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

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

10.4 In this specific direction, the word 'including' shall mean including without limitation or prejudice to the generality of any description, definition, term or phrase preceding that word and the word 'include' and its derivatives shall be construed accordingly.

10.5 Section 3 of this specific direction contains key definitions. In addition, in this specific direction the following terms have the following meanings:

- **Act** means the Financial Services (Banking Reform) Act 2013.
- **CoP request** means a request sent by a PSP to check the name of the intended payee (that is, the person to whom or which the payer anticipates sending funds) against the name of the person who holds the account to which the unique

identifiers given by the payer when providing the necessary information (or amending the unique identifiers in that information) refer.

- **OBIE** means the Open Banking Implementation Entity, registered in England under Company Number: 1044008.
- **Payment Systems Regulator** or **PSR** means the body corporate established under Part 5 of the Act.

Made on 10 February 2022

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