

# The Payment Systems Regulator Ltd

## Minutes

Meeting:	PSR Board	
Date of Meeting:	30 September 2015	
Venue:	25 The North Colonnade, Canary Wharf, London E14 5HS	
Present:	Carole Begent	Hannah Nixon
	Amelia Fletcher	Sir Brian Pomeroy
	John Griffith-Jones (Chair)	Chris Woolard
In attendance:	Set out in Annex A	

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### Quorum and Conflicts

The Meeting noted there was a quorum present and proceeded to business.

#### 1 Private session

The Board discussed the governance structure of the PSR and focused on the skill and knowledge requirements of the non-executive directors and the interaction between the FCA and the PSR.

The Board discussed the current composition and agreed that, in light of the non-executive vacancy on the Board, it was a timely opportunity to reflect on what was needed and agreed the desire to have relevant knowledge, experience and skills.

#### 2 Minutes and Matters Arising

##### 2.1 Minutes of the Board meeting held on 21 July 2015

The minutes of the Board meeting held on 21 July 2015 were approved as a correct record of the meetings.

##### 2.2 Matters arising

The Board noted the progress in respect of the matters arising from previous meetings. In relation to the Payments Strategy Forum the Board noted that there were on-going discussions with payment systems operators about proposals for a technical group.

##### 2.3 Minutes of the ExCo meetings held on 30 June 2015, 14 July 2015, 28 July 2015 and 25 August 2015

The Board noted the minutes of the ExCo meetings.

#### 3 Board Committee Reports

There were no updates.

#### 4 Report from the Managing Director

The Board received and discussed the report from the Managing Director and noted the following points:

- the PSR anticipated being the competent authority for the switching provisions in the Payment Accounts Directive (PAD). The PSR would be given the powers to designate the current UK switching scheme (CASS) as PAD-compliant and to monitor its on-going compliance with regulatory requirements;
- from 1 October 2015, the PSR would have new concurrent powers to approve voluntary redress schemes for infringements of competition law. The PSR has a statutory duty to publish guidance on the process for redress and would issue a consultation paper on the PSR's proposed approach to adopt the CMA's guidance;
- the PSR would be the competent authority for the Interchange Fee Regulation (IFR);
- a review of the governance arrangements for the PSR Senior Leadership Team and Executive Committee had been completed;
- the timeline for Board discussion of the Infrastructure and Access Market Reviews; and
- Mr Spicer would act as the interim Head of Regulatory Policy & Strategy. The permanent role would be advertised shortly.

## **5 Specific items of business**

### **5.1 PSR risk framework and Board review of risks**

The Board noted the risk framework from the PSR, which followed the broad principles of the FCA's framework and had developed substantially since the Board reviewed it in March. The Board requested that the wording in the framework was consistent with that of the FCA and that the strategic risk register was updated to provide additional detail of existing risks and mitigation as well as new and emerging risks.

The Board approved the framework as a near final draft, subject to agreement of how assurance from the second line of defence would be provided.

### **5.2 Interchange Fee Regulation**

The Board noted that the remit of the PSR was expanding to include implementation of the Interchange Fee Regulation (IFR). The Board noted that it was envisaged the PSR would be the competent authority for monitoring and enforcement of many of the provisions, with the FCA and CMA also having competency for some provisions.

The Board also noted that provisions relating to the imposition of an interchange fee cap come into force on 9 December 2015.

The Board noted that a meeting would take place on 6 October for Member States and competent authorities, including the PSR, to discuss the interpretation of the IFR. The Board agreed not to issue guidance for consultation on the PSR's initial view on the scope of the IFR and the PSR's approach to monitoring compliance until after that meeting. The Board would be asked to agree a proposal following the meeting.

### **5.3 Competition Decisions Committee (CDC) and Enforcement Decisions Committee (EDC)**

The Board discussed and agreed the following:

- the proposal not to have a Chair for the CDC;
- members of each CDC Panel should be appointed by the Executive Committee on recommendation from the Procedural Officer. The Board also agreed that it was appropriate for the Procedural Officer to report to the Board in the event that his recommendations for the appointment of members to a panel was not followed. This requirement should be included in the appointment letter of the Procedural Officer;
- the chair of each CDC Panel should prepare a consolidated annual report on the work of the CDC;
- the appointment of David Saunders as the relevant person who may carry out the functions of the Procedural Officer in a CA98 investigation;
- the Terms of Reference for the CDC and for the EDC and the FCA and PSR Decision-Making Committees' Code of Conduct applies to EDC and CDC members; and
- the joint Chair of the FCA's RDC and PSR's EDC should decide on conflicts of interest and such other matters identified as the role of the Chair in the joint Code of Conduct.

The Board also:

- delegated authority to the PSR Managing Director to sign-off any final edits to the CDC Terms of Reference, joint Code of Conduct and EDC Terms of Reference;
- noted that the PSR was currently discussing a protocol for the provision of corporate services by the Secretariat to the EDC and CDC; and
- noted that the PSR would continue to engage with the FCA competition team and the Secretariat on a further round of recruitment for CDC members and on the training needs of CDC members. It was noted that training had taken place for the new CDC members.

#### 5.4 Update of the PSR Corporate Governance Document

The Board approved the changes to the terms of reference of the Audit Committee and agreed to call a General Meeting to agree the changes to the Articles.

### **6 For Information**

#### 6.1 Competition between operators

The Board noted the report and requested that a report on the pros and cons of competition between interbank operators was prepared and submitted to the Board for discussion.

### **7 Forward Agenda**

The Board noted the Forward Agenda.

### **8 Any Other Business**

None

Assistant Company Secretary

## **Annex A: Attendees**

Louise Buckley	Head of Communications and Operations, PSR
Simon Pearce	Company Secretary, Corporate Services
John Spicer	Interim Head of Regulatory Policy & Strategy (except item 1)
Grahame Tinsley	Manager, PSR Operations (for item 5.1)

Relevant associates and technical specialists also attended the meeting.