

Minutes

Meeting:	PSR Board	
Date of Meeting:	15 October 2014	
Venue:	25 The North Colonnade, Canary Wharf, London E14 5HS	
Present:	Amelia Fletcher	Sir Brian Pomeroy
	John Griffith-Jones (Chair)	Chris Woolard (by telephone)
	Hannah Nixon	
Apologies:	Martin Wheatley	
In attendance:	Set out in Annex A	

Quorum and Conflicts

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

Members were asked to declare conflicts of interest at the start of any relevant items.

1 Minutes and Committee Updates

1.1 Minutes of the Board meeting

The minutes of the Board meeting held on 16 September 2014 were approved.

1.2 Matters arising

The Board noted progress in respect of matters arising from previous meetings.

Ms Nixon advised that she had spoken to Stephen Locke about the possibility of him becoming Chair of the PSR statutory panel and he was currently considering his response. It was agreed that the position should be remunerated and, after discussion, the Board agreed on a range of fees that would be appropriate and consistent with FCA Panels, and gave the PSR Managing Director discretion to agree details.

2 Managing Director's Report

2.1 Ms Nixon presented her report and the following points were noted:

- engagement was ongoing with key stakeholders in respect of the approval to developing and setting industry strategy. The Payments Council had started to undertake some initial work on simplifying payment systems and Ms Nixon had confirmed that, although the PSR was supportive of this initiative, there must be open and robust consideration of the options and the Payments Council's work should feed into the PSR work. The PSR's proposals for the approval to developing and setting industry strategy would be set out in its Consultation Paper in November and a round table event would be held shortly to ensure there was no hiatus in progress;

- the Treasury were being kept updated in respect of the PSR's thinking in order to avoid any surprises and it was agreed that the draft Consultation Paper would also be shared with Treasury ahead of publication;
- a PSR/Ofcom collaborative study to consider innovation in UK consumer electronic payments had been agreed some months ago. This was an interesting study, although with a fairly narrow scope, but as it would be jointly branded it would be important that both the PSR and Ofcom were comfortable with the output; and
- the Board considered Ms Nixon's report to be very useful and asked that, in future, it be sent to them ahead of the Board meetings, along with the Board papers, so that they could consider the contents in advance.

3 Specific items of business

3.1 Stakeholder engagement and communications strategy up to Day One

Mr Watt introduced a paper setting out the stakeholder engagement and communications strategy for the launch of the PSR's policy Consultation Paper up to Day One (1 April 2015) and the following points were noted:

- Phase 1 – Launch of the Consultation Paper – Priorities would include explaining the PSR's remit and intended outcomes and it was hoped that this would result in constructive responses to the Consultation Paper. A number of channels would be used including media, web and direct engagement. Although stakeholders were expected to express a number of concerns, it was important that the proposals were considered to be reasonable and proportionate. Engagement with stakeholders to date had resulted in positive feedback although this process would continue and efforts would be made to liaise with all key stakeholders. Publication of the Consultation Paper was now scheduled for 13 November;
- Phase 2 – Consultation Period - would include a launch event for some 200 stakeholders as well as bilateral and roundtable engagement with priority stakeholders ahead of Phase 3, the release of a Policy Statement;
- Phase 4 - Day One - which it was anticipated would be internally focused; and
- it was noted that an Annual Report would also be produced but that statute did not require this to be done until after 31 March 2015.

3.2 Regulatory Tools: Updates including decision-making in respect of concurrent competition powers

The Board discussed the paper and the following points were noted:

- work had been undertaken with FCA's Enforcement and General Counsel's Divisions in respect of the proposed approach to the draft Dispute Resolution Procedures and Powers and Procedures Guidance and these would follow the FCA's Decision Procedure and Penalties Manual (DEPP) and Enforcement Guide (EG) as far as was appropriate;
- it was expected that most disputes referred to the PSR would be submitted under sections 56 and 57 Financial Services (Banking Reform) Act 2013. The PSR would seek to reach a solution through persuasion and conciliation although it had no power to compel parties to agree;
- high-level legally binding Principles would be modelled on the FCA's Principles as far as appropriate. Principles were considered important and it was agreed that any

further proposed Principles would be submitted to the Board for consideration before their introduction; and

- the PSR was continuing to work closely with the FCA's competition team and with the CMA in respect of issues around the Competition Act 1998.

Following consideration, the Board:

- noted the PSR Policy Committee's approval of various regulatory tools, namely the draft Administrative Priority Framework, draft Objectives Guidance, and draft Penalties Guidance;
- agreed the proposed approach to the draft Dispute Resolution Procedures and Powers & Procedures Guidance;
- agreed with the proposed approach on super-complaints by a representative body;
- agreed on the adoption of high-level legally binding Principles, in particular a PSR-equivalent to the FCA's Principle 11, a Principle with respect to compliance by payment systems operators, and a Principle with respect to funding and financial prudence of payment systems and key infrastructure providers;
- agreed with the proposal to mirror, as far as possible, the decision-making model being settled by the FCA in respect of its own concurrent competition powers, and to track, with appropriate modifications, the processes implemented by the FCA and, in particular, agreed with the proposals around PSR case sponsors and settlement decision-making in competition cases;
- agreed that the PSR should mirror the Competition Decisions Committee (CDC) model already agreed by the FCA Board in respect of the FCA's Competition Act 1998 powers;
- agreed with the remaining proposal for decision-making in an Enterprise Act 2002 context, namely that the decisions to accept undertakings in lieu of a Market Investigation Reference should be taken by the PSR Policy Committee;
- noted that the PSR would continue to engage with the FCA competition team and track the progress of their internal consideration on various procedural issues to be resolved in connection with Competition Act 1998 enforcement; and
- delegated to the PSR Managing Director sign-off of the detailed draft procedures and draft guidance documents making up the PSR's regulatory tools, including those relating to concurrent competition powers, that would be included in the November Consultation Paper.

The Chair asked Ms Johnson to produce a note for the next Board meeting setting out the gateway provisions relating to the sharing of information between the PSR and the FCA to ensure that the obligations were understood.

3.3 PSR Annual Plan and Budget 2014/15

The Board considered the draft Annual Plan and Budget 2014/15 and the following points were noted:

- the PSR was required by statute to prepare and publish an Annual Plan and Budget which had been approved by the FCA. The Treasury was also being consulted as part of the approval process;

- the Annual Plan and Budget did not contain details of policy as it was intended that it be published alongside the forthcoming Consultation Paper; and
- it was agreed that any comments on the draft Annual Plan and Budget would be advised to Ms Johnson.

3.4 PSR Governance

Ms Nixon introduced a proposal to replace the PSR Policy Committee with a PSR Executive Committee (ExCo) in order to strengthen the governance of the PSR and improve the robustness of decision-making.

Following discussion it was agreed that a representative of the FCA's General Counsel's Division would be invited as a matter of course to attend PSR ExCo meetings and that they would advise on any decisions to take action or decisions not to take action.

It was also agreed that it was important for an attendee with appropriate economic expertise to be involved in any decisions made by PSR ExCo.

Subject to the above points, and to some administrative amendments, the Board agreed the terms of reference for the PSR ExCo.

The Board also agreed that Minutes of PSR ExCo meetings would be submitted to the Board for noting.

3.5 2015/16 Business Plan

The Board noted the Business Plan and the following points were discussed:

- a total headcount of 70.6 FTE staff was proposed for year 1, comprising 50.2 PSR staff, 8.2 FCA regulatory staff and 12.2 FCA business support staff;
- total costs anticipated in the Business Plan were £14.59m; and
- these figures would be subject to amendment should there be any change to the scope of the PSR's remit.

3.6 Update on significant technology developments in payments

This item was postponed to the next meeting of the Board.

3.7 Financial Update

The Board noted the financial update and noted that the estimated total costs of £12.4m for the Day 1 Programme remained valid. The Board noted the intention to seek approval from the Executive Operations Committee to drawdown £3.35m to deliver the final phase of the Programme.

3.8 High Level Risk Report

The Board noted the paper submitted to the meeting and agreed that the risk assessments would be considered further at the next meeting.

4 Any Other Business

There was none.

Assistant Company Secretary

Annex A: Attendees

Simon Brindley	Head of Department, General Counsel's Division
Nancy Johnson	Manager, PSR
Jana Mackintosh	Manager, PSR
Claire Strong	Deputy Company Secretary
Gareth Thomas	Acting Head of Department, PSR
Kerry Watt	Manager, PSR

Relevant associates and technical specialists also attended the meeting.