

The Payment Systems Regulator Ltd

Minutes

Meeting:	PSR Board	
Date of Meeting:	21 July 2015	
Venue:	25 The North Colonnade, Canary Wharf, London E14 5HS	
Present:	Carole Begent	Sir Brian Pomeroy
	Mark Falcon	Hannah Nixon
	Amelia Fletcher	Chris Woolard
	John Griffith-Jones (Chair)	
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.

1 Minutes and Matters Arising

1.1 Minutes of the Board meeting held on 12 May 2015

The minutes of the Board meetings held on 12 May 2015 were approved as a correct record of the meetings.

1.2 Minutes of the Board meeting held on 4 June 2015

The minutes of the Board meetings held on 4 June 2015 were approved as a correct record of the meetings.

1.3 Minutes of the Board meeting held on 18 June 2015

The minutes of the Board meetings held on 18 June 2015 were approved as a correct record of the meetings.

1.4 Matters arising

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

1.5 Minutes of the ExCo meeting held on 5 May 2015, 19 May 2015, 2 June 2015 and 16 June 2015

The Board noted the minutes of the ExCo meetings.

2 Board Committee Reports

The Board noted that the Audit Committee had agreed to recommend the approval of the 2014/15 Strategic Report and Statutory Accounts to the PSR Board. These had been published.

3 Report from the PSR Panel

The Board received and discussed the report from the Panel, noting the discussions on useful Panel engagement, engagement with the Bank of England, the roles and responsibilities of the Payments Strategy Forum and the discussion with the PSR Chairman about the role of the PSR and its governance arrangements.

Ms Nixon highlighted the importance of the distinction between the PSR Panel and the Payments Strategy Forum noting that the Panel's role was to contribute towards development of strategy and policy across the PSR's remit, while the Forum's role was focused on driving collaborative innovation in payment systems. The Board noted that recruitment of Forum members was underway.

4 Managing Director's Report

The Board received the report and noted and discussed the following points:

- Themes that arose from the PSR ExCo strategy day would form part of the agenda for the Board away day. The themes related to the PSR's role in the areas of potential overlap with the Bank of England, Government and the FCA in areas of resilience, financial inclusion and competition;
- Issues relating to social policy. The PSR was keen to offer to work with the Treasury in the area of financial inclusion to gain a better understanding of the PSR's role, if any, in this area;
- Work had begun on considering the potential policy areas of overlap with the FCA, Bank of England and HM Treasury;
- MasterCard had confirmed that it had received a Statement of Objections from the European Commission regarding credit and debit interchange fees in relation to payments made by cardholders from non EEA countries and its rules on cross-border acquiring within the EEA;
- The status of compliance with general and specific governance directions and how general directions were shaping the PSR's approach to regulation;
- The risk dashboard, which would be discussed in detail at a future Board meeting.

5 Specific items of business

5.1 Competition concurrency

The Board reviewed the Consultation Response Document, the CA98 Guidance and the Markets Guidance, and in particular the two points raised relating to the treatment of CA98 settlements and General Direction 1 relating to the cooperation and disclosure duty. The Board noted that the PSR had sought to be consistent with the FCA in terms of the structure and level of detail contained in the Consultation Response Document and also with the revisions to the guidance documents. Careful consideration of the applicability to the PSR had resulted in some wording of the Consultation Response Document and the two guidance documents diverging from that used by the FCA in some respects, as was considered appropriate.

The Board agreed that a waiver of the right to appeal would not be required to settle CA98 enforcement cases. A waiver of right of appeal may however be required to settle FSBRA enforcement cases.

The Board also agreed to the treatment of General Direction 1 relating to the cooperation and disclosure duty on participants and its applicability to information being provided on actual or potential infringements of competition law. The Board commented that the language on the interaction between General Direction 1 and leniency was clearer in the Consultation Response Document than in the draft CA98 Guidance.

The Board debated how to describe the engagement between the PSR and the CMA prior to the launch by the PSR of a FSBRA market review, as opposed to an Enterprise Act market study, where there are reciprocal statutory obligations on the PSR, FCA and CMA to consult each other. The Board agreed to adhere to the consensus agreed by the other sectoral regulators in their Memoranda of Understanding with the CMA, such that the PSR would indicate that it would consult with the CMA prior to launching a FSBRA market review. As discussed with the CMA, 'consult' should be understood in the natural sense of the word, not in the terms of a 'formal consultation'.

The Board approved the draft Consultation Response Document, the CA98 Guidance and the Markets Guidance for publication in August, and delegated authority to the PSR Managing Director to make consequential amendments to these documents in light of any comments suggested by FCA and CMA.

5.2 PSR Memorandum of Understanding with the Competition and Markets Authority

The Board reviewed and approved the Memorandum of Understanding (MoU) with the Competition and Markets Authority (CMA). It was noted that the CMA was revising MOUs in place with other sector regulators. The Board delegated authority to the PSR Managing Director to consider and make consequential amendments to these documents in light of any final amendments necessary to align the PSR MoU with other sectoral regulators' MoUs.

5.3 PSR EDC and CDC committee appointments

- Tim Parkes as a joint Chair of the EDC/FCA RDC for an initial 3 year term, subject to FCA approval to the FCA RDC;
- Elizabeth France CBE as a joint Deputy Chair of the EDC/FCA RDC for an initial 3 year term, subject to FCA approval to the FCA RDC;
- Kevin Brown as a member of the EDC for an initial 3 year term, subject to FCA approval to the FCA RDC;
- Caroline Ramsay as a member of the EDC for an initial 3 year term, subject to FCA approval to the FCA RDC;
- Chris Cummings as a member of the EDC for an initial 3 year term, subject to FCA approval to the FCA RDC;
- Malcolm Nicholson as a member of the EDC and CDC for an initial 3 year term, subject to FCA approval to the FCA CDC;
- Jonathan Haskell as a member of the EDC and CDC for an initial 3 year term, subject to FCA approval to the FCA CDC;
- Robin Mason as a member of the EDC and CDC for an initial 3 year term subject to FCA approval to the FCA CDC; and

- Stuart McIntosh as a member of the EDC and CDC for an initial 3 year term, subject to FCA approval to the FCA CDC.

The Board asked the PSR to look to recruit additional members to the CDC and approved the principle of appointing additional suitable FCA RDC or PSR EDC members to the CDC, if required in the interim. The Board approved the proposed approach of aligning the PSR EDC and CDC terms of reference and codes of conduct with the FCA counterparts to the extent appropriate.

The Board delegated to the PSR ExCo authority to approve the detailed terms of reference and codes of conduct for the PSR EDC and CDC.

The Board noted that the announcements of the members of the PSR EDC and CDC would be jointly made with the FCA announcements to the FCA RDC and CDC.

5.4 PSR regulatory fees

The Board received an update in relation to the collection of PSR regulatory fees and discussions with HMRC about the application of VAT should PSR fees be invoiced to payment system operators and then be passed on to direct members by operators. The Board noted the options available to it.

The Chairman stressed the need for invoices to be issued as quickly as possible after the end of consultation and approval of the fees rules by both the PSR and FCA Boards, by the beginning of November, the latest.

Dependent on the outcome of discussions with HMT and HMRC, in relation to VAT treatment of invoices issued by operators for the passing on of PSR fees to systems' direct members, the Board's preferred option was to invoice direct members of each payment system. Consultation would be held with stakeholders on the options available, but noting the timing deadline set by the Board.

5.5 Quarterly Technology Update

The Board received an update.

6 Papers for noting

6.1 Consumer Redress

The Board noted the report.

6.2 Correspondence Handling function

The Board noted the report.

7 Any Other Business

There was none.

Assistant Company Secretary

Annex A: Attendees

Louise Buckley	Head of Department, Payment Systems Regulator
Dora Guzeleva	Senior Manager, PSR Policy (for item 5.5)
Nancy Johnson	Manager, Payment Systems Regulator (for items 5.1, 5.2, 5.3 & 5.4)
Claire Strong	Deputy Company Secretary

Relevant associates and technical specialists also attended the meeting.