

The Payment Systems Regulator Ltd

Minutes

Meeting:	PSR Board	
Date of Meeting:	18 March 2015	
Venue:	25 The North Colonnade, Canary Wharf, London E14 5HS	
Present:	Amelia Fletcher	Hannah Nixon
	John Griffith-Jones (Chair)	Chris Woolard
	Sir Brian Pomeroy	Martin Wheatley
Apologies:	None	
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.

Mr Griffith-Jones welcomed Mark Falcon to the meeting, who recently joined as Head of Regulatory Strategy and Policy.

1 Minutes and Matters Arising

1.1 Minutes of the Board meeting held on 11 February 2015

The minutes of the Board meetings held on 11 February 2015 were approved as a correct record of the meeting.

1.2 Matters arising

The Board noted that the information flow guidance had been revised and was being shared with staff as part of the PSR's Information Policy. The Board noted the progress in respect of the other matters arising from previous meetings.

2 Managing Director's Report

Ms Nixon introduced the report and highlighted the progress to day one of the PSR. She reported that prior to launch there were two further milestones, being publication of the policy statement and other key documents, which would include tailored communications to key stakeholders, and launch of the PSR website.

The Board also noted that the forward work programme was ambitious and some of the potential challenges during the first few months of the PSR would require flexibility of resource to deal with emerging issues.

3 Specific items of business

3.1 PSR risk framework, including risk tolerance

The Board noted the risk framework for the PSR, which followed the broad principles of the FCA's framework. The Board provided comments on the draft wording setting out the PSR's risk tolerance including clarification of the measures of certain measures and risk tolerances.

The Board agreed that the Chair of the PSR Audit Committee should provide a regular oral report on any issues of operational risk discussed in relation to the PSR.

The Board approved the document as a near final draft, requesting that it be made consistent with other formal published documents and be produced in such a way that it could be published if thought to be of public interest. The Board authorised Ms Nixon to agree minor amendments as suggested. It noted that the next review would be in six months when the Board next reviewed the risk register.

3.2 Measuring PSR's performance against objectives

The Board noted that during the first year, on an interim basis, the performance measures were primarily focused on inputs and that over time these would focus increasingly on the outcomes that had been affected by the PSR's work, using data collected from firms, operators, service-users and elsewhere to inform this.

The Board supported the proposals to set up a market survey and collect baseline information. It also encouraged regular reporting to the Board so that the measures were monitored on an ongoing basis as part of regular Management Information.

3.3 Annual Plan and Budget 2015/16

The Board approved the annual plan and budget and delegated authority to Ms Nixon to agree any minor changes. The Board noted that the plan and budget would be published in the following week.

3.4 Review of expected readiness for Day 1 and forward work plan

The Board noted that there was currently 80% of completion of the set-up tasks and the Executive had a high degree of certainty that all tasks would be completed by day one. The Board also noted the progress of projects and the forward plan.

3.5 Confirmation of decision-making processes (enforcement) for compliance failures

The Board discussed the following points:

- the PSR Executive had discussed the proposed approach with the FCA; the FCA Enforcement team would provide support to the PSR where needed. There would be no ring-fenced resource reserved for PSR enforcement cases; if work was identified it would be assessed and resources re-prioritised as necessary or the work could be outsourced by the PSR;
- the process for taking enforcement decisions broadly followed the FCA's Regulatory Decisions Committee model as the relevant provisions in FSBR were modelled on FSMA, and the Board confirmed support for allowing recipients of warning notices to provide oral representations if thought appropriate by the PSR Enforcement Decisions Committee;
- it noted that the recruitment for the PSR Enforcement Decisions Committee as well as for the PSR Competition Decisions Committee had started;

- the process to be used for agreeing settled cases and the Board encouraged close liaison with the FCA's enforcement and legal teams where necessary and appropriate to ensure the PSR could benefit from their insight, experience and advice and to ensure a joined-up approach where appropriate; and
- the PSR had worked closely with FCA Enforcement in developing its processes, and would take account of the findings of the Treasury review of FCA Enforcement in finalising its decision making processes.

3.6 Legal instruments giving effect to policy decisions

The Board reviewed the proposed general and specific directions and approved them, subject to a small amendment to General Direction 6 specifying the time within which relevant payment system operators must publish Board minutes.

The Board agreed the general guidance being issued on Objectives, Penalties, Super-Complaints, Powers and Procedures, and the Administrative Priority Framework.

The Board agreed that in exercising its direction-making powers, its decision allowed subsequent non-substantive technical or drafting amendments to be made to the text of the relevant instrument, if they were within the scope of the Board's decision and agreed by the staff member responsible for the instrument and a PSR Legal adviser.

3.7 Regulatory Fees Policy Proposal

The Board agreed to consult on the proposal for the level of PSR fees allocated, including reflecting the change of policy approach in light of the response to the previous November consultation. The proposal was for the PSR fees to be allocated equally across all pan-UK payment systems designated by the Treasury, subject to considering the two cheque systems (Cheque & Credit in England, Wales and Scotland, and NICC in Northern Ireland) as a single payment system for fee allocation purposes, namely an allocation of £4.01 million per pan-UK regulated payment system. The Board agreed that set up costs of 2014/15 would be recovered over one year, and would therefore be collected at the same time as the 2015/16 financial year operating costs.

3.8 Changes to the Governance document

The Board agreed the changes to the document which reflected the changes to the risk framework and oversight.

3.9 Quarterly technology developments update

The Board received a presentation on technological developments in the payments systems, noting the need to ensure that the PSR took account of the rapidly evolving market.

4 Papers for noting

The Board noted the minutes of the PSR Executive Committee meetings held on 27 January 2015 and 10 February 2015.

The Board also noted the PSR Panel's report to the Board and requested this be included in advance of the Managing Director's report at future meetings.

5 Any Other Business

The Board noted the objectives for Ms Nixon had been discussed by the Remuneration Committee. These would be circulated to the Board.

Claire Strong
Deputy Company Secretary

Annex A: Attendees

Simon Brindley	Chief Counsel of Banking, Credit & Competition, General Counsel's Division (except item 5)
Mark Falcon	Head of Regulatory Strategy and Policy, Payment Systems Regulator (except item 5)
Nancy Johnson	Manager, Payment Systems Regulator (except item 5)
Claire Strong	Deputy Company Secretary
Grahame Tinsley	Manager, Payment Systems Regulator (for items 3.1, 3.3 & 3.4)

Associates and Technical Specialists attended for relevant items.