

# **Credit Information Market Interim Working Group**

**Response to the FCA Credit Information Market Study (MS19/1.3)**

**Report 3:  
Consultation papers**

**23 April 2025**

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## Introduction

The interim working group (IWG) was created following the credit information market study (CIMS) final report to propose the design and operations of the new governance framework of the credit information industry, the credit reporting governance body (CRGB). The [Terms of Reference](#) (ToR) for the IWG, agreed between the FCA and the IWG, outlined that the IWG would issue four reports.

Report one was issued in April 2024 covering what the CRGB should do. Report two followed in July 2024 addressing how CRGB should be constituted. Originally Report three was to be issued to explain how CRGB should operate. Industry feedback and the complexity of operationalising the recommendations in the first two reports led to the decision not to issue a third report. Instead, a set of consultation papers were issued in November 2024 and February 2025 covering the subject matter that would have formed the basis of report three. This allowed for longer, more in depth, industry consultation and deeper consideration of the topics, including external legal engagement.

Post industry consultation, all feedback was reviewed and discussed with IWG. This resulted in several enhancements to the papers. The updated papers have been combined into a pack to support the reading of the final report. Therefore, readers of this pack should be aware that as the purpose is for reference, this package of papers may not have the natural flow of a report.

Feedback and points of clarity are welcome. Please contact the IWG secretariat at [IWGSecretariat@fca.org.uk](mailto:IWGSecretariat@fca.org.uk).

**Jacqueline Keogh**

**Independent Chair, Interim Working Group**

# Chapter 1: CRGB's relationship with government & regulators

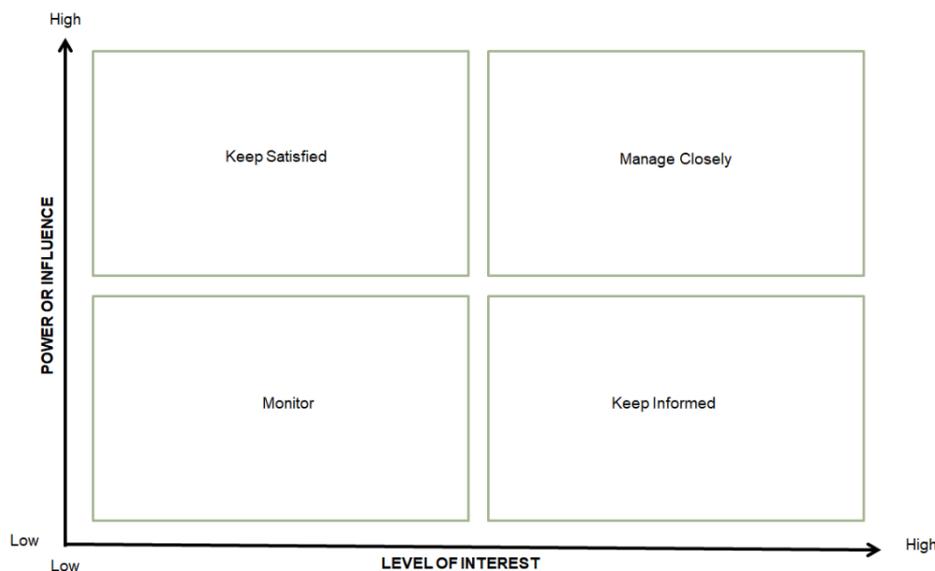
## 1.1 Background

The IWG's [Terms of Reference \(ToR\)](#) outlines that the IWG must consider the CRGB's reporting to the FCA and potentially other regulators, including engagement and ways of working. This chapter seeks to identify the appropriate level of engagement and closeness of relationship between the CRGB and these stakeholders. The chapter then outlines the practicalities of these relationships for the CRGB within different activities, such as decision-making.

## 1.2 Stakeholder mapping

As part of the [report one](#) process, the IWG mapped CRGB's stakeholders in terms of level interest and level of influence.

**Diagram 1: Influence-interest matrix**

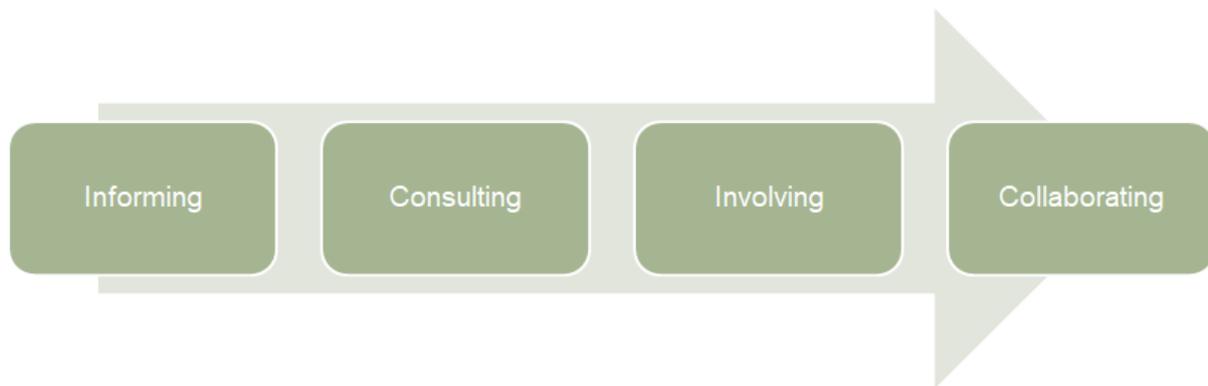


- Overall, the IWG felt that the FCA fell into the 'high level of influence' and 'high level of interest' category, meaning the FCA and CRGB will need frequent engagement as part of a close relationship.
- Government fell into the 'high level of influence' and 'low to medium level of interest' category, meaning the CRGB would need to keep government satisfied as part of its relationship.
- Other regulators fell into the 'medium level of influence' and 'medium level of interest' meaning these regulators should be kept informed by the CRGB in general but may require particular engagement by the CRGB on some topics.

## 1.3 Levels of engagement

There are essentially four potential levels of engagement the CRGB could adopt with government, the FCA and other regulators: informing, consulting, involving and collaborating.

**Diagram 2: Levels of engagement**



**Informing** – at this level, the CRGB would provide basic information and updates to stakeholders. The onus is on them to read what is published by the CRGB. Stakeholder input is not actively sought, but transparency remains important. This level would be achieved by the CRGB updating its website, publishing reports etc.

**Consulting** – at this level, the CRGB would actively seek feedback and opinions from stakeholders. Stakeholders are asked for their input, and their perspectives are considered in the decision-making process. This level would involve the CRGB having personalised communications with the stakeholders such as meetings, inviting them to participate in any consultations the CRGB undertakes and flagging any relevant reports to them once they have been published.

**Involving** – at this level, the CRGB would actively involve stakeholders in the decision-making process and give them the opportunity to influence the outcome. This would involve the CRGB providing these stakeholders with timely and relevant information and stakeholders sharing their concerns and/or suggestions. The CRGB would need to provide updates on how their input has influenced the work.

**Collaborating** – at this level, stakeholders would be active partners in the CRGB's decision-making, and their views are given equal weight alongside other factors. These stakeholders participate in shaping decisions and share a sense of ownership, for example, this could involve the CRGB and these stakeholders co-authoring relevant publications. Effectively these stakeholders would have a vote at the CRGB Board, or their decision would override CRGB Board decisions.

## 1.4 Case study

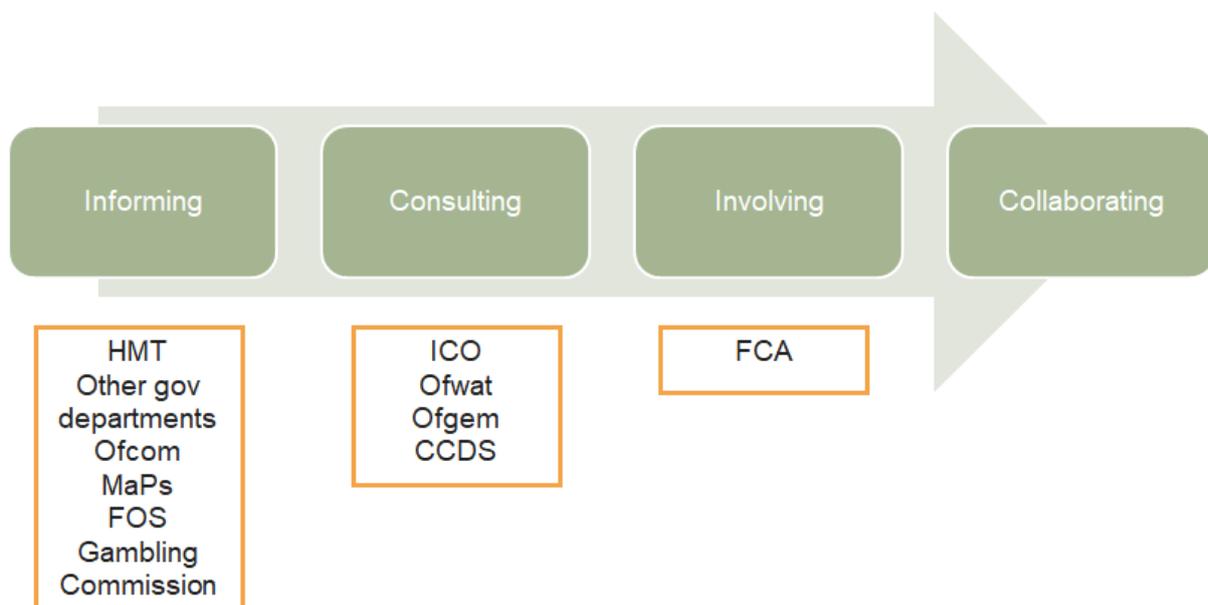
The Lending Standards Board (LSB) does not have any formal regulatory reporting requirements. The LSB have Memorandums of Understanding (MoUs) in place with the FCA and PSR which focus on setting out mutual areas of interest, such as consumer and regulated business lending and push payment scams. The MoUs provide a gateway to discuss their respective work in these areas. The LSB engage regularly with the FCA and PSR as they progress their various workstreams or on emerging issues. The LSB are subject to the FCA's Code of Recognition, meaning the LSB sets standards that are considered by the FCA as setting good market conduct outside of the FCA's perimeter. This does not come with any reporting requirements but is renewable every three years, at which point the LSB will go through a re-recognition process.

## 1.5 Applying levels of engagement to CRGB's overall relationship with government and regulators

While the CRGB will need to engage heavily on some topics with particular government departments and regulators, given the CRGB will be an independent oversight body leading industry remedies with policing powers under contract law, the IWG do not feel it is appropriate for these stakeholders to be active partners in the CRGB's decision-making and share a sense of ownership alongside the CRGB. Therefore, the IWG is recommending that no relationships with any government departments or regulators be categorised as the 'collaborating' level described above.

Therefore, as the CRGB will not be set up via primary/secondary legislation or via the FCA's powers (as set out in [report two](#)), taking each stakeholder in turn:

**Diagram 3: Summary of CRGB's engagement with government and regulators**



- FCA – the IWG ToR discusses 'providing proactive progress updates, making recommendations to the FCA and taking onboard feedback', given this and the need for the FCA to be kept up to date on the progress of the industry-led remedies and for the CRGB to seek the FCA's views on the operationalisation of these, the IWG recommend that overall the CRGB should seek an 'involving' relationship with the FCA, including FCA demonstrating public support for the CRGB. This public support would encourage eligible subscribers and participants to engage with the CRGB, including on CRGB's rules and CRGB's solutions to and adoption of the CIMS industry-led remedies, for the benefit of the industry as a whole. Likewise, because of the overlap in stakeholders and ongoing work of the FCA and CRGB, the IWG recommend that the possibility of an MoU between the FCA and CRGB be explored.
- ICO – given the CRGB will not seek to replicate the remit of the ICO (as set out in report one), but that the ICO may wish to be actively kept informed where the CRGB's work directly engages the ICO's data protection remit, the IWG recommend that overall, the CRGB should seek a 'consulting' relationship with the ICO. Likewise, because of the overlap in stakeholders and ongoing work of the ICO and CRGB, the IWG recommend that the possibility of an MoU between the ICO and CRGB be explored. However, on particular activities, such as updates to the scheme rules, particularly where there may be questions around the impact of these proposed changes on firms' compliance with UK

GDPR/wider data protection requirements and the ICO's input would be materially useful, the CRGB may seek to 'involve' this regulator on some decisions<sup>1</sup>.

- Ofwat, Ofgem– given a large percentage of the CRGB's subscribers will be regulated by these regulators (as set out in report two) it is important they are kept actively informed of the CRGB's work particularly where it engages these regulators remit, therefore the IWG recommend that overall, the CRGB should seek a 'consulting' relationship with Ofwat and Ofgem. Likewise, because of the overlap in stakeholders and ongoing work of these regulators and CRGB, the IWG recommend that the possibility of an MoU between these regulators and the CRGB be explored. However, the CRGB may seek to 'involve' these regulators in some decision-making such as any changes to scheme rules or remedies which have particular implications for those they regulate and on which these regulators input would be materially useful.
- Ofcom - Following a conversation between IWG and Ofcom, Ofcom have made clear they are happy for CRGB to manage direct engagement with the firms they regulate in relation to topics CRGB may cover but are not within Ofcom's remit. As such, Ofcom are comfortable with CRGB seeking an 'informing' relationship with Ofcom.
- CCDS – given the potential overlaps in terms of SME data, there may need to be an agreement in place to define clear separate boundaries and approach to communications between the CRGB and CCDS. Therefore, the IWG recommend that overall, the CRGB should seek a 'consulting' relationship with CCDS.
- The Gambling Commission – given those the Gambling Commission regulate gain access to the shared data via an exemption under the PoR, the IWG recommend that the CRGB will keep the Gambling Commission 'informed'. However, should changes to the scheme rules particularly impact their cohorts or engage the Commission's remit, CRGB may wish to 'consult' with the Gambling Commission.
- HMT – As HMT and the FCA have a close relationship (meaning the FCA and HMT already have regular catch-ups in relation to CIMS work), the IWG recommend that the CRGB keep HMT 'informed'. This does not prevent HMT or CRGB getting in contact with each other directly as needed should a particular topic or issue arise; lines of communication are kept open.
- Other government departments – unless specific topics related or relevant to other government departments arise as part of the CRGB's work, IWG recommend that overall, the CRGB should maintain an 'informed' level of engagement with other government departments.
- The Money and Pensions Service (MaPs) – given there will be limited overlap between the CRGB and MaPs as IWG has agreed CRGB will only play an education role in regard to its scheme rules (as set out in report one), the IWG recommend that overall, the CRGB should maintain an 'informed' level of engagement with MaPs. This does not prevent MaPs or CRGB getting in contact with each other directly as needed should a particular topic or issue arise; lines of communication are kept open. Likewise, it may be that CRGB or MaPs seeks advice/input from the other in terms of their approach to education or if overlapping issues do arise, therefore CRGB may take a 'consulting' approach on these occasions. However, MaPs may need to be 'involved' in remedy 3B (access to statutory credit report) if it is determined that MoneyHelper could be utilised by industry in terms of better signposting to SCRs. Due to this, an MoU may be needed between the CRGB and MaPs but it unlikely this will need to be developed at CRGB's infancy and will likely take a 'lighter touch' approach than CRGB's MoUs with other regulators.

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<sup>1</sup> The ICO cannot act as an arbitrator for or make decisions on behalf of the CRGB, the CRGB and its subscribers will need to remain accountable of their own data protection compliance. Therefore, CRGB will likely need to employ data protection experts or utilise contractors for particular issues rather than rely on the ICO to directly resolve any issues

- The Financial Ombudsman Service (FOS) – FOS’ role is to resolve disputes between individual customers and firms; therefore, it is unlikely FOS will need to be involved directly in CRGB’s work. However, FOS may need sight of (but will not need to be consulted on) the CRGB’s undertakings in relation to data reporting to ensure their rulings are aligned to how organisations will be reporting. Therefore, the IWG recommend that overall, the CRGB should maintain an ‘informed’ level of engagement with FOS. Despite this, for any changes to scheme rules that impact data reporting, it is recommended that CRGB directly inform FOS, rather than place the onus on FOS to stay up to date on the scheme rules. This also does not prevent further direct engagement on particular issues, for example if individual decisions made by FOS could potentially cut across the purposes or rules of the CRGB.

It may be that these levels of engagement vary for different activities undertaken by the CRGB or evolve over time, this is outlined in Appendix A of this report, CRGB will need to remain alive to market developments and the evolution of its own work and therefore keep these engagement levels under review.

In terms of demonstrating public support for CRGB’s scheme rules and CIMS remedy positions, it may be possible for the FCA to ‘formalise’ this position via the FCA’s [recognised industry code framework](#). The CRGB would need to apply for recognition under this scheme and meet the criteria set out by the FCA, this would also be subject to public consultation. See Appendix B of this document for further information on the framework and how the CRGB potentially meets its criteria (a full assessment will need to be undertaken by the CRGB’s Board at set-up). If CRGB is not successful in securing recognition under this scheme, the IWG recommend that CRGB seek support from the FCA in other ways such as a public statement setting out the benefits of CRGB for the industry to encourage stakeholder engagement and compliance with CRGB’s rules and remedies solutions. Other modes of support could also be agreed and established via the CRGB’s existing relationship with the FCA, the mechanisms of which are described in Appendix A. The CRGB’s MoU with the FCA should include agreement as to the action CRGB will take to work with the FCA if a subscriber under their remit is in breach of CRGB rules. This will primarily be in cases where a) these breaches are systematic and may have a detrimental effect on the CRGB’s ability to achieve its objectives (including persistent or recurrent breaches) and/or b) the breach is relevant to the FCA’s functions in relation to the subscriber.

Likewise, it would be helpful for other regulators to offer public support for CRGB in terms of its role in governing the credit information industry, working to improve the quality of data used by the industry and in implementing the CIMS industry-led remedies. Similarly, as set out below, the MoUs between the CRGB and other regulators will detail what action CRGB will take to work with the relevant regulators if a subscriber under their remit is in breach of CRGB rules. This will primarily be in cases where a) these breaches are systematic and may have a detrimental effect on the CRGB’s ability to achieve its objectives (including persistent or recurrent breaches) and/or b) the breach is relevant to the regulators functions in relation to the subscriber.

## 1.6 Activities

This section outlines how the engagement levels described above will need to be practically applied by the CRGB.

In summary, the involving level of engagement (only reserved for the FCA) will include:

- CRGB seeking an MoU with the relevant stakeholder setting out, at a high level, CRGB’s approach to engagement with the stakeholder, including overlapping work/areas of interest and how CRGB and the stakeholder will work together on these topics (such as, what input will be sought by CRGB, flagging relevant issues to the regulator, approach to

accountability and transparency and actions to be taken if CRGB rules are breached by a firm within the regulators remit, as described above).

- The regulator demonstrating some form of public support for CRGB's scheme rules and remedy solutions (this will also be set out at a high level in the MoU, including implications/roles/responsibilities).
- CRGB providing early notification of and access to, for example, reports, consultations, decision-making etc.
- CRGB actively seeking input via frequent meetings etc. prioritising and taking any feedback on board and demonstrating how it has been accounted for. CRGB will publish feedback received where confidentiality/sensitivity considerations permit, and with the agreement of the relevant regulator/government department.

The consulting level of engagement will include:

- CRGB seeking an MoU (or other such agreement) with the relevant stakeholder setting out, at a high level, CRGB's approach to engagement with the stakeholder, including overlapping work/areas of interest and how CRGB and the stakeholder will work together on these topics (such as what input will be sought by CRGB, flagging relevant issues to the regulator, approach to accountability and transparency and actions to be taken if CRGB rules are breached by a firm within the regulators remit, as described above).
- The regulator demonstrating some form of public support for CRGB's scheme rules and remedy solutions (this will also be set out at a high level in the MoU, including implications/roles/responsibilities).
- The CRGB providing direct notification, once published, of for example, reports, consultations, decision-making etc.
- CRGB seeking input as necessary/relevant. Taking feedback on board as part of the wider evidence base for decision-making. CRGB will publish feedback received where confidentiality/sensitivity considerations permit, and with the agreement of the relevant regulator/government department.

The informing level of engagement will include:

- Documentation and updates are published on the CRGB website and CRGB will send emails to flag these, but the onus is on the stakeholders to read and engage. Lines of communication are kept open for discussions/input as needed.
- CRGB will publish feedback received where confidentiality/sensitivity considerations permit, and with the agreement of the relevant regulator/government department.

Appendix A to this chapter outlines in further detail how these engagement levels can be applied to 1) CRGB's BAU/day-to-day activities and 2) to CRGB's remedies work.

## Chapter 2: CRGB decision-making

### 2.1 Background

As per Company law, CRGB's governance can only be accountable to its members. CRGB will be constituted as a company limited by guarantee and its only members will be its Directors. Therefore, CRGB's subscribers would not get the opportunity to hold the CRGB's governance accountable through this mechanism. The CRGB is also not directly overseen by any regulator. Therefore, the CRGB needs to have transparent governance processes to allow its subscribers to hold the CRGB accountable.

The CRGB's decision-making is the most important process against which the transparency and accountability of the Board can be judged. This chapter outlines the Board decision process and subscriber assurances for an effective board. It aims to provide further operational detail, as recommended by the IWG, on what has been consulted on in report two issued by the IWG in July 2024.<sup>2</sup>

The IWG confirms that the recommendations presented in this chapter have been subject to IWG's external legal advice, where appropriate.

For the purposes of this consultation, the CRGB Board's composition should be considered as recommended by the IWG Chair in report two as follows:

- 1 Independent Chair of the Board
- 4 Independent Directors composed as follows:
  - 2 Directors with experience of working in consumer-facing and consumer-rights related work
  - 1 Director having experience of small and innovative sector of the industry
  - 1 Chartered Public Accountant
- 4 Nominee Directors, one each nominated by:
  - Cohort A: Designated CRAs and until such designation, firms with a revenue of GBP 100 million<sup>3</sup> or more whose principal business is the "provision of credit references"
  - Cohort B: FSMA firms with provision of consumer credit as their principal business.
  - Cohort C: FSMA firms providing credit information services and firms in the business of provision of credit references not covered in (a) above.
  - Cohort D: FSMA firms not covered in the above categories and non-FSMA firms using credit information.

All recommendations in this chapter should be considered in light of the above composition of the CRGB Board.

### 2.2 Who makes decisions?

There will be a number of issues requiring decisions at the CRGB. These include decisions from day-to-day business concerning staffing, compliance monitoring, etc. to strategic decisions concerning amendments to CRGB scheme rules, CIMS industry-led remedies, and pursuing non-compliance by subscribers. The CRGB will take these decisions essentially through two bodies:

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<sup>2</sup> <https://www.fca.org.uk/publication/corporate/credit-information-market-interim-working-group-report-2.pdf>

<sup>3</sup> This number may be revised upwards in line with inflation and ensuring adequate firms are captured by the CRGB for this cohort, until the FCA implements the scheme to designate CRAs.

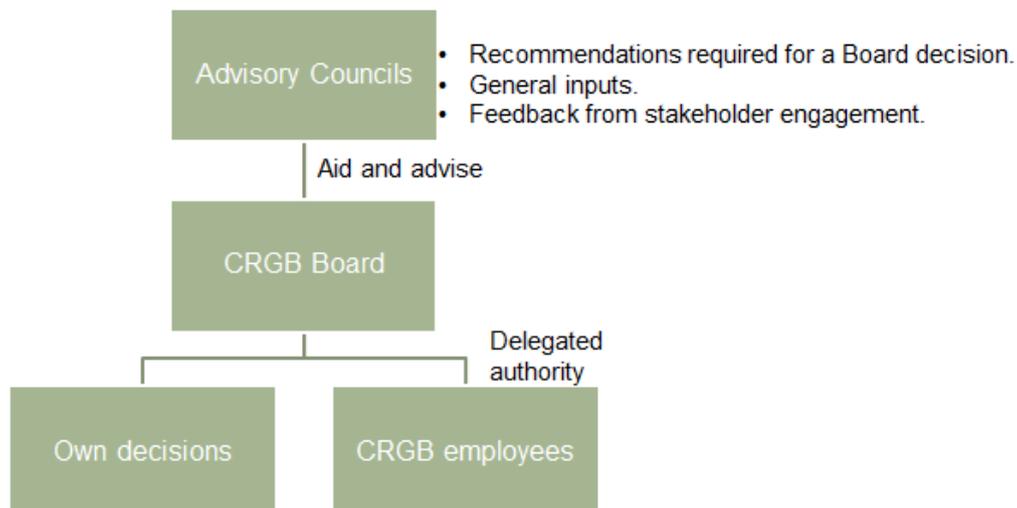
- The CRGB employees: The CRGB's employees will be responsible for the day-to-day decisions of the CRGB. Their authority for taking these decisions will be delegated from the CRGB Board, and therefore, they will be accountable to it.
- The CRGB Board: The Board is the ultimate decision-making body at the CRGB and will be responsible for strategic decisions. The Board will also be responsible for overseeing the day-to-day decisions of the CRGB Executives.

While the CRGB Board is the ultimate decision-making body, it will not be operating on its own. Instead, it will rely on inputs and recommendations from three Advisory Councils proposed in the CRGB's governance structure, namely:

- Rules and Standards Council.
- CIMS Remedies Council.
- Consumer Council.

In certain cases, the CRGB Board cannot take decisions unless it has received the necessary inputs and advice from the relevant CRGB Advisory Councils. Effectively, the decision-making authorities at the CRGB operate in accordance with this diagram:

**Diagram 4: CRGB's governance institutions**



## 2.3 What type of decisions are made?

The CRGB's decisions will be taken by two bodies – the employees and the Board.

### 2.3.1 CRGB employees and decisions

It is recommended that the CRGB employees' take the day-to-day decisions.

These decisions include decisions on tasks that would be earmarked for them based on the financial and resourcing decisions taken by the CRGB Board in its annual workplan and budget. As well as other routine decisions including managing staff, securing premises for meetings, operating bank accounts, and entering contracts with subscribers and suppliers.

The authority for the CRGB employees to take these decisions would be delegated by the Board and should include performance metrics and other expectations. The Board would retain oversight over these tasks via management information reporting and will have the right to intervene should it conclude that decision-making by the employees is not effective.

The decisions that will be delegated are to be documented in a scheme of decisions which will be part of the CRGB's constitutional framework. This document will explicitly state the scope of authority and performance expectations and will be prepared by the CRGB Board.

This would empower the Board to focus on strategic matters. The CRGB employees will make the day-to-day decisions based on their expertise and remain accountable to the Board.

### 2.3.2 CRGB Board and decisions

The CRGB Board will focus on strategic issues and take decisions accordingly.<sup>4</sup>

This includes decisions that focus on the governance of the credit information industry and the CRGB itself, e.g. assessing if there are any changes required to scheme rules, monitoring non-compliance of rules, improving the governance flows within the CRGB, etc. As the Board is the ultimate decision-making body at the CRGB, any decisions taken at the CRGB could be traced to it. This includes resolution of complaints, issues in administering Advisory Councils, any financing or resourcing issues, etc.

All of the CRGB Board's decisions can be taken through one of the two decision processes:

- Ordinary procedure.
- Special procedure.

These procedures, including the protections designed in them, form the basis through which CRGB decision-making can be held accountable by CRGB's subscribers. These are discussed in detail below.

As a general caveat, it should be noted that the CRGB Board, like any self-regulatory organisation, will account for proportionality, fairness, and reasonableness in its decision-making. For instance, in considering any decision on changing CRGB scheme rules (at the start, the PoR), the CRGB will consider its impact on different sections of the industry through various means. Based on this assessment, it will make exceptions and/or define thresholds when certain rules may or may not apply, or instead some special rules should apply to certain sub-sets of the industry. Similarly, the Board will also consider application of waivers to any sub-set of the industry when it implements any CIMS industry-led remedies.

## 2.4 What are the CRGB Board decision processes?

**Ordinary procedure:** This process involves the CRGB Board taking a decision by a simple majority of Directors (more than 50%) voting in favour of a resolution presented to the Board. These decisions are taken for subject matters that do not fall into the subject-matters reserved for special procedure.

**Special procedure:** This process involves the CRGB Board taking a decision by a special majority of 75% votes in favour of the decision. Certain subject-matters were also considered by the IWG to receive mandatory consideration and support from Advisory Councils. Accordingly, the following subject-matters have been recommended by the IWG to be decided by a special procedure vote:

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<sup>4</sup> Note, it is acknowledged that certain decisions on increases to CRGB subscription costs beyond a certain threshold have been proposed to be taken by consultation. These decisions will be considered strategic decisions.

**Table 1: Subjects for special procedure**

No.	Subject matter	Requires Advisory Council recommendation?
a.	Implementing the CIMS industry-led remedies	Yes, from Remedies Council
b.	Major amendments to the scheme rules	Yes, from Rules and Standards Council
c.	Revising the consumer objective	Yes, from Consumer Council
d.	Revising the purpose and other objectives of the CRGB	No
e.	Decisions on changing CRGB's membership	No
f.	Revising material powers of the CRGB, such as oversight	No
g.	Decisions on changing the role, purpose and powers of Advisory Councils	No
h.	Decisions changing fundamental governance safeguards such as quorum	No
i.	Fundamentally revisiting the proportional contribution of an entity re CRGB's budget	No (But, as detailed in funding chapter, it requires mandatory industry consultation for certain cases)
j.	Decisions on changing the min and max number of Directors	No
k.	Any decisions not described above that could require material investments by a subscriber cohort.	No

A 75% approval is generally used in the Companies Act 2006 for special resolution by members of a company. Through such a special resolution, the members can virtually revisit almost all constitutional and commercial aspects of the company. Accordingly, for CRGB, the 75% voting threshold is being recommended for all constitutional decisions.

It may be noted that the IWG had initially, within report two, categorised certain subject-matters designated for special procedure to require 66% approval instead of the standard 75%. This was put forward to ensure there is limited decision stagnancy due to higher thresholds for all decisions. But, due to the extensive feedback from the industry suggesting the need to secure strong consensus for these decisions and the distinction signalling that on some decisions stakeholder consensus was not as important, the thresholds were made uniform.

In report two, the IWG also agreed to provide further clarifications on the subject matters covered in special procedure which is provided below:

- All resolutions before being tabled will be assessed by the CRGB Chair for their subject-matter. If the subject-matter of the resolution is among those listed in the table above, the CRGB Chair will designate the resolution for special procedure in accordance with the voting and other stipulations above. A simple majority of the CRGB Board can challenge this assessment and seek reclassification of a resolution. The CRGB Board may also come up with guidelines for allocating decisions to various subject-matters in the table above to ensure transparency when a decision might fall under two subject-matters, or the criteria a Chair may use in designating a resolution for special procedure altogether.
- The subject-matters requiring special procedure decisions is not exhaustive and can be added to base on the CRGB's experience.
- The subject-matters requiring assessment of 'materiality' (i.e. decision (k)) will solely be based on the cost-benefit analysis (CBA) produced by the CRGB on the resolution being put to vote. Please see the note below on CBA.

- The subject-matters which are qualified by a degree such as “major” or “fundamental” are designed as such to allow the CRGB Board flexibility to determine the importance of a subject matter.

Either through ordinary procedure or special procedure, once a resolution of the CRGB Board is passed it approves the decision contained in the resolution and binds the CRGB. Good corporate governance recommends that most Board decisions should apply the ordinary procedure, particularly to avoid any unnecessary or unwarranted delays to decision making. As discussed below in the meetings protocol, the Chair of the CRGB Board is responsible for determining the nature of each resolution before it is put to vote. In that, the Chair will assess if a resolution’s subject matter is one which requires special procedure. If not, the resolution is passed via ordinary procedure.

#### **Note re CBA**

A CBA provides a structured way to assess what costs and benefits a policy is expected to generate. In the case of the CRGB, a CBA would attempt to describe and quantify, where possible, the likely impacts of a decision. This should include assessing impact on firms (both within and across cohorts, including firms of different sizes and types) in the industry, consumers, market competition, the CRGB, and the relative benefits delivered to them from a CRGB decision.

## **2.5 Safeguards proposed during Board decision-making**

It is recommended that, irrespective of a Board decision being passed through special procedure or ordinary procedure, certain standard safeguards should be prescribed to keep a check on the Board’s decision-making and ensure it is transparent, representative, and accountable.

These safeguards can be classified into: (1) representation safeguards; and (2) substance safeguards.

### **2.5.1 Representation safeguards**

These are the safeguards that will ensure that the representation of the Directors involved in the decision-making is protected and is not prejudiced. In this regard, it is recommended that the CRGB decision making requires: (A) adherence to a conflict-of-interest policy; and (B) a quorum of the Board.

#### **Conflict-of-interests**

As the CRGB Board is going to represent specialist Directors that may either be deputed from other organisations (Nominee Directors) or have demonstrable experience of industry-related work (Independent Directors with innovation or consumer experience), it is important that the CRGB manages the conflicts-of-interests (Col) that these Directors may have with the CRGB and its decisions.

Accordingly, the IWG has proposed a Col policy for the CRGB which will be adopted for the CRGB. Based on this Col policy, the CRGB secretariat will maintain a register of interests of all CRGB Directors and employees.

If an item on the agenda of the Board (as discussed below in the meeting protocol) could conflict with the interests declared by the Director on the register of interests, the CRGB secretariat will flag the same to the CRGB Chair on its own or on the instance of the relevant Director.

As per the nature of the conflict, the CRGB Chair will decide on the Director’s involvement in the decision-making on the agenda item at the upcoming meeting and communicate it to the

Director in advance of the meeting. As per the Col policy, this could include any of the following decisions:

- Declaring the conflicted interests but allowing continued participation and voting.
- Curtailing voting on a subject but allowing continued participation in a meeting.
- Exclusion from participation in a meeting altogether, and by default, voting.

If the CRGB Chair recommends the exclusion of the Director from a particular agenda item due to a Col in accordance with the Col policy, this shall be considered grounds to allow them to substitute their attendance with an alternate Director, as a particular cohort should not be denied representation altogether due to a particular Director's conflict.

Apart from prior to the Board meeting, at each meeting, the CRGB Chair will again check with each Director if they have any Col as per the Col policy. Thereafter, in accordance with the Col policy, the CRGB Chair will announce:

- Any decisions taken by the Chair prior to the meeting to manage a Director's conflicts with an agenda item based on that Director's declared interests.
- Any new decisions due to the information provided by a Director at the time of the meeting.

All these decisions will be recorded in the minutes.

### ***Quorum of the Board***

A 'quorum' is the minimum number of Directors that need to be present at a Board meeting to allow the Board to take any decisions that can bind the company. Stipulation of quorum is vital to avoid cases of minority rule. It will help to avoid a situation where a small number of Directors could make decisions on behalf of the entire company.

As a result, it is recommended that any ordinary or special procedure decision can only be taken by the CRGB Board if the CRGB Board meets a specified quorum requirement.

The IWG has recommended that the CRGB Board will meet its quorum requirement when there is attendance of a minimum of 5 Directors, composed of:

- A minimum of 3 Independent Directors.
- A minimum of 2 Nominee Directors.
- Independent Directors, along with the Chair of the Board, constitute a majority of the CRGB Board. Provided, if more than 5 Directors are attending the CRGB Board, three Independent Directors (including the Chair) will be considered sufficient to have met this condition and the Board shall be considered quorate.

This quorum is based on the current IWG Chair's recommended Board composition. It would need to change proportionately if the Board were to be resized. In practice, the quorum safeguard will be exercised as follows:

#### *Prior to the meeting*

- At least 5 working days in advance of the meeting, the CRGB secretariat will seek a confirmation from the Directors regarding their attendance.
- Through this, the CRGB secretariat will assess if the quorum requirement is met or not.
- If the quorum requirement is met, the Board meeting will go ahead as planned. If it is not met, the CRGB secretariat will inform the Chair to decide if the meeting should still proceed.

- The Chair can make this decision as per its discretion. It can postpone a meeting or still hold it.
- However, in the absence of a quorum, the Board cannot pass and adopt valid resolutions. At best, it can discuss matters and post matters to be decided in a separate meeting.

#### *At the meeting*

- The Chair will assess if the quorum requirement is met or not. This includes considering the impact of the Col policy decisions on the quorum.
- As above, if the meeting lacks quorum, the meeting can go on but will not be able to take any valid decisions binding the CRGB.

#### *Quorum principles*

With respect to the quorum requirement above, the following principles are recommended to guide the CRGB in the application of this safeguard:

- All CRGB Directors are expected to attend all CRGB Board meetings per standard practice, their attendance record will be published in the annual report. Frequent or deliberate absences will be considered a breach of the Director's responsibilities.
- The quorum should not be used to delay decision-making.
- The quorum is a specification of minimum. It should not be used to disenfranchise any Director from participating in a Board meeting.
- The quorum specification will remain the same for ordinary and special procedure decisions.
- The quorum specification should be suitably revisited if there is a change in the composition of the CRGB Board.

### **2.5.2 Substance safeguards**

These are the safeguards that will ensure that the decisions presented to the CRGB Board have considered relevant perspectives and evidence. In this regard, it is recommended that the CRGB decision-making should be safeguarded with protections that allow for: (A) obtaining legal advice and/or CBA; and (B) referral to a relevant Advisory Council. The detailed discussion on the exercise of these safeguards is provided below:

#### ***Obtaining legal advice and/or CBA***

To ensure that the decisions to be taken by the CRGB are supported with robust analysis, it is proposed that:

- Upon the receipt of the agenda of any Board meeting, any Director of the CRGB may request, with reasons to the CRGB secretariat, a CBA and/or seek legal advice on any agenda item.
- In pursuit of the CRGB's consumer objective, any CBA conducted by the CRGB must include consumer impact analysis.
- If the CRGB secretariat receives any communication from a Director invoking either safeguard, or both, the CRGB secretariat will put these communications before the CRGB Chair.
- The Chair will evaluate the requests and decide if the requested CBA or legal advice, or both, should be undertaken.
- If the CRGB Chair does not deem the subject appropriate for legal advice or CBA, the Chair may rule against such a request due to any of these reasons:

- Existing availability of required information.
- Inefficient or ineffective use of the CRGB’s resources and time.
- Availability of relevant expertise already on the CRGB’s Board.
- The subject-matter of the request does not require such an analysis.
- The Chair should adopt a consistent approach in deciding these requests.
- If the Chair rejects the request, it will communicate its ruling with reasons to the Board at the start of each relevant Board meeting. A simple majority of the Directors may overrule the CRGB Chair’s decision rejecting the requests.
- If the CRGB Chair approves the requirement to seek legal advice or CBA, it shall:
  - In the case of legal advice, consult with CRGB’s legal advisors and discuss if the legal advice can be produced (i.e. it is within the legal advisor’s scope of competence) and can be sent in prior to the meeting or if specialist external advice is needed, and if required, defer the resolution or topic until such legal advice can be obtained.
  - In the case of a CBA, consult with CRGB’s employees or a relevant Chair of an Advisory Council who may be suited to do such an analysis, and if required, defer the resolution or topic until such analysis can be obtained.
- The CRGB will have both:
  - In-house legal expertise that can advise the CRGB on legal issues, and a budget to engage with specialists on an ad-hoc basis to provide required inputs on all functions of the CRGB. It should be noted that the CRGB will only provide legal advice regarding its own functions and decisions and not how it would be applicable to its subscribers.
  - Economists, policy advisors, and engagement leads who will be supporting the CRGB’s project work on CIMS remedies and enacting other policies. This staff will, with the aid of CRGB’s Advisory Councils, be adept in conducting CBAs as these are also a requirement for all CIMS remedies. All CBAs will also have the features discussed in the box above titled “Note re CBA”.

### ***Referral to a relevant Advisory Council***

The CRGB’s Advisory Councils are an integral source of industry insights, expertise, and stakeholder views for the CRGB Board. Recognising this, certain subject-matters have been reserved as part of special procedure decisions to require a supporting Advisory Council recommendation.

However, there may be subjects on which the Board may seek Advisory Council input but may have been presented directly to the CRGB Board. Therefore, it is recommended that the CRGB Directors have the power to engage the relevant Advisory Councils on any decision presented to them.

This safeguard will ensure the addition of valuable industry insights and views to a decision. It is recommended that this safeguard be exercised as follows:

- At a Board meeting, any two Directors of the CRGB Board can request from the CRGB Chair that a discussion on a decision or resolution be deferred until a relevant Advisory Council has provided its inputs to the CRGB Board on the subject matter.
- However, this referral can only be successfully done if the subject-matter of a resolution tabled at the CRGB Board has not already been discussed by any relevant Advisory Councils.
- The CRGB Chair will examine each request to refer the subject matter to an Advisory Council immediately at the meeting.

- Upon the examination of this request, the CRGB Chair may:
  - Reject the request to refer a matter to an Advisory Council. Provided, the Chair can only reject the request if the subject-matter has already been discussed by the Advisory Council; or
  - Accept the request to refer the subject to an Advisory Council and defer any discussion on the tabled resolution until it receives inputs from the relevant Advisory Council.
- A simple majority of the CRGB Board may overrule the Chair’s rejection of a request to refer subjects to the Advisory Council.

## 2.6 Final resort pre-decision safeguard – the minority safety net

The CRGB Board’s decisions can significantly change or impact the rules governing the infrastructure and processes of businesses operating in the credit information industry. Therefore, it is recommended that the CRGB’s subscribers and participants have one final resort safeguard which would allow them to protect themselves in a situation where a CRGB decision impacts them disproportionately negatively.

The Companies Act 2006 allows minority shareholders to make an unfair prejudice claim against decisions of a company that are prejudicial to them. This right can only be exercised through court litigation. In case of the CRGB, a subset of subscribers may find that a particular decision of the CRGB is unfairly prejudicial to them. However, as subscribers are not members of the company and the CRGB seeks to prevent court litigation, a minority safety net is being recommended.

This safeguard will be exceptionally used where subscribers find that a resolution being proposed at the CRGB Board could result in material adverse financial impact to them. For convenience, it will be called the “minority safety net”.

The minority safety net can be exercised prior to the CRGB Board taking a vote on a resolution. Therefore, it can be exercised from the introduction of a resolution to deliberations on it and its classification but any time before the Directors of the CRGB vote on the resolution.

This safeguard can be invoked by any Director of the CRGB to delay a proposed resolution.

### 2.6.1 Limitations to safety net

The CIMS report has highlighted the need for the industry to advance reforms through industry-led remedies. Therefore, for decisions pertaining to these remedies, it is important that the safety net is allowed only on the implementation approach and not the fact of the remedy itself or the fact of its enactment; [Note: independent of the safety net, in the event that a remedy is deemed inappropriate, after due consideration, the CRGB must approach the FCA with a recommendation not to advance the remedy.]

To avoid abuse of this safeguard, it can only be invoked in exceptional situations and cannot be invoked when the CRGB is taking the following decisions

- Appointment or removal of any CRGB personnel, Board Director, company secretary, auditor or banker.
- Any corporate governance matters, such as:
  - the approval of any audited annual accounts (including any Directors’ or Chair’s reports included therein).
  - the procurement of legal advice.
  - compliance with legal and regulatory requirements; and
  - the creation of any mortgage or charge over the assets of the CRGB.
- Rule or contract disputes between subscribers inter-se and subscribers and CRGB.

- The approval of any training or accreditation scheme.
- Any contract or arrangement between the CRGB and a third party, which does not have a detrimental impact on financial contributions to the CRGB by its subscribers and members.

### *2.6.2 Invocation criteria*

For a Director seeking to invoke this safeguard, they must confirm that:

- 10% of the subscribers of a particular Board cohort, calculated as absolute numbers or volume of market share held, of the CRGB would be affected due to the resolution; AND
- Each of these subscribers would face a material adverse financial impact due to the proposed resolution, calculated as the likely financial impact of the decision on each subscriber within a rolling 12-month period, either in isolation or in aggregate together with other decisions of the CRGB being implemented within the same period; to be:
  - more than £1 Million, in case of any Tier 1 subscribers and Tier 2 subscribers of cohort B of the CRGB Board.
  - more than £0.5 Million, in case of Tier 2 subscribers of cohort A, C, and D, and all remaining tiers of cohort B.

The above requirements are necessary because the safety net is principally proposed at a cohort level and not an individual firm level.

For clarity, it should be noted that in the first requirement, 10% of the subscribers of a 'particular cohort' refers to the cohort for which that Director is responsible for presenting the perspective of at the CRGB's Board. For instance, if the Nominee Director from a FSMA-firm engaging in the core business of consumer credit seeks to invoke this safeguard, they have been appointed to provide the perspective of the cohort of CRGB subscribers engaging in the core business of consumer credit. Therefore, they must show that 10% of all firms, irrespective of size, who are subscribers of the CRGB and undertake the core business of consumer credit are affected. The process through which a Director secures the confirmation of subscribers on meeting the above criteria, through a consultation or otherwise may be considered by the CRGB.

Consumer groups are unable to satisfy the above threshold therefore it is proposed that their right to invoking this safeguard is exercised because of significant demonstrable consumer detriment (PQRS – price, quality, range, service – plus rights). The Independent Directors, who have the experience of working in consumer-interest fields, will be given the power to invoke this safeguard for such consumer cohorts. Provided, the evidence presented by the consumer groups should be robust on the metrics above. The CRGB Board should prescribe these thresholds upon set up in consultation with the Consumer Council.

If an individual subscriber expects to face a material adverse financial impact on its own based on its own business model, but it cannot find the peers to meet the criterion of demonstrating effect on 10% of the subscribers of its cohort or the financial thresholds specified above for material adverse financial impact, their case will be given visibility at the CRGB Board for consideration. This should be undertaken by raising this to the secretariat and the secretariat flagging it to the Chair and the relevant cohort director.

### *2.6.3 Invocation requires an alternative*

As discussed, this safeguard can only be invoked prior to a vote being taken on a CRGB resolution. With the invocation of the minority safety net, the resolution will be delayed and the CRGB Board will not be allowed to take a vote on it.

The CRGB Board shall require the invoking party to offer an alternative plan of action for consideration within a reasonable timeframe. Based on the complexity of the case, the CRGB Board will deliberate and prescribe the extent of evidence and rigour required in the alternative

and the reasonable timeframe for devising this alternative. When an alternate solution is found, it will be subject to the full CRGB decision-making process from the start.

#### **Note**

The minority safety net, due to its design requiring demonstration of impact on 10% of a cohort, can by default lead to outcomes whereby certain firms have a higher burden of proof to invoke this safeguard. For instance, a large CRA might be able to invoke the minority safety net on its own upon demonstrating material adverse financial impact of £1m. However, for other cohorts, it might require more than one firm to invoke it. Yet, it should be noted that the invocation of the minority safety net is reserved for certain special categories of decisions only and is designed as a last resort to be used in exceptional situations. In any case, it also imposes a burden on those invoking it to present an alternative plan. Therefore, the responsibility upon invocation should largely be proportionate to the right of invocation.

## 2.7 Post-decision protection – appeals

Due to the safeguards detailed above, it is expected that the majority of CRGB's decisions will be widely accepted by its subscribers and participants. However, some stakeholders may still have concerns that a decision could negatively impact an individual business or cohort.

To address this, it is recommended that the CRGB will provide another protection post its decision-making to all its subscribers and consumer groups in the form of an appeals process. This safeguard shall be available as follows:

- An appeals form (available on the CRGB website) will be filled in by the subscriber/consumer group detailing the decision they are concerned with and why, including any initial evidence the stakeholder wishes to put forward at this early stage. The appeal can be raised by an individual firm or a cohort(s). An appeal must be raised within 30 working days of a decision being published by the CRGB.
- The secretariat reviews the appeal and must evaluate its merits within 30 working days from receipt, if no grounds for appeal are found the secretariat must respond in writing to the appellant setting out their reasoning.
- These grounds will vary on a case-by-case basis and the secretariat will engage with CRGB's legal advisors as well as other parties as appropriate (such as regulators) to determine and evaluate these, but grounds may include, for example:
  - A stakeholder has identified a mistake in CRGB's analysis which underpins the decision or otherwise questions the strength of CRGB's analytical techniques.
  - A stakeholder believes CRGB has failed to appropriately account for/incorporate relevant evidence in its analysis or has unduly disregarded evidence.
  - A stakeholder has identified an implementation option in relation to a decision for which CRGB has not considered.
- While the appeal is being evaluated, all progress on the CRGB decision will be halted and this will be communicated to all CRGB subscribers and participants. For example, work will pause on implementing a CIMS remedy if an appeal is received. In cases where the CRGB receives an appeal related to a CIMS industry-led remedy, the FCA will be notified, allowing for confidentiality considerations.
- If grounds for appeal are found, the Board must review their decision. This will include revisiting analysis/evidence utilised in coming to the decision, discussing with Advisory Councils to assess if evidence can be supplemented and may involve further stakeholder consultation. Alternative implementation approaches to the decision may also be re-

evaluated. The appellant will have the right of representation to raise their own evidence to the Board.

- Upon further evaluation, the Board will re-vote on the decision. The results of this process would be shared with the appellant within 90 working days (information relating to these appeals and decisions may be published by the CRGB, having regard for confidentiality and sensitivity).
- Depending on the result of this vote and the topic at hand, the decision or policy process may be restarted, potentially involving rescoping solutions and involving Advisory Councils.
- If the appellant is not satisfied with the outcome, they may contact their relevant regulator as they see fit to seek to influence CRGB and/or seek recourse through the jurisdictional courts.

The appeals process cannot be used to prevent a CIMS remedy from being adopted, it can only be used in regard to the implementation approach to remedies. Should an appeal be received in relation to the implementation of CIMS industry-led remedy, it is recommended the FCA is notified, allowing for confidentiality considerations. The FCA must be consulted should the CRGB feels it is not appropriate to adopt a CIMS remedy in its entirety.

## 2.8 Board protocol

The CRGB can also ensure that it is accountable to all subscribers by following a transparent protocol around putting the decision-making process into practice. As a result, it is recommended that the CRGB adopts the following protocol in putting in place the Board processes discussed above.

### 2.8.1 *Scheduling the meetings and notice*

At the start of each year, the CRGB secretariat will schedule all the Board meetings of the CRGB for the forthcoming year. The schedule is subject to a quarterly review based on attendees and subject matter. Generally, the CRGB secretariat will choose a particular day of each alternate month for a Board meeting to ensure consistency, such as the second Monday of every alternate month.

Reasonable adjustments to the schedule of Board meetings may be made to allow the maximum number of Directors to attend the meeting without any need for an alternate Director.

The CRGB secretariat will also prepare a centralised document recording the availability of the CRGB Board Directors throughout the year.

### 2.8.2 *Emergency Board meetings*

An emergency meeting may be called at the insistence of any of the Directors of the CRGB Board giving notice to the CRGB secretariat along with the agenda, purposes, and exigencies for calling such an emergency meeting.

The CRGB secretariat will notify the CRGB Chair regarding such a request. If the CRGB Chair is satisfied with the reasons for calling the emergency meeting, it will direct the CRGB secretariat to notify all Directors regarding scheduling of an emergency board meeting. The emergency meeting cannot be scheduled less than 7 working days before the receipt of the notice of such an emergency meeting.

### 2.8.3 *Holding Board meetings*

The CRGB secretariat will make adequate arrangements for facilities of meeting rooms and other infrastructure necessary for holding a Board meeting. While the secretariat will endeavour to secure physical presence of Directors for the meeting, it will ensure that each Board meeting allows Directors to join the Board meeting virtually.

#### *2.8.4 Agenda of the Board meetings*

An action log of items to be considered by the CRGB Board will be maintained and regularly updated by the CRGB secretariat.

The CRGB secretariat and the CRGB Chair will together prepare an agenda for each ordinary Board meeting.

The agenda will be composed of:

- Standing items, e.g., review of audit reports, staff performance review, advisory Council review etc. These items would require routine discussion at the CRGB Board at regular intervals and may be included in different Board meetings considering the priorities of each standing item.
- List of topics requiring discussion at the CRGB Board based on the CRGB annual project plan prepared by CRGB employees.
- Any topics or resolutions proposed by any of the Directors.
- Any recommendations received from the CRGB Advisory Councils on any topic.
- Pursuant to the substance safeguards used, any topics that were originally introduced at the Board and subsequently referred to a CBA, legal advice, or Advisory Council input and the relevant inputs have now been received; and
- Pursuant to the minority safety net safeguard, any revised plans received for resolutions which were delayed due to the invocation of the minority safety net or any requests received by individual subscribers to consider invoking the minority safety net.

The agenda of the Board meeting will be circulated two weeks before the scheduled meeting along with the relevant supporting documents. The CRGB secretariat and the Board may consider longer timelines for some documents.

The supporting documents will include, where appropriate, inputs from Advisory Councils and their reports, CBA reports, work products produced by CRGB staff on the relevant topics, and legal advice. In the case of an emergency Board meeting, the agenda and supporting materials can be circulated 5 working days in advance of the meeting.

Wherever possible, the CRGB Chair and the secretariat will provide the classification of the topics on the agenda. In that, the agenda can classify if a topic would require ordinary or special procedure. And, if special procedure, the precise kind of decision required.

#### *2.8.5 Decision protocol*

At a meeting, any Director or the Chair will propose a discussion amongst the Directors on the topics notified in the agenda. On each such topic, each Director may share their insights including presenting their own evidence, relying upon the materials prepared by Advisory Councils, or any employee of the CRGB.

The resolutions on relevant decisions to be taken at the Board will be tabled as follows:

- Compulsorily, prior to the end of the meeting, the Chair must table relevant resolutions proposed in the agenda.
- Any Director may also request the Chair to table the resolutions proposed in the agenda at any time prior to the discussions or at any point during the discussions at the meeting.
- If deemed appropriate, the Chair will table the resolution requested by the relevant Director.

- The Chair may also table the resolutions proposed in the agenda at the start of the meeting to get an initial vote, and then open it up for discussion, and then table the resolution again at the end of the meeting for a final vote.

Prior to tabling the resolutions, the Chair will ensure that the Board is notified about the nature of the resolutions. Specifically:

- If the resolution does not concern any special procedure matter, the Chair will confirm as such.
- If the resolution concerns a special procedure matter, the Chair shall specify that the resolution requires a special majority, and wherever required, confirm that supporting Advisory Council recommendation has been received.

Thereafter, a vote on the resolution will be undertaken where each Director gets one vote. Due to the conflict-of-interest rules, any conflicted Board members may not be allowed to vote.

Depending on the resolution, it may be passed by the Board with a simple majority or may require a super majority. The secretariat will record minutes of all such meetings.

The Board is expected to make all decisions at Board meetings. However, in certain exceptional situations, the Board may propose to pass resolutions through circulation via email or in writing as follows:

- The Board may pass resolutions through writing only in exceptional situations.
- The Chair of the Board will prepare the resolution and provide all supporting documents relating to the resolution along with the resolution and a statement explaining the exigencies requiring a written resolution.
- The communication will specify the timing within which the Directors must respond to the resolution and the nature of the resolution, i.e., if it requires a special majority or not.
- On this specified date, the Chair will record the votes received in favour of the resolution.
- Depending on the resolution, it may be considered passed by the Board with a simple majority or super majority; and
- Provided, if any of the Directors want to exercise the safeguards stipulated and the Chair accepts their request, the decision will be deferred.
- At the earliest meeting of the Board, the resolution passed in writing will be ratified at the meeting with a simple majority or a special majority as required for the relevant resolution.

All actions of the CRGB undertaken between the passing of the written resolution and until it has been ratified at a meeting will remain valid. Any subsequent actions will only be valid if the written resolution has been ratified by the Board in its meeting.

#### *2.8.6 Publication of Board decisions*

In accordance with the CRGB's transparency and accountability principles, the following documents will also be made publicly available to monitor the compliance with the processes, safeguards, and protocols by the CRGB Board in its decision making:

- Annual workplan/strategy documents, including the Board's defined measures for assessing the CRGB's performance against its objectives.
- Summary and update reports on remedies work and any regular reviews of the scheme rules, standards, guidance and best practice including Board and Advisory Council papers prepared on these topics.

- The Board decision-making processes.
- Roles and responsibilities of Directors and Senior Management.
- Minutes redacted or anonymised (where sensitive) of Board meetings and decisions made, including voting outcomes (only total numbers, and not attributing votes to particular Directors).

## Chapter 3: Advisory Council framework

### 3.1 Background

In report two, the IWG determined that three subject oriented Advisory Councils will be integral to the CRGB's governance structure<sup>5</sup>. These are:

- Consumer Council
- CIMS Remedies Council
- Rules and Standards Council

In report two, the precise details regarding these bodies were left for further deliberation. These topics include: the operational framework, membership rules, chairing rules, Board relationship, and voting.

The IWG has deliberated on these topics through various papers, written feedback, discussion in meetings, and respective stakeholder engagement. In this chapter, the IWG is presenting its recommendations for the CRGB's Advisory Councils on all the above aspects.

### 3.2 Core purpose and functions

The IWG recommends that the CRGB should have three Advisory Councils as part of its governance structure. These Councils will be subject oriented Councils set up to achieve specific purposes by discharging these functions:

**Table 2: Purpose and function of the CRGB's Councils**

Council	Purpose	Functions
Consumer Council	<p>It brings together members representing different consumer cohorts to ensure that the CRGB understands different consumer issues.</p> <p>It will also hold the CRGB accountable by reviewing the impact of CRGB actions in terms of consumer interest.</p>	<p>Aid the CRGB in meeting its consumer objective by:</p> <ul style="list-style-type: none"> <li>• Preserving the consumer objective and having an equal say as the CRGB Board in decisions that seek to amend the consumer objective</li> <li>• Aiding the CRGB's Cost-Benefit Analysis (wherever sought) by presenting consumer impact analysis.</li> <li>• Supporting the Nom-Com in selecting the Independent Directors required to have consumer experience.</li> <li>• Informing the views of the consumer cohort on various recommendations being debated in the Remedies Council and Rules and Standards Council and directing the votes of the Consumer cohort on these councils.</li> <li>• Informing the views of the Independent Directors co-chairing the Consumer Council on exercising their powers at the CRGB Board.</li> <li>• Presenting to the CRGB Board issues faced by consumers, engage consumers on CRGB work, and provide feedback to the CRGB Board.</li> </ul>

<sup>5</sup> <https://www.fca.org.uk/publication/corporate/credit-information-market-interim-working-group-report-2.pdf>, Chapter 7.

Council	Purpose	Functions
Remedies Council	<p>It will proactively advise the CRGB Board on the design of CIMS industry-led remedies.</p> <p>It will also aid the CRGB Board in undertaking stakeholder engagement for FCA remedies.</p> <p>It will advise the CRGB on its actions towards implementing the CIMS industry-led remedies.</p> <p>Obtain feedback from the industry for the above work.</p>	<ul style="list-style-type: none"> <li>• Provide its recommendations to the CRGB Board on enactment, adoption, and implementation of all industry-led remedies recommended in the CIMS report.</li> <li>• Undertake stakeholder engagement for the CRGB Board on the industry-led remedies and FCA-remedies (wherever required).</li> </ul>
Rules and Standards Council	<p>It will be primarily responsible for advising on the drafting and implementation of CRGB rules (initially the PoR and later any other rules developed through industry-led remedies). This includes recommending standards, market practice, text of the rules to be adopted, any required amendments, or any other adaptations required.</p> <p>It will keep the CRGB scheme rules under review and support the CRGB by obtaining feedback on its rules from the industry.</p>	<ul style="list-style-type: none"> <li>• Provide its recommendations to the CRGB Board on enactment, adoption, and implementation of all scheme rules governed by the CRGB.</li> <li>• Monitor industry and regulatory developments and recommend any rule changes or market standards and practice developments.</li> <li>• Undertake stakeholder engagement for the CRGB Board to understand the adoption of the scheme rules.</li> <li>• Feed back its findings to the CRGB Board to recommend rule changes.</li> </ul>

The Board will use the above framework for drawing the Terms of Reference (ToR) of these Councils. Primarily, the Councils shall be empowered to achieve their purposes through their features discussed in the next section. Other frameworks discussed in detail in this chapter will also be of aid.

### 3.3 Constitutional features of CRGB Councils

The CRGB Advisory Councils are designed to:

- Enable the CRGB Board to account for stakeholder views in its decision-making.
- Provide technical expertise to the CRGB.
- Hold the CRGB accountable by providing feedback to the CRGB on its decisions.
- In certain cases, participate in CRGB decision-making by making recommendations to the Board. Provided, the Consumer Council can only participate in CRGB decision-making to the extent that it involves any amendments to consumer objective of the CRGB.

The CRGB Advisory Councils are designed as democratic bodies in the CRGB governance structure whereby:

- Each Council member shall be at liberty to engage with fellow industry players, including associations or bodies representing industry participants, on their own and present their views at their Advisory Council.
- No Council member will be restricted from presenting their own organisation's perspective to their Advisory Council.
- Inputs produced by any Council member may be adopted by their Council to inform its recommendations.
- Each Advisory Council will record all minutes leading up to a recommendation.

- The CRGB's Board will be provided with details regarding the dissents and voting patterns on each recommendation presented by the Advisory Councils.
- CRGB Advisory Council recommendations, duly passed after a vote at the relevant Council, cannot be rejected by the CRGB Board without providing reasons in writing.

Advisory Councils are integral to effective governance of the CRGB. To fulfil this role:

- The Chair of all Advisory Councils will have the power to apply, with appropriate supporting reasons, to the CRGB Board for resources (human and financial) to carry out special projects supporting its functions.
- The Council Chairs may apply to the CRGB Board for resources to train and induct its members on their functions in the Councils.
- The Council Chairs will be empowered to make appropriate and effective use of the CRGB secretariat.
- The CRGB Board may prescribe rules, code of conduct, or amend the prescribed rules for the Advisory Councils from time to time.

Provided, in considering the above requests or performing the above functions, the Board will assess its annual plan and budget and evaluate the most effective use of CRGB resources.

All Council members engaging in CRGB Advisory Councils must:

- Comply with Competition law.
- Discharge their functions without any remuneration from the CRGB.
- Act with integrity and good faith.

The CRGB Board will approve the Terms of Reference (ToR) of each Council upon constitution of the CRGB and will review them every two years. This review will include:

- Assessing the continued need of the relevant Advisory Council
- Redefining the purpose, objectives, and functions of the Advisory Councils.
- The need to establish a new Advisory Council.
- The CRGB Board may abolish or fundamentally alter the purpose of Advisory Councils only through a special majority. Provided, the Consumer Council cannot be abolished.

In the interests of transparency, the CRGB Board will publish on its website or provide to its subscribers/participants:

- The approved ToR of the Advisory Councils.
- The Council membership process.
- Any approved reports (or their extracts) from the Advisory Councils.

## 3.4 Appointments framework of CRGB Advisory Councils

In report two, the IWG agreed that the three Advisory Councils will be composed of members of the industry and consumer groups. The IWG has now deliberated in detail the appointment of Council members and its Chair. Therefore, it is recommending the following framework:

### 3.4.1 Membership framework of Advisory Councils

#### **Eligibility**

Only individuals from CRGB's subscriber/participant organisations shall be eligible to be appointed as members of CRGB Advisory Councils.<sup>6</sup> The Chairs of each Advisory Council will have the power to invite persons to apply for membership of their Advisory Council, but the membership will still be approved as per the ordinary process.

The CRGB Board may specify limits to membership of relevant Advisory Councils based on observing its functioning, diversity constraints, and in the interests of efficiency and effectiveness.

Each subscriber/participant, including their affiliated entities (for instance, CISP subsidiaries run by CRAs), can only have one Council member represented on each Advisory Council. For the Consumer Council, only individuals can be appointed as members who represent and advance consumer interests or are affiliated to an organisation that represents and advances consumer interests. No organisations operating within the credit information industry undertaking a 'for-profit' business or representing the interests of 'for-profit' businesses can be appointed as members of the Consumer Council. Such organisations and their representatives may be invited to share their views and technical expertise at the Consumer Council from time to time.

For the Consumer Council, the decision on approving an individual's membership will be taken based on:

- The merits in the candidature.
- The contributions made by the individual and their organisation in the field of consumer rights, or consumer-facing subjects consistently over time.
- The diversity of consumer constituencies and demographics represented by the individual and their organisation.
- Their consumer facing expertise and skillsets in certain fields, including, debt advice, financial capability/education, financial inclusion, and consumers facing complex vulnerabilities.
- The impact on the efficient discharge of the ToR of the Council.

Due to the designated CRAs industry knowledge and role, each designated CRA will have default membership of the CIMS Remedies Council and Rules and Standards Council.<sup>7</sup>

For the CIMS Remedies Council and Rules and Standards Council, the decision on approving an individual's membership will be taken based on:

- The merits in the candidature.
- The role performed by the individual and the organisation in the credit information industry (and this includes consumer groups).

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<sup>6</sup> As stipulated in governance framework in Report 2, Funding of the CRGB and engagement governance are not related to each other. The condition to limit membership to subscriber/participant does not violate this principle. First, subscribers could be paying or non-paying. Second, even if the organisation is not a subscriber – i.e., does not access shared data e.g. a Trade Association, they will just need to apply to be a participant of the CRGB before they can apply for membership to any Advisory Council.

<sup>7</sup> Until such time the FCA designates CRAs, all FSMA firms authorised to provide "credit references" as their primary business and have a revenue of GBP 100 Million.

- The impact on the efficient discharge of the ToR of the relevant Advisory Council.
- (Secondary and less important consideration) Diversity on the Council from the cohort of players that the individual applicant's organisation is a constituent of.

### ***Admission & maintaining membership***

Membership to Advisory Councils will remain open on a revolving basis. These applications shall be received by the CRGB Board's secretariat and approved by the CRGB Board or any other person(s) to whom such power is delegated by the Board.

Each organisation may also apply to have an alternate Council member who could act in the absence of the representative Council member. The CRGB Board may consider imposing uniform time limits on Council members' terms in their respective Councils, taking into account the relevant operations of each Council.

The CRGB Board will have the power to review the continued membership of a Council member, and have the power to remove any Council members if it determines that they are not performing up to various metrics, including:

- Attending meetings regularly.
- Participating in resolutions or submitting position papers.
- Not complying with the relevant code of conduct specified for that Council.
- Engagement with the CRGB's work products; and
- Any other metric that the CRGB Board may consider suitable.

### ***3.4.2 Chair appointment framework***

The Consumer Council will be co-Chaired by the Independent Directors who have consumer facing experience in alternate, or together.

The Rules and Standards Council and the CIMS Remedies Council will be Chaired by one of the members of these Councils elected through the voting process stipulated for making recommendations. The Rules and Standards Council and CIMS Remedies Council may also elect deputy Chairs who will exercise the functions of the Chair in their absence. At the time of CRGB constitution or whenever the position of the Chair and Deputy Chair of the Advisory Councils (except the Consumer Council) becomes vacant, the CRGB Chairperson will designate an Independent Director to Chair the Council until such time that a new Chair is elected.

The Chairs of all CRGB Councils will hold regular meetings to coordinate the proceedings and work in their relevant Councils and to keep each other informed.

## **3.5 Operational framework of CRGB Advisory Councils**

The IWG recommends the following operational framework for the day-to-day operations of the CRGB Advisory Councils:

### ***3.5.1 Annual plan***

The Chair of each Advisory Council will be responsible for preparing a draft annual plan of action for their respective Advisory Councils. This plan will discuss the approximate timeline at which different topics will be discussed at the relevant Advisory Council.

At the first yearly meeting of the Advisory Council, feedback shall be obtained from members regarding the annual plan. After incorporating the relevant feedback, the Chair of the Advisory Council will circulate the finalised annual plan to the CRGB Board and the Chairs of other Advisory Councils.

If there are any topics in the annual plan that are overlapping across Advisory Councils, the CRGB Board will rule on the relevant Council that will take the topic forward. The CRGB Board will refer to the ToR of the relevant Councils for this purpose.

Once finalised, the annual agenda of the relevant Advisory Council will be circulated to all of its members. The topics planned for a particular period of the year in the annual plan will be included as 'standing items' in the agenda circulated for Advisory Council meetings in that period.

### *3.5.2 Meeting agenda*

Any member of any Advisory Council may raise any topics to be discussed at a meeting to the CRGB secretariat. If the Council Chair deems the topic appropriate in accordance with the Council's ToR, the topic will be added to the agenda of the Advisory Council for discussion.

The agenda shall also be supplemented by inputs from CRGB Board secretariat wherever:

- The secretariat informs the Chair regarding any topics received from Council members.
- The secretariat finds that topics have landed at the CRGB Board first but require an Advisory Council recommendation.
- The secretariat receives legal advice, sought at the request of a Director, that the topic requires Advisory Council consideration.
- The secretariat has passed on topics from the CRGB Board meetings on which two or more of the Directors have requested Advisory Council input.
- The secretariat has passed on topics from the CRGB Board meetings due to the inability of the CRGB Chairperson to confirm that the relevant Advisory Council recommendation has been received.
- The secretariat has been advised by the CRGB Board to request the Advisory Council to reconsider a particular recommendation it has rejected.
- The secretariat has received any topics from CRGB's employees working on any policies as per their project plan.

Wherever any overlaps arise in topics before the Councils, the CRGB secretariat either on its own accord or upon a Chair's request ask the CRGB Board to allocate the topic to one of the Councils for primary consideration and voting and for the other Council to be kept informed.

At least 15 working days prior to any Advisory Council meeting, the Chair of each Advisory Council will be responsible for sharing the agenda of each meeting to its members. The Council Chair may seek the assistance of the CRGB secretariat for preparing its agenda and filtering, grouping or organising the topics.

Any member of any Advisory Council may also raise any topics for discussion during a meeting (including those that have been overruled by the Council Chair prior to the meeting when they were raised through CRGB secretariat). The Council Chair may allow the inclusion of such topic on the future agenda of the Advisory Council provided it sits within the ToR of the Council. Except for the Council Chair's rejection of a topic due to it falling outside of the Council's ToR, the members may overrule the Council Chair's rejection through the voting process prescribed for the Council to make recommendations. A Council Chair's rejection of a topic on grounds of it falling outside the ToR can be appealed to the CRGB Board through a formal application in writing signed by at least five Council members, within 7 working days of such a rejection.

The Chair of each Advisory Council will be at liberty to prioritise agenda items discussed in the annual plan and those raised by members according to the requirements of the CRGB and the industry.

Wherever the upcoming agenda of an Advisory Council includes topics on which voting has to be undertaken for recommendations to be sent to the Board, the relevant Advisory Council

Chair will present such recommendations along with supporting materials, in a reasonable time, to the:

- Board secretariat to get a quality assurance review. In this review, the secretariat will assess if agreed standards for making a Board recommendation have been satisfied; and
- (only in the case of CIMS Remedies Council or Rules and Standards Council) Consumer Council to allow the Consumer Council to discuss the potential implications of such recommendations, form their views, and ensure the consumer cohort on these Councils can engage effectively with the recommendations.

### *3.5.3 Council member code of conduct*

- Each Council member may request the Council Chair to invite any ad-hoc industry participants or specialists to obtain their views on particular topics.
- Each Council member may request the CRGB secretariat or the Council Chair in a meeting to add any topic to the agenda of the Advisory Council.
- Each Council member will engage with the Council with utmost good faith, confidence, and integrity.
- Any Council member presenting any inputs, evidence, or opinion will produce necessary supporting materials to support its veracity.
- Each Council member will scrutinise and participate in assessing the inputs presented by a sub-set of members of the Council to ensure sufficient engagement at the Council.
- To ensure continuity of technical expertise, each member must keep their alternate suitably informed about the developments at each Advisory Council.
- Either of the Chairs of the Consumer Council, who are also Independent Directors of the CRGB, may vote as members of other Councils along with consumer groups forming part of those Councils. Their votes will be considered along with the votes of the consumer stakeholders.

### *3.5.4 Council Chair code of conduct*

#### ***On general conduct***

- The details of all Council members (including their alternates) will be recorded in a register maintained by the Chair of each Council.
- Each Council Chair will have the power to invite ad-hoc industry participants, including, representatives from regulators and government to inform their work.
- Each Council Chair will have a duty to ensure that it delivers on the CRGB Board approved annual agenda and the ToR.
- The Council Chair will ensure that inputs presented at the Advisory Council by a sub-set of stakeholders are subjected to higher scrutiny, requirement of evidence, and deliberation by all Council members before its adoption into a recommendation.
- The Council Chair will be responsible to provide to the Board periodic reports on its proceedings detailing the activities undertaken, the proposals recommended, the attendance and participation of various members, the concerns highlighted, any specific notes from Council members, and any recommendations to improve its functioning.
- The Council Chair will be responsible for ensuring that their Advisory Council makes the most effective and efficient use of CRGB's resources, including, secretariat support.
- All Council Chairs may attend the meetings of other Advisory Councils. Except for the Consumer Council co-Chairs, Council Chairs are not eligible to vote in meetings of

Advisory Councils of which they are not a member. Consumer Council co-Chairs may cast their votes as part of the consumer cohort in other Advisory Councils.

- The Council Chairs of respective Councils will meet each other from time to time to resolve any conflicts in the topics under consideration before each of their Councils and to keep each other informed about the progress of work at their Council.
- If a conflict in the agenda of the Advisory Councils cannot be mutually resolved by their respective Council Chairs, it shall be referred to the Board who will determine which of the Councils will proceed with the topic. The Board will rely on the ToR of the respective Councils for this purpose.

#### ***For voting on agenda items or providing recommendations to the Board***

- The Chairs of each Advisory Council have the power to determine when voting will take place on different topics.
- The Council Chair will exercise their powers to call for voting only after it has reasonably recorded views of all cohorts on a recommendation.
- The Council Chairs have the power to reasonably conclude the discussion on an agenda item or a topic and call for a vote as well to avoid a situation of filibuster. In such cases, the Council Chair will record its reasons in writing and provide it to the Board in its report and along with the recommendation, if it is passed.
- The Council Chair has the discretion to decide on the method of voting (secret ballot or show of hands). The CRGB's Board may specify a threshold of minimum number of members indicating their preference for a secret vote upon which the Chair will mandatorily call a secret vote.
- The Council Chair will report to the CRGB Board the votes received from each cohort on the recommendations made by their Council to the Board. As discussed below, these cohorts are at par with cohorts at the CRGB Board and not funding cohorts.
- The Council Chair is primarily responsible for ensuring the votes are recorded correctly and may seek support of CRGB staff in this regard.
- Each Council Chair is also a Council member, and therefore, can exercise their voting rights as a Council member. However, it will act with good faith and integrity with respect to the conduct of the vote despite its own preferences.

#### ***3.5.5 Voting framework at the Advisory Councils***

As noted in its constitutional features, Advisory Councils may pass a resolution with simple majority to make recommendations to the CRGB Board. Such recommendations cannot be rejected except by the CRGB Board providing its reasons in writing.

The IWG has deliberated on the process for making these recommendations and has agreed on the following framework:

- The voting will be called only upon tabling a clear, well-framed, and unambiguous recommendation by the Advisory Council Chair that can receive a 'Yes' or 'No' vote.
- A simple majority of 'eligible votes' received will determine the Council's approval or rejection of a recommendation.
- All members of the Consumer Council have one eligible vote.
- For the Consumer Council, the Council will strive for full membership at all meetings. Where this is not possible, the quorum for a Consumer Council meeting will consist of half of its membership from a representative spread of consumer cohorts, including the Chair, at the time of the meeting.

For the Rules and Standards Council and CIMS Industry-led Remedies Council, an 'eligible vote' can only be cast by a cohort as follows:

- Each Council member belonging to a subscriber organisation and each Council member belonging to a participant organisation representing consumer interests will cast its vote independently and provide their identification in casting their vote. Council members belonging to participant organisations, except those belonging to the consumer cohort, cannot cast their vote on these Councils. Provided, subscribers of the CRGB may designate a participant organisation to vote on their behalf at these Councils. In such cases, a Council member from participant organisations can vote on their behalf as their nominated representative. A Council member from a participant organisation can cast as many votes as the number of subscribers who have nominated them to vote for them.
- The votes of each Council member belonging to subscriber organisations and any Council member belonging to participant organisations nominated to vote for subscribers in that cohort will be consolidated to form the cohort's vote.
- Each cohort will carry one 'eligible vote'.
- The cohort's eligible vote shall be cast based on the simple majority of votes received from the members of that particular cohort.
- There may or may not be a need for developing tie-breaking rules for determining the cohort's vote, and these will be developed by the Councils and approved by the Board.
- There are 5 'cohorts' in the Rules and Standards Council and CIMS Remedies Council within which the Council members will be categorised. These 5 cohorts are at par with the cohorts at the CRGB Board: Designated CRAs;<sup>8</sup> FSMA-authorized firms with consumer credit as their core business; FSMA authorised firms providing credit information services and CRAs not falling in the first cohort; FSMA-authorized firms and non-FSMA firms using shared data of individual consumers; and Consumer Groups (including the consumer directors attending these Councils to represent consumers).

For the Rules and Standards Council and CIMS Remedies Council the recommendations can only be made if at least one member from each cohort is present. The CRGB Board may revisit this threshold for a quorum from time to time.

Provided, the Council Chair may overrule the requirement of minimum attendance of one member of each cohort if the Council Chair reasonably determines that a cohort has been absent to avoid voting. The Council Chair must record this determination in writing and provide it to the Board along with the recommendation wherever it exercises such discretion.

The voting process at the CRGB Advisory Councils will be kept under review by the CRGB Board and appropriately modified based on experience.

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<sup>8</sup> Until such time the FCA designates CRAs, all FSMA firms authorised to provide "credit references" as their primary business and have a revenue of GBP 100 Million.

### **Example application**

Assume, these are the members of the CIMS Industry-Led Council

- 3 Designated CRAs
- 15 FSMA Data users
- 25 CISPs and Challenger CRAs
- 55 non-FSMA Data users
- 1 Consumer Director and 3 members representing consumer organisations

A proposal for a recommendation is tabled for voting by the Chair, and these are the votes received:

- 1 Designated CRAs voting yes, 2 no – Eligible Vote: **No**
- 15 FSMA Data users voting no – Eligible Vote: **No**
- 13 CISPs and Challenger CRAs voting yes, and 12 voting no – Eligible Vote: **Yes**
- 35 non-FSMA data users voting yes, 20 voting no – Eligible Vote: **Yes**
- 1 Consumer Direct voting yes, 3 consumer organisations voting no – Eligible Vote: **No**

The recommendation will fail, as it did not secure a simple majority of eligible votes.

### ***3.5.6 Framework following the recommendations made at the Advisory Council***

All recommendations of the Advisory Councils will be sent to the CRGB Board directly along with the supporting information including, dissents, voting details, cohort views, and intra-cohort views. The CRGB Board may review any recommendations that were rejected by an Advisory Council and request that Council Chair to reconsider adding the topic to that Council's agenda.

If the Board rejects any Advisory Council recommendations, it must provide its reasons in writing. If the recommendation concerns a special procedure decision requiring a particular Council's approval, the Board cannot make a decision in conflict with the recommendation.

## Chapter 4: Proposed contracting framework

### 4.1 Background

In report two, the IWG set out research and deliberations regarding various methods that could allow the CRGB to legitimately perform its roles. The IWG concluded that, in a reasonable timeframe, contractual commitments were the most effective mechanism to allow the CRGB to draw the powers to discharge its roles. The potential need for statutory underpinning will be revisited by the CRGB at a future occasion.

Having established contractual commitments as the source of CRGB's powers, as part of the report three process the IWG considered the nature of the contractual framework that needs to be set up for the CRGB. This framework, the functions to be discharged by the CRGB that need to be secured through the framework, the changes required to existing frameworks, and the underlying principles, have all been the subject of extensive deliberations at the IWG legal subgroup (including external legal advice) and the IWG.

As a result of these discussions, the IWG is recommending that the CRGB should derive its capabilities and govern the relationships in the credit information industry (to the extent of its jurisdiction) through bipartite contracts with its subscribers. This mechanism will lead to limited disruption in the industry. All stakeholders currently contributing and/or accessing shared credit data will only be required to enter one more contract. To understand the evolution from the existing contractual framework in the industry to the proposed, please refer to Appendix C.

A subscriber is an entity who has the ability to access shared data of individual consumers and seeks to exercise this ability. 'Shared data' refers to the data governed under the CRGB scheme rules<sup>9</sup> (which, at set up is the Principles of Reciprocity ("PoR")). The CRGB would have two kinds of subscribers:

- Subscribers who both contribute to and access shared data ("contributing subscribers").
- Subscribers who only access shared data ("non-contributing subscribers").

The subscribers' direct contracts with the CRGB are essential for governance of the industry. They will serve a distinct purpose different from existing contracts governing contribution and access to shared data, even when they are adapted for the CRGB.

This chapter begins with a brief background on how contracting currently operates in the industry. Next, the functions of the CRGB requiring the set-up of a contractual framework are discussed. Then, the changes required to be made to the existing industry contractual framework and how IWG recommends this could be operationalised to allow the CRGB's contracting framework to be set up is considered. Next, a set of principles that would govern contracting for the industry going forward are proposed. Finally, a clear use-case for the proposed contracting model is discussed.

**Scope:** This chapter only proposes the key design elements for the contracts to be entered into by the CRGB and the industry to empower the CRGB. It also notes the relevant considerations regarding each of the design elements. The precise contract will be drafted in the transition period from SCOR to CRGB, as will be proposed in the IWG's final report. This phase in the transition period will allow the industry to engage with the CRGB and negotiate the precise text of obligations to be drafted for these contracts. However, as noted later in this chapter, these contracts will be standard for all industry participants.

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<sup>9</sup> Note, 'scheme rules' has been used as a term to refer to the rules that the CRGB shall administer. This could include the PoR as amended from time to time, and any other rules formed pursuant to Industry-led Remedies recommended in CIMS report.

## 4.2 Existing industry contractual framework

### 4.2.1 For industry players both contributing and accessing credit data

Under the PoR, the industry players who both contribute and access shared data are referred to as members of the Closed User Group (“CUG”). As discussed above, these players are the contributing subscribers. Currently, the contractual framework allowing them to access and contribute shared data is governed through two separate contracts:

#### 1. **The contract for shared data (data contribution contract):**

This contract governs the provision of the consumer and commercial credit performance data by the data contributors (lenders, insurers, or other financial and non-financial institutions, viz. telecom operators) collected from their customers (end-consumers using financial products) to the CRAs.

This contract also prescribes the permitted uses of this data by the CRAs as outlined in the PoR, or as directed by the Steering Committee on Reciprocity (“SCOR”).

Each data contributor signs a separate contract with each CRA for contributing their data. Essentially, this contract governs data coming into the CRAs. For Experian, this is called the CAIS Agreement. For TransUnion, it is called the SHARE Agreement. For Equifax, it is called the Insight Agreement.

These contracts allow the CRAs to form a database of credit information which is supplemented with additional information from other sources (such as public data) and analytics and then provided as a service under the second contract.

#### 2. **The contract for CRA services (services contract):**

Under this contract, the relevant CRA provides their own service which may include the shared data, analytics, or information derived from that data, which is permitted to be provided to the data users (i.e. the counterparty to the contract), depending on the use case. Essentially, this contract governs data going out from the CRA as part of the services provided by the CRA.

The CRAs also provide services that do not include the shared data and are therefore outside of this discussion.

The second contract is a commercial contract designed by the CRAs for their customers (who may be financial institutions, insurers etc.) accessing the shared data and/or analytics developed by the CRAs for delivering their own services. A data contributor may not enter into the second contract necessarily if it is not availing those services from a CRA. But a data contributor will always have the ability to enter into such a contract.

**Compliance with PoR:** For data contributors, the compliance with the reciprocity principle in the PoR, i.e., receiving a reciprocal level of information to that of the information shared, is materialised through the data sharing contract. This contract stipulates a requirement that data contributors comply with the PoR, i.e., share data to CRAs at par with the data availed by them. The services contract also prescribes an obligation on the CRA’s clients to comply with the PoR. However, as this contract for services pertains to use of shared data, the operational element of the PoR that gets effectively embedded in these contracts is the portion that prescribes the limitations of use of the shared data.

**CRAIN:** The data contributors can contribute the data of data subjects to the CRAs pursuant to their contract (for credit, or other services) with the data subjects. These contracts specify that the data contributors are permitted to share their data with the CRAs and also signpost and insert by reference the Credit Reference Agency Information Notice (“CRAIN”). The CRAIN is a privacy notice jointly prepared by three CRAs (Experian, TransUnion, and Equifax) specifying notifying data subjects how the data subjects is contributed to these CRAs, and the data is processed by these CRAs. The CRAIN only covers the 3 CRAs, therefore, any data

contributor providing data to any CRA apart from these three needs to give an additional notice with respect to such data contribution.

#### 4.2.2 For industry players only accessing shared data

There are several players outside the CUG who rely on shared data held with CRAs but do not contribute into the shared data. These players include:

- Challenger CRAs who work as intermediaries between CRAs and business customers seeking CRA data,
- Credit Brokers accessing the shared data on behalf of a CUG member for providing the CUG member services; and
- Any other commercial businesses accessing the shared data for any of their services through various routes (CISPs, etc.).

While these players access shared data under varied routes, for the purposes of contracting, these members can be clubbed as industry players only accessing shared data, or non-CUG members. In the CRGB, these players will become non-contributing subscribers.

**Contract framework:** As non-CUG members do not contribute any data to the CRAs, the existing contractual framework for non-CUG members only involves the second of the two contracts discussed above, i.e., the contract for services. This contract stipulates the commercial conditions governing the relationship between the non-CUG members and CRAs, including, the conditions for which non-CUG members can access the data, their usage limitations, fees, data protection and confidentiality, and intellectual property related obligations. Non-CUG members have diverse services contracts with their customers (business or consumers) which empower them to access shared data from the CRAs. Using this power, they enter a contract for services with CRAs to access shared data held by them. The CRAs, in turn, impose limitations of use on these non-CUG members regarding the shared data accessed by them. Therefore, for the purposes of the CRGB which seeks to govern access, contribution, and use of shared data, the relevant contract is the non-CUG members' contract for services with the CRAs.

**Compliance with the PoR:** The non-CUG members' contract for services with CRAs contains a requirement to comply with the PoR. However, as they are just accessing the shared data, the part of PoR that they have to effectively comply with is the part of PoR that use restrictions on the users of shared data.

#### 4.3 Key considerations regarding the existing contractual framework

- The data sharing contract itself (or where applicable, along with its supporting documents) governs the key obligations between the CRAs and data contributors with respect to the level, form, quantity, frequency, and nature of data to be contributed by the data contributors to the CRAs. This includes use restrictions as outlined in the PoR, or directed by SCOR, the ownership and licensing of the intellectual property rights (IPR) in the data, the data protection obligations with respect to this data, the limitations of liability for each party arising from CRA use of this data, confidentiality with respect to this data, and CRAs having any audit rights with respect to this data, etc. The CRAs ensure that the data provided by the data contributors is in the correct format for loading, fix any identified errors where possible, and conduct data quality checks to varying degrees across the CRAs.
- For a number of industry players, entering into the data sharing contract is not strictly linked to entering into a services contract with the CRAs. This link exists only for members of the closed user group under the PoR. In that, members of the closed user group are required to contribute data (which would be done via a data sharing contract) if they avail CRA services.

- The services contract is entered into by the CRAs and data users according to their commercial preferences to obtain services based on shared data. If that service includes the shared data from the closed user group, then it also references the requirement for the data user to comply with data scheme rules (either through reference to a contract or the PoR), and the terms in place to supply data to the data users.
- The services contract primarily contains terms governing the basis on which credit information is supplied to the data users. This includes the commercial terms. For instance, terms regarding fees for services and other routine commercial obligations you would expect to find addressed within a contract for the supply of services. It also includes terms regarding the nature and accuracy of data provided and associated liabilities. This is where the CRAs accept responsibility for the performance of the services provided and checks undertaken when loading the data but does not guarantee the accuracy of the data provided because it originates from a third party. It also contains the permitted purpose the data can be used for, data protection and confidentiality provisions, as well as limitations of use and liabilities relating to credit information provided.

#### 4.4 CRGB functions requiring a contractual framework

The current contractual framework of the industry discussed above has certain clear use-cases which should not be tampered with even with the CRGB coming into play. Yet, there are certain essential functions that the CRGB is expected to perform in the industry. These were recommended in report one as follows:

In the short term,

- The CRGB will govern and administer the scheme rules governing data sharing in the industry, which may go beyond the PoR.
- The CRGB will aid the development of market practice which supports the implementation of scheme rules.
- The CRGB will administer a mechanism that tackles non-compliance with scheme rules by its subscribers.

In the medium term,

- The CRGB might provide certain services around education, training, research and analysis.
- The CRGB might provide services around accrediting best practice and implementation of any CIMS remedies may bring to light the need for CRGB to manage any shared platforms.

Upon subscription, the CRGB's subscribers will be expected to contribute financially (unless exempt) in return for CRGB performing the above roles.

To enable the CRGB to perform these functions, the IWG recommends that the CRGB has an enforceable contractual framework that ensures:

- CRGB is appropriately funded by the industry players to perform its constituent functions.
- CRGB can provide a standardised framework of rights and obligations for its subscribers vis-à-vis CRGB.
- CRGB can take and implement dynamic decisions regarding policies governing the credit information industry that will bind the credit information industry.
- CRGB is able to ensure compliance of the contributing subscribers with the CRGB scheme rules (at setup, the PoR) in contribution of data.

- CRGB is able to monitor compliances in the CRA-data contributor relationship, and CRA-data user relationship in so far as it concerns the CRGB scheme rules.
- CRGB has necessary enforcement and dispute resolution mechanisms regarding all of the above functions.
- CRGB is able to limit liabilities for all parties, including for itself, in its contracts with industry players.

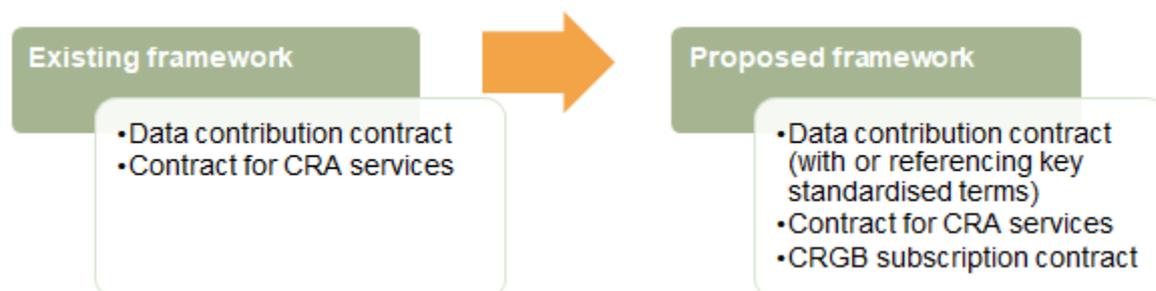
#### 4.5 Designing the contractual framework: mechanism

The CRGB should be equipped with these capabilities and these capabilities need to be secured through contractual commitments. The IWG has assessed in detail the framework required to secure these capabilities contractually and possible ways in which it could be implemented. The IWG evaluated diverse options including multilateral contracts and a combination of tripartite contracts for certain obligations and bipartite for others. Based on this evaluation, the IWG recommends that the framework of contractual commitments to secure the CRGB's capabilities should be through direct bipartite contracts between CRGB and its subscribers. In Appendix C, a graphical representation of this system is presented for convenience.

A direct bipartite contractual relationship between CRGB and its subscribers is preferable than options such as multilateral contracts. For, this allows benefits and liabilities irrespective of the subject to be traced between two parties only. In a multilateral contract, if only two parties have a dispute, the third party often ends up being involved in unnecessary participation in dispute resolution. Therefore, reducing efficiencies in operations and increasing budgets. Similarly, it also allows benefits and mutual consideration to be established clearly and makes contractual validity difficult to question. Finally, a direct contract establishes roles of each party clearly, and therefore, allows clarity of obligations or alternatively can be used clearly to obligate counterparties. While a multilateral contract can also establish obligations and considerations clearly, it is comparatively a complex exercise and can often be used to escape obligations by imputing them on the other party. Therefore, the IWG recommends the CRGB enters direct bipartite contracts with its subscribers.

The IWG has assessed that all of the CRGB's desired capabilities can be secured through obligations in direct bipartite contracts entered into between CRGB and each of its subscribers. This will lead to the following evolution in contracting for the credit information industry:

**Diagram 5: Evolution of contracts framework for industry players both contributing and accessing shared data – 'contributing subscribers'**



**Diagram 6: Evolution of contracts framework for non-CUG members - ‘non-contributing subscribers’**



For one of the functions (ensuring compliance with PoR and contribution rules) another step will be required. For the other capabilities which can be established through one bipartite relationship. The IWG has considered the detailed implementation mechanism below for each function.

#### *4.5.1 Obligation to pay subscription fees to the CRGB*

Mechanism design:

- Direct funding obligation to be imposed on all subscribers by the CRGB within its subscription contract to pay the amount determined by the CRGB. This amount may be 0 for certain subscribers due to funding exemptions.
- Obligation to make required funding contributions could also be added to the PoR (upon its review).

Elements to be considered in drafting obligations:

- CRAs should be able to prevent the cutting off of data access to its customers by requesting them to pay CRGB subscription fees. Still, as a mechanism of last resort, CRGB should have the power to ask CRAs to suspend access to a subscriber which has not paid the subscription fees. These rights of the CRGB and obligations of the CRAs can be added through the capability discussed below.
- CRGB should have the power to monitor the CRA's compliance with this instruction. CRGB's policing framework will allow the CRGB to take cognisance of breaches of obligations imposed on the CRAs through an annual attestation process, or another proportionate method.
- The contract should (from the outset) set out various categories/tiers of subscription fees, thus, promoting transparency.

#### *4.5.2 Rights and obligations of subscribers*

This includes: the right to an annual report, to participate in Advisory Councils and the annual form, to raise complaints against decisions and for the CRGB to uphold/monitor the scheme against other subscribers.

Mechanism design:

- Direct rights and obligations to be part of the subscription contract with CRGB stipulating subscribers' rights around governance inserted through a reference to CRGB constitutional rules.

Elements to be considered in drafting obligations:

- This element has also been phrased as “what do subscribers get in return for funding CRGB”.
- The subscription contract should prescribe, regarding these rights of subscribers, that any breach by CRGB be addressed through:

- CRGB complaints mechanism, if it pertains to any transparency, accountability or other issues faced by a subscriber in exercising their rights.
- CRGB Board and governance appeals process if any issues faced by a subscriber stem from any Board decisions on making rules or policies, or the CRGB Board's redressal of complaints from the complaints mechanism. The last resort of this Board and governance appeals process is litigation against CRGB.

#### *4.5.3 Ability for the CRGB to take binding decisions*

Mechanism design:

- Direct obligation to be imposed on subscribers under the subscription contract with CRGB to comply with all CRGB policies published from time to time.
- Relevant policies can also be added to the CRGB scheme rules, and over time reference to PoR in all industry contracts can be replaced with CRGB scheme rules, or they can be added to the PoR itself.
- The CRGB's ability to secure compliance of its rules in the industry will be undertaken through the CRAs cutting access to data for non-compliant members (as a last resort, and on clear instruction from the CRGB). The decision to cut-off access to data for a data user will be a CRGB decision under its contract with the data users, and the CRAs will be merely expected to carry out this instruction due to their contract with the CRGB. Therefore, the CRGB will place such obligations on CRAs. This may be done either through explicitly providing these obligations in the subscription contract, or by providing that the CRAs abide by CRGB policies on this subject.

Elements to be considered in drafting obligations:

- CRGB should have the power to monitor the compliance of these policies. CRGB's policing framework will allow the CRGB to take cognisance of breaches of obligations imposed on the subscribers through an annual attestation process. This will allow the CRGB to monitor compliance to these policies.
- The 'Board and governance appeals' process described below should be prescribed here to allow subscribers to raise disputes against any policy decisions taken by the CRGB.
- The 'policing disputes' process described below should be prescribed here to govern any breaches from subscribers in their compliance process with the CRGB.

#### *4.5.4 Ability for the CRGB to monitor compliance*

This includes in the CRA-data contributor relationship and the CRA-data user relationship as far as it concerns the CRGB's scheme rules.

Mechanism design:

- Direct obligation placed on the subscribers under the subscription contract to abide by the CRGB Policing Policy as amended from time to time.
- The policing policy may also be added to the PoR (upon its review).
- The CRAs commitments for this towards the CRGB shall be higher and these will be provided in the subscription contract.

Elements to be considered in drafting obligations:

- Commitments in the data contribution contracts would need to be aligned in a manner that monitoring of compliance with rules regarding contribution of data as stipulated by the CRGB follow the monitoring process under the CRGB policing policy.

- Similarly, commitments in the CRA contracts for services would need to be aligned in a manner that monitoring of compliance with rules regarding use of shared data as stipulated by the CRGB need to follow the monitoring process under the CRGB policing policy.

#### *4.5.5 Ability to refer to necessary enforcement and dispute resolution mechanisms*

Mechanism design:

- Two kinds of disputes may arise from CRGB:
  - Disputes against CRGB’s Board decisions on formulating CRGB rules, or redressal of complaints emerging from CRGB complaints process (“Board and governance appeals”), and
  - Disputes from policing the CRGB rules (“policing disputes”).
- For both these disputes, the IWG is recommending two separate processes:
  - The Board and governance appeals start with a notification to the CRGB secretariat and then are considered by the Board again, and if not resolved to satisfaction can be subjected to court litigation, and
  - Policing disputes will be resolved through the 4-step process prescribed in the CRGB policing policy.
- To ensure subscribers use appropriate forums for relevant type of disputes, a direct obligation should be placed on the subscribers under the subscription contract to abide by this delineation.
- For the policing disputes, the 4-step process may also be added to the PoR (upon its review).

Elements to be considered in drafting obligations:

- It is important that the delineation in both dispute processes is made clearly in the contracts to avoid any disputes agreed to be resolved from arbitration to take benefit of challenging rules or the process for adopting them.
- This could also be done by prescribing strict time limitation within which Board and governance appeals can be made as this would prevent parties caught in breach from using this procedure to question the basis of their breach.
- For policing disputes, the IWG has recommended arbitration as the dispute resolution forum. Detailed stipulation regarding the arbitral process shall be required. This includes specifying if the arbitration will be subject to institutional rules and procedures or not, the seat of arbitration, the choice of law, etc.
- CRGB’s policing dispute resolution process includes if, when, and how the CRGB will refer matters to be referred to FCA when it observes breaches by CRAs. Therefore, by signing the subscription contract which will contain the policing policy, CRAs shall also agree to be subject to CRGB’s reporting of matters to the FCA.

#### *4.5.6 Ability to limit liabilities for all parties*

Mechanism design:

- The subscription contract between CRGB and subscribers to contain broad limitation of liability clauses, indemnities, and exclusions for both the subscribers and the CRGB to ensure CRGB liabilities and subscriber liabilities are managed to their appropriate minimums.

Elements to be considered in drafting obligations:

- The two parties' interests in limiting liability will need to be carefully and proportionately balanced based on relevant factors. Various categories of subscriber may have different liability limits. If the CRGB has greater liability exposure, this may increase its insurance/funding requirements.

#### *4.5.7 Ensuring compliance with CRGB's scheme rules in contribution of data*

The CRGB's capability required to ensure that the industry complies with PoRs and any other CRGB scheme rules (for instance, regarding, frequency and quality of credit data) needs more than one bipartite relationship.

While a direct obligation could be imposed by the CRGB on each subscriber under its respective bipartite subscription contract this would still need to interact appropriately with the separate contractual arrangements between data contributors and CRAs (i.e. the data sharing contract). Key reasons are:

- We have noted that there are a number of elements governed through the data contribution contract between the data contributors and CRAs. There are benefits of these elements being directly established between data contributors and CRAs, these are: accountability with respect to the data, assignability of rights to the data, and attribution of responsibilities and liabilities in managing the data.
- CRGB has no role to play in liability, intellectual property, and data protection related elements of this relationship. The CRGB should not be a party to aspects of the data contributors' relationship with CRAs which govern these aspects. Therefore, CRGB should not enter into any contracts which prescribe obligations on these aspects of the relationship between data contributors and CRAs.
- However, the data sharing scheme rules are going to get more specific and standardised across all data contributors in the future due to the CIMS industry-led remedies. Therefore, it is important that the CRGB has sight of the fact that data contributors and CRAs are entering into their relationship for the sharing of data on consistent terms on certain key aspects. As a result, certain aspects of the relationship between CRAs and data contributors do require CRGB oversight. Specifically, over the nature of data contributed by the data contributors to the CRAs.
- CRGB's oversight over these terms will also allow CRGB to monitor compliance in the CRA-data contributor relationship and undertake effective dispute resolution. Therefore, this element is key to ensuring CRGB is secured in its other capabilities as well.

Given the above reasons, the mechanism that can be used is a standardised set of key terms recommended by the CRGB to be entered into by its contributing subscribers, i.e., between CRAs and data-contributors. The obligation on contributing subscribers to enter these standardised set of terms with each other can be imposed on them through their subscription contracts with the CRGB. The substance of the standardised set of terms could either be appended (through insertion or reference) to the CRGB's bipartite contract with its subscribers or be inserted as a CRGB rule that the subscribers must abide by. This will effectively standardise the key terms of the first contract between contributing subscribers to a certain extent.

There has been broad agreement among the CRAs to standardise certain key data contribution terms (CAIS, Insight, and Share) and make these terms uniform across all CRAs. It should be noted that there have been no discussions between the CRAs comparing current terms and how various terms currently deployed shall be settled at a common minimum for the standardised set of key terms. There is also a risk of CRGB being designated a controller of the data contributed under these contracts due to the CRGB dictating these standardised terms. This risk will need to be continuously assessed appropriately.

Broadly, the contract design and implementation method to secure the CRGB this capability is recommended by the IWG as follows:

- the mechanism of data sharing will be addressed by inserting within the CRGB subscription contract with subscribers an annex containing key standard form terms for data sharing, or inserting reference to a policy (for example, as published on CRGB's website) prescribing how the data sharing scheme needs to be contracted into between all subscribers (i.e. between a CRA subscriber and a data contributor subscriber).
- In the subscription contracts, an obligation will be imposed on all subscribers to comply with the above annex or policy in the data contribution contracts; and
- the subscribers thereafter will amend/enter into their own data sharing contracts in accordance with the standard key terms recommended by the CRGB.

The exact mechanism of publishing and inserting the annex/policy, and the mechanism for incorporating it into each data sharing contract, will be discussed further and may need to be recommended by external legal advisors based on the solution most likely to provide ease of transition.

This mechanism would allow CRAs and data contributors to both privately resolve their disputes, or to elect to get the CRGB involved wherever necessary. This is in accordance with the proposed CRGB policing policy as well.

**Note:** Subscription contracts will be standard. As non-CUG members do not contribute any data, this provision is not applicable to them. Therefore, the obligation to enter standardised terms for data contribution in subscription contracts will be designed as 'to whomsoever it is applicable'.

**Impact of non-subscription or termination of contracts:** In securing the CRGB's functions through contracts, it is important that the IWG considers the impact on the industry's governance if an entity does not enter into a subscription contract or terminates its contract.

It is acknowledged that, due to CRGB's source of powers being a contract, the CRGB has an inherent limitation that its contracts with CRAs are systemically important for the CRGB. Using this contractual relationship with the CRAs, the CRGB can keep any non-subscription of data users in check. For, the CRGB can ensure data users not subscribing to the CRGB to not be allowed access to data from CRAs. Therefore, the CRGB can govern the access to shared data irrespective of a data user not signing up to the CRGB. This inability to access data may lead data users to face challenges, but not pose a disability, in complying with FCA's Consumer Credit Sourcebook Rules.<sup>6</sup> As a result, data users will automatically be incentivised to have an operational contract with the CRGB.

#### 4.6 Designing the contractual framework: principles

The IWG has recommended the above framework for designing the contractual commitments to empower the CRGB to perform its functions. The IWG has also recommended broad design principles to be followed in implementing the above framework. These are:

- a. Each CRA's contract for services with its CRGB subscribers (contributing or non-contributing) must remain independent of the CRGB. The CRGB will not become a party to this contract as it governs the commercial relationship between the players in the credit information industry.
- b. Liabilities attributable to the CRGB and its subscribers under the CRGB's contracts with them should be apportioned and proportionate.
- c. The CRAs contractual relationship with data contributors, through which the data contributors provide shared data to CRAs (currently addressed under the data sharing contract), must remain independent of the CRGB. The CRGB will not become a party to this contract. This contract should contain provisions in respect of the following elements:
  - The ownership and licensing of IPR in the data received by the CRAs from data contributors.

- The data protection, privacy, and confidentiality obligations regarding the data received by the CRAs from data contributors.
  - Limitation of liability and limitations of use regarding the shared data.
  - Reference to compliance with CRGB data sharing scheme rules on quality, frequency, etc.
  - The right for the CRAs to suspend loading a data user's file because of data quality concerns.
- d. The key terms between CRAs and data contributors in the data sharing contract should be standardised, uniform, and made consistent.
- e. To promote administrative convenience, each subscriber should sign a standardised contract with the CRGB on non-negotiable terms. However, these standardised terms will contain sufficient flexibility to update and accommodate changes.

Notes on the design principles: these notes set out the considerations supporting these principles.

***Principle (a):***

It is important that the commercial relationship through which subscribers access shared data available with the CRAs remains privy between them. This is due to the following reasons:

- this relationship involves elements of commercial bargain between the parties regarding the prices and quality of products offered.
- the mechanism through which the access is obtained by a subscriber is varied across the several types of subscribers (contributing or non-contributing).
- the CRGB should not become a party to these contracts as it would limit the risk of CRGB becoming controller of the data supplied by the CRAs under these contracts.

Despite CRGB not becoming privy to these contracts, it can still impose limitations on the subscribers' use of the shared data accessed under these contracts. The contract for services can incorporate the CRGB scheme rules by reference wherever usage rights on the data needs to be limited. Through this, while the CRGB is not going to be a party to these contracts, CRGB's rules and policies could influence these contracts. In any case, all subscribers shall be subject to access and use limitations on shared data due to their direct subscription contracts with the CRGB. The risk of CRGB being designated a controller will need to be assessed in this regard.

Any disputes regarding improper use of the shared data in contravention of CRGB scheme rules could be brought before the CRGB by the parties, if preferable and if they are within the scheme and jurisdiction of CRGB's dispute resolution mechanism. The risk of CRGB being designated a controller will need to be assessed in this regard as well.

***Principle (b):***

As the CRGB is being designed to facilitate governance of the industry, it should not lead to a situation where the industry is faced with incremental contract related liabilities to facilitate CRGB's operational framework. Therefore, it is important that liabilities arising from CRGB's contracts for its subscribers are kept to a proportionate level. Similarly, CRGB will be funded by its subscribers to undertake governance related functions. Its exposure to liabilities should be apportioned in a manner that ensure its funds are used efficiently and not in litigation. These two principles need to be carefully and proportionately balanced. These could be balanced by careful contract design, clearly defined dispute resolution flows, limitations, and jurisdiction.

***Principle (c):***

It is important that issues such as ownership or licensing of data provided by data contributors and associated intellectual property rights and data protection obligations associated with it remain bipartite between the parties respectively providing and receiving that data as it ensures accountability, assignability of rights, and attribution of responsibilities and liabilities between them.

**Principle (d):**

In order for the CRGB to fulfil its intended function and ensure that the data contributors are complying with their obligations to supply adequate quality of data and are timely supplying this information, it is important that all key terms in contracts between CRAs and data contributors regarding the supply of data from data contributors are uniform. Further, to help ensure a consistent approach for the industry, these terms should not be negotiable. This can be ensured through the terms of data contribution being specified by the CRGB and inserted by reference in the CRA contracts with data contributors. This shall also aid CRGB's ability to perform its compliance and enforcement related functions. As the CRAs and data contributors will not be able to present their own negotiated versions of the CRA contracts whenever any dispute arises, it should enable a consistent set of procedures for all parties and avoiding conflicting dispute resolution mechanisms or litigation. The risk of CRGB being designated a controller due to dictating standardised terms will need to be assessed in this regard as well.

**Principle (e):**

To ensure transparency vis-à-vis all subscribers and establish a universal set of rules and processes, it is important that the terms in CRGB's contracts with its subscribers are consistent and standardised. This includes taking away any scope for negotiations in this exercise.

Further, the CRGB will be implementing a number of policies which could impact both its own role in the industry (viz., accreditation) or the relationship between CRGB and the subscribers (viz., due to implementation of CIMS industry-led remedies). Therefore, this could require changes to players' relationships inter-se and with the CRGB going forward. As a result, it is important that the CRGB contractual framework is capable and flexible enough to adapt to changes. Generally, flexibility in such standardised contracts can be achieved easier as compared to independently negotiated agreements as both a standard addendum to the contract can be made across all parties without much re-papering and, wherever contractual terms are inserted by reference, by changing the referenced rules and policies.

#### 4.7 CRGB subscription contract: use case

During industry consultation, the IWG received some feedback about the need for subscribers to have a direct contract with the CRGB. There were also concerns as to whether the CRGB subscription contracts would be duplication of the subscribers' data contribution and data access contracts with each other – especially, when they are adapted for the CRGB.

As identified above, the CRGB subscription contract empowers the CRGB to perform its key functions. These functions present the essential use-cases of these contracts which could not have been secured in another way for the CRGB. Apart from these, some other key unique use-cases for the industry are:

- For CRAs: Through its functions, CRGB will be directly empowered to monitor, oversight, and resolve any issues in the contribution of data to the CRAs or any issues arising from improper use of the shared data. Through the subscription contracts, the CRGB can directly require data users to comply with data contribution and data use rules without requiring the CRAs to undertake enforcement on its behalf. This would have been the case if monitoring and compliance with CRGB rules or its powers were only secured in the subscribers' contracts with each other.
- For the Data contributors: Similar to the above assessment, any issues faced by a data contributors vis-à-vis the CRAs can also be directly overseen by the CRGB due to the

direct contracts of CRGB with each of the CRAs. These issues could include improper use of the data contributed by the CRAs, unequal applicability of contribution and access rules on certain players by the CRAs etc. These would have to be overseen and pursued by the data contributors themselves if the powers of the CRGB were only secured through the subscribers' contracts with each other.

- For the industry overall: The CRGB's contracts with its subscribers will allow it to ensure standardisation of key elements in data contribution contracts directly. In the absence of a CRGB contract, the CRGB would have no sight of any modifications inserted in the key terms by CRAs and data contributors as per their commercial negotiations. This prevents challenges of administration, compliance, and adaptability.

Therefore, the subscription contracts of subscribers with CRGB will serve a unique purpose and will be different from existing contracts governing contribution and access to shared data, even if they are adapted for the CRGB and governance/participation rights are assured through other mechanisms.

## Chapter 5: Policing – CRGB Oversight

### 5.1 Background

[Report one](#) defined a set of roles to be undertaken by CRGB to deliver against the purpose, objectives and function of the organisation. To be able to operationalise the principles and recommendations in report one and [report two](#), it is necessary to detail further how the governance roles of the CRGB will be undertaken. This chapter focuses on policing, as a core part of the governance responsibilities of the CRGB. Appendix D is a reminder of what we said in report one.

### 5.2 CRGB as a SRO

For the CRGB to fulfil the policing responsibility, it is important to be clear on what is deemed as good governance of an industry. Whilst the CRGB is a self-regulatory organisation (SRO), rather than a governmental regulator, it would still be expected to fundamentally fulfil the same tasks as a regulator. Appendix E provides more information on the characteristics of a SRO.

### 5.3 CRGB policing

The term policing was used in report one as an all-encompassing response to the need for a level of oversight of and ensuring compliance with all of its rules. These rules include the PoR (as adapted with minimal modifications for the CRGB at set up), any revisions to PoR made by the CRGB due to CIMS Industry-led remedies or otherwise, CRGB's rules and policies regarding governance of the industry including on compliance, self-reporting, and dispute resolution ("CRGB Rules"). The characteristics of an SRO provide a good framework to build out the elements of policing for the CRGB and aligns with the levels of policing outlined in report one.

To be able to police, the CRGB needs to have the power to police. This power is being obtained via contract law with some level of "support" via regulatory MoUs. The terms of the contract (what is being contracted) will need to incorporate reference to the policing policy as recommended in this chapter.

### 5.4 Register of subscribers

The first step in policing is the identification of the parties involved. At the FCA, this step is the authorisation process, authorised entities are published on the FCA Register.

The IWG recommend that each subscriber, whether fee paying or not, will need to sign a contract to agree to abide by the CRGB rules (initially the PoR). As a reminder a subscriber is an entity that has the ability and seeks to access shared data of individual consumers. There are two types of subscribers, subscribers who both contribute to and access shared data, and subscribers who only access shared data. The latter are entities that are entitled to access the shared data in accordance with the policy decisions in the PoR, e.g., Brokers. An assessment has been undertaken of the policy decisions in the PoR and the associated entities that are permitted to access the shared data have been defined as either only accessing subscribers or participants.

As part of the contract signing, an assessment will need to be made whether the party meets the criteria of a subscriber or a participant. Participants are not registered or contracted. Participants may be tracked for information purposes but will not be published on the register.

The subscriber will be assigned a unique identification number which will prove that they have registered with the CRGB. The name and identification number of the subscriber will be publicly available on a CRGB register. Appearance of a subscriber on the register confirms to the industry that the entity has agreed to abide by the rules and accepts the policing policy.

The register shall only disclose the fact of registration of an entity as a subscriber, it will not disclose the relationship they have with a particular CRA for data contribution or data access.

A CRA who wishes to provide services to an entity that relies on the shared data, unless such an entity is exempted under the scheme rules, will need to validate that the entity has a CRGB registration number before offering the service. As part of the CRGB rules, the CRA will agree not to offer services, which rely on the shared data, without the registration number. The subscriber and CRA relationship will not be tracked nor published, this remains a confidential client relationship.

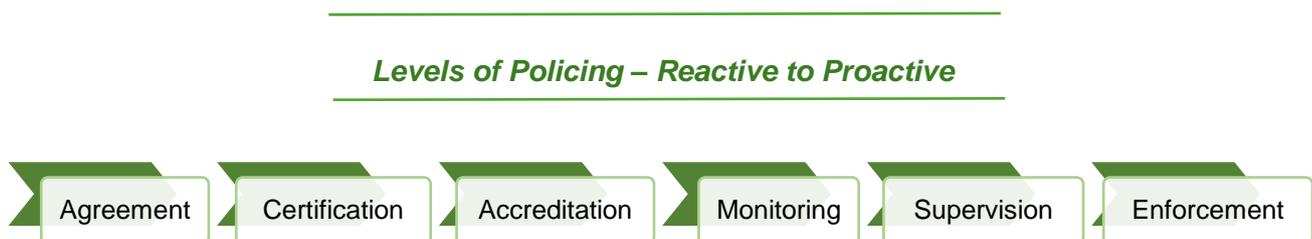
Practically, the register could be as little as an excel spreadsheet exposed on the CRGB website, but overtime will need to be transferred onto more suitable software, akin to Salesforce, to allow for the search of entities, etc.

## 5.5 Oversight of subscribers

CRGB needs to establish an effective and proportionate means to oversight its subscribers to make sure that they adhere to the scheme rules, data quality and other remedies. This is normally achieved via a reporting mechanism, which can take many forms.

In report one we positioned the level of oversight for the CRGB on the border between reactive and proactive. Most of the parties and activities will be subject to reactive supervision with exceptions requiring the CRGB to be more proactive. On the policing levels chart this mid-point is between accreditation and monitoring.

### Diagram 7: Levels of policing



The question the IWG needed to address is what level of oversight is deemed appropriate from the perspective of the industry, consumers, regulators and at what financial cost. In an ideal world the oversight level would reflect the risks and likely harm from non-compliance. Unfortunately, the FCA CIMS final report did not provide a quantification of the harm and undertaking this exercise is not feasible in a short timeframe.

As such a way forward adopted by IWG was to consider what happens today and an industry comparable to build out the levels of the policing framework presented in report one.

### 5.5.1 CRGB oversight proposal

Based on the case studies that follow and seeking to ensure proportionality, the proposed approach for the CRGB, is recommended by IWG:

- Annual attestation of both data contributors and CRAs. The content of the attestation will be defined in due course.
- The data collected as part of the attestation could be used to create an industry benchmark which could be utilised to encourage greater self-compliance.
- Subscribers are expected to have a named employee to ensure accountability in case of failure to comply with CRGB's oversight requirements.
- The subscriber shall be required to undertake frequent compliance self-assessments, as may be proportionately prescribed by the CRGB according to the resources available to the organisation.

- A published self-reporting and peer reporting process with agreed consequences.
- A published complaint process where complaints can be made in confidence to the CRGB to address situations where the peer reporting process cannot be applied.
- CRGB should retain the right to undertake an audit of the subscriber or pursue the subscriber with other proportionate methods, such as a review meeting, if there is due cause.
- It may be appropriate later to increase the frequency of the attestation or seek non attested reporting from subscribers. This remains a decision for the CRGB Board.
- Through compliance self-assessments and attestations, the CRGB will also seek data from its subscribers regarding their contributions towards the design of industry-led remedies or the steps taken by them to implement industry-led remedies. From this data, the CRGB will produce a periodic report outlining the progress made on the design and implementation of the CIMS industry remedies and the industry's approach with respect to them.

This is the standard oversight model proposed for the CRGB. the CRGB Board might need to consider at the time of enacting industry-led remedies if the rules around those remedies need to be incorporated into the scheme rules, and therefore, subject to this oversight model. Or, if alternative oversight models need to be considered for any of these remedies.

#### *5.5.2 Oversight case studies*

The IWG considered the following case studies along with the experiences of the IWG from involvement with other entities.

#### ***SCOR oversight model:***

The SCOR PoR set out the following requirements:

- Encourage data sharers to carry out internal audit procedures to ensure and confirm compliance with the principles.
- Undertake a data sharer and CRA compliance certification process at regular intervals to assess compliance levels and examine where further improvements in data use guidance are necessary.
- Consider other data sharing and quality related issues as they occur from time to time as directed by the membership.

The certification process has been undertaken at three-year intervals. It is not unreasonable to suggest that this is an insufficient frequency for good oversight going forward.

- Each data sharer will nominate an appropriate senior point of contact within their organisations to act as a compliance officer for the purposes of implementing and complying with the PoR and will notify their chosen CRA of the name and address of this person.
- Additionally, the CRAs assess the compliance with the PoR via receipt of data / information from the data contributors. If the data does not meet requirements on timing, quality, etc the CRA engages with the data contributor to address the gaps.

There does not appear to be a requirement on the CRA to notify SCOR if the data contributor fails to address non-compliance.

Finally, the PoR includes a clause which allows for the self-certification of CRA compliance. It appears that this clause has not been utilised.

### ***ARCA oversight model***

The ARCA rules are called PRDE, Principles of Reciprocity & Data Exchange. The below is an extract from their rules on their oversight model.

PRDE signatories will be subject to monitoring, reporting and compliance requirements, for the purpose of encouraging participation in the exchange of credit information and data integrity. The PRDE Administrator Entity will have the ability to provide guidance on the interpretation and application of the PRDE.

Data contributors and CRAs are required to attest to their compliance with the PRDE. The attestation is provided by a representative of a signatory who has sufficient seniority and authority to give the attestation and who has access to the relevant records of the signatory relating to its compliance with the PRDE. The attestation will be provided on an annual basis within 10 business days of request. Without limiting what may be required as part of the attestation, the PRDE Administrator Entity may require the data contributor or CRA to include any information with the attestation that it considers is reasonable to support and evidence the attestation.

The rules allow for the governing body to initiate a dispute/report of breach on the back of the attestation process.

The CRAs assess the data provided by the data contributors and address any non-compliance directly where possible. Consistent non-compliance is referred to the governance entity via one of its two reporting models: (1) peer reporting where non-compliance is notified to the governing body. This model has seldom been utilised (2) There is also a self-reporting model which is generally the means by which firms avoid the peer review.

It is worth noting that ARCA are currently increasing compliance staff as the currently annual attestation has been assessed as insufficient for good oversight.

### ***FCA Supervision model***

Beyond these two case studies, CRGB could emulate the much more comprehensive supervisory model of the FCA. As per our simplified interpretation of the FCA's supervisory model, the FCA requires frequent reporting (from annual to daily depending on the circumstances) and independent monitoring of industry data when reactively supervising, plus regular meetings with selected firms with review of extensive documentation for proactive supervision. However, this level of oversight does not appear proportionate nor financially viable for the CRGB. Further, this may also amount to duplication of efforts and burden for firms due to the FCA already undertaking such supervision.

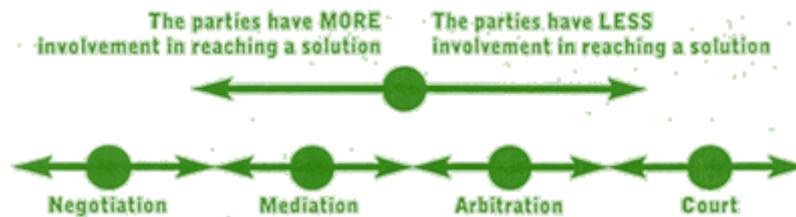
## **5.6 Non-compliance and breach**

CRGB needs to have a published process for addressing non-compliance, whether that is identified from self-reporting, peer reporting, complaints or from the governance entity during the attestation. To formulate their proposal the IWG considered the approach of other organisations, as outlined in the case studies, and evaluated a number of alternative steps in the process. [Note: this process relates to breach of the CRGB's rules and concerns the disputes arising from implementation of the CRGB's rules. This process is not the prescribed process for challenging Board decisions, including decisions which formulate those rules. Board decisions are subject to a separate appeals process.]

### ***5.6.1 CRGB non-compliance proposal***

The goal with any breach is to resolve it through collaborative engagement during which the parties have more involvement in reaching a solution. Failure to do so can take the decision out of the hands of the impacted parties. The IWG defined their recommendation around the goal of constructive engagement to resolve any breach in private with as little business impact as possible.

## Diagram 8: Approaches to non-compliance



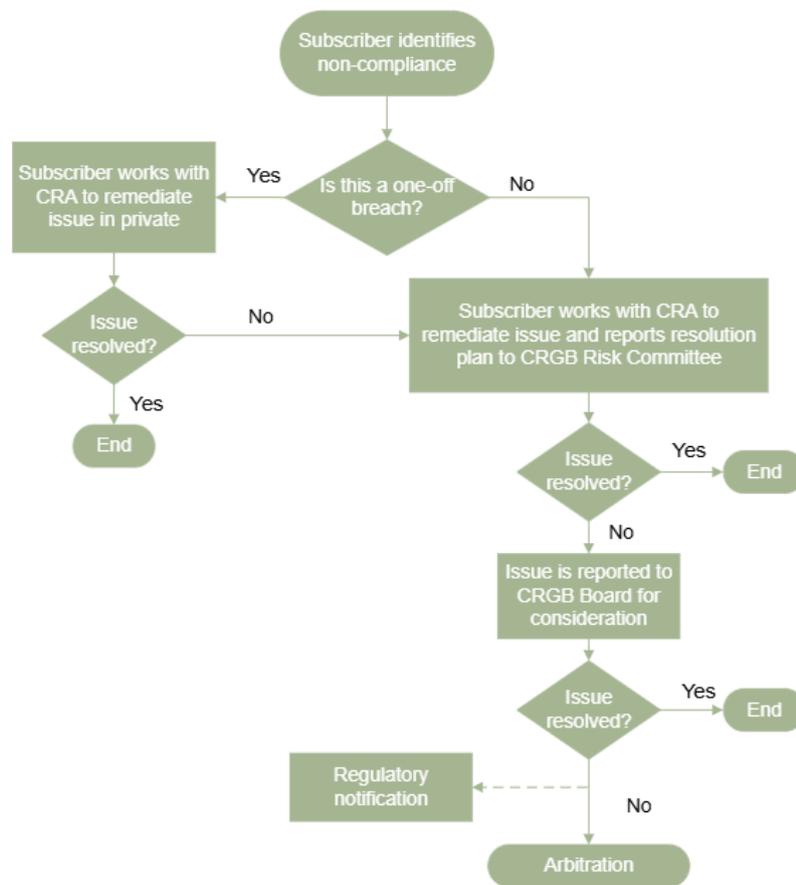
If a subscriber has been identified as being in breach of the scheme rules, they will be subject to the CRGB non-compliance process, as recommended by IWG, shown in the flow chart below. The process fundamentally remains the same whether the reporter is the entity themselves (self-reporting), another organisation, mostly likely a CRA (peer reporting) or via the attestation (governance reporting).

The IWG is recommending a 4-stage non-compliance process providing various opportunities to review evidence and incorporating new information regarding non-compliance at each stage. The ultimate sanction in this process is the right to revoke the subscription of the non-compliant data user and then instructing the CRA to revoke access to shared data for such a data user. In case of non-compliance on part of a CRA, the CRGB will inform the regulator regarding their non-compliance and separately initiate arbitration proceedings against them. The arbitral award in such cases upon finding non-compliance of the CRAs might order specific performance on part of the CRAs which they would have to comply with to ensure compliance with CRGB Rules.

For a data user, it acknowledged that their ultimate sanction of cutting-off access to shared data may lead to them facing challenges in complying with FCA Consumer Credit Sourcebook (CONC) rules in catering to new business. The CONC rules require lenders to undertake creditworthiness assessment before extending credit (CONC Rule 5.2A) or facilitating a P2P Agreement (CONC Rule 5.5A). However, these rules only specify that a creditworthiness assessment should be based on sufficient information obtained wherever appropriate from the borrower and wherever necessary from a CRA. Due to the CRGB's ultimate sanction, a data user will not be able to access sufficient information on a consumer from a CRA when necessary. However, they could still obtain this information from the borrower directly. Therefore, it would not be a situation where the CRGB's enforcement of rules would hamper compliance of FCA rules by a firm necessarily. In any case, the CRGB subscriptions have been proportionately designed. Therefore, if a firm gets its access revoked, it should itself be responsible for non-compliance with FCA rules and it cannot be imputed to the CRGB.

Yet, it is acknowledged that the sanction may affect a regulated lender's business. Therefore, it is only being proposed as an ultimate step in non-compliance as discussed below.

**Diagram 9: CRGB's non-compliance process**



**CRA:** Any breach or non-compliance by a data user subscriber would be resolved at this stage by working with the CRAs. This process will be in private and via an agreed remediation plan – the CRA will have no right to remove access to the shared data due to any breach or non-compliance at this stage. The CRGB becomes aware of such first-time breaches only if the subscriber self-reports to CRGB or the issue is identified as part of the attestation. Otherwise, the CRGB is not involved in the breach, non-compliance, or remediation at this stage. Provided, the CRGB, based on its experience, may specify that certain first-off breaches should not be resolved privately and should be initiated directly at Stage 2 before the CRGB Board.

**CRGB:** Failure to remediate any breach or non-compliance by a data user at Stage 1 will result in the case being referred to CRGB – the beginning of Stage 2. In case of non-compliance or breach by a CRA, the process for non-compliance will begin at this stage. The CRGB shall evaluate the breach or non-compliance as reported initially through its Risk Committee and then ultimately the Board. The CRGB Board will pass a decision on the non-compliance including wherever applicable a remediation plan. The issue still remains private. The IWG gave consideration to referring the case to the Rules Advisory Group instead of the Risk Committee, but it was rejected due to the desire to retain confidentiality at this stage.

In cases where a data user is non-compliant, and it does not within a prescribed time comply with the CRGB's decision on non-compliance and remediation or does not challenge it via arbitration as suggested below, the CRGB can suspend their subscription and give an instruction to the CRAs to suspend the data user's data access and also follow steps in Stage 3 to notify their relevant regulator. The CRGB Board should take a decision on the appropriate time period upon its constitution.

Where a CRA is non-compliant, and it does not within a prescribed time comply with a CRGB Board decision regarding their non-compliance, it will proceed to Stage 3. Similar to data

users, the CRGB will initiate Stage 3 for CRAs only if the CRA, within the prescribed time period, does not comply with the decision and does not initiate arbitration as per Stage 4 below.

**Regulatory notification:** If the CRGB Board's decision on non-compliance and associated remediation is not implemented by the non-compliant entity, apart from the sanctions discussed above, the CRGB will also notify this non-compliance to the relevant regulators of those non-compliant entities. For instance, for data users these entities might be the PRA, FCA, Ofcom, Ofgem. For CRAs, it would be the FCA. In all cases, the CRGB may also refer issues arising from obligations relating to data of individual consumers to the ICO. These regulators upon receiving CRGB's notification may choose to take their own actions upon assessing how these breaches fall foul of their own conduct rules expected of their regulated organisations or as per the MoUs with CRGB.<sup>10</sup> Wherever possible, the CRGB will use confidential information gateways to inform the regulator about the non-compliance. Notification to the regulator may result in the breach being resolved without further actions.

**Independent review:** If a non-compliant subscriber rejects the CRGB Board decision and remediation plan, the non-compliant subscriber can refer this decision for review to an independent arbitrator. If a CRA remains non-compliant and does not abide by the CRGB Board's decision on their non-compliance and the regulatory notification is also not successful, the CRGB as a last resort can subject the CRAs to an arbitration as well. In this arbitration, an independent expert arbitrator would consider the evidence base and engage with all relevant parties. The decision of the arbitrator would be final and binding on all parties. Arbitration is legally binding, the appeals to the court of law are no longer available. English Law and the Arbitration Act 1996, specifies that arbitration is final and binding and cannot be disputed in court, unless for procedural grounds or jurisdiction. The arbitrator can affirm the decision of the CRGB Board, vary it, or overturn it. Upon finding non-compliance regarding a data user, it can recommend that its subscription be suspended and access to shared data through CRAs be revoked or propose an alternative remedy plan. Provided, if the arbitrator's decision is not abided by within a stipulated time, the CRGB will have the power to suspend the membership of such a data user and instruct the CRAs to revoke their access to shared data. Alternatively, if the arbitrator recommends specific performance on non-compliant data user, the CRGB can secure this through courts by enforcing the award. Upon finding non-compliance for a CRA, the arbitrator can recommend a remedy plan. Due to systemic importance of the CRAs, the CRAs' subscription cannot be suspended. But, if a CRA does not abide by the arbitrator's decision regarding their remedy plan, the CRGB can seek specific performance from the arbitral award by enforcing the award through courts.

Arbitration as a process needs to be contracted as part of the CRGB subscriber contract. The exact scope of the arbitrator's jurisdiction and the terms under which they would operate will be subject to external legal advice as part of the contract definition.

Whether an arbitrator is selected when needed or a few select individuals can be kept by the CRGB on retainer for this purpose and paid based on their hourly fee rate when engaged, remains with the CRGB Board to decide. The expectation is that the use of an arbitrator will not be a frequent occurrence but does need to be considered within the funding reserves of CRGB.

Generally, arbitral processes are confidential and private. However, it is recommended that wherever the CRGB engages in an arbitral process and the findings of the arbitrator may be useful to guide industry conduct and practices, the CRGB will make appropriate disclosures regarding these findings. Provided, the CRGB should avail consent of the parties engaging in the arbitral process before such a public disclosure. Where such consent is not granted, CRGB

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<sup>10</sup> Note, the CRGB will enter into various MoUs with different UK regulators. Depending on its experience with oversight and compliance, the CRGB would need to consider the specific aspects it should secure via its MoUs with regulators, keeping in account the remit of each regulator.

will make disclosures regarding industry practices while maintain confidentiality of the parties engaging in this arbitral process.

#### *5.6.2 Alternative approaches considered and discounted:*

- IWG considered litigation as the final step in the breach process instead of arbitration. Details on the comparisons between arbitration and litigation are included in Appendix G. Ultimately arbitration was chosen as it carried a higher probability of the breach being resolved in a timely matter and the breach remaining private. It is however acknowledged that arbitration means that parties are effectively giving up their right to a court appeal.
- A peer panel made up of practitioners and non-practitioners, who are drawn from across a spectrum of business, consumer and industry backgrounds. Like the FCA's RDC, the peer panel, could be operationally separate from the rest of the CRGB and become the final appeal stage in the CRGB decision-making. It would be paid for by the CRGB. This was discounted due to the additional costs and process duplication as the CRGB Board is for all intents and purposes a peer panel.
- A panel made up of representatives from relevant regulators, FCA, ICO, Ofcom, Ofgem, Ofwat, etc. The regulators participating in the panel could be those most relevant to the subject matter and the entity potentially in breach. In this instance the panel would be advisory and makes a recommendation to the CRGB Board based on an evidential review. The CRGB Board would reconsider their earlier decision based on the panel recommendation. From discussions, the IWG concluded that some regulators would be more inclined to participate if they are acting in an advisory role and are not the decision makers. Feedback was received from the FCA that it was not appropriate for the FCA to be involved in an adjudication panel given the CRGB will be an independent body and the CRGB's rules may not be consistent with the FCA's statutory remit. As such this option was discounted as an advisory panel was considered to have limited value.

#### *5.6.3 Consequences of breach*

A breach can result in:

- A private resolution plan that is implemented in an agreed timeframe.
- A public resolution plan, with an agreed timeframe, that is monitored by the CRGB.
- A temporary removal of the CRGB registration number from the subscriber with the resultant exclusion from access to the shared data. The time period will be agreed based on the circumstances.
- Notification to the relevant regulator of the breach which may result in separate actions by the regulator.
- No financial penalties are assumed at any stage as contract law makes financial penalties challenging to execute.

#### *5.6.4 CRA breach process*

Should a CRA be the subscriber who is identified to be in breach they will follow the same resolution process, starting at stage 2 of the non-compliance process above, engaging with the CRGB Risk Committee. However, in the event of failure to abide by the CRGB decision on resolving the breach or non-compliance, the CRGB will notify the breach to the regulator and then if it is still not resolved pursue arbitration against the CRAs as an ultimate action. In view of the schematic importance of the CRAs, suspension of their subscription is not considered beneficial.

A breach for a CRA is considered both for the entity itself and also in fulfilling their oversight role of data contributors and data users to the extent necessary as per the oversight mechanism. For instance, a CRA not reporting the breaches by a data contributor or data user in their attestation process.

### *5.6.5 Case studies considered for non-compliance*

#### **SCOR non-compliance:**

Today non-compliance in SCOR is dealt with through collaboration on a best-efforts basis as SCOR has no devolved powers, in its own right. The CRAs via their contractual relationship with the data contributors reinforce the PoR obligations, along with GDPR requirements, on data accuracy and timeliness. The CRA contract gives them the right to terminate the contract if the data contributor commits any breach of these obligations. This is a last resort which would not be taken lightly.

We understand from discussions that should a data contributor be identified as non-compliant by the CRA it is dealt with by the CRA. The CRA will seek to help the data contributor address the cause of non-compliance. The CRAs have indicated that this resolution path is usually successful. This is not reported to SCOR and there is no transparency on either the non-compliance or the resolution.

Should a data contributor be identified as non-compliant via the certification process, SCOR will raise the issue with the CRA for them to address it with the data contributor, as above.

A complaints process is published as part of the PoR, but it is not clear if the same process would be utilised for non-compliance or dispute resolution should they materialise.

#### **ARCA non-compliance:**

ARCA have clearly documented and published dispute resolution and enforcement mechanisms. Participants become bound to the PRDE, including this process, by signing a contract. The rules include how breaches are resolved.

- The first course of action is the breaching party has 30 days to agree a rectification plan with the CRA and to resolve the issue in private.
- In the event the non-compliance is not resolved it is reported to ARCA and ARCA publish an agreed rectification plan to all signatures to the rules. Signatures can agree or object to the rectification as the means of resolution.
- If the non-compliance still can't be resolved, it is referred to an Industry Determination Group for peer review. The group will recommend a course of action.
- If the party in breach rejects the recommendation of the industry determination group, the case is referred for decision to an independent eminent person. The decision of the eminent person is binding and final. The ultimate sanction is limiting the access to data for a period of time.

#### **FCA non-compliance:**

The FCA enforcement process is published in the [Decision Procedure and Penalties Manual](#) (DEPP) and [Enforcement Guide](#). The [Enforcement information guide](#) gives an overview of their enforcement powers, their typical process for enforcement cases, and information on mediation and settlement. This process is currently subject to a consultation.

There are a multitude of stages, much of which is conducted in private.

- The case is initially managed by the FCA supervision team, and if not resolved it is then referred to the FCA enforcement team for resolution. The enforcement team are also supported by The Settlement Decision Makers, drawn from a pool of FCA Directors and Heads of Department.

- Failing that, disputed cases are referred to the Regulatory Decision Committee. The RDC comprises practitioners and non-practitioners, who are drawn from across a spectrum of business, consumer and industry backgrounds. The RDC is operationally separate from the rest of the FCA; members of the RDC are appointed by, and are accountable to, the FCA Board. The RDC process is administrative, not judicial. It is not an appeal body; it is the final stage of decision making for the FCA.
- The appeals process is via the courts. Following a RDC Decision Notice, a firm or individual has the right to refer their case to the Tribunal. The Tribunal is entirely independent of the FCA and will consider the case afresh. A Tribunal hearing is normally held in public.

The FCA enforcement can result in the following actions:

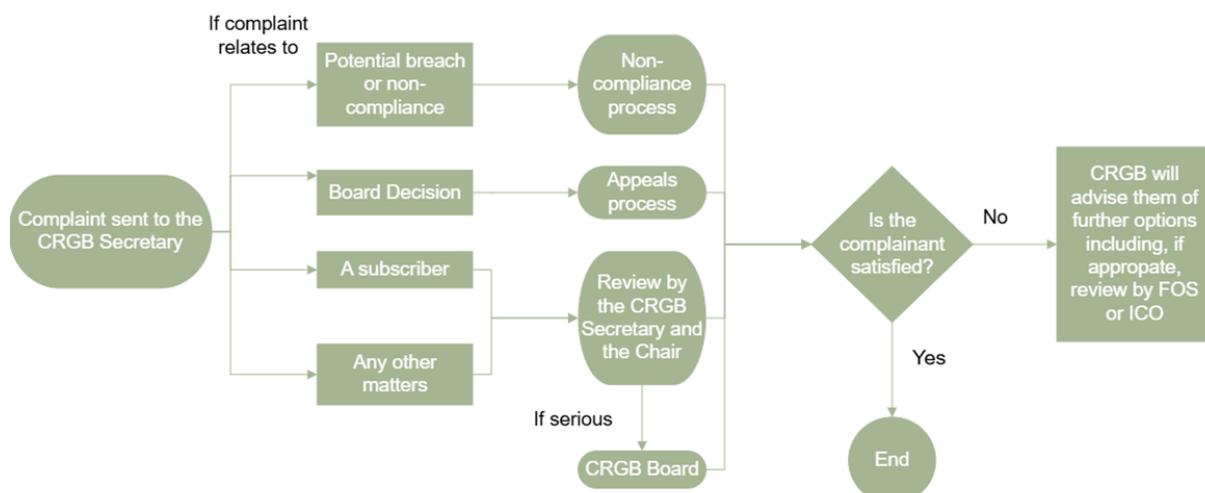
- Withdraw a firm's authorisation.
- Prohibit an individual from operating in financial services
- Prevent an individual from undertaking specific regulated activities.
- Suspend a firm for up to 12 months from undertaking specific regulated activities.
- Suspend an individual for up to two years from undertaking specific controlled functions.
- Censure firms and individuals through public statements.
- Impose financial penalties.
- Seek injunctions.
- Apply to court to freeze assets.
- Seek restitution orders.
- Prosecute firms and individuals who undertake regulated activities without authorisation.

They also work closely with other law enforcement agencies who may take their own actions.

## 5.7 CRGB proposed complaints procedure

The CRGB must have a published complaints procedure to give stakeholders the opportunity to express concerns and gain resolution of issues. IWG recommend the below complaints process. This is separate to any appeals process re CRGB's decision-making.

**Diagram 10: CRGB's recommended complaints process**



- Complaint to be sent to the CRGB secretary for the attention of the CRGB Chair. CRGB may prescribe appropriate mechanism to ensure confidentiality to the complainant.
- CRGB secretary will acknowledge the complaint, advising the course of action including whether an investigation will be conducted, the name and contact details of the investigating officer, who is a CRGB employee, and the estimated completion date for the investigation.
- The full details of the complaint will be shared with the CRGB Chair, including complaint classification.
  - If the complaint relates to a potential breach or non-compliance, the issue will follow the non-compliance process.
  - If the complaint relates to a Board Decision, the issue will follow the appeals process.
  - If the complaint relates to a subscriber, the details (excluding complainant name) are shared with the subscriber and a written response sought. If the CRGB Chair deems it straight forward it will be addressed by the Chair or if deemed serious it will be shared with the CRGB Board for consideration.
  - If the complaint relates to any other matters, it will be reviewed by the CRGB secretary, if straight forward it will be addressed by the Chair or if deemed serious it will be shared with the CRGB Board for consideration.
- After the enquiries are completed, a written response will be sent to the complainant with the conclusions about the complaint. If a further response is received CRGB will advise if the views have changed.
- If the complainant is unhappy with the outcome, CRGB will advise them of further options including, if appropriate, review by FOS or ICO.
- Upon the CRGB closing a complaint, the CRGB will make appropriate publications of its findings from the complaints if they are useful to guide industry conduct and practices. The CRGB shall take appropriate precautions to ensure confidentiality of the parties involved in making these publications.

## Chapter 6: Governance Process at the CRGB

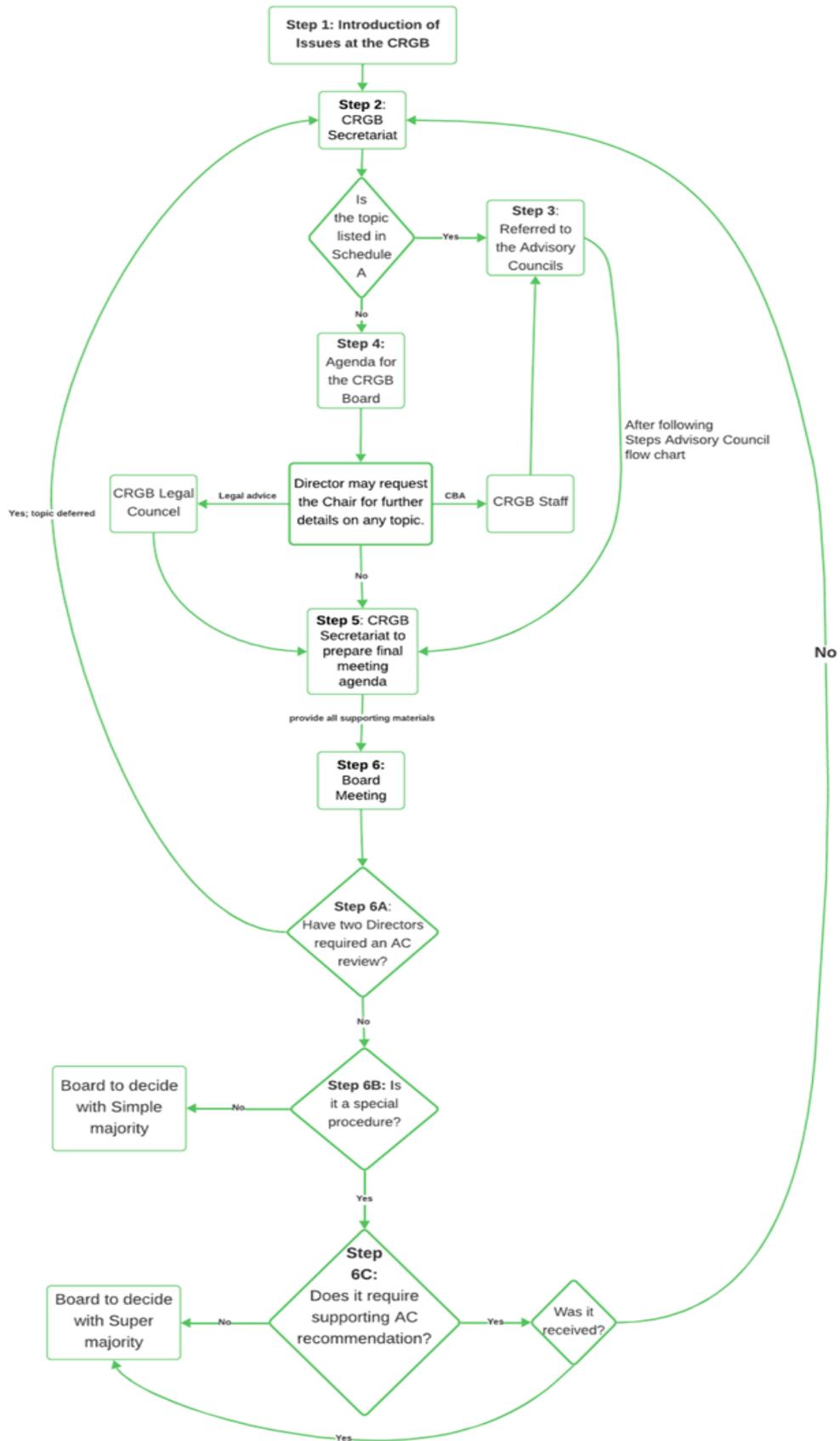
### 6.1 Background

The report three consultation process comprised several papers, including decision-making at the Board and Advisory Council levels for various decisions including regular administration, rulemaking, subscription, and oversight of subscribers.

Due to the extent of the rules and frameworks involved in these papers and the interplay of processes, a clear depiction of governance pathways was provided alongside the consultation. The aim was to aid understanding of the CRGB governance processes and safeguards.

In this chapter flowcharts are presented that explain the relationship between different bodies at the CRGB, their relationship, and the safeguards to hold them accountable. Two examples of specific scenarios are also presented to aid understanding of governance at the CRGB overall.

## 6.2 Flowchart A: Introduction, allocation and flow of issues at the CRGB



Schedule A topics: Topics that should go to Advisory Councils first

- Any topics in CRGB constitution reserved for special procedure decisions requiring Advisory Council recommendation.
- Any topics raised by Council members specifically for Advisory Councils (as per point d(iv) of step 1 discussed below).
- Any topics agreed upon in an Advisory Council's annual agenda (as per point a of step 1 discussed below).
- Any topics originally raised in a CRGB Board meeting but have been referred by two directors of the CRGB Board for Advisory Council assessment.
- Any topics referred by CRGB legal counsel for Advisory Council consideration; and
- Any topics required to be referred to Advisory Council as per the project plan proposed by the CRGB employees for industry-led remedies but has not been referred to so far.

### *6.2.1 Scope of the flowchart*

This flowchart depicts the decision-making at the CRGB Board and the operation of the 'substance safeguards' as discussed in the Board decision-making chapter. It does not account for other safeguards:

- The representation safeguards will be assessed as part of procedure at step 5 and 6 above.
- The minority safety net can be exercised at any point from preparation of an agenda to voting on it. Therefore, it is not feasible to account for it in the flow chart.
- The appeals process is also not covered in this flowchart as it happens beyond the decision-making at the CRGB.

### *6.2.2 Notes on flowchart A*

**Step 1:** The CRGB secretariat will have a repository of various issues that need to be considered by the CRGB. This repository will be formed from the following sources:

- The annual agenda of all Councils containing the various topics that have been agreed to be taken up by each Council in a particular year.
- The project plan prepared by CRGB employees.
- Standing agenda of items to be considered by the CRGB Board.
- Ad-hoc from topics raised to the CRGB secretariat by:
  - CRGB's subscribers or participants.
  - From members of the public or regulators.
  - From CRGB Directors to the secretariat for consideration by the Board.
  - From Advisory Council members to the secretariat or the Chair, in a meeting or otherwise.

**Step 2:** From the topics introduced to the CRGB secretariat in step 1, the secretariat adopts a filtering mechanism by checking if any of the topics fall into the schedule A list of topics. If they do, the CRGB secretariat directs them to the Advisory Councils and does not pass them to the Board. However, if they do not, they can go directly to the Board.

**Step 3:** Having made the determination that a subject belongs to the schedule A topics, the CRGB secretariat will allocate these subjects to either the Rules and Standards Advisory Council or the CIMS Remedies Council based on the following criterion (in order of priority):

- The Terms of Reference of the Council.
- If the topic aligns with the categories of topics reserved in the annual agenda for a particular Council.
- If the topic was raised by a member of a particular Council, unless the first criterion designates it more suitable for another Council, it shall be allocated to the Council to which the member belongs.
- Provided, if there is a conflict in terms of which Council the topic can be sent to, the CRGB secretariat will seek the CRGB Board Chair's guidance in determining which Council shall be the primary council for the topic (i.e. will vote on any recommendations), and which council will be kept informed.
- Provided, and notwithstanding anything above, the CIMS Remedies Council shall be the default Council for taking up the issues that have arisen from CRGB employees in relation to their project plan for industry-led remedies.
- After the Advisory Councils have followed their steps in accordance with flowchart B (below) following allocation of the above topics, their recommendations will flow to the CRGB Board via the CRGB secretariat at step 4.

**Step 4:** After having filtered the topics that need to go to the CRGB Advisory Councils, the CRGB secretariat will prepare an agenda for the CRGB Board which will be circulated to the Directors 2 weeks before their Board meeting along with supporting materials. This agenda will be composed of:

- List of topics requiring discussion at the CRGB Board.
- Any resolutions proposed by any of the Directors on the topics.
- Any recommendations, reports, or supporting materials prepared by Advisory Councils relevant to the topics.
- Any legal advice received on the topics; and
- Any cost-benefit analysis conducted on any agenda items.

After step 4, upon the agenda and necessary supporting materials being circulated to Directors, the Directors have an option to request legal advice or cost-benefit analysis (CBA) on any of the topics on which it has not been received. All work on CIMS industry-led remedies initiated as per the project plan of the CRGB by its employees will already require a CBA and Advisory Council consideration, and thereafter, an Advisory Council recommendation. Therefore, the CBA request here would be for other proposals not covered in this field.

**Step 5:** If any topics or issues are accepted by the CRGB Chair as meriting legal advice or CBA, those topics will be referred to the CRGB secretariat for seeking the relevant advice or CBA. If a CBA is sought, the CRGB secretariat will engage with the CRGB staff and undertake the CBA, this could include the staff engaging with relevant Advisory Councils including the consumer Council for undertaking a consumer impact assessment. If the necessary advice or CBA can be obtained within the stipulated time, the topic would be included in the final agenda of the Board meeting, or otherwise the subject would be deferred.

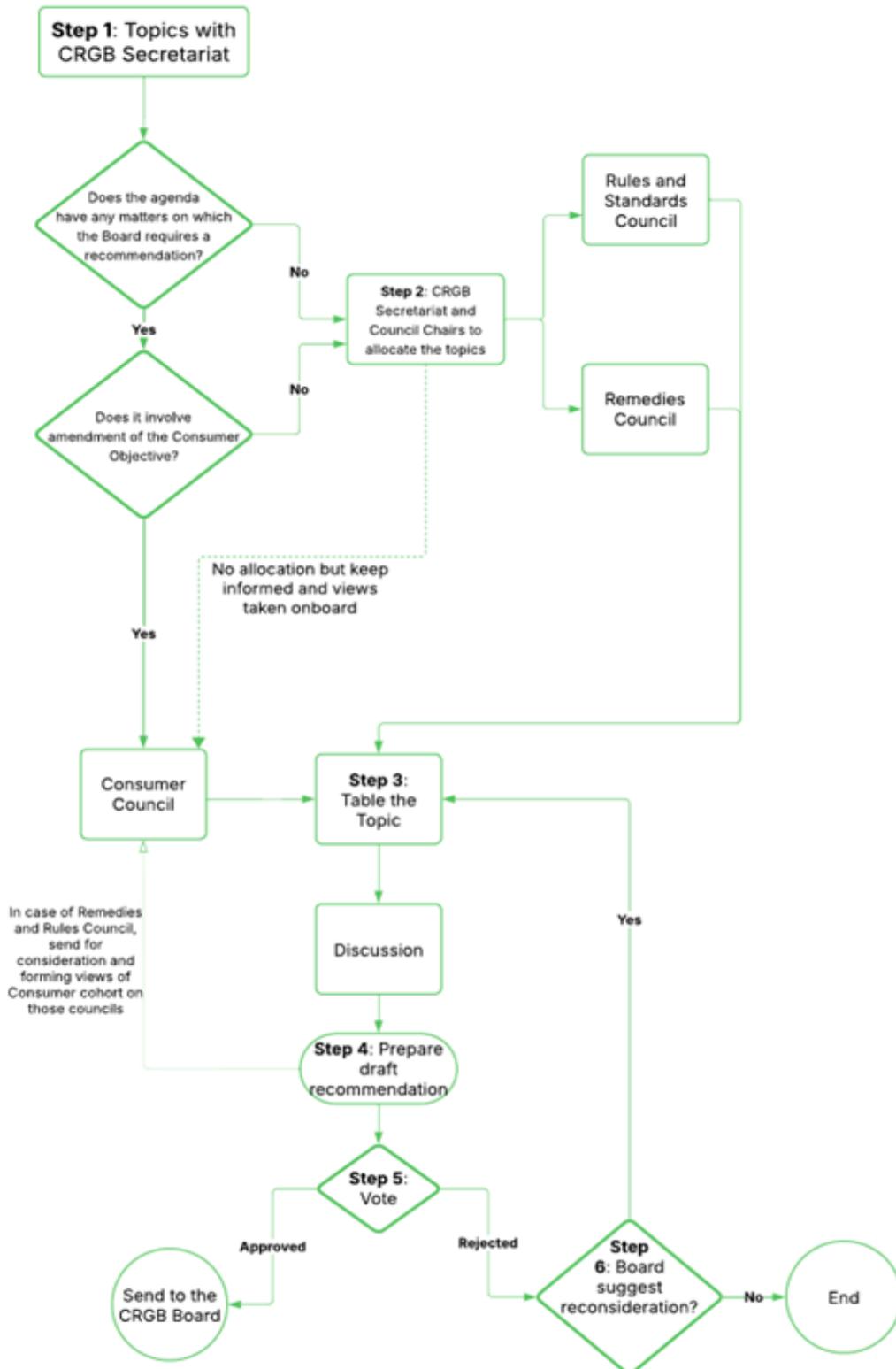
**Step 6:** Thereafter, the matters will proceed at a Board meeting as stipulated in the flowchart with necessary protections still available. Specifically:

- Step 6A: Two Directors may require a matter to be sent to an Advisory Council, and this would revert those topics to step 2. For decisions that involve CIMS industry-led remedies that are before the Board for consideration after following the steps in flowchart C (see below) it will be rare that the Chair does not overrule the reference of topics by the 2 Directors to an Advisory Council. For, these topics would have already

been considered by the CIMS Remedies Council as per the CRGB's procedure regarding industry-led remedies. This will be the case for most topics that are listed in schedule A. Therefore, in practice, this protection shall only be available for decisions that are originating directly at the CRGB Board or to refer any aspect that has not been previously considered at all.

- Step 6B: As per the Board meetings protocol in chapter two, before tabling any resolution for voting, the CRGB Chair will assess if a decision is a special procedure decision or not. If it is not, the Board can take a decision on the subject with simple majority.
- Step 6C: Once the Chair has determined it is special procedure, it will next assess if it is a decision that requires relevant Advisory Council recommendation. If it is not, a special majority of the Board will make the decision. If it is, the Chair will check if a supporting recommendation has been received or not. If it has been received, a special majority of the Board will make the decision on the matter. If it has not been received, it will be sent back to CRGB secretariat to follow from step 2 onwards.

### 6.3 Flowchart B: Recommendation-making at the Advisory Councils



### *6.3.1 Scope of the flowchart*

This flowchart only depicts the recommendation making function of the Advisory Councils. The consumer Council is empowered to perform several other functions but as they are not of the nature of making recommendations, they are not captured here. These are:

- Providing feedback and reports to the CRGB Board on consumer engagement on CRGB's policy proposals and existing work.
- Aiding the CRGB employees with undertaking consumer impact assessments whenever they are carrying out a CBA.
- Supporting the Nominations Committee in selecting Independent Directors who have consumer experience.
- Informing the views of the consumer cohort on various recommendations being debated in CIMS Remedies Council and Rules and Standards Council.
- Informing the views of the Independent Directors co-chairing the consumer Council on exercising their powers at the CRGB Board.

Similarly, each Council is expected to provide periodic reports to the CRGB Board. These tasks shall be undertaken outside of this process. The above flowchart dictates the process for topics arising from schedule A.

### 6.3.2 Notes on flowchart B

**Step 1:** The topics in schedule A mentioned in flowchart A will be collected and sorted for referral to the Advisory Councils by the CRGB secretariat. On these topics, the CRGB secretariat shall ask two questions as mentioned in the flowchart. If the answer to both is yes, it will go to the consumer Council. Otherwise, it will go to the other two Councils. Schedule A topics mentioned under flowchart A will only go through the recommendation making process at the Councils and will get allocated through the above process. There are other subjects that the consumer Council may take up, or reports etc. that each Council is expected to prepare. The process in the flowchart is not applicable to those processes.

**Step 2:** Upon deciding that the topic is not allocated to the consumer Council, the CRGB secretariat will allocate the topic between either the Rules and Standards Council, or the CIMS Remedies Council as follows:

- Allot the topic to the Council with whose annual agenda it aligns with the most.
- Allot the topic to the Council whose ToR aligns with the topic the best.

If the overlapping topics are crucial to both Councils, the CRGB secretariat either on its own accord or upon a Chair's request can ask the CRGB Board to allocate the topic to one of the Councils for primary consideration and voting and for the other Council to be kept informed. Irrespective of the Council to which a particular topic is allocated, there will be enough visibility to other Councils on the work due to the following protections designed in the operations of Advisory Councils (dotted line from step 2 in flowchart):

- The Chairs of each Council are expected to meet each other from time to time to discuss items on their agenda.
- The annual work plan of all Councils is to be approved by the CRGB Board (having broad representation from the industry and consumers, including, the consumer Council Chairs). Therefore, there will be time to undertake stakeholder engagement.
- For the consumer Council specifically, there are further protections to keep them involved despite not formally allocating a topic to them (hence, the dotted line):
  - Not only do the consumer Council chairs have the right to be a voting member of other Councils, but their representatives shall also be represented on the other Councils. Therefore, all work of the other Councils will be visible for the consumer Council at all stages in other Councils. Therefore, due to the circulation of the agenda to all members, as discussed in step 3, the work on all Councils shall be visible to consumer Council beforehand and it can plan its work accordingly.
  - Wherever the CIMS Remedies Council is undertaking any remedies work pursuant to the CRGB remedies workplan, the CRGB will be required to undertake a CBA which requires a consumer impact assessment where the consumer Council will be asked to weigh in.

**Step 3:** This is the stage where the topic is introduced to an Advisory Council for the first time. However, at least 15 days prior to this stage the agenda of the meeting will be circulated to all members of the Council along with all supporting materials on the agenda items. For instance, for the CIMS industry-led remedies, if they are introduced as part of the project plan – the CBA carried out by the employees of the CRGB will be circulated beforehand.

Upon receiving the agenda, any Council member may request the Chair to seek CRGB employee resource to carry out further work to prepare assessments and supporting materials regarding the topics. Any Council member may request the Chair, or the Chair in its sole discretion, may also invite any ad-hoc participants to join the Council to assist the members in forming their views on the topics.

**Step 4:** After a topic has been tabled and discussions have happened, the relevant Advisory Council may call for a vote on the topics to send a recommendation to the Board. All Councils at this stage must share the draft recommendations on which the vote is sought to the CRGB Board secretariat for quality assurance. In the case of CIMS Remedies Council and Rules and Standards Council, they will also share the draft recommendations to the consumer Council in a sufficient time before the vote to allow them to share the views of consumer cohorts on the recommendation prior to them voting at the relevant Councils.

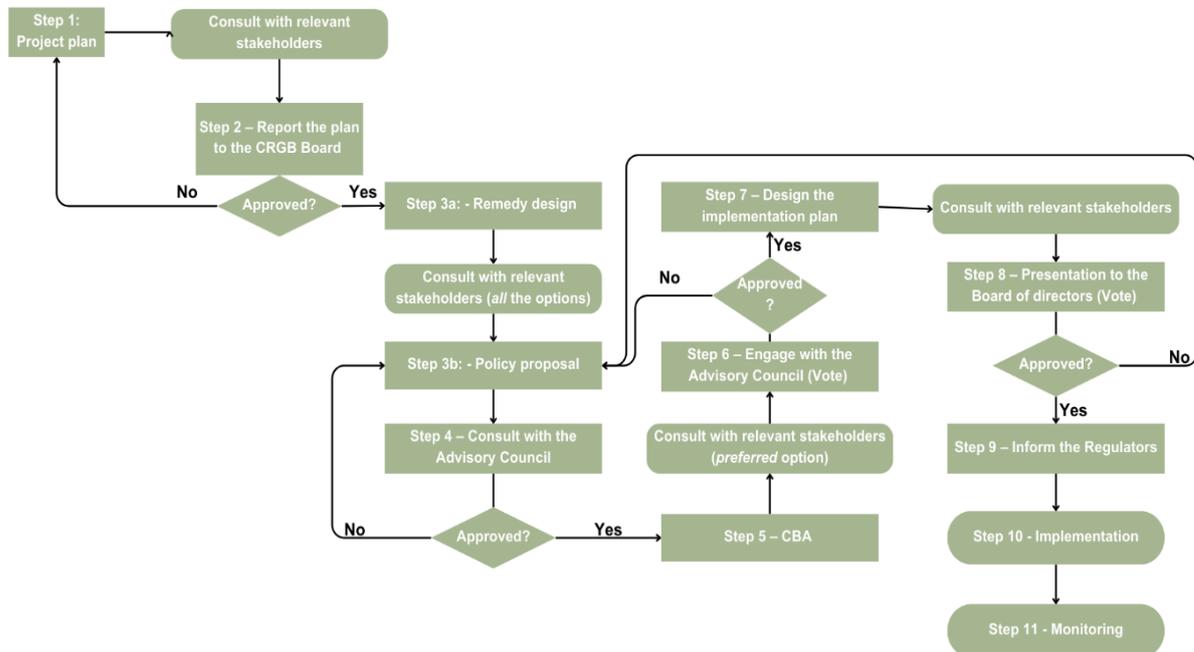
**Step 5:** After step 4, the recommendation will be tabled at the Council. The Chair of the relevant councils shall assess if their relevant quorum requirements have been met. If they are met, voting will be undertaken. As per chapter three, consumer Council votes will be calculated per member, and for other Councils cohort level voting shall be used for calculating voting results. The Chair shall be responsible for recording intra-cohort votes, reasons for dissent, and general cohort views. These details will be provided to the CRGB Board along with the recommendation or decision on a failed recommendation.

Even if the consumer Council's views on the work of other two Councils and their recommendations could not prevail at the Council level due to the protections discussed in step 3, the consumer Council will have further opportunities to provide their views:

- They may inform the views of consumer expert Directors on the recommendations received by the Board as those Directors chair the consumer Council. Therefore, the consumer Council will have a direct view access to the Board when it is looking at recommendations passed by other councils before they are adopted as a CRGB rule or policy.
- The consumer Council may also provide a feedback report from undertaking consumer engagement on various proposals being presented by the other Councils.

**Step 6:** If the CRGB Board observes that any topic on which it requires Advisory Councils to provide a recommendation, but it has been rejected by the relevant Council, it may request the Council to reconsider its recommendation.

## 6.4 Flowchart C: Process to be followed for proposals on industry-led remedies



This flowchart depicts the process to be followed by the CRGB wherever the CIMS industry-led remedies work is led by CRGB as part of a project plan.

### 6.4.1 Interaction between flowcharts C, and A and B:

#### Flowchart B & C: CIMS Remedies and CRGB's CIMS Remedies Council

- At step 4 and step 6 of the above flowchart C, the CIMS Remedies Council will act from step 3 onwards of flowchart B.
- The CRGB employees shall refer the topics to the CRGB secretariat who will perform step 1 and step 2 of flowchart B to allow the CIMS Remedies Council to begin at step 3 of flowchart B.

#### Flowchart A & C: CIMS Remedies and Board

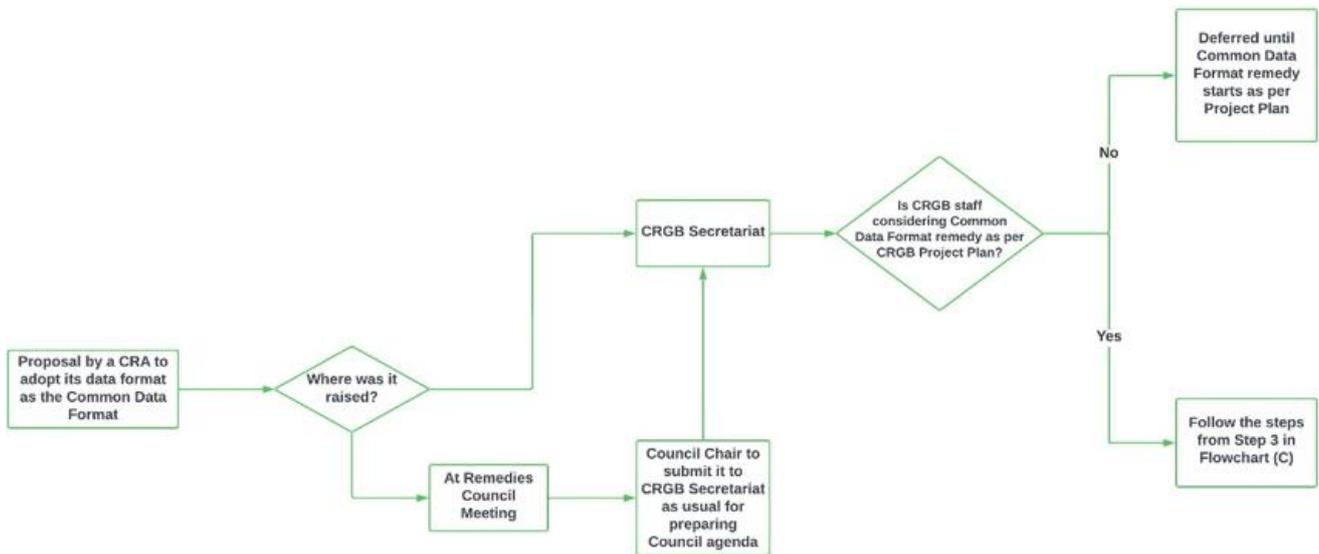
- At step 2 and 8 of the above flowchart C, the CRGB Board will act according to flowchart A. However, the approach of the Board shall be slightly different in both the scenarios.
- After both step 2 and 8 of flowchart C, the CRGB employees shall refer the matter to the CRGB secretariat at step 1 of flowchart A who will assess that the topics need not go through Advisory Councils for:
  - When it comes from step 2 of flowchart C, irrespective of how step 6A in flowchart A is invoked, in step 6B of flowchart A the decision will be designated to not be a special procedure decision and be approved by the Board through a simple majority.
  - When it comes from step 8 of flowchart C, it would have already come after an approval from the Advisory Council. Therefore, step 6A of flowchart A could most likely not be invoked. Step 6B of flowchart A will be answered in yes, as this decision pertains to special procedure decision, and step 6C shall also be answered yes as this decision requires an Advisory Council recommendation. The following assessment shall also be 'yes' as a recommendation from the Advisory Council would already have been received by step 8 of flowchart C.

Therefore, the Board will have to put the recommendation through a vote by a super-majority.

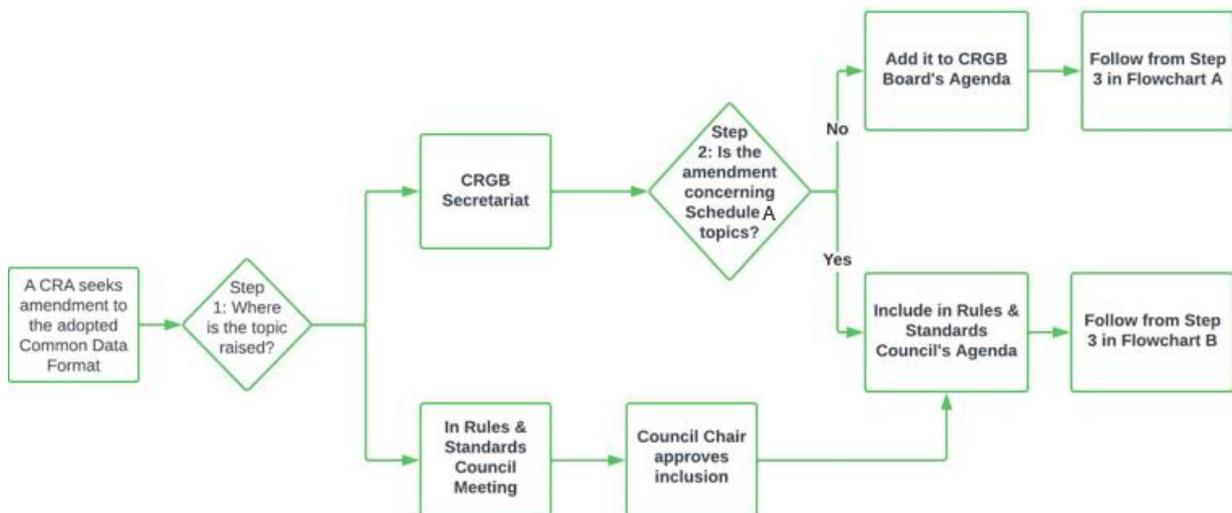
At step 4 of flowchart A, the Board Directors may still request legal advice but their right to seek CBA would be restricted whenever decisions would come from step 2 or 8 of flowchart C.

## 6.5 Demonstration of governance in practice

### 6.5.1 Example (A): If a CRA proposes its data format to be adopted as the common-data format (adoption of remedies)



### 6.5.2 Example (B): If a CRA proposes an amendment to the rules regarding adopted common data format (change in rules)



## Chapter 7: CRGB's approach to accountability and transparency

### 7.1 Background

The IWG's [Terms of Reference](#) outlines that the IWG must set out how the CRGB will be accountable to key stakeholders and how it will increase transparency. This chapter defines what we mean by transparency and accountability, explores which stakeholders the CRGB should be held to account by and be transparent to. It also determines for which operations the CRGB will be held to account. The chapter then outlines the IWG's recommendations with regards to CRGB's accountability and transparency principles. These principles were tested at and bolstered following the IWG data user and contributor event on the 23<sup>rd</sup> of September 2024.

### 7.2 What is transparency?

Transparency is when an organisation enables all stakeholders to see and understand how it operates in an honest way. The organisation provides information about its activities and governance to stakeholders, for free, that is accurate, complete and made available in a timely way.

Transparency is therefore important to the reputation of any organisation; it ensures actions of the organisation can be checked by stakeholders and as such enables the organisation to be held accountable. Therefore, effective transparency policies can ultimately help to avoid corruption and mismanagement of the organisation. Likewise, transparency will support the CRGB's legitimacy with stakeholders (particularly important given it will be a newly established body) and will help to improve the quality of its decision-making.

### 7.3 What is accountability?

We can consider that there are two components of accountability:

- Answerability – the organisation provides information and justification for how its actions align with expectations of its stakeholders.
- Enforcement – the organisation is subject to consequences of failing to meet these expectations.

For accountability to be achieved, the organisation must be transparent.

### 7.4 Case studies

To support transparency around their work, the [Lending Standards Board \(LSB\)](#) publish summary reports following the completion of each piece of oversight work. The LSB also undertake regular public consultations on their Standards and Codes which allows stakeholders to input into the review process. The LSB will then produce consultation reports. The LSB is currently undertaking work to enhance their ability to measure the impact of their Standards and Codes so that the LSB can more effectively articulate how they contribute to the overall customer protection framework.

[This article](#) by Simon Mainwaring also outlines several case studies relating to firms like Home Depot and M&S and the steps these organisations have taken to increase transparency – particularly around environmental claims.

Likewise, the European Parliament outlines lessons learnt [from a study](#) of several parliaments in implementing rules around transparency, accountability and anti-corruption. These include tight rules around the disclosure of financial interests, mandatory publication of meetings, and establishing clear whistleblower policies and procedures.

## 7.5 What key stakeholders should the CRGB be held to account by and be transparent to?

In many cases, the members of an organisation jointly 'own' the organisation and it is this legal bond that requires organisations to be accountable and transparent to them for its actions. However, the IWG (as set out in [report two](#)) has agreed that the CRGB will have a single tier membership structure, whereby the Board Directors of the company are the members, controllers, guarantors and owners. Therefore, the IWG has considered a wider set of stakeholders by which the CRGB should be held to account by and be transparent to.

In [report one](#), the IWG defined the CRGB's stakeholders as those the organisation would need to serve, would impact and/or would need to engage with to deliver its objectives. The list of CRGB's stakeholders included:

- Large/mainstream lenders
- Smaller/specialist lenders
- Alternative credit providers
- Large/mainstream credit reference agencies (CRAs)
- Challenger CRAs
- Consumers and consumer representatives (which may include wider consumer interests, such as financial inclusion)
- UK Government (including His Majesty's Treasury)
- Financial Conduct Authority
- Other UK regulators (including ICO, Ofcom, Ofwat, Ofgem, Financial Ombudsman Service and the Gambling Commission)
- Trade bodies representing FSMA firms
- Trade bodies representing non-FSMA regulated firms
- Credit Information Service Providers (CISPs)
- Schemes such as those related to Open Banking
- The IWG further defined the stakeholder structure of the CRGB as:
  - Legal members/owners/guarantors – CRGB's Directors.
  - Subscribers – an entity who has the ability to access shared data of individual consumers and seeks to exercise this ability.
  - Participants – interested parties who will engage with the CRGB but do not seek to access shared data i.e. trade associations, consumer groups, government and regulators.

Government departments, regulators and consumer groups could fall into either the subscriber or participant 'bucket' at different times, depending on if they wish to access the shared data for particular purposes. But, under the recommended funding exemptions set out in report two– none of these stakeholders would be expected to fund the CRGB.

Therefore, IWG is recommending that the CRGB should be held to account by and be transparent to all those stakeholders that fall into the subscriber or participant 'buckets'.

## 7.6 On what aspects of its operations should the CRGB be transparent and held to account for?

Within report one, the IWG recommended several roles, objectives and outcomes for CRGB. Clearly, CRGB will need to be transparent around and held to account for its delivery of these. Within report two, the governance and funding models of CRGB were recommended by IWG and it will also be important that stakeholders can hold CRGB to account for the operationalisation and execution of these models. Therefore, IWG is recommending that the following aspects of CRGB's operations should be transparent to allow CRGB's stakeholders to hold it to account:

- Roles
  - Scheme rules and standards
  - Market practices – common processes
  - Policing (enforcement) to ensure rules are followed
  - Education re awareness of scheme
  - Leading CIMS industry-led remedies
- Objectives
  - Operational
  - Consumer
  - Future-looking
- Outcomes (with measures defined by the CRGB's Board)
  - Improved data quality (including accuracy and consistency)
  - Supporting competition and innovation
  - Supporting industry in tackling financial inclusion
- Governance
  - Governing documents and policies
  - Decision-making process and decisions made
  - Board roles and responsibilities, communication, remuneration and benefits
  - Employee values/ethics
  - Information relating to the purpose of contracts between CRGB, CRAs and data users, including what the contracts cover at a high-level.
- Funding and accounts
  - Funding model, exemptions, method for determining subscription fees and mechanism for collection of fees
  - Annual audited accounts
  - Procurement

The levels of transparency around some of these operations will need to vary because of confidentiality and legal obligations, but in general it is recommended there is some transparency around all of these operations.

Likewise, the CRGB Board will need to review this list of operations periodically.

## 7.7 Accountability and transparency principles

Given the aspects of CRGB's operations that will need to be transparent and the stakeholders which CRGB will be held to account by, the IWG recommends the following principles for CRGB:

- The CRGB will make publicly available:
  - Underlying governance documents and policies (contingent on this publication not undermining CRGB's decision processes), including objectives, roles, outcomes and safeguards such as the structure of Advisory Councils, nominations processes and MoUs with government and regulators.
  - Scheme rules, standards, guidance and best practice (potentially including information on and/or reference to privacy notices that support the use of any shared data).
  - The register of the CRGB's subscribers.
  - The process followed by the CRGB in the event of any firm non-compliance with scheme rules and the process to raise a complaint in relation to non-compliance as well as the appeals process in relation to any Board decision.
  - Information relating to any services offered by the CRGB.
  - Annual workplan/strategy documents, including the Board's defined measures for assessing the CRGB's performance against its objectives and how the planned annual strategy furthers these objectives and CRGB's defined roles.
  - Summary and update reports on remedies work and any regular reviews of the scheme rules, standards, guidance and best practice [including Board and Advisory Council papers prepared on these topics].
  - The Board and Advisory Council decision-making processes.
  - Roles and responsibilities of Directors and Senior Management.
  - Minutes [redacted or anonymised where sensitive] of Board meetings and decisions made, including voting outcomes [total numbers, not attributing votes to particular Directors].
  - Information regarding CRGB's approach to contracting with CRAs and data users/contributors.
  - Annual audited accounts (including Directors and Senior Management remuneration and conflicts of interest (including significant shareholding or any form of controlling position)) and method for calculating funding requirements and collection mechanism for fees.

This information will be made public via several routes, including updates on CRGB's website, companies house documents, newsletters (which interested parties can subscribe to) and/or social media/other forms of media.

- The CRGB will review and update, if needed, all publicly available information annually.
  - Annual updates should include, where appropriate, reflections on the previous years' goals and/or performance (including where desired objectives and outcomes are not being achieved) and forward-looking plans for the next year. In the event that the CRGB is not in a position to deliver on the outcomes it has defined, the CRGB should seek insight and support from stakeholders such as the government, FCA and other regulators and be clear, publicly, where it is doing so.
  - More frequent public updates on the CRGB's progress against its workplan, particularly in relation to the CIMS industry-led remedies, will be required. Any delays to the workplan should be communicated publicly as soon as is reasonably possible.

Likewise, where the CRGB is engaging with external consultants (such as legal advisors) on particular pieces of work, this should be made clear.

- The CRGB will ensure that all publicly available information is written to be understood by a non-technical audience, using simple and clear language that avoids ambiguity.
- Alongside publishing Board minutes [redacted or anonymised where sensitive] documenting decisions made [total votes, not attributing to particular Directors] and reports summarising work undertaken, some decisions may require direct notification to a subset of stakeholders, such as fee-paying subscribers. In some cases, such as for decisions requiring special procedure, the CRGB may notify stakeholders ahead of the decision being made and publish the decision separately once it has been made.
- Any consultation undertaken by the CRGB with regards to industry changes and changes to subscription fee requirements (including on early stage thinking, such as project scoping) will be open to contribution directly by any stakeholder through calls for input. The anonymised/aggregated results of all consultations and any other analysis, such as cost-benefit analysis, will be made publicly available where this has informed the CRGB's decision-making. Likewise, feedback received from government and regulators on the CRGB's work will be made public, accounting for confidentiality constraints.
- The CRGB's Board will hold an annual forum, and all subscribers and participants will be invited to attend. These meetings will be hybrid – with individuals able to attend either online or in-person. Other stakeholder events and roundtables may also be hosted by the CRGB as needed.
- The CRGB will have clear processes by which any stakeholder can contact the CRGB Board directly to discuss any particular issues or raise complaints or appeals, feed into ongoing work and/or to ask questions. The CRGB will respond within 30 working days and will provide regular updates on the status of the query to the stakeholder.
- The Board will set out the ethics/positive behaviour policy for CRGB employees, Directors, subscribers and participants and will establish processes for recognising this behaviour.
- The Board may also wish to establish processes for recognising firms' compliance with scheme rules and industry-led remedies, recognising the resourcing and cost implications of doing so.
- The CRGB's independent chair and secretariat will monitor, at regular intervals, compliance with and evaluate any need to adapt governance policies and safeguards to ensure the CRGB is operating in a way that enables effective input from and consideration of all its stakeholders.
- The CRGB's Board will undertake a Board effectiveness review – internally annually and with external assessment every three years.

As well as the CRGB's stakeholders being able to hold the CRGB to account via the mechanisms described above, the CRGB's Directors and Senior Management will be held liable for failing to meet their duties and/or for any wrongdoing – as set out in report two.

Similarly, the CRGB's Memorandum and Articles of Association will set out the CRGB's intent to be open and operate transparently and will refer to the principles set out above. [Note: the M&AA will not include details of the CRGB's transparency and accountability principles to avoid tying the hands of the Board and to allow room for evolution of these principles.]

Likewise, the CRGB will maintain close relationships with the FCA and other regulators. This will also help to hold the CRGB to account in that the FCA and other regulators will expect, at least, regular progress updates. Similarly, if the CRGB is unable to implement the CIMS

industry-led remedies sufficiently, the FCA has maintained the right to take a more interventionist approach.

## Chapter 8: Funding of the CRGB

### 8.1 Background

The main objective of this chapter is to outline the funding model required to support the set-up and first-year operations of the CRGB. Readers should note that this funding model is specifically designed for the initial year, and the CRGB Board will have the ability to refine it for subsequent years. Future adjustments may account for factors such as variances in actual costs, the number of subscribers, and exemptions for certain stakeholders.

Funding any new oversight body can be contentious, particularly when additional industry costs are introduced. To address this, the IWG established funding principles and have recommended a “tiered funding model with subscribers, who access shared data, paying an annual subscription fee reflecting their size and business type.”<sup>11</sup>

This consultation paper provides an overview of the estimated cost of the CRGB, the fee structure, and the prepayment plan to fund the set-up cost of the new body. The chapter includes operational detail, as was agreed as part of the [IWG Terms of Reference](#). The key takeaways are as follows:

- The funding model was consulted on in the IWG’s report two, with general support.
- All subscribers are subject to the funding model unless an exemption applies.
- Cost estimates are based on a high level workplan, these may evolve if priorities change.
- CRGB costs more than SCOR as it has a substantially wider remit and should bring greater benefits.
- The fees are calculated based on best available data, which has limitations.
- The funding allocation is for year one only and the CRGB Board can revisit with new information.
- CRGB can only become operational if some subscribers agree to prepay their fees.

#### 8.1.1 Why are we talking about funding?

The CIMS final report sets out measures to achieve the FCA’s vision for the market and to deliver better outcomes for consumers and firms. The FCA concluded that while the market was working well in a number of ways, there were also several areas where it could be working better and which they want to address. The FCA defined a package of remedies to deliver the outcomes, categorised into FCA-led, industry-led and joint FCA and industry remedies. The joint remedy is a governance remedy. The FCA report found that the current industry governance arrangements (SCOR) were ineffective at driving forward change, representing views from a range of stakeholders, prioritising consumer outcomes and acting transparently. Therefore, the CIMS final report set out that a new, more representative, and accountable industry body to oversee arrangements about sharing of credit information should be formed - the CRGB.

The FCA stated in their report that given the potential impact of the remedies package, on non-FSMA regulated firms, it is important these firms and other regulators also play a role in implementing changes in the market and driving broader change. This includes the new governance model.

This influenced the recommendation that the CRGB will be established as a Self-Regulatory Organisation (SRO) tasked with overseeing the sharing of credit information. A defining

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<sup>11</sup> [IWG report two](#)

feature of SROs is that they do not rely on government funding; instead, they are financed by the organisations under their jurisdiction.

### 8.1.2 How is SCOR funded?

The industry governance arrangements through SCOR are funded by eight trade associations and the three large CRAs. All members pay the same subscription amount, except for the three CRAs, which collectively share a single membership fee.

Lenders indirectly contribute to SCOR's costs through their membership in trade associations, and this model applies to other sectors as well. In cases where a lender agrees to the Principles of Reciprocity (PoR) with a CRA but is not a trade association member, their contribution to SCOR's costs could be considered indirect, via the CRA.

Given the currently low direct costs of SCOR operations, there is little concern about the source or transparency of indirect fees. Additionally, SCOR benefits from substantial "free" industry resources to carry out its activities, with limited in-house resources. The value of this resource, when estimated, far exceeds SCOR's published funding requirements.

### 8.1.3 How is the CRGB different from SCOR?

The CRGB differs from SCOR in several ways:

- Scope and Purpose:
  - The CRGB is designed with a broader governance mandate that includes both the scheme rules and the industry remedies. Its focus is on fostering industry-wide collaboration and driving improvements in the credit information ecosystem.
  - SCOR primarily governs the PoR, ensuring the proper sharing and usage of credit data among its members.
- Operational Scale:
  - The CRGB is envisioned as a formal legal entity with dedicated full-time staff, a structured governance framework including policing, and responsibilities tied to the FCA remedies.
  - SCOR operates with minimal direct costs, relying heavily on voluntary contributions and "free" resources from its members to progress its activities.
- Industry Impact:
  - The CRGB aims to deliver strategic benefits across the credit information industry by promoting transparency, accountability, and innovation.
  - SCOR's focus is narrower, centred on managing data-sharing practices under the PoR framework.

In summary, the CRGB represents a more comprehensive governance body with a broader remit and operational framework compared to SCOR. While SCOR primarily oversees the Principles of Reciprocity with minimal costs and reliance on voluntary resources, the CRGB's expanded scope requires a sustainable funding model to ensure it can effectively fulfil its responsibilities. By fostering transparency, accountability, and collaboration across the credit information industry, the CRGB delivers strategic benefits that extend far beyond data-sharing practices. Adequate funding is essential to support its operations, implement FCA remedies, and drive meaningful improvements that benefit all stakeholders in the ecosystem.

### 8.1.4 Who is going to fund the CRGB?

The CRGB will be funded by *subscribers*. A subscriber is defined as "an entity who has the ability to access shared data of individual consumers and seeks to exercise this ability".

However, some subscribers can be exempt of funding if they meet one of the three funding exemptions:

- **Social Purpose exemption:** firms whose core purpose is to positively impact individual consumers or society more generally, or non-profit organisation such as government bodies. A more detailed definition was included in report two.
- **Turnover exemption:** IWG recommended in report two that a minimum turnover threshold is applied to subscribers to ensure that the cost of CRGB does not have a disproportionate impact on smaller players.
- **Only Contributing Subscribers:** Post report two, a third exemption is now recommended to cater for entities that contribute to but choose not to access the shared data. The contribution of data enhances the value of the credit information system and should be encouraged. Seeking these firms to fund CRGB may discourage the contribution of data. Therefore, these subscribers will be exempt from CRGB's funding model.

Lastly, any party who is interested in engaging with the CRGB but does not seek to access shared data, is considered a *participant*, and will not need to fund the CRGB.

#### 8.1.5 When will subscribers have to pay?

A small group of subscribers will be asked to pay their subscription fee in advance to fund the set-up of the CRGB in H2 2025. The timing of this will be included within the IWG's final report as part of transition planning.

The remainder of subscribers will be encouraged to contract and pay their annual subscription fee once the CRGB is launched. The subscription fee should be paid in advance, not arrears. The current target is live operation in Q1 2026.

#### 8.1.6 What are the benefits of funding the CRGB?

The CRGB was established as a governance entity following recommendations from the FCA's CIMS final report, which emphasised the need for inclusive and representative industry governance that considers all credit information users, including consumers. This provides a strong rationale for stakeholder engagement with the CRGB while also highlighting the importance of including non-FCA-regulated firms.

The CRGB will deliver tangible benefits to the industry and shared data users through its structure and operational mandate. By engaging with and supporting the CRGB, stakeholders can amplify these benefits, both for themselves and the broader industry. A core objective of the CRGB is to enhance its value by continuously improving its proposition for credit information data users.

#### **Key benefits of funding and participating in the CRGB:**

- Participation in CRGB activities
  - Access to scheme rules<sup>12</sup>: Organisations can ensure they share data appropriately and in compliance with permitted purposes.
  - Influence on rules: Have the opportunity to shape the rules governing data usage through Board, Advisory Councils and consultation processes.
  - Impact on industry and regulatory remedies: Allowing firms to be part of leading industry change and shaping the future of credit information data sharing.
  - Accountability and reputation: Engagement with the CRGB demonstrates accountability, fostering trust with consumers, clients, and regulators.

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<sup>12</sup> Report one chapter 6.1, the Scheme rules are defined as the way the credit information data sharing system will operate and the behaviour and interaction of participants. Scheme rules are defined to minimise risks, maintain integrity, and provide customers with a seamless, common, convenient, secure, and reliable experience.

- Access to future services: Firms may gain access to services or training that might be provided by the CRGB, potentially at discounted rates.
- Access to and influence on data
  - Shared data access: Firms can access shared data through service arrangements with CRAs for specific purposes, such as credit risk assessment.
  - Data quality standards: The CRGB collaborates with subscribers and CRAs to maintain rigorous data quality standards, ensuring better outcomes for firms and consumers.
  - Standardisation of data sharing: This reduces costs across the ecosystem, fosters competition, and ensures a robust framework for capturing and sharing key financial events and updates.
- Improved insights into industry issues
  - Less incentive for FCA increased perimeter: By supporting effective self-regulation, the CRGB helps the industry maintain control over its governance. Effective self-regulation should also reduce the need for prescriptive rules set by the FCA, thereby decreasing the likelihood of the regulator expanding its oversight boundaries.
  - Enhanced awareness of industry activities: The CRGB provides a uniquely independent and evidence-based perspective through its oversight and remedy initiatives.
  - Promoting inclusivity and trust: Supporting the CRGB contributes to fostering diversity, trust, and confidence within the credit information industry.
  - Regulatory influence: Through engagement with the FCA, ICO, and other regulators, the CRGB can serve as a conduit for industry concerns, amplifying the collective voice of its members.

Funding the CRGB is essential to ensuring it can effectively fulfil its roles and remit, which, in turn, delivers significant benefits to the industry. These include supporting self-regulation, fostering collaboration, and driving meaningful improvements in the credit information ecosystem.

## 8.2 CRGB costs

### 8.2.1 How did we estimate the costs?

The costs of the CRGB are based on a series of assumptions and feedback from the IWG meetings. To estimate these costs, the IWG assumed that the CRGB's workplan will focus on managing governance as well as designing and implementing the industry-led remedies outlined in the CIMS final report. To achieve this, the IWG analysed three key questions:

- What tasks will the CRGB staff need to perform for each role and remedy?
- What skills will the CRGB staff require to deliver the roles defined for CRGB?
- And, given that it is not feasible to design and implement all remedies simultaneously, what should the sequencing of remedies be? For example, we projected that in the first year of CRGB's operation, there would be around three remedies in the design phase, while by the third year, some of them will be in the implementation and monitoring stage.<sup>13</sup>

These discussions informed projections for the first five years of operation, focusing on three key cost areas:

- Board and staff members,

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<sup>13</sup> For more details see Appendix H.

- administrative expenses, and
- legal fees

Costs will be guided by an annual work plan approved by the CRGB Board following industry consultation. However, estimates for later years may evolve if activities are reprioritised.

### ***Board and members of staff***

The CRGB will initially operate with a small team and expand if the workload requires. Based on projections for the development of the remedies, we estimate the CRGB will reach full capacity by its third year, requiring 13 full-time employees. This team will include a general manager, a legal expert, the secretariat, a rules and remedies team, a stakeholder team, and a business support team<sup>14</sup>. To estimate staff costs, we compared Civil Servant's salaries<sup>15</sup> with the FCA's national salary<sup>16</sup>.scales, which provided a benchmark for establishing ranges across different grades.

For the Board<sup>17</sup>, we have factored in a chair working for 60 days and four Independent Directors—two serving for 30 days and the other two for 45 days each. We considered the market salaries for these positions rated as £50,000 for the chair, and £25,000 for the Independent Directors working 30 days, and £37,500 for 45 days. Nominated Directors are funded by their respective organisations, not CRGB.

### ***Administrative costs***

As a small organisation, the CRGB will operate with a focus on efficiency while ensuring it can deliver the mandate set out for it in the CIMS final report. This means outsourcing as many functions as possible and avoiding expenses related to maintaining a physical office.

We have accounted for market prices for IT costs, which include essential items such as laptop rentals, software licenses, website setup, and ongoing maintenance. Additionally, IWG members shared their experiences with outsourcing services like human resources and finance, which eliminated the need for full-time employees in these areas.

In lieu of a physical office, we have budgeted for meeting room rentals and catering for Board and Advisory Council meetings. The Board will convene five times annually, while the three Councils are expected to meet at least six times per year, with additional meetings scheduled as required for remedy discussions. Online meetings, which incur no additional costs, are not included in these estimates.

We have planned for two events each year—the annual forum and a consumer event—to foster engagement between the CRGB and a broad range of industry stakeholders. These events are anticipated to host approximately 100 attendees each, with basic catering provided.

### ***Legal costs***

The CRGB will incur legal costs as part of its mandate to develop, monitor, and implement the FCA industry-led remedies and CRGB scheme rules. These responsibilities require robust legal oversight to ensure compliance and effectiveness. An external consultancy has provided an estimate for setting up the company, which includes drafting key governance documents and internal incorporation records. Additionally, we have allocated a reserve of £40,000 for transition costs. Further reserves have been included for legal and professional fees to hire consultants, mirroring the type of support the IWG received from external consultancies during its operation.

<sup>14</sup> See Appendix I for more details on the roles and the organogram. For the timeline of the FTEs, see Appendix J.

<sup>15</sup> Source : <https://www.instituteforgovernment.org.uk/explainer/civil-service-pay>

<sup>16</sup> We obtained the salaries ranges by analysing multiple job adverts from [https://fca.wd3.myworkdayjobs.com/FCA\\_Careers](https://fca.wd3.myworkdayjobs.com/FCA_Careers)

<sup>17</sup> In report two, IWG recommended a mixed board for the set-up of the CRGB which contemplates 4 Independent Directors, 4 Nominated Directors, and 1 Executive Director. As Nominated Directors are unpaid voluntary positions, we have accounted for four Independent Directors and one Executive Director for the funding model.

### 8.2.2 The costs

The overall estimated costs for the CRGB in the first-year range between £1.1 million and £1.3 million, as shown in Table 3. This variance depends on whether the lower or upper salary threshold is applied. *The IWG recommend that the upper costs are included in the funding model for the first year to allow CRGB to potentially start to build a small reserve.*

**Table 3: Cost Estimation**

Total costs considering staff salaries at the lower threshold					
	Year 1	Year 2	Year 3	Year 4	Year 5
<b>Board</b>	£175,000	£175,000	£175,000	£175,000	£175,000
<b>Staff</b>	£631,590	£756,062	£827,302	£853,797	£875,996
<b>Outsourcing</b>	£36,282	£37,008	£38,503	£40,859	£44,228
<b>IT costs</b>	£17,574	£14,839	£15,902	£16,220	£16,544
<b>Legal &amp; Professional fees</b>	£100,000	£102,000	£104,040	£106,121	£108,243
<b>Board meeting cost</b>	£4,265	£4,662	£4,756	£4,851	£4,948
<b>Advisory meeting costs</b>	£23,508	£23,978	£32,610	£16,631	£8,482
<b>Events (Annual Forum)</b>	£12,260	£12,505	£12,755	£13,010	£13,271
<b>Set Up costs (legal)</b>	£45,000				
<b>Transition costs</b>	£40,000				
<b>Total</b>	£1,085,479	£1,126,054	£1,210,867	£1,226,490	£1,246,711
Total costs considering staff salaries at the upper threshold					
<b>Total</b>	£1,284,848	£1,363,323	£1,465,906	£1,489,696	£1,516,769

### 8.3 The funding model

In report two, the IWG agreed on a funding model that reflects the diverse range of entities engaging with the CRGB. After considering several options, the IWG favoured an annual fee scheme guided by a set of core principles.

#### **Funding principles**

The IWG has proposed a set of funding principles to guide discussions on funding mechanisms, ensuring transparency, fairness, proportionality, sustainability, and adequacy to support the CRGB's purpose. These principles, developed through thorough debate within the IWG and its finance sub-group, emphasise contributions from all firms accessing and using shared data, except for exempted entities. They also call for an adaptable funding model subject to periodic Board reviews to maintain its relevance and effectiveness.

As framed in report two, the five funding principles are as follows:

- The funding model must be transparent to all participants, proportionate, demonstrate fairness and be viable to administer.
- Firms who want to access shared data governed by the CRGB must contribute to the funding of the CRGB, unless subject to the recommended exemptions<sup>18</sup>.
- Funding needs to be sustainable and adequate for the CRGB to deliver on its objectives. Upfront payments with a commitment beyond one year will be required, with the retention of some reserves.

<sup>18</sup> As mentioned in report 2 section 9.7, "Legal confirmation has been received that the CRGB is not in breach under chapter I prohibition. The requirement to subscribe to the CRGB to access the data could have the effect of restricting competition from smaller organisations which may be deterred / prevented from subscribing to the CRGB due to the annual subscription fee. However, by making access to the data available to those who are willing and able to subscribe (and given the subscription fee will be proportional to different cohorts and tiers of firms), the arrangement can be seen not to have a negative effect on competition in the provision of credit information to lenders and other users.". For more details, see <https://www.fca.org.uk/publication/corporate/credit-information-market-interim-working-group-report-2.pdf>. This advice will be further validated as part of the IWG Final Report.

- Contributions may be uplifted and will be agreed against the annual work plan to safeguard sustainability. The cost base will be reviewed regularly to ensure it is as efficient as possible. Any significant contribution uplift will be subject to Board decision-making mechanisms to ensure transparency and accountability.
- The funding model is expected to evolve over time and will be reviewed by the Board periodically, including the tiering system, the funding exemptions, as well as any revenue from the CRGB's services within the boundaries of roles defined that could contribute to funding.

## 8.4 Annual subscription fee

Subscribers will pay an annual subscription fee to the CRGB via an outsourced entity<sup>19</sup>, which will be periodically reviewed by the Board. The fee will vary based on the subscriber's cohort and the firm's (or economic group) size or intensity of data usage.

Each subscriber will be classified into one of the following four cohorts based on their primary business activity as well as their FCA permissions<sup>20</sup>:

- A. CRAs - Firms authorised under FSMA to "provide credit references".
- B. Credit Services - Firms authorised under FSMA to "provide consumer credit in any form".
- C. CISPs - Firms authorised under FSMA to "provide credit information services".
- D. Other - FSMA governed firms not authorised for the above, and non-FSMA firms relying on credit information or credit information users. For example, retailers, insurers, debt purchases, telecoms, among others.

This model ensures that only a specific subset of CRGB stakeholders will contribute to funding the governance entity, maintaining proportionality and fairness among subscribers. The fees will be collected by CRGB on an annual basis.

The IWG considered adopting an FCA levy fees model. However, the FCA has publicly stated: "We do not think it would be appropriate for the FCA to be responsible for collecting the CRGB's fees. We currently only do this for other regulatory bodies, such as the Financial Ombudsman Service and the Financial Services Compensation Scheme. As such, we would strongly encourage the IWG to explore alternative collection models."<sup>21</sup>

## 8.5 The data

To create the CRGB year one funding model, we compiled and analysed data from various sources, incorporating valuable industry contributions and regulatory insights. All data used in this analysis is current as of October 2024 and it was only handled by the IWG secretariat. We extend our gratitude to Experian, Equifax, and TransUnion for their support and trust in sharing the list of firms in the closed user group (CUG) data, which was instrumental in this process. This model can be revisited by the CRGB Board for year two and beyond.

Our methodology can be summarised in the following steps:

- Data Acquisition: We received list of firms in the CUG directly from each CRA.
- Data Standardisation: Each dataset was standardised into a single format, allowing for consistency in analysis. We assigned FCA Firm Reference Numbers (FRNs) to firms where applicable and we classify them into appropriate cohorts.

<sup>19</sup> Yet to be defined.

<sup>20</sup> According to the information available at <https://register.fca.org.uk/>

<sup>21</sup> See <https://www.fca.org.uk/firms/credit-reporting-interim-working-group>

- **Data Integration:** The datasets were merged by FRN and firm name to create a comprehensive view.
- **Cohort Inclusion:** Firms in Cohort A (CRAs) and Cohort C (CISPs) were appended to the merged dataset.
- **Turnover Retrieval:** We obtained the UK total turnover information for the entire list of firms from Companies House.
- **Data Augmentation:** To ensure completeness, particularly for Building Societies, we supplemented turnover data from the annual accounts for each firm.
- **Data Aggregation:** To avoid any duplication in the subscription of firms, we consolidated the dataset at the group level.

Additionally, to refine the tiering system within Cohort B (Credit Services), we obtained the credit agreements<sup>22</sup> volume data from the FCA<sup>23</sup>. This metric, which reflects the intensity of credit information usage, enhances the precision of our funding model by ensuring that contributions within this cohort are more aligned with usage levels.

This systematic approach ensures that the CRGB funding model is both data-driven and equitable, accurately reflecting the diversity and activity levels of firms within the credit information industry.

## 8.6 Funding criteria

This section outlines the criteria used to calculate the funding model, focusing on two key areas: determining the turnover exemption threshold to exclude smaller subscribers and segmenting subscribers into tiers based on their turnover and credit agreements for the case of Credit Services. This approach ensures fairness by balancing support for smaller entities with appropriate contributions from larger participants, creating a data-driven and equitable funding model.

### 8.6.1 Turnover exemption

Subscribers will be required to declare their annual UK turnover, a metric that the CRGB can easily quantify and verify. For medium and large firms, this information is publicly available through full accounts submitted to Companies House. To exempt smaller firms not eligible under the social purpose criteria, we propose using the Companies House<sup>24</sup> turnover threshold used for small firms, £15 million from April 2025<sup>25</sup>. This threshold identifies a subset of firms eligible to contribute to the CRGB's funding model.

### 8.6.2 Tiers

This tiering system is designed to be transparent, proportionate, fair, and viable to administer by the CRGB. Each cohort's contribution was determined based on turnover and, for Credit Services, the volume of credit agreements.

We analysed the turnover distribution across cohorts using different metrics. For Cohorts A and C, determining the cut-off points was straightforward, as these firms are well-known to the IWG. The three largest CRAs account for most of the market share by turnover, while the largest CISP earns nearly four times more than other firms in that cohort.

<sup>22</sup> The volume of credit agreements corresponds to the total stock of open/extant regulated credit agreements and regulated mortgage contracts.

<sup>23</sup> This information was provided on a confidential basis to only the Chair and Secretariat.

<sup>24</sup> For more information, see <https://www.gov.uk/annual-accounts/microentities-small-and-dormant-companies>.

<sup>25</sup> See <https://www.legislation.gov.uk/uksi/2024/1303/regulation/9/made>

Due to the diversity in the sizes of firms and their usage of credit information in Cohort D, we explored various percentiles in the distribution and found that setting the top tier around the 90th percentile worked best.

While most cohorts have only two tiers, Credit Services has five tiers, which also considers the volume of credit agreements, see Table 4. Firms or groups classified as Credit Service entities will need to report their credit agreement volume alongside their turnover to the CRGB<sup>26</sup>. Each Credit Services firm or group will first be assigned to a tier based on its credit agreement volume. If its turnover corresponds to a tier two or more levels below, it will be reclassified to the next lower tier. For example, if a firm or group has 2 million credit agreements (Tier 2) and a turnover of £100 million (Tier 4), it will be placed in Tier 3. This rule only applies if the turnover is lower, the tier will be based in the number of credit agreements in the case of a larger turnover.

**Table 4: Tiering system**

Cohort A: CRAs		
	Turnover	
<b>Tier 1</b>	>£100 m	
<b>Tier 2</b>	<= £100 m	
Cohort B: Credit Services		
	Credit Agreements	Turnover
<b>Tier 1</b>	> 6m	> £3600m
<b>Tier 2</b>	1m - 6m	£500m - £3600m
<b>Tier 3</b>	150k - 1 m	£150m - £500m
<b>Tier 4</b>	20k - 150k	£25 m - £150m
<b>Tier 5</b>	<= 20k	<= £25m
Cohort C: CISPs		
	Turnover	
<b>Tier 1</b>	>£50 m	
<b>Tier 2</b>	<= £50 m	
Cohort D: Others		
	Turnover	
<b>Tier 1</b>	>£4000 m	
<b>Tier 2</b>	<= £4000 m	

This approach ensures that contributions are aligned with the financial capacity and market impact of each firm. For instance, Credit Services firms are assigned to tiers based on credit agreement volume, with adjustments made if turnover significantly deviates from the assigned tier. This method aims to balance the funding contributions fairly across different cohorts, reflecting their respective market positions and ensuring the sustainability and adequacy of funding for the CRGB to achieve its objectives.

## 8.7 Funding application

To estimate the funding application, we incorporated the assumptions outlined in the previous sections, summarised as follows:

- First, the estimated costs for the CRGB in its first year are between £1.1 million and £1.3 million.

<sup>26</sup> The CRGB will ensure appropriate data protection protocols for all data it handles. While this should maintain confidentiality, it is worth noting that the data collected from firms to determine funding arrangements will consist of aggregated past data, which poses lower competition risks.

- Second, we have considered a minimum fee of £1,200, which avoids having a nominal payment. This amount is aligned with the fees charged by different trade bodies<sup>27</sup>.
- Third, the funding model assumes the principle of proportionality between tiers to reflect the significant turnover differences across them.
- Fourth, nearly 66% of the firms in the CUG list are exempted from payment due to their turnover level or the social good exemption.
- Fifth, funding costs have been distributed across closed user group members only. Users of data who do not contribute are currently unknown and therefore have not been included for the purposes of these calculations. Non-contributing subscribers would still be subject to funding and should deliver a positive contribution to the CRGB's financial position.

This initial estimate has been developed on a best endeavours basis to facilitate the inception of the CRGB. It is possible that firms might be moved between cohorts once more data becomes available and further analysis is conducted.

The resulting fee structure, shown in Table 5, ranges from £1,500 to £60,000. For comparison purposes, the Australian Retail Credit Association (ARCA) uses a similar tiered approach, but its range is broader, with the largest firms paying higher amounts.

**Table 5: Fee structure**

CRAs		CISPs	
	Fees		Fees
<b>Tier 1</b>	£60,000	<b>Tier 1</b>	£9,000
<b>Tier 2</b>	£7,500	<b>Tier 2</b>	£2,000
Credit Services		Others	
	Fees		Fees
<b>Tier 1</b>	£30,000	<b>Tier 1</b>	£6,500
<b>Tier 2</b>	£16,000	<b>Tier 2</b>	£1,500
<b>Tier 3</b>	£10,000		
<b>Tier 4</b>	£4,500		
<b>Tier 5</b>	£2,250		

Under the proposed fee structure and based on the available data, the CRAs will contribute 16% of the total costs, Credit Services will cover 65%, CISPs will account for 1%, and the "Other" category will provide the remaining 18%. The contribution from each cohort reflects both the number of firms and the extent to which credit information forms part of their core business activity.

**Table 6: Funding distribution**

	Cost Share	% of firms
CRAs	16%	2%
Credit Services	65%	53%
CISPs	1%	2%
Others	18%	43%

The distribution of costs across cohorts was a key topic of discussion and consultation feedback. Some parties argued that CRAs should bear a larger share of the total cost due to the benefits they derive from credit information. However, it was noted that increasing their

<sup>27</sup> For example, the Australian Retail Credit Association (ARCA) has a comparable minimum fee.

contribution much beyond 16% would result in CRAs in Tier 2 paying as much or even more than the largest firms in Credit Services, which would undermine the principle of proportionality. Credit Services represent over 50% of the total number of firms, making them the largest group of subscribers. CRAs, despite their critical role in the ecosystem, represent only 2% of the total number of firms.

A debate was also raised on whether the model resulted in a squeezed middle layer. The size of the fee paid by larger Credit Services providers was considered too low, whilst a significant number of smaller players benefited from a fee exemption. This argument was given due consideration and ultimately the number of parties involved justified the proportion paid.

Meanwhile, Cohort D (Others) accounts for 43% of the total number of firms, encompassing a diverse range of organisations with varying levels of credit information usage. Many of these firms do not rely on credit information for their core business activity. This diversity was a key consideration in setting their contribution level, ensuring that the fee structure remains proportionate and fair across all cohorts.

## 8.8 Potential scenarios

It is important to reiterate that the funding model and fee structure outlined in this consultation paper are designed to support the launch and initial operations of the CRGB. The analysis was conducted using the best data available to the IWG, including inputs from CRAs and the FCA. However, due to some potential data gaps and inconsistencies, there is inherent uncertainty about the total number of subscribers and their classification.

Recognising these uncertainties, the proposed funding mechanism will remain in place beyond the first year until any adjustments are made. This approach ensures that the CRGB can continue to collect funding, regardless of the timing and progress of the planned review by the Board.

Once the CRGB is operational, a clearer picture of the subscriber base will emerge, as the final number of entities will depend on registration and self-declared data submissions. This uncertainty creates the potential for two scenarios. First, additional subscribers may materialise beyond those included in the initial analysis, which could distribute the costs more widely. Alternatively, some entities may opt not to join the CRGB, forgoing access to shared data, which could lead to a reduced subscriber base and potentially higher costs per entity.

These possibilities underline the need for flexibility in the funding model and highlight that adjustments may be required as the CRGB transitions into its operational phase.

### ***Scenario 1: More subscribers than estimated***

- If there are more subscribers than anticipated, the additional funds will go into a reserve.
- These reserves could potentially be used to reduce fees for subscribers in the following year or fund additional activities, if agreed by the CRGB Board after due consultation.
- The CRGB Board will review the funding model, including criteria and data, considering self-reported information from members to adjust the funding mechanism if needed.

### ***Scenario 2: Fewer subscribers than estimated***

- If the number of subscribers is lower than expected, the CRGB will need to adjust its operations to fit within the reduced funding available.
- The CRGB would operate on a smaller scale, and the Board will need to prioritise essential functions within the constraints of lower funding, in consultation with the regulator and the industry as appropriate. The FCA have been clear that they would like to be consulted but will not act in a decision-making capacity. This may have

implications for the internal resources that subscribers may need to dedicate to support the CRGB's work.

**General considerations:**

- The funding metrics used in this chapter reflects available data. The Board may choose to revisit the metric if additional data, such as regulated turnover and lending portfolio value, is self-reported by subscribers.
- The Board will periodically reassess the funding model and projections, consulting with the industry if future work plans or costs exceed current estimates.
- Funding projections are based on a five-year period, and adjustments will be made as needed to maintain sustainability.
- Entities subscribing partway through the year will still be required to pay the full annual fee.
- Entities that deregister partway through the year will not be entitled to a refund.
- The IWG suggests including a provision to cap fee increases in year two at a maximum of 10%, ensuring industry consultation is conducted before any increase beyond this threshold.

## 8.9 Prepayment

The FCA has agreed to continue funding the resourcing of the IWG Chair and secretariat through the levy raised via the FCA's fee blocks in the short-term to support some initial transition activities. All other transition costs will be paid for from the IWG's existing legal budget, provided by IWG members. Therefore, the IWG will need to work with a group of stakeholders to secure prepayments for their subscriptions, covering the remaining set up costs including hiring essential staff. As outlined in report two, "the IWG recommends that a subset of FSMA subscribers contribute to the initial set-up costs of the CRGB by prepaying their subscription fees. This prepayment will be deducted from their annual subscription fee in the CRGB's first year." The recommendation is to collect these fees from the largest firms in Cohort A and Tier 1 and Tier 2 firms or groups in Cohort B, which would cover approximately 40% of the CRGB's first-year costs.

# Appendix A: Engagement levels applied to CRGB's activities

## A.1 CRGB's day-to-day governance activities

This table highlights the day-to-day (high-level) activities of the CRGB, and the required engagement needed to be undertaken at the different levels of involving, consulting and informing.

**Table 7: CRGB's day-to-day activities and engagement levels**

Activity	Engagement level
Reviews of and changes to scheme rules	<p><b>Involving:</b></p> <ul style="list-style-type: none"> <li>Flag review about to commence, particularly bring to their attention potential impact of change on their network/remit.</li> <li>Invite to participate in consultation and to some scheme rules advisory council meetings as appropriate.</li> <li>Actively seek meetings to discuss consultation responses and suggested way forward.</li> </ul> <p>Views specifically raised with Board and factored into decision-making or reasons provided in writing where these views have not been accounted for, these will be minuted.</p> <ul style="list-style-type: none"> <li>Providing early sight of consultation and decision reports and any other analysis before publication (CRGB will demonstrate how feedback has been taken onboard/reasoning if not). May offer further meetings to discuss.</li> <li>Sending link to reports etc once published.</li> </ul>
	<p><b>Consulting:</b></p> <ul style="list-style-type: none"> <li>Flagging consultation has gone live and inviting them to participate (may invite to some scheme rules advisory council meetings).</li> <li>Offering meetings to discuss views, onus on them to take opportunity.</li> <li>Views shared with Board as part of wider evidence base for decision-making.</li> <li>Sharing reports/analysis once published.</li> </ul>
	<p><b>Informing:</b></p> <ul style="list-style-type: none"> <li>Consultation papers and resulting reports are published on CRGB website and CRGB will send email to flag these, but onus is on stakeholders to read and engage.</li> <li>Lines of communication are kept open as needed.</li> </ul>
Compliance monitoring/policing of CRGB's rules (ie PoR, use and quality of data)	<p><b>Involving:</b></p> <ul style="list-style-type: none"> <li>Agreement to demonstrate support for CRGB's scheme rules with firms under their remit.</li> </ul> <p>CRGB flags non-compliance re CRGB's rules to stakeholder in line with steps outlined in CRGB's non-compliance process and with existing statutory confidentiality regimes (Primarily, for the FCA, s.348 &amp; 349 FSMA 2000 and the FSMA 2000 (Disclosure of Confidential Information) Regulations 2001). This will primarily be in cases where a) these breaches are systematic and may have a detrimental effect on the CRGB's ability to achieve its objectives (including persistent or recurrent breaches) and/or b) the breach is relevant to the FCA's functions in relation to the subscriber. CRGB to flag next steps re non-compliance process and to keep stakeholders updated on progression of process. CRGB may also seek input from the stakeholder as part of its decision-making process to determine the appropriate steps to be taken to rectify/deal with non-compliance. CRGB will not delay acting on non-compliance pending this engagement, except in the case of a CRA breach.</p> <ul style="list-style-type: none"> <li>Stakeholder may wish to take own steps re firm compliance with CRGB's rules independent of CRGB.</li> </ul> <p>In view of the level of systemic importance, if breach occurs by a CRA, the relevant regulator will be consulted (depending on the subject of the breach and subject to the existing statutory confidentiality regime) and work closely with CRGB on establishing appropriate action, CRGB will not take steps without the relevant regulator's engagement.</p> <p>The treatment of non-compliance by CRGB and the relevant stakeholder will be set out in CRGB's MoU with the stakeholder.</p>
	<p><b>Consulting:</b></p> <ul style="list-style-type: none"> <li>CRGB flags non-compliance with CRGB's rules to stakeholder in line with steps outlined in non-compliance process (set out in policing paper) and with existing statutory confidentiality regimes. This will primarily be in cases where a) these breaches are systematic and may have a detrimental effect on the CRGB's ability to achieve its objectives (including persistent or recurrent breaches) and/or b) the breach is relevant to the FCA's functions in relation to the subscriber. CRGB to flag next steps re non-compliance process. CRGB may also seek input from the stakeholder as part of its decision-making process to determine the appropriate steps to be taken to rectify/deal with non-compliance with CRGB's rules. CRGB will not delay acting on non-compliance pending this engagement.</li> <li>Stakeholder may wish to take own steps re firm compliance with CRGB's rules independent of CRGB.</li> </ul> <p>The treatment of non-compliance by CRGB and the relevant stakeholder will be set out in CRGB's MoU with the stakeholder.</p>
	<p><b>Informing:</b></p> <ul style="list-style-type: none"> <li>Scheme rules are publicly available, onus on stakeholder to read and engage.</li> <li>Lines of communication are kept open as needed.</li> </ul>
BAU (ie excluding remedies work or post remedies implementation) progression/work such as annual reports incl strategy, workplans, reflections on performance etc	<p><b>Involving:</b></p> <ul style="list-style-type: none"> <li>MoU in place setting out, at a high level, areas of overlap and approach to communications (including flagging relevant issues to the regulator and approach to accountability and transparency).</li> <li>3-monthly BAU catch-ups on any recent developments/topics such as financial inclusion/cost of living etc. Updates and progress on CRGB's achievement of objectives and outcomes covered – support sought where needed.</li> <li>Early insight into reports before publication. May offer meeting to discuss feedback as needed.</li> <li>Sent link once reports published.</li> </ul>
	<p><b>Consulting:</b></p> <ul style="list-style-type: none"> <li>MoU in place setting out, at a high level, areas of overlap and approach to communications (including flagging relevant issues and approach to accountability and transparency).</li> <li>Quarterly BAU catch-ups on any recent developments/topics such as financial inclusion/cost of living etc. Updates and progress on CRGB's achievement of objectives and outcomes covered – support sought where needed.</li> <li>Sent link once reports published.</li> </ul>
	<p><b>Informing:</b></p> <ul style="list-style-type: none"> <li>Reports are publicly available and CRGB will send email to flag these but onus is on stakeholder to read and engage.</li> <li>Lines of communication are kept open as needed.</li> </ul>

This table sets out the levels of engagement for each stakeholder for each of CRGB’s day-to-day activities.

**Table 8: Stakeholder engagement levels for CRGB’s day-to-day activities**

Activity/Entity	FCA	ICO	Ofwat/Ofgem	CCDS	Gambling Commission	HMT	Other gov	MaPs	Ofcom	FOS
<b>Reviews of and changes to scheme rules</b>	Involve	Consult*	Consult**	Consult	Inform***	Inform	Inform	Inform	Inform	Inform^
<b>Compliance monitoring/policing</b>	Involve	Consult	Consult	Consult	Inform	Inform	Inform	Inform	Inform	Inform
<b>BAU work</b>	Involve	Consult	Consult	Consult	Inform	Inform	Inform	Inform^^	Inform	Inform

\* Unless GDPR questions/implications – then involving

\*\* Unless particular impact on cohort – then involving

\*\*\* Unless particular impact on cohort – then consulting

^ With direct notification of impact on data reporting

^^ Unless particular issues/overlaps with education role – then consulting. May also need to take involving approach and set up MoU with MaPs if involved in remedy work for remedy 3B (access to SCRs) – but likely lighter touch and won’t be needed immediately.

## A.2 CRGB’s remedies work

This table highlights the high-level activities of the CRGB related to its remedies work, and the required engagement needed to be undertaken at the different levels of involving, consulting and informing.

**Table 9: CRGB’s remedies activities and engagement levels**

Activity	Engagement level
<p>General progression on remedies work (pre-implementation).</p>	<p><b>Involving:</b></p> <ul style="list-style-type: none"> <li>• Monthly catch-ups on progression, opportunity also to discuss FCA-led remedies.</li> <li>• Early insight into annual workplans and strategy documents, such as reports on remedy progress. May offer meeting to discuss any views on these as needed. Sent link to documents once published.</li> <li>• Any issues with or delays to progression of remedy design flagged directly as soon as reasonably possible.</li> </ul> <hr/> <p><b>Consulting:</b></p> <ul style="list-style-type: none"> <li>• 3-monthly catch-ups on progression.</li> <li>• Sent link to workplans, progress updates and strategy documents (including remedy progress reports) once published.</li> </ul> <p><b>Informing:</b></p> <ul style="list-style-type: none"> <li>• Annual strategy documents, workplans and progress updates are publicly available and CRGB will send email to flag these but onus is on stakeholder to read and engage.</li> <li>• Lines of communication are kept open as needed.</li> </ul>
<p>Undertaking consultations and other such analysis such as CBAs</p>	<p><b>Involving:</b></p> <ul style="list-style-type: none"> <li>• Pre-consultation phase (ie in early stages of policy thinking/development) ask for views on how FCA envisions remedy working and/or being implemented including considerations of interdependencies with FCA-led remedies.</li> <li>• Flag consultations and analysis about to commence, particularly bring to their attention how potential policy options may affect their network/remit. <ul style="list-style-type: none"> <li>• Invite to participate in consultation and/or feed into analysis.</li> </ul> </li> <li>• Actively seek meetings to discuss consultation responses and suggested way forward, FCA will be invited to some remedies advisory council meetings as needed.</li> <li>• Views specifically raised with Board and factored into decision-making or reasons provided in writing where these views have not been accounted for, this will be minuted.</li> <li>• Providing early sight of consultation and analysis reports before publication (CRGB will demonstrate how feedback has been taken onboard/reasoning if not). May offer further meetings to discuss.</li> <li>• CRGB will publish feedback received where confidentiality/sensitivity considerations permit, and with the agreement of the relevant regulator/government department. <ul style="list-style-type: none"> <li>• Sending link to reports etc once published.</li> </ul> </li> </ul> <p><b>Consulting:</b></p> <ul style="list-style-type: none"> <li>• Flagging consultation has gone live/ analysis has started and inviting them to participate and/or feed into analysis - particularly bring to their attention how potential policy options may affect their network/remit.</li> <li>• Offering meetings to discuss views, onus on them to take opportunity (may invite to remedies advisory council meeting as appropriate).</li> <li>• CRGB will publish feedback received where confidentiality/sensitivity considerations permit, and with the agreement of the relevant regulator/government department. <ul style="list-style-type: none"> <li>• Views shared with Board as part of wider evidence base for decision-making.</li> <li>• Sharing reports/analysis once published.</li> </ul> </li> </ul> <p><b>Informing:</b></p> <ul style="list-style-type: none"> <li>• Consultation papers and resulting reports are published on CRGB website and CRGB will send email to flag these but onus on stakeholders to read and engage.</li> <li>• CRGB will publish feedback received where confidentiality/sensitivity considerations permit, and with the agreement of the relevant regulator/government department. <ul style="list-style-type: none"> <li>• Lines of communication are kept open as needed.</li> </ul> </li> </ul>
<p>Decision-making</p>	<p><b>Involving:</b></p> <ul style="list-style-type: none"> <li>• Flag ahead of time that Advisory Councils and/or the Board is going to make a decision re remedy design and/or implementation (invited to attend some meetings in run up to decisions being made).</li> <li>• Provide opportunity to feed in any last-minute views to Advisory Councils and/or Board (on top of consultation responses already provided). <ul style="list-style-type: none"> <li>• Advisory Councils and/or Board to formally acknowledge views (either provided last minute or as part of formal consultation) and consider specifically as well as other factors in voting/decision-making process.</li> </ul> </li> <li>• Notify decision has been made (alongside publication in minutes etc as set out in IWC’s recommended accountability and transparency principles).</li> </ul> <hr/> <p><b>Consulting:</b></p> <ul style="list-style-type: none"> <li>• Advisory Councils and/or Board to formally acknowledge views (provided as part of formal consultation) and consider in the round alongside other factors in voting/decision-making process (may be invited to some meetings in advance of decision being made). <ul style="list-style-type: none"> <li>• Notify decision has been made (alongside publication in minutes etc).</li> </ul> </li> </ul> <p><b>Informing:</b></p> <ul style="list-style-type: none"> <li>• Progress updates, minutes and some decisions requiring special procedure will be published on CRGB website and CRGB will send email to flag these but onus is on stakeholder to read and engage. <ul style="list-style-type: none"> <li>• Lines of communication are kept open as needed.</li> </ul> </li> </ul>
<p>Implementation – adoption of remedies/monitoring</p>	<p><b>Involving:</b></p> <ul style="list-style-type: none"> <li>• Public support of CRGB’s remedy solutions.</li> <li>• 3-monthly catch-ups on remedy uptake within BAU calls.</li> <li>• Implementation issues, for example lack up uptake by particular cohorts, flagged as soon as reasonably possible and proposed next steps/solutions shared for discussion.</li> </ul> <p><b>Consulting:</b></p> <ul style="list-style-type: none"> <li>• Remedy uptake discussed as part of BAU quarterly catch-ups.</li> <li>• Calls organised if any issues arise with cohorts regulated or represented by these stakeholders to discuss next steps/solutions.</li> </ul> <p><b>Informing:</b></p> <ul style="list-style-type: none"> <li>• Annual workplan and progress updates published on CRGB website and CRGB will send email to flag these but onus is on stakeholders to read and engage. <ul style="list-style-type: none"> <li>• Lines of communication are kept open as needed.</li> </ul> </li> </ul>

This table sets out the levels of engagement for each stakeholder for each of CRGB's remedies activities.

**Table 10: Stakeholder engagement levels for CRGB's remedies activities**

Activity/Entity	FCA	ICO	Ofwat/Ofgem	CCDS	Gambling Commission	HMT	Other gov	MaPs	Ofcom	FOS
<b>General progression on remedies work (pre-implementation)</b>	Involve	Consult	Consult	Consult	Inform	Inform	Inform	Inform	Inform	Inform
<b>Undertaking consultations and other such analysis such as CBA</b>	Involve	Consult*	Consult**	Consult	Inform	Inform	Inform	Inform	Inform	Inform
<b>Decision-making</b>	Involve	Consult <sup>^</sup>	Consult <sup>^^</sup>	Consult	Inform	Inform	Inform	Inform	Inform	Inform
<b>Implementation – adoption of remedies/monitoring</b>	Involve	Consult	Consult	Consult	Inform	Inform	Inform	Inform	Inform	Inform

\* Except in relation to PoR if any Qs/disagreements about PoR arise – then involving

\*\* Except if potential change particularly impact cohorts – then involving

<sup>^</sup> Except in relation to PoR if any Qs/disagreements about PoR arise – then involving

<sup>^^</sup> Except if potential change particularly impact cohorts – then involving

<sup>'</sup> With direct notification of any impacts on data reporting i.e. changes to PoR

<sup>“</sup> Except in relation to remedy 3B (access to SCRs) – then involving.

## Appendix B: The FCA's recognised industry code

To support and encourage the development and adoption of good quality industry codes of conduct, the FCA has established the recognised industry code framework to formally recognise industry codes covering certain unregulated activities. This process is known as 'FCA recognition'. Industry codes shouldn't become prescriptive rules or have the same status as FCA rules in regulated markets.

The IWG recommend that some form of FCA public support be given to the CRGB to signal to industry the importance of CRGB's role and purpose and to encourage engagement with its work. The IWG feel this support will be crucial to the successful operation of CRGB and its accomplishment of the vision the FCA set out for CRGB in its CIMS final report. The IWG think that recognition via the industry code scheme would be an appropriate way of securing this support.

The FCA has established a set of criteria that codes must meet in order to be recognised. The following paragraphs set out these criteria and how the CRGB's scheme rules (initially the existing PoR but then expanding to cover the CIMS industry-led remedies solutions) may potentially meet this.

It is important to note that this represents only an initial assessment, once established, the CRGB will need to formally apply for the recognition scheme. This will include evidencing in more detail how the criteria have been met and the application will also be subject to consultation as well as other steps the FCA have outlined [here](#). Ahead of this formal application, the FCA cannot determine whether the CRGB would qualify for recognition under this scheme.

### **Recognition criteria**

1. advance the FCA's strategic objective to ensure that the relevant markets function well, and one or more of its 3 operational objectives.

In their [CIMS final report](#), the FCA set out that credit information is a key factor in allowing retail lenders and wider financial services to make effective decisions. It is used to assess consumers' financial standing, verify identity, reduce financial crime and inform decisions. The FCA explained that it would like to see a credit information market which works well for firms and consumers, delivering high quality credit information which enables decisions that better reflect people's underlying financial circumstances.

The FCA recognised that current governance arrangements (SCOR) have successfully established the framework by which lenders and other data contributors share credit information with CRAs – the principles of reciprocity (PoR). The FCA stated that this led to an improvement in the quality of data available to lenders and other users of the data.

The new governance entity (CRGB), established due to the FCA's CIMS recommendations, will take over the role of developing, keeping up to date and monitoring industry compliance with the PoR. This will contribute greatly to the quality of data used by lenders and other stakeholders, and thus to the effective functioning of the credit information market. Likewise, the FCA recommended that CRGB take responsibility for designing and implementing a number of the other CIMS remedies. These include remedies to further improve data quality as well as consumer awareness and engagement and competition and innovation. In implementing these remedies, the CRGB is likely to incorporate many of these remedies into rules or standards that subscribers<sup>2</sup> of CRGB (alongside the PoR) will contractually agree to abide by. CRGB will establish clear monitoring and non-compliance processes to ensure subscribers are acting in accordance with these rules and standards. As such, CRGB's rules and standards will help to ensure the credit information market functions well, advancing the FCA's strategic objective.

Likewise, credit information forms the basis for a wide range of aspects of the UK financial system and beyond, from mortgages to mobile phone contracts. In particular, high quality credit information is important to the integrity of the retail lending sector and ensuring consumers receive fair outcomes. Therefore, CRGB's rules and standards will help to protect and enhance market integrity, advancing the FCA's operational objective to protect and enhance the integrity of the UK financial system.

2. focus on market activities and issues that aren't already covered by regulatory rules

While many of the firms that contribute and use the shared data governed by CRGB are FSMA regulated<sup>3</sup>, the sharing of credit information itself is not a regulated activity and the current rules governing the sharing of this data (PoR) are not regulated by the FCA or any other regulator<sup>4</sup>, neither is the current governance entity SCOR. The CRGB's rules and standards in its infancy will focus on the current PoR but in the future may broaden to include many of the CIMS industry-led remedies. These remedies will also not be covered by regulatory rules given the FCA designated them to be led and implemented by industry. CRGB's subscribers, who will comply with its rules and standards, will be a mix of FSMA and non-FSMA regulated entities, and as such are not all subject to the FCA's oversight.

3. represent an effort to define, set or raise standards (taking into account the views of relevant stakeholders during its development)

As described above, the CRGB's rules and standards will include the remedies recommended for industry by the FCA which seek to improve data quality, consumer awareness and engagement and competition and innovation in the credit information market. Likewise, these remedies include a review of the current PoR to ensure they are future-proofed and continue to ensure data is consistently shared and used subject to high standards.

These rules and standards will be subject to significant industry consultation both within the design and implementation phases. CRGB itself will be formed of, including its decision-making Board and Councils, industry and consumer representatives, ensuring the views of all relevant stakeholders are accounted for in all decision-making.

4. have been subject to scrutiny that has allowed alternative views to those of the authors to be expressed and taken into consideration (this may include firms, public authorities, consumer groups and academics, as appropriate)

As described above, the CRGB's rules and standards will be subject to extensive consultation as well as a robust policy development and evaluation process. This will include cost-benefit analyses held to the same standards as set out in the [Civil Service Green Book](#). This chapter has also set out that CRGB will interact with regulators and government within these processes.

5. be publicly available and free for all parties who wish to use it

The current PoR is available on SCOR's website for free today, CRGB intend to replicate this and ensure all of its rules and standards are publicly available and inclusively written to ensure all parties who wish to access it can read and understand it.

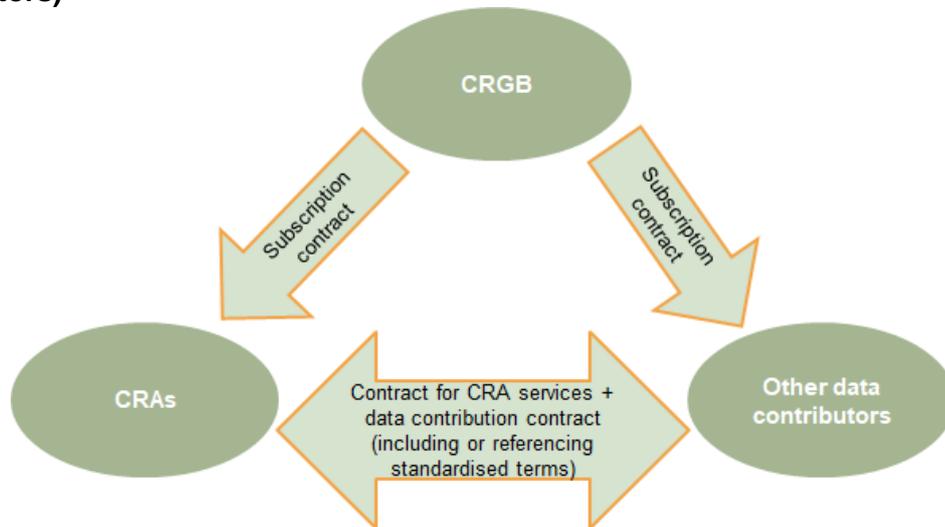
Likewise, while all subscribers (who will contractually agree to abide by the CRGB's rules and standards) will be subject to CRGB's funding model, these stakeholders are not paying to use its rules. Rather, as set out in report two, subscribers are paying for the benefits that CRGB will bring to the industry, including the oversight of its rules and standards. Similarly, as CRGB will have no statutory underpinning, CRGB cannot force any entity to subscribe to CRGB and given its rules and standards will be publicly available, any entities that do not subscribe to CRGB can still choose to use and comply with its rules.

6. not condone any practices the FCA has previously objected to, or which it wouldn't expect to condone

As described above, the FCA will be invited to be heavily involved in the policy development process and as such will have the opportunity to provide any objections to CRGB's proposed way forward in terms of its rules and standards. CRGB will be obliged to account for this feedback and demonstrate how this has been taken onboard. The CRGB and FCA will have a long-term and standing relationship which will allow any issues to be raised and dealt with at pace.

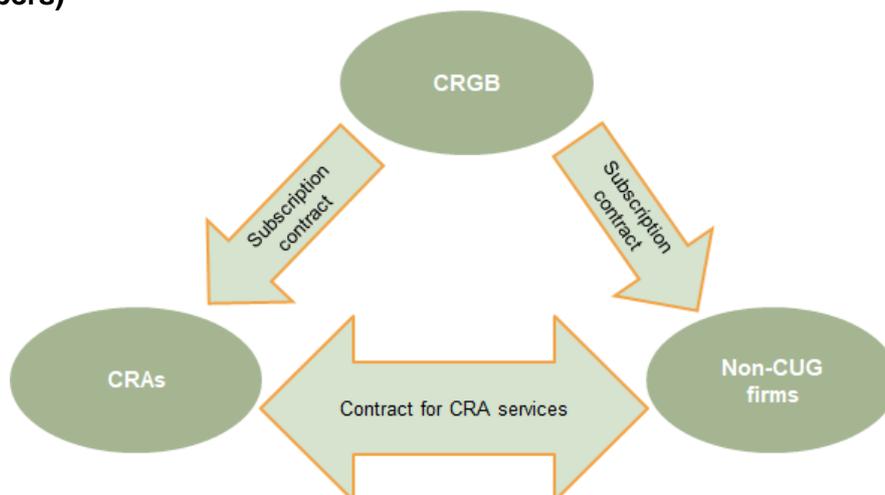
## Appendix C: Contract framework design

**Diagram 11: Proposed framework for contributing subscribers (CRAs and data contributors)**



- Both CRA and Data Contributor assume obligations to comply with the CRGB scheme rules through their subscription contract with the CRGB. This secures the role of CRGB in the industry as a governance body.
- Both contracts between CRAs and Data Contributors will also be subject to CRGB scheme rules. Therefore, further cementing the role of the CRGB in disputes arising on shared data transferred between CRAs and Data Contributors.
- The CRA and Data Contributors relationship remains similar to as it exists prior to the proposed framework. In that, it currently also includes these two contracts. However, the Data Contribution Contract will now have certain standardised terms prescribed by the CRGB regarding data contribution nature, type, and frequency.

**Diagram 12: Proposed framework for non-contributing subscribers (CRAs and non-CUG members)**



- Both CRA and non-CUG subscribers assume obligations to comply with the CRGB scheme rules through their subscription contract with the CRGB. This secures the role of CRGB in the industry as a governance body.
- The contract between CRAs and non-CUG subscriber will have the necessary usage restrictions imposed by the CRAs either themselves or through reference to CRGB scheme rules.

- Due to its subscription contract with non-CUG members, the CRGB will also have direct recourse against non-CUG subscribers using the shared data against usage restrictions prescribed in CRGB scheme rules.
- The CRA and non-CUG relationship remains similar to as it exists prior to the proposed framework. In that, it currently also has just this one contract.

## Appendix D: What we said in report one on policing

**Policing:** In the context of governance, the term policing is used as all-encompassing to respond to the need for a level of oversight of and ensuring compliance with the rules. There are many potential levels of policing which have been briefly outlined in the chart below, and which formed the basis for discussion with the IWG.

### Levels of Policing – Reactive to Proactive

Agreement	Certification	Accreditation	Monitoring	Supervision	Enforcement
Sign up to abide by CRGB rules	Periodic certification process to CRGB	Annual accreditation of compliance to CRGB	CRGB monitors rule compliance via regular reports	CRGB supervises rule compliance via reports & visits	CRGB can remove & penalise contract parties
Left to self-police	CRGB reviews and resolves with in private	Peers report any issues to CRGB via formal process	Self-report non-compliance	CRGB can take direct action and/or will report to FCA/ICO/etc.	
No CRGB action for breach	A complaints procedure exists for peers to raise concerns	CRGB addresses in private	Peers can report issues to CRGB.		
		CRGB escalates to industry determination group for public action	CRGB addresses in private with process for public action		
		CRGB can initiate dispute.	CRGB will report noncompliance to FCA/ICO/etc.		



Reactive



Proactive

The IWG is in favour of policing as there is a desire to give the CRGB some teeth in the event of non-compliance. The scheme rules need to be more than guidelines and must be enforceable in law. All IWG members require the CRGB to be clear upfront on the level of oversight and consequences of breach. The policing discussion was framed and agreed around six key elements:

1. What is being policed?

Agreement was reached that this will include scheme rules, data quality and other remedies.

2. Who initiates a breach to be policed?

All options should be built into the rules to allow for self-reporting, peer reporting and governance initiated. This also includes options in the rules to refer to another agency better placed to police the relevant conduct.

3. How is any breach resolved?

The ability for the CRGB to resolve the issue in private, via industry forum and by referral to the regulator is required - depending on the nature of the breach.

4. What is the consequence of a breach?

The CRGB must have the ability to take penal action for non-compliance as in some instances referral to the regulator may not be an available option.

5. Does CRGB have the power to enforce?

The means by which the CRGB holds the power to enforce has yet to be finalised and will be subject to external legal advice. A recommendation on how this could be executed will be delivered as part of report four. Options are being considered and could range from (a) the scheme rules are legislated (b) the entity is regulated (c) FCA's Code of Recognition Regime is adopted (d) there is an MoU with the FCA and other regulators where non-compliance is reported (e) contract law applies. A consideration in all of these options is the treatment of FSMA and non-FSMA firms.

6. What will policing look like practically?

IWG wish to provide the CRGB with the ability to police up to whatever level is required to demonstrate to all parties that there will be consequences for non-compliance. However, practically the policing framework and resourcing will be set at the border between reactive and proactive. Most of the parties and activities will be subject to reactive supervision with exceptions requiring the CRGB to be more proactive.

## Appendix E: Characteristics of a SRO

According to the Corporate Finance Institute (SRO), a Self-Regulatory Organisation is an organisation that is formed to regulate certain professions or industries. They are usually non-governmental organisations, established with the aim of creating rules to promote order among businesses and organisations.

Self-Regulatory Organisations exist either in the absence of government regulation or to support or operate alongside such regulation. They are extremely helpful in an industry or profession where trust is low. SROs do not need a grant of authority from the government to enforce their regulations.

Since SROs were created, many professions and industries have seen much improvement, as compared to when they were under direct government supervision. The three important benefits of SROs are:

- **Expertise** – SROs are widely considered experts in their fields and, therefore, know a great deal about the markets they work in. This, in turn, is helpful to the members as they can be called in to participate in deliberations and learn more about the ins and outs of the industry.
- **Higher standard of conduct** – With the establishment of SROs, member organisations follow a certain standard of conduct that helps promote ethical ways of doing business. This can lead to investors and consumers becoming more confident in the market.
- **Heightened supervision** – SROs do not rely on government funding but are instead funded by the organisations that are under its wings. Therefore, the government is able to save by foregoing the need to maintain an agency for such a purpose.

### ***Characteristics of a Self-Regulatory Organisation***

An ideal and functional self-regulatory organisation should be able to demonstrate the following traits:

1. **Legal authority** – The SRO should be given the legal authority that allows it to create policies and enforce them in a specific industry.
2. **Strong governance** – The SRO must be transparent and not easily swayed. It must establish a defined process that it will use for gathering input regarding how rules are created.
3. **Management of conflict** – As there will always be conflict, SROs must adhere to a distinct process by which conflicts are handled, as well as ways to resolve these.
4. **Oversight** – With thousands of members under its watchful supervision, SROs need to establish an effective means of watching over its members and making sure that they adhere to the rules and regulations and operate ethically.
5. **Surveillance methods** – SROs should invest in modern surveillance that can be used to keep track of the current events in the different professions or industries it oversees.
6. **Enforcement program** – There must be a strong enforcement program that works hand-in-hand with government agencies to ensure that its regulations are followed. Such a program can also protect its members from any violations and ensure that those who are undergoing investigations are given due process.
7. **Regulatory database** – SROs need to maintain a database of regulated persons or entities, as well as records of previous complaints and disciplinary actions taken.
8. **Disruption procedures** – In the event of a disruption, especially technology-wise, SROs must put in place procedures that can detect any disruption and recover computer files and databases.
9. **Resolution of disputes** – SROs should create a process of resolving disputes that is transparent and consistent while ensuring fairness in the treatment of the accused.

Items 3 – 9 are key to fulfilling a policing role.

## Appendix F: Arbitration v. Litigation

The ultimate final stage in any dispute is Court litigation, unless all parties agree in advance to arbitration being the final and binding solution. Prior to both arbitration or Court litigation, parties to a dispute could also opt for negotiation and mediation. Indeed, most civil and commercial court procedures in the UK expect parties to have considered these methods of dispute resolution prior to litigation. But these alternative methods are 'satisfied' in the case of CRGB as the CRGB will have tried resolving the issue with the subscriber directly, or through the CRGB Board. This appendix considers the ultimate mechanism of dispute resolution if none of the alternative methods work, i.e., should dispute end through court litigation or final and binding arbitration? To facilitate this assessment, an evaluation of arbitration and litigation is undertaken in this appendix.

### F.1 Independent Arbitration

Arbitration is essentially a method to resolve disputes without going to court. Parties will submit the dispute to a **third-party** neutral arbitrator(s) rather than the courts. Unlike a court the presentation may consist of just documents, though most often, both sides will still have the opportunity to make oral arguments.

Once an arbitrator is selected, their rulings are legally binding on both parties. An arbitrator's decision can be challenged on very limited grounds and courts do not readily interfere in arbitrator's awards. Therefore, it is not possible for the parties to appeal an arbitrator's award if they simply disagree with the decision. A party can challenge an arbitrator's award to courts on very limited grounds. These grounds include grounds of the being in violation of public policy, if the award is outside arbitrators' jurisdiction, or the arbitrator exercised its powers in an improper manner.

#### **Advantages**

- **Efficient and Flexible:** The specific arbitration process agreed by the parties will usually dictate the length of time. But the dispute will normally be resolved sooner. It takes a significantly long time to procure a court date for trial, while an arbitration hearing can usually be obtained within a few months.
- **Less Complicated:** Litigation inevitably leads down a long path of filing papers and attending court processes. The normal rules of evidence used in court may not be strictly applied in arbitration proceedings, making it much easier to admit evidence. Most matters, such as who will be called as a witness and what documents must be produced, are handled through simple agreement with the arbitrator.
- **Privacy:** Arbitration leads to a private resolution, so the information brought up in the dispute and resolution can be kept confidential. This could be enticing for business disputes because all evidence, statements, and arguments will be completely confidential. On the other hand, in court, even if certain records will not be released, there is still a risk of some public access to potentially sensitive business information. This could be damaging to the banks and CRAs.
- **Impartiality:** The parties to the dispute usually pick the arbitrator together, so the arbitrator will be someone that both sides have confidence will be impartial and unbiased and, in some cases, might even possess expertise of the subject matter. That is not to suggest that a court judge is not impartial but cannot be selected by the parties and would require expert witnesses to provide support on the subject matter.
- **Usually less expensive;** Most of the time, but not always the case, arbitration is a lot less expensive than litigation. Arbitration is often resolved much more quickly than court proceedings, so legal fees may be reduced. Also, there are lower costs in preparing for the arbitration than there are in preparing for a court case. This is also due to the fact that an arbitrator may possess technical expertise, but a Court would have to spend time and

money to obtain expert evidence. Though, it still cannot be concluded on principle that costs and expenses in either arbitration will be lower than litigation. It effectively depends on the complexity of the case.

- **Finality:** For binding arbitration, there are limited opportunities for appeal. That gives finality to the arbitration that is not often available with a court decision, which may be subject to appeals, depending on where the initial case was heard. It is acknowledged that the appeals for court decisions are also not frequently undertaken due to issues around costs, seeking permissions to appeal, and satisfying the grounds to appeal. However, principally, appeals are possible against court decisions and not possible against arbitral awards. Note, challenge to arbitral awards on grounds of public policy, jurisdiction, or improper exercise of jurisdiction are not considered an 'appeal'. For, this does not involve challenging or re-examining the issues decided by the arbitrator but involve challenging the mechanism of deciding those issues, the powers of the arbitrator, and the viability of the award vis-a-vis public policy.

### ***Disadvantages***

- **Mandatory arbitration:** If arbitration is mandatory by contract, then the parties do not have the flexibility to choose arbitration upon mutual consent. In these cases, one party can force the other party to go to arbitration, even if a trial may be more advantageous to the other party.
- **"Arbitrarily" (inconsistently) following the law:** Although generally the arbitrator is required to follow the law, the standards used are not clear. The arbitrators may consider the "apparent fairness" of the respective parties' positions instead of strictly following the law. This is important especially if one party would be favoured by a strict reading of the law. Note, this risk is not unique to arbitrators. Indeed, courts also rely on fairness and equity. But an appeal is available against a court order applying law arbitrarily. For arbitrations, the parties can only challenge the arbitrator by trying to raise this issue as an improper exercise of arbitrator's jurisdiction or the award being in violation of public policy. Generally, though, this risk is minimal as the scope of the arbitrator's authority is limited to what is included in the arbitration agreement and parties can also opt for institutional arbitration to ensure protection is available against such issues due to institutional rules on arbitral process.
- **No day in court:** For most, having a day in court is an important right. Arbitration eliminates this opportunity, leaving matters in the hands of a single arbitrator.
- **Lack of transparency:** Arbitration hearings are generally held in private which may be a positive to many. However, it is possible that this lack of transparency makes the process more likely to be out of scrutiny for process and merits related decision-making. This could be even more problematic because arbitration decisions are infrequently reviewed by the courts.
- **Finality:** While this may be a positive if one party finds the arbitration decision favourable, but if arbitration is binding, both sides give up their right to an appeal. If one party feels the decision is erroneous, there is limited opportunity to correct it.

### ***Examples of arbitration application***

Arbitration is most often used for certain types of cases, such as commercial disputes and employment matters.

Hogan Lowell report that Banking and Financial institutions are increasingly likely to choose arbitration as a means of dispute resolution where the relevant business or subject-matter of a dispute has characteristics that make it unsuitable for resolution by national courts.

Choosing arbitration requires a thorough understanding of the arbitration sector. Below are some key takeaways for banks and financial institutions opting for arbitration:

- seek the assistance of lawyers to draft arbitration clauses that adequately protect their needs.
- choose a seat of arbitration that can provide the necessary support for the proceedings – London is considered one of the most preferred seats for arbitration globally.
- choose an arbitration institution experienced in handling disputes in the financial sector.
- request that the arbitration proceedings preserve confidentiality (if needed)

### **Potential sources of Arbitrators**

According to Linklaters, in 2012 the Panel of Recognised International Market Experts in Finance (“PRIME Finance”) was launched with the goal of utilising experts in financial markets in the resolution of complex financial disputes. The foundation provides access to a panel of expert Arbitrators as well as a set of arbitral rules (last updated in January 2022) which are administered by the Permanent Court of Arbitration. At the time of writing there are yet to be any known arbitrations conducted under these rules, but PRIME Finance has undoubtedly increased the profile of arbitration in the market.

### **Other sources of Arbitrators include:**

- [CIArb: Chartered Institute of Arbitrators](#)
- [LMAA: London Maritime Arbitrators' Association](#)
- [LCIA: London Court of International Arbitration](#)
- [JCT: Joint Contracts Tribunal](#)

Note, the parties agreeing to subject their disputes to arbitration may choose to also subject their arbitration to the rules of conduct prescribed by these organisations. For instance, London Court of International Arbitration Rules (2020) bring a lot of certainty and form to the otherwise ad-hoc nature of procedure followed in arbitrations and discussed as a disadvantage above in point 1(e) and 3.

## **F.2 Appeal to Court (Litigation)**

Litigation is a well-known legal process that involves the resolution of a disagreement between different parties through a court. The litigation process is the most formal dispute resolution solution. The litigation process involves submitting a claim to the courts, engaging in filing pleadings, providing disclosure documents, presenting witness statements, leading evidence at trial, presenting arguments at trial, and then finally receiving court decision. While this is the litigation process, most disputes do not reach the conclusion of litigation process through trial. Instead, parties often settle their disputes prior to the trial on the basis of pleadings and disclosure of documents.

As noted in the introduction to this Appendix, the courts in UK require parties to have considered alternative dispute resolution mechanisms before engaging in litigation. Using alternate dispute resolution methods (negotiation or mediation) early can save both the time and money involved in taking a dispute to court. Even if the court case has begun or parties have begun the process of going to court, parties can still use alternative dispute resolution options. The CRGB’s prescribed process prior to parties engaging in litigation could qualify as alternative dispute resolution mechanism. However, parties may still agree to use these alternative dispute resolution methods prior to court litigation.

In general, litigation is widely understood as the more expensive solution to disagreements. This can be due to pre-trial and appeal processes.

Litigation being more formal is also a case for public record. This is due to specific rules and regulations which govern how the process must take place.

In a legal battle, neither party has *any* kind of control over who is hearing the case and technical expertise has to be provided through expert witnesses which involve time and costs. It is possible to appeal a court decision, allowing for time and costs.

When should disputes be left to the courts to decide:

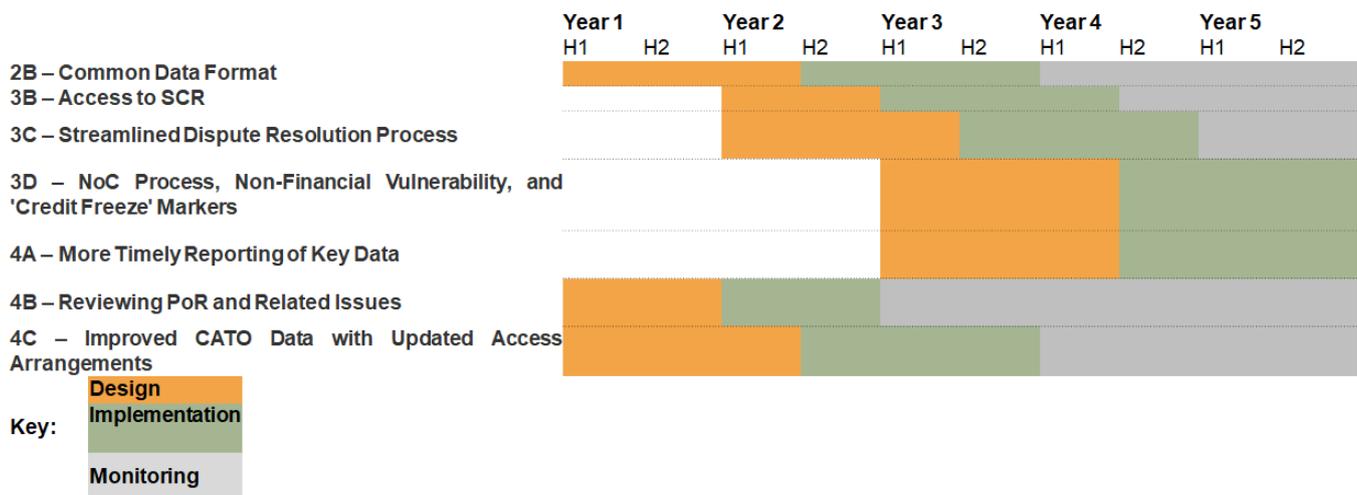
- Where a power imbalance between the parties is so pronounced that it cannot be properly managed, even by an experienced mediator or arbitrator, the courts may be better equipped to handle the matter.
- Dispute resolution processes are generally confidential and therefore are not appropriate if one of the parties wants the issue to be publicised or wants the outcome to be seen as an example for other similar disputes.
- Where there is a need to establish precedent, where the outcome of the case could affect a great number of people or where a definite and broadly applicable solution is required, the court would be the appropriate forum to resolve the dispute.

## Appendix G: Sequencing of remedies

In the first year, we anticipate approximately three remedies will be in the design phase. By the third year, it is expected that some of these remedies will progress to the implementation and monitoring stages. We have assumed that each remedy will go through three distinct phases: design, implementation, and monitoring. The IWG carefully discussed the scope and sequencing of each remedy for each half-year period to ensure a structured and efficient approach. This sequencing may evolve should the current industry working group discussions and planned wider engagement advance faster than anticipated.

This exercise was conducted solely to estimate the CRGB's costings and does not represent the final roadmap for the new entity.

**Diagram 13: Sequencing of CIMS industry-led remedies**



## Appendix H: CRGB staff organogram



The main responsibilities of each team of the CRGB can be summarised as:

- General Manager:
  - The CRGB will require a General Manager to oversight all workstreams/activities and lead the project planning of the organisation, including portfolio reporting. In contrast to the Chair, this is a full-time role.
  - Define the strategy and annual operational, including funding needs, based on a future CRGB workplan agreed with the Board and industry.
  - Work with the managers to advise the Board/Advisory Groups in relation to the CIMS industry-led remedies (including CBAs, consumer impact etc), as well as the rules, and other areas.
  - Managing all internal policies including confidentiality, conflicts, conduct, etc.
  - Ensure the efficient functioning of day-to-day operations across all departments.
  - Oversee budgeting, financial planning, and risk management to maintain financial health.
  - Some HR functions such as people management and recruitment.
  - Act as the organisation's point of contact to interact with the outsourcing companies.

- Secretariat:
  - Organise the Board, Committee, and Advisory Group meetings. Manage diaries, organise agendas, takes minutes and actions, etc.
  - Track and update all the project plans across all the CRGB.
  - Performance management including tracking objectives and outcomes. Working with the Business Support team on performance dashboards for the Board and external use.
  - Assist the General Manager and other teams as needed.
  - The secretariat is accounted for at the Junior Analyst level.
- Legal Expert:
  - Working on a diverse portfolio of regulatory issues with various UK regulators, from enquiries for strategic projects to enforcement related actions
  - Selecting and managing outside counsel
  - Drafting, reviewing, and preparing legal advice for Board resolutions and Advisory Council recommendations.
  - Keeping internal stakeholders up to date on contentious regulatory developments and strategy
  - Internal corporate governance compliance checks, including, on Board, Directors, Council Chairs, and Council responsibilities.
  - Advising on legal issues in complaints raised to the CRGB.
  - Given the level of expertise and responsibility, the Legal Expert is considered at the Manager Level salary.
- Rules & Remedies Team:
  - Responsible for delivering the analysis on the CIMS industry-led remedies.
  - Manages relationship with the lead stakeholders on remedy design, seeking input and evaluating this.
  - Responsible for quality assurance, for example, on the CBA and consumer impact assessment.
  - This role will evolve to lead the implementation plan alongside the lead stakeholder and monitor the adoption of CIMS industry-led remedies.
  - Manage the rules book.
  - Ensure compliance with the principles of reciprocity and other scheme rules-policing function.
  - Manage attestation process, any data requests and other oversight activities, such as potential visits or audits.
  - This team comprises a Manager, two Senior Analysts, and two Junior Analysts.
- Stakeholder Team
  - The stakeholder team serves as the main point of contact, ensuring open, transparent, and regular communication with stakeholders.
  - Develop and maintain MoU's with regulators and other parties.
  - Lead consultation processes with stakeholders and regulators.
  - Equip industry players to keep consumer education up to date on CRGB changes.

- Responsible for the communication strategy, i.e., newsletters, website updates, etc.
- Develop industry benchmarks to support the oversight of the rules and remedies.
- Organise events as needed.
- Offers helpdesk via telephone and email.
- This team is composed of a Senior Analyst and a Junior Analyst.
- Business Support Team
  - Business Support Team are focused on ensuring the efficient functioning of an organisation by handling administrative, financial, and operational duties.
  - Support the General Manager to maintain the relationship with the outsourcing companies.
  - Oversee budgeting, financial reporting, and expense tracking.
  - Manage the collection of subscriptions.
  - Facilities management, including room meetings as required.
  - Oversee any type of procurement processes, manage contracts, and coordinate with suppliers.
  - Ensure that the organisation's needs for goods and services are met cost-effectively.
  - This team is composed of a Senior Analyst and a Junior Analyst.

## Appendix I: FTE timeline

The organogram accounts for a total of 13 FTE, with the CRGB expected to be fully staffed by its third year. Initially, the entity will begin operations with a Chair and three employees, with staff recruitment being phased throughout the first year. By the end of year one, the CRGB is expected to reach a total of ten employees. In Year 2, a Junior Analyst will join the Rules & Remedies team, followed by the recruitment of a Business Officer in Year 3. This phased approach ensures the organisation can manage its growth efficiently while aligning resources with its objectives.

**Table 11 - Evolution of the FTE by level**

	Year 1	Year 2	Year 3	Year 4	Year 5
General Manager	1	1	1	1	1
Managers	2	2	2	2	2
Senior Analyst	3	4	4	4	4
Junior Analyst	4	5	6	6	6
Total	10	12	13	13	13