

PS15/25

PSR regulatory fees 2015/16

Decision and fees rules on how 2015/16 PSR regulatory fees will be calculated and collected from participants in regulated payment systems

October 2015

In this Policy Statement we report on the main issues arising from Consultation Paper 15/26 (PSR 2015/16 regulatory fees) and publish the final rules.

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1 Overview

Introduction

- 1.1 This document sets out the decision on how the 2015/16 regulatory fees will be calculated and collected from participants in regulated payment systems to fund the Payment Systems Regulator, and the fees rules. We also publish feedback to the responses we received on the draft fees rules and consultation questions set out in Consultation Paper CP15/26, *PSR regulatory fees 2015/16* (August 2015).¹
- 1.2 The consultation period for CP15/26 closed on 17 September 2015.

Background

- 1.3 When money moves between individuals, businesses and government – for example, when buying goods and services, receiving income or paying taxes – the transfers of funds are made through payment systems. In 2014, payment systems in the UK handled around 20 billion transactions worth over £74 trillion.
- 1.4 The Payment Systems Regulator Ltd (PSR) was incorporated on 1 April 2014 as an independent subsidiary of the Financial Conduct Authority (FCA), and became fully operational on 1 April 2015. The PSR regulates payment systems operating in the UK, and has a range of regulatory powers under the Financial Services (Banking Reform) Act 2013 (FSBRA), as well as concurrent competition powers under the Competition Act 1998 (CA98) and Enterprise Act 2002 (EA02). The PSR has statutory objectives to promote competition, innovation and the interests of service-users.
- 1.5 HM Treasury (the Treasury) has designated eight payment systems for regulation by the PSR under FSBRA (with effect from 1 April 2015): Bacs, CHAPS, Cheque and Credit (C&C), Faster Payments Scheme (FPS), LINK, Northern Ireland Cheque Clearing (NICC), MasterCard, and Visa Europe (Visa) (collectively, the regulated payment systems).
- 1.6 The PSR is funded entirely by the fees paid by the participants in these payment systems – we receive no subsidies from other sources. For the year 2015/16, the PSR has an annual funding requirement (AFR) of £28.1 million. This figure is made up of the one-off £12.2 million costs incurred prior to 1 April 2015 in setting up the PSR, and the £15.9 million 2015/16 budget to cover the PSR's ongoing regulatory activities (ORA).
- 1.7 Under FSBRA, it is the FCA that must issue any rules to fund the PSR. The FCA works closely with the PSR on funding matters, and in particular in determining the policies for allocating, calculating and collecting PSR regulatory fees. The PSR makes a recommendation to the FCA on the relevant policies and rules, and the FCA makes the decision and issues the fees rules to enact those policies. For convenience, when this document refers to 'we', this means the FCA and PSR jointly, although the actual decision and fees rules are adopted by the FCA.

¹ <https://www.psr.org.uk/sites/default/files/media/PDF/PSR%20regulatory%20fees%202015-16.PDF>

- 1.8 The FCA can raise these fees from any participants in the regulated payment systems to fund the expenses of establishing and operating the PSR (including the cost of collecting fees on behalf of the PSR). 'Any participants' (as defined in FSBRA) includes payment systems operators (operators), payment infrastructure providers, and payment service providers (PSPs) with direct or indirect access to the regulated payment systems.
- 1.9 On 20 August 2015, we published CP15/26, *PSR regulatory fees 2015/16*. Chapter 3 of CP15/26 set out the final policy decision on the allocation of the annual funding requirement for the PSR regulatory fees between the regulated payment systems. This is shown below in Table 1.

Table 1: CP15/26 decision on allocation of the 2015/16 PSR annual funding requirement between regulated payment systems

Name of regulated payment system	%	Total amount to be recovered from each regulated payment system (£)		
		PSR set-up costs (pre-1st April 2015 launch)	PSR Ongoing Regulatory Activity 2015/16 budget	PSR Annual Funding Requirement 2015/16
Bacs	14.3	1,742,900	2,271,400	4,014,300
CHAPS	14.3	1,742,900	2,271,400	4,014,300
Cheque systems	14.3	1,742,900	2,271,400	4,014,300
C&C	97% of cheques	1,695,600	2,209,800	3,905,400
NICC	3% of cheques	47,300	61,600	108,900
FPS	14.3	1,742,900	2,271,400	4,014,300
LINK	14.3	1,742,900	2,271,400	4,014,300
MasterCard	14.3	1,742,900	2,271,400	4,014,300
Visa	14.3	1,742,900	2,271,400	4,014,300
Total		12,200,300	15,899,800	28,100,100

Notes: Figures may not sum exactly due to rounding. The 97% and 3% figures indicated for C&C and NICC relate to their respective share of the total allocation to the pan-UK cheque system based on their 2014 transaction volumes.

- 1.10 In Chapter 4 of CP15/26 we consulted on how we proposed to calculate and collect fees from participants within the regulated payment systems. Chapter 2 of this Policy Statement sets out the responses we received, our feedback to those responses and the FCA's decisions and final fees instrument amending the fees rules.

Who does this Policy Statement affect?

- 1.11 This Policy Statement will affect participants in regulated payment systems, and in particular PSPs which operate in the United Kingdom. This includes:²
- a. PSPs which are direct members of Bacs, CHAPS, C&C, FPS, LINK or NICC.
 - b. Acquiring or card issuing PSPs operating in the United Kingdom which are members of MasterCard or Visa.

Is this of interest to consumers?

- 1.12 This Policy Statement contains no material directly relevant to retail financial services consumers or consumer groups, although fees are indirectly borne by financial services consumers.

Summary of responses and feedback

- 1.13 We received 12 responses to CP15/26, from the eight operators of the regulated payment systems and four PSPs. The non-confidential respondents are listed in Annex 3.
- 1.14 We have also had meetings and other engagement with the operators, discussing the issues raised by the consultation, including their role as collection agents.
- 1.15 Chapter 2 of this Policy Statement summarises the respondents' main points, along with our feedback on those responses, and the FCA's decisions on fees rules. Overall there was strong support for proceeding with our proposed 'indirect billing' approach. Our 'indirect billing' approach includes:
- a. the **fee calculation methodology** which determines the PSR regulatory fees which individual PSPs members of regulated payment systems will be liable to pay, and
 - b. the **fee collection methodology**, in which operators will act as collection agents, will issue invoices to their members, will collect PSR fees on our behalf and will then transfer the monies collected to the FCA.

Our efforts to reduce the regulatory cost and burden on the industry were also welcomed. For the reasons set out in Chapter 2, we are implementing the 'indirect billing' approach and fees rules we proposed, subject to the amendments set out in Chapter 2.

What do you need to do next?

- 1.16 We set out below what operators of regulated payment systems, PSPs which are direct members of Bacs, C&C, CHAPS, FPS, LINK or NICC, and acquiring and card issuing PSPs operating in the United Kingdom which are members of MasterCard or Visa, will need to do:

² We use the expression 'direct members' in this Policy Statement to refer collectively to all of the fee-paying PSPs captured by the fees rules, as described in paragraph 1.11 (a) and (b). The fees rules refer to 'direct payment service providers', which includes acquirers and card issuers (in the MasterCard and Visa systems) and direct payment service providers in the Bacs, CHAPS, C&C, FPS, LINK and NICC systems.

- a. Operators must issue invoices for the 2015/16 PSR regulatory fees to their direct members, acquirers and card issuers operating in the United Kingdom, in accordance with the calculation methodology and instructions set out in the fees rules. They must issue invoices on a sufficiently timely basis to enable individual direct PSP members, acquirers and card issuers operating in the United Kingdom to pay their 2015/16 PSR regulatory fees by no later than **10 December 2015**.
 - b. Operators must also provide the PSR with their fee calculations for individual invoices and the underlying transaction volumes data. They must do this before, or at the same time as, they issue their invoices.
 - c. Individual direct PSP members, acquirers and card issuers operating in the United Kingdom should make necessary arrangements for the payment of their 2015/16 PSR regulatory fees to each of the operators of the regulated payment systems they participate in by no later than **10 December 2015**.
 - d. Operators will alert the PSR on 11 December 2015 if any payment is late, and the PSR will then contact the individual direct PSP member, acquirer or card issuer operating in the United Kingdom about the late payment of their 2015/16 PSR regulatory fee.
 - e. Operators will pay to us all of the monies collected by no later than **21 December 2015**.
 - f. If individual direct PSP members, acquirers or card issuers operating in the United Kingdom pay more than £20,000 in 2015/16 PSR regulatory fees to any operator for their participation in that regulated payment system, they will also need to make an on-account payment³ of 30% of their 2015/16 PSR regulatory fees by **15 April 2016**. This payment will count towards their 2016/17 PSR regulatory fees. On-account payments must be made to each operator of a regulated payment system where their 2015/16 PSR regulatory fee was over £20,000.
- 1.17 If fee-paying PSPs have any questions about their invoice or their 2015/16 PSR regulatory fees, they should contact their operator in the first instance. Questions can also be sent to us at PSRfees@psr.org.uk.

³ On-account payments are set out in FEES 9.2.2R, 9.2.2AR, 9.2.3R and 9.2.3AR.

2

Policy decision on calculation and collection of 2015/16 PSR regulatory fees from participants in regulated payment systems

In this chapter we give feedback on the responses we received to the consultation on how we will calculate and collect PSR regulatory fees from participants in regulated payment systems, as set out in Chapter 4 of CP15/26, PSR regulatory fees 2015/16. We also summarise the consequential amendments to the draft fees rules arising from the FCA's decision.

It is set out as follows:

- Our consultation questions in CP15/26
- Summary of responses received from stakeholders
- Our feedback on these responses and the FCA's decisions
- Consequential amendments to the draft fees rules

Annex 1 contains the fees instrument amending the fees rules, which reflect the FCA's policy decision.

Our consultation questions in CP15/26

2.1 We asked the following consultation questions:

Q1: Our preferred approach is the 'indirect billing' approach, as it will minimise the regulatory burden on participants, while not imposing significant additional administrative burden on operators compared to the 'billing operators' approach. The 'indirect billing' approach means that PSR fees would be levied on direct members of a regulated payment system, calculated according to the methodology we specify, and collected on our behalf by operators. Should we proceed with this approach for your system for 2015/16?

Q2: Do you have any other comments on the proposed 'indirect billing' approach?

Q3: We do not propose to proceed with the originally proposed approach ('billing operators') as it may result in taxable supply by operators to their direct members, and would require some operators to create additional regulatory reserves – thereby increasing the regulatory burden on industry. Are there any factors that we have not considered that you think we should take into account and that would support proceeding with the 'billing operators' approach?

Q4: Do you have any comments on our proposed approach to calculating fees for direct members within each regulated payment system (in 'indirect billing')? If so, please identify which payment system you are commenting on.

Q5: Do you have any comments on the proposed fees rules listed in Annex 2 to this document (CP15/26) and described in paragraphs 4.43 to 4.54 (of CP15/26)?

Summary of responses received from stakeholders

- 2.2 In total we received 12 responses to our consultation. Ten respondents were in favour of our 'indirect billing' proposal. No respondents expressed a preference for our previous approach of 'billing operators'. One respondent preferred another approach ('direct billing'); another indicated that it thought 'indirect billing' was not as efficient or effective as 'direct billing' as a means of collecting PSR fees and which it therefore preferred. No respondents expressed concerns about the fee calculation methodology which is used in the 'indirect billing' approach.
- 2.3 We summarise below the points made by respondents, which fall under four main themes:
- alternative approaches – 'indirect billing' and 'direct billing'
 - the definition of transactions and minimum transaction volume threshold for card payment systems
 - on-account payments
 - other comments
- 2.4 We provide our feedback on stakeholders' responses from paragraph 2.28 below.

Alternative approaches

Indirect billing

- 2.5 C&C, CHAPS, Clydesdale Bank/Yorkshire Bank, LINK, MasterCard⁴, Nationwide, NICC⁵ and Visa⁶ expressed support for the 'indirect billing' approach we consulted on.
- 2.6 Bacs said it would have been equally comfortable with the original 'billing operators' approach, but it supported 'indirect billing' as it addresses the VAT and regulatory reserves concerns expressed in earlier consultations. Bacs also noted it accepts the use of a purely volume-related methodology for allocating PSR fees to system members, while noting that in other circumstances a slightly different approach to cost allocation might be utilised.
- 2.7 A small PSP agreed that 'indirect billing' struck a 'harmonious equilibrium' to enable the PSR to operate while using a light touch approach to fee collection which ensures PSR fees are outside the scope of VAT.⁷
- 2.8 No respondent expressed concern about the fee calculation approach included in 'indirect billing'.

⁴ See also other comments from MasterCard in paragraphs 2.16 – 2.18 and 2.26 below.

⁵ See also other comments from NICC in paragraphs 2.19 – 2.21 below.

⁶ See also other comments from Visa in paragraphs 2.16 – 2.18, 2.22 and 2.25 below.

⁷ This small PSP also expressed some concerns (see paragraph 2.24).

2.9 Many respondents supporting 'indirect billing' said this approach:

- reduces the regulatory burden and cost on them
- addresses concerns expressed during earlier consultations by ensuring that PSR regulatory fees are outside the scope of VAT, and does not trigger the need for additional regulatory reserves to be constituted⁸

2.10 C&C commented that this approach ensures that payment systems which might in the future be recognised by the Bank of England under the Banking Act 2009 would also avoid the need to constitute additional regulatory reserves.

2.11 Some respondents also raised questions about the mechanics of the fee calculation or collection process, and suggested clarifying amendments to the fees rules or the description of the methodology applicable to them. We address these below and in the amendments to the draft fees rules.

2.12 Barclays said the new approach achieves the right outcome for the industry and for the FCA/PSR. However, it had reservations about using the operators as collection agents, questioning whether this is the most efficient or effective method of collecting fees – see paragraph 2.13, which sets out Barclays' preference for a 'direct billing' approach.

Direct invoicing of direct members ('Direct billing')

2.13 FPS⁹ and Barclays expressed a preference for an approach which we had considered but had not proposed in the CP15/26 consultation, namely for the FCA/PSR (rather than operators) to invoice members (i.e. 'direct billing').

2.14 They considered 'direct billing' to be better than 'indirect billing' because:

- a. the FCA would maintain control and visibility of calculation and billing
- b. it would remove ambiguity about VAT, and also avoid increasing the regulatory reserves operators are required to hold
- c. there may not be an operational cost saving for the FCA/PSR from using the operators as collection agents as the burden for chasing late payments will fall on us, which will add complexity around the tracking of outstanding invoices, and operators may cause delays if they do not keep up-to-date contact details for their members
- d. the FCA already has in place established relationships and processes with the participants it regulates to recover costs and fees through directly invoicing individual parties – with an established and familiar process that works well for both the FCA and the participants, the issuance of invoices by the FCA to direct members to collect PSR fees would mean that regulatory fee payments would be guaranteed to be deposited into the FCA's account immediately and without any delay
- e. PSPs who are direct members of multiple systems would receive fewer invoices, reducing their overall administration costs

⁸ The Bank of England currently applies this requirement to Bacs, CHAPS and FPS.

⁹ FPS did not comment on the actual 'indirect billing' approach which was being consulted on.

Definition of transactions and minimum transaction volume threshold for card payment systems

- 2.15 In the context of card payment systems, our consultation considered who should pay PSR regulatory fees. The fees rules we consulted on referred to *'all transactions issued and acquired in the United Kingdom'*, while the accompanying Consultation Paper referred to *'issuers and acquirers operating in the United Kingdom'*.
- 2.16 Visa noted that the refining of the definition in the draft fees rules of what is included in *'transactions issued and acquired in the United Kingdom'* came late in the fees consultation process. Both MasterCard and Visa discussed definitions with us in detail both before and during the recent consultation, indicating that the draft fees rules needed to be made more precise. They also said they considered it was important for the applicable fees rules to be the same for both the card systems.
- 2.17 In the course of discussions during the recent consultation period, having clarified what is included in the definition of transactions, MasterCard and Visa expressed concern that the cost of fee collection from those PSPs with very low volumes of UK transactions could be similar to or higher than the PSR fees themselves. They also suggested some of those PSPs might not be expecting to contribute to the PSR's funding, given how limited their UK activities are. MasterCard suggested introducing a minimum threshold for financial institution eligibility, and proposed setting it at 100,000 transactions. Visa recommended that there be a cut-off for members with very low volumes of UK transactions, below which the operator is not required to invoice the member but can opt to absorb the cost itself; it suggested a cut-off of £30 in PSR fees.
- 2.18 MasterCard and Visa also indicated that they understood the definition of transactions to include all purchase transactions, but to exclude cash-only withdrawals.

On-account payments

- 2.19 NICC said the requirement to make 'on-account' payments in April 2016 of 50% of the 2015/16 PSR regulatory fees (as set out in the draft fees rules at FEES 9.2.2R) would mean that the PSR would be getting around 90% of its total fees for 2016/17 on account – assuming ongoing regulatory activity for 2016/17 remains broadly in line with 2015/16. This is because the 2015/16 PSR regulatory fees include PSR set-up costs of ~£12.2 million, which are a one-off cost which will not apply in future years.
- 2.20 It said that if we intend to collect 90% of the fees in April it would be simpler to collect the entire fee at that time. This would save the operators from having to issue a second set of invoices in July 2016 for small amounts. Alternatively the 'on-account' fees could be based on a lower rate than 50%.

Other comments

- 2.21 Barclays asked how we have considered the changing payments landscape. For example, how would we treat participants that accessed FPS via Direct Technical Access (if it becomes available)? NICC asked whether the current methodology would bind payment systems going forward, or if we would amend the current methodology in the future if we considered it was no longer appropriate.
- 2.22 Visa said that any methodology for calculating and apportioning fees should ensure that no PSP member or class of PSP members is disproportionately affected. Visa also noted that as its members operate in very different markets, going forward, allocating PSR regulatory fees on a single metric (such as transaction volumes alone) could give an unfair advantage to PSPs operating in markets with higher transaction values but fewer transactions.

- 2.23 Clydesdale Bank/Yorkshire Bank said that the PSR should make sure the proposals do not penalise smaller banks or impose disproportionate costs on them.
- 2.24 Another respondent was concerned that indirect participants in payment systems might not be able to assure themselves that fees invoiced to them by direct members were correctly proportionate. It recommended that the FCA independently audit the methodologies direct members use to invoice their indirect participants. It said this would reassure everyone in the payments industry that all aspects of PSR fee collection are being administered fairly and equitably.
- 2.25 Visa said it is in favour of the billing approach being outside the scope of VAT as this minimises the regulatory burden on participants, and considered it is appropriate for PSR fees to be recovered directly from members rather than by billing operators. However, it did make the following other comments:
- a. The fees rules refer to operators acting as 'collecting agents for the FCA'. It had understood that it would be invoicing on behalf of the PSR, and asked for clarification on this point.
 - b. It usually aims to give its members six months' notice of changes to billing methodology to its PSP members. It has therefore not had an opportunity to consult with its members on the new methodology or the definition of 'transactions by acquirers and card issuers operating in the UK'. For future consultations it requested that systems have at least two months, and ideally six months, following the close of the consultation in which to finalise the process, inform members and issue invoices. Visa also noted that it interprets the fees rules requiring operators to issue invoices 'on a sufficiently timely basis' to enable PSPs to pay their PSR fees on time as consistent with providing PSPs 30 days' notice of payment.
 - c. Due to the way that its billing system is set up, it will be required to manually invoice its members. It will therefore be challenging for it to issue invoices by 10 November when the PSR will only publish its final position in the week commencing 26 October, although it expects to meet the PSR's timescale.
- 2.26 MasterCard expressed concern about how to handle queries from PSP members relating to the 'indirect billing' process and PSR fees, and suggested that operator invoices could include an email address or PSR central point of contact for such queries.

Feedback on the responses received and decision

- 2.27 The section below is set out in the same way as the section on responses received. We also set out a description of the resulting fee calculation rules applicable to each system in paragraphs 2.68 – 2.69.

Alternative approaches

- 2.28 FPS and Barclays expressed a preference for a 'direct billing' approach (see paragraph 2.13 above), which was not a proposal we consulted on. We note the following regarding the reasons cited by FPS and Barclays as to why 'direct billing' was better than 'indirect billing':
- a. **Control and visibility of calculation and invoicing:**¹⁰ In 'indirect billing', we remain in control of the calculation and billing process (we set the rules and operators are required to provide us with their fee calculations and underlying data), so there is no material difference between 'indirect billing' and 'direct billing' on this point.

¹⁰ See also paragraph 4.31 of CP15/26.

- b. **Ambiguity regarding VAT:** Under 'indirect billing' there is no ambiguity with regard to VAT, as PSR fees calculated and invoiced in accordance with the PSR fees rules are outside the scope of VAT provided the terms of HMRC's ruling are met. HMRC's ruling of 9 August 2015 was annexed to CP15/16. We note that FPS and Barclays agreed in their responses that 'indirect billing' also provided certainty on the VAT treatment of PSR regulatory fees. As a result there is no material difference between 'indirect billing' and 'direct billing' on this point.
- c. **Late payments:** The HMRC ruling of 9 August 2015 requires the PSR to take up any issues of non-payment or late payment of fees directly with the relevant PSPs, rather than with the operators.¹¹ We consider that we are in a comparable position for the handling of late payments under both the 'indirect billing' approach we consulted on¹² and the 'direct billing' approach preferred by FPS and Barclays. The fees rules require operators to issue their invoices on a 'sufficiently timely basis' to enable PSPs to pay their PSR fees before the deadlines set out in the fees rules. We consider this to be a clear incentive for operators not to delay this process. We also expect operators to ensure that they keep members' contact details up-to-date. Irrespective of the collection of PSR fees, operators already need up-to-date members' contact details to support their ongoing relationship with their members and to support their compliance with some of the PSR's general directions.
- d. **Existing FCA relationships and processes:** While the FCA does have established processes for invoicing the firms it regulates, this billing system is not currently set up to handle PSR fees and fee-payers. It would not be possible to add PSR regulatory fees to the system by the proposed billing dates. It would also create new, additional costs that would need to be passed on to participants in regulated payment systems, and it would require us to obtain and maintain up-to-date contact and billing information for all fee-paying PSPs that are members of regulated payment systems.
- e. **Volume of invoices and administrative costs for PSPs:** We recognise that 'direct billing' would result in those PSPs that are direct members of multiple systems receiving fewer invoices than under 'indirect billing' (or under the original 'billing operators' approach). There are a small number of such PSPs. In our view the additional burden on these PSPs from 'indirect billing' is modest. Conversely, 'direct billing' would generate significant additional costs for us which would need to be passed on.

2.29 Some operators also told us that they preferred 'indirect billing' to 'direct billing' because they already have ongoing strong relationships and communications with their members, and are well placed to support the PSR in the fee calculation and collection process.

2.30 We had considered whether 'direct billing' would be a better alternative than 'indirect billing', but in CP15/26 we had discounted it.¹³ As we explained, we considered that 'direct billing' would increase the burdens on us without being compensated by a material benefit to the operators (or PSPs). We therefore considered that 'direct billing' did not have the advantages that 'indirect billing' has in terms of efficiency and so we did not propose to pursue this approach. For the reasons set out above, the points raised by Barclays and FPS do not change the FCA's conclusion in relation to 'direct billing'.

2.31 We turn next to our feedback in relation to responses dealing specifically with the 'indirect billing' approach we consulted on. The significant majority of the respondents expressed a preference for 'indirect billing'. No respondent raised concerns about the fee calculation methodology included in the 'indirect billing' approach.

¹¹ The HMRC Ruling is included as Annex 1 to CP15/26.

¹² See paragraph 4.32 of CP15/26.

¹³ See CP15/26, page 23, footnote 27.

- 2.32 As compared to the 'billing operators' approach on which we first consulted, the 'indirect billing' approach has two advantages:
- a. Subject to certain conditions,¹⁴ PSR regulatory fees invoiced in this way will not result in a taxable supply and will therefore be outside the scope of VAT. These conditions are reflected in the draft rules set out in Annex 2 of CP15/26 and in the FCA's final fees rules set out in Annex 1 of this document.
 - b. The Bank of England has confirmed that, under this approach, PSR regulatory fees would not constitute operating costs of the systems and, as a result, the PSR fees will not trigger a need for additional regulatory reserves for those systems that are deemed 'recognised payment systems' under the Banking Act 2009.
- 2.33 In our view, the advantages of the 'indirect billing' approach we consulted on¹⁵ significantly outweigh the disadvantages of 'billing operators' (the additional complexity and associated administration costs for us, the operators and PSPs). We believe the additional administrative burden for operators will be relatively limited, compared to our previous 'billing operators' approach. This is because operators are in regular contact with their direct members, and already invoice them for services.
- 2.34 In light of the considerations set out in paragraphs 2.28 to 2.33, the FCA has decided to proceed with the 'indirect billing' approach as reflected in the fees rules which were consulted on (subject to the points which follow).

Definition of transactions and minimum transaction volume threshold for card payment systems

- 2.35 The MasterCard and Visa systems designated by the Treasury are not UK-centric: MasterCard has worldwide activities, and Visa has European activities. Our intention, as reflected in the draft fees rules on which we consulted, was to exclude from liability to pay PSR fees those members who are not operating in the UK. In response to MasterCard and Visa's comments, we have refined the fees rules to provide greater clarity.

'Transactions issued and acquired in the United Kingdom'

- 2.36 In the draft fees rules, we said that the relevant transactions captured for the purposes of allocation of PSR fees for the card systems were *'All transactions issued and acquired in the United Kingdom through the MasterCard/Visa regulated payment system, including point of sale and merchant sales volumes in the United Kingdom'*. In our engagement with MasterCard and Visa, we were asked to clarify in the fees rules what is meant by *'transactions issued and acquired in the UK'*.

¹⁴ Under the HMRC ruling, PSR regulatory fees will be outside the scope of VAT provided that:

- the operators act as collecting agents for the FCA/PSR
- the operators, for each relevant payment system and each year, calculate the PSR fees payable by each direct member (for Bacs, CHAPS, C&C, FPS, LINK and NICC) or acquiring and issuing PSP operating in the United Kingdom (for MasterCard and Visa) on the basis of shareholding or transaction volumes information they have or receive from those PSPs
- these calculations are based on the methodology instructed by the FCA/PSR in the fees rules, and are reviewed by the FCA/PSR
- the operators issue, in the name and on behalf of the PSR/FCA, a payment notice for each PSR fee payable by the relevant direct members and acquiring and issuing PSPs operating in the United Kingdom
- the operators collect the relevant PSR fees and then pay the monies collected to the FCA/PSR, both by the dates set out in the fees rules

¹⁵ See also more generally paragraphs 4.17 to 4.37 of CP15/26.

- 2.37 The FCA has amended the fees rules to be more precise about this as follows:¹⁶
- a. On the **issuing side**, the definition of **'transactions by card issuers operating in the United Kingdom'** has been included. All transactions by **UK-based card issuers**, irrespective of where the cards are used, where the merchants are located or where the acquirers are based, fall within the meaning of **'transactions by card issuers operating in the United Kingdom'**. This definition focuses on where the card issuing PSP legal entity is based. Transactions by (for example) a non-UK-based card issuer using its passporting rights to issue cards to UK consumers are excluded, but transactions by a UK-based card issuer using its passporting rights to issue cards to non-UK consumers are included.
 - b. On the **acquiring side**¹⁷, the definition of **'transactions by acquirers operating in the United Kingdom'** has been included. The following fall within the definition:
 - i. All transactions by **UK-based acquirers**, irrespective of where transactions are initiated, where the merchants are located or where the card issuers are based.
 - ii. All transactions involving **merchants located in the UK**¹⁸, where a physical point of sale or e-commerce purchase transaction results in a payment to a UK merchant – all transactions by any **acquirer contracting with a UK merchant**, irrespective of where acquirers are based (i.e. non-UK acquirers and UK-based acquirers) or where the card is issued, therefore fall within the relevant definition.
- 2.38 The fees rules capture all acquirers of UK merchants within the definition of **'transactions by acquirers operating in the United Kingdom'**. The impact of this is that PSR fees do not influence a merchant's decision about whether to have its transactions acquired on a domestic or cross-border basis, and there is no inadvertent regulatory incentive to engage in cross-border acquiring merely to avoid PSR fees.¹⁹
- 2.39 The definition of **'transactions by acquirers or card issuers operating in the United Kingdom'** does not include transactions involving payment by a cardholder physically located in the UK where the card is issued by a non-UK issuer, the merchant is acquired by a non-UK acquirer and the merchant is based outside the UK.²⁰
- 2.40 The definition of **'transactions by acquirers and card issuers operating in the United Kingdom'** is included in the fees rules in the glossary and in FEES 9 Annex 1R Table A.

Transactions 'including point of sale and merchant sales volumes in the United Kingdom'

- 2.41 In our engagement with MasterCard and Visa, they also made points about which types of transactions should be taken into account.

¹⁶ We note that section 41(2)(b) FSRBA makes clear that it is not necessary for both payers and recipients (payees) to be in the United Kingdom – transactions accordingly only need to have one 'end' in the United Kingdom to fall within our remit and therefore to be within our definition of relevant UK transactions for FSRBA fee-raising purposes.

¹⁷ In the MasterCard and Visa systems, the merchant contracts with an acquiring PSP to enable that merchant to accept card payment transactions through a given card system (e.g. MasterCard, Visa). A merchant might have its transactions acquired by an acquirer in the same country (domestic acquiring), or it might use the services of an acquirer located overseas (known as 'cross-border acquiring').

¹⁸ Where the same transaction is acquired by a UK-based acquirer and involves a merchant located in the UK, it should only be included once in the total transaction volumes to avoid double-counting.

¹⁹ Cross-border acquiring is more prevalent today than previously – one important factor being that some UK merchants have contracted with cross-border acquirers to enable them to benefit from the lower interchange fees for cross-border acquired Visa transactions which were effective from 1 January 2015, following binding commitments offered by Visa to the European Commission.

²⁰ We do not consider that the mere presence in the UK of the cardholder is a sufficient connection with the UK for the transaction to be considered as 'issued or acquired in the United Kingdom': none of the acquiring PSP, card issuing PSP or merchant are located or based in the UK, and the cardholder's physical presence in the UK may be purely temporary (for example, a tourist or a traveller connecting flights through a UK airport, using their smartphone to make a purchase from an overseas merchant for delivery to their non-UK home address).

- 2.42 The first point related to the fees rules specifying that relevant transaction volumes ‘include Point of Sale (POS) and Merchant Sales Volumes (MSV) in the United Kingdom’. The fees rules are amended to be more precise about cash transactions. Specifically, relevant transactions include all purchase transactions (such as POS and MSV), and therefore also include *cash* purchase transactions (such as buying foreign currency at a bureau de change or getting cashback when buying groceries at a supermarket), whereas they exclude cash-only withdrawals (from ATMs or over-the-counter).
- 2.43 The second point was whether only transactions processed by the operator should be taken into account, and whether the identity of the processing entity²¹ should be a factor in deciding which transactions are taken into account in card payment systems.
- 2.44 The identity of the processing entity is not relevant for PSR fee purposes as the cardholder and merchant choose to make or receive a payment using a MasterCard or Visa payment card without any particular consideration for who will process the payment. Accordingly, all MasterCard-branded and Visa-branded transactions are included for fee calculation purposes, irrespective of the identity of the processing entity. As a consequence, PSR fees do not influence either a merchant’s decision about how to have its transactions processed, or an acquiring PSP’s decision about how to process transactions, and there is no inadvertent regulatory incentive for the merchant to process their transactions in a particular way to avoid PSR fees.
- 2.45 These points regarding transaction volumes are included in the fees rules in the glossary and in FEES 9 Annex 1R Table A.

Introduction of a minimum transaction volume threshold

- 2.46 MasterCard and Visa raised the practical difficulties and costs associated with collecting fees from PSPs who fall within the relevant definitions but have very limited transaction volumes in the UK.
- 2.47 MasterCard and Visa both proposed the introduction of a minimum transaction volume threshold for the card payment systems to address these concerns. PSPs with transaction volumes below the threshold in a given year would not be required to pay a PSR regulatory fee for that fee year. MasterCard suggested a threshold of 100,000 transactions while Visa proposed a threshold of a PSR fee amounting to £30. Visa also suggested that the operator itself could opt to absorb the PSR fees for these PSPs falling below the threshold. We considered these suggestions and also a higher financial threshold of £50 instead of £30, as we considered that a £50 threshold had a broadly similar effect as a 100,000 transaction threshold, and we assessed the impact these different thresholds might have.
- 2.48 The 2015/16 PSR fees that would otherwise be paid by these very small UK transaction volume PSPs which fall below the requested thresholds would amount to less than £2,000 in total for each of the MasterCard and Visa systems, and represents less than 0.1% of the total PSR fees to be recovered from each of the MasterCard and Visa members.²²

21 The processing entity is the person that performs the actions required for the handling of a payment instruction between the card issuing PSP (on behalf of the cardholder) and the acquiring PSP (on behalf of the merchant) in a card payment system. The processing entity can be the operator itself, or a third party processor; processing can also be performed ‘in-house’ for ‘on us’ transactions, when the acquiring and card issuing PSPs are the same entity. We note that under the Interchange Fee Regulation, card payment systems will be required to functionally separate their processing activities. The choice of processing entity is ultimately made by the merchant, although this is normally based on commercial negotiations and a commercial proposition from the acquiring PSP, which sets out how processing services will be provided.

22 £2,000 represents less than 0.1% of the total PSR funding requirements allocated to each of MasterCard and Visa (~£4 million for 2015/16); it also represents less than 0.1% of the PSR’s 2015/16 budget.

- 2.49 The FCA has therefore decided to introduce a minimum threshold, with alternative tests as follows. An acquiring or card issuing PSP operating in the United Kingdom which is a member of the MasterCard or Visa systems will not be required to pay a PSR regulatory fee for a given fee year if:
- they realise fewer than 100,000 transactions in the relevant time period, or
 - their PSR fee for that year, calculated according to the fee calculation fees rules²³, would be less than £50 (in the absence of the minimum threshold).
- 2.50 We considered Visa's proposal that the card operator could opt to pay the PSR fees itself for the PSPs benefitting from the minimum threshold. Our understanding, however, is that this would not be consistent with the HMRC ruling. The fees rules therefore provide for the PSR annual funding requirement allocated to each card system to be payable by only those acquirers and card issuers operating in the United Kingdom who are above the minimum threshold.
- 2.51 We are satisfied that it is reasonable and proportionate to apply a minimum threshold where the transactions by acquiring and card issuing PSPs operating in the United Kingdom are very low, and that there will not be any meaningful 'cross-subsidisation' of very small UK volume PSPs by larger PSPs which would distort effective competition.
- 2.52 We consider that introducing a minimum transaction volume threshold in relation to those acquiring and card issuing PSPs operating in the United Kingdom with very low transaction volumes takes into account the different nature of card systems and their participants compared to other regulated payment systems, and avoids imposing a disproportionate or inappropriate regulatory cost on PSPs with minimal UK activities.
- 2.53 This minimum threshold is included in the fees rules at *FEES* 9.2.1AR (as well as in some other consequential modifications, such as to *FEES* 9.2.1R and *FEES* 9 Annex 1R, and in the fee rules glossary).
- 2.54 We also considered whether a minimum threshold could be appropriate for any of the other regulated payment systems. However, the concern that arises for MasterCard and Visa about a small proportion of their PSPs members having very low transaction volumes does not arise in relation to interbank payment systems. With respect to LINK, it indicated it preferred an approach based solely on the proportional transaction volumes realised by its members. We are therefore only applying the minimum threshold in relation to MasterCard and Visa.
- 2.55 We also note that, as set out in paragraph 4.53 of CP15/26, if a PSP becomes a new direct member of any regulated payment system during the course of a fee year, that PSP will not be required to pay PSR regulatory fees for that year. This reflects the fact that, at the time of becoming a direct member, their historic transaction volumes (as a direct member) are nil. This approach reduces the risk of PSR regulatory fees being perceived as an impediment to becoming a direct member of a regulated payment system.
- 2.56 As part of our annual consultation cycle on fees, we will keep the use of minimum thresholds under review.

²³ As set out in *FEES* 9 Annex 1R.

On-account payments

- 2.57 We agree with the comments received from NICC about 'on-account' payments. The FCA's normal practice in relation to on-account payments payable mid-year is that they should represent approximately 50% of annual operating costs for that year. In the fees rules, the on-account payment due is determined by reference to the fees payable in the preceding fee year. However, the PSR regulatory fees in 2015/16 include one-off set-up costs. To be consistent with its practice, the FCA has decided that the level of 'on-account' payment payable in April 2016 should be adjusted to 30%. This is approximately equivalent to 50% of a PSR fee based on the 2015/16 PSR operating costs alone.²⁴
- 2.58 The effect of this adjustment is that those members of a regulated payment system who have paid more than £20,000 in 2015/16 PSR regulatory fees to any operator will be required to pay 30% of their 2015/16 PSR fee as an on-account payment towards their 2016/17 PSR fees for that payment system. This amount is payable by 15 April 2016. The remainder of their 2016/17 PSR fee will be due by 15 August 2016.
- 2.59 For the following years (i.e. for the PSR fees years 2017/18 onwards), on-account payments will revert to the 50% level set out in *FEES* 9.2.2(1)R. This means that the on-account payment due in April 2017 will amount to 50% of the total 2016/17 PSR fee payable.

Other comments

- 2.60 Barclays asked what consideration we had given to the changing payments landscape (see paragraph 2.21) and NICC asked about the extent to which we would be bound by the current methodology in future years (see paragraph 2.21). We will consult annually on PSR fees, including on the methodology we use for allocating the annual funding requirement between regulated payment systems and for calculating fees for individual fee-paying participants in regulated payment systems. This means that we will also be able to reflect relevant material changes in the payments landscape, subject to concluding that such modifications to the fees rules are compatible with certain requirements under the Financial Services and Markets Act 2000 (FSMA), as amended by the 2012 Act and FSBRA.
- 2.61 Visa commented (see paragraph 2.22) that any methodology for calculating and apportioning fees should ensure that no PSP member or class of PSP members is disproportionately affected. It also asked whether, going forward, allocating PSR regulatory fees to Visa members on a single metric (such as transaction volumes alone) could give an unfair advantage to PSPs operating in markets with higher transaction values but fewer transactions. We recognise that the direct members of a given payment system often work in very different markets. However, neither PSPs nor other system operators have expressed any concern that our proposed fee calculation methodology is unfair or gives a significant advantage to any particular group. Our methodology also largely mirrors the approach taken by the operators themselves. We are therefore satisfied that this approach is appropriate.
- 2.62 Clydesdale Bank/Yorkshire Bank (see paragraph 2.23) commented that we should make sure the fee calculation methodologies do not penalise smaller banks or impose disproportionate costs on them. We were mindful of this. We did not receive any responses suggesting that our allocation of the annual funding requirement between payment systems, or our fee calculation methodology within payment systems, imposed disproportionate costs on any particular participant or class of participants, or on smaller or indirect PSPs.

²⁴ See information on PSR ongoing regulatory activity 2015/16 budget, included in Table 5 of CP15/26.

- 2.63 A small PSP expressed concern that indirect participants in payment systems might not be able to assure themselves that fees invoiced to them by direct members were correctly proportionate. Regarding these concerns:
- a. Under the fees rules, the PSR will receive a detailed breakdown of the fees invoiced to individual direct members of payment systems, as well as the underlying transaction volume data. We expect these direct members to act fairly if and when they pass on a share of PSR regulatory fees to their indirect participants. However, we do not intend to proactively audit the way they do this, as we consider that this would be disproportionate and expensive.
 - b. We also note that that section 57 FSBRA enables us to vary any of the terms or fees or charges payable under relevant agreements, including (but not limited to) those between a direct PSP and an indirect PSP.
- 2.64 Visa raised the question of whether invoicing was being done on behalf of the FCA or PSR (see paragraph 2.25(a) above). FSBRA provides in section 40 that the FCA is responsible for setting up the PSR and for taking such steps as are necessary to ensure that the PSR is at all times capable of exercising its functions. As noted in paragraph 1.7, this includes the ability for the FCA to raise fees from participants in regulated payment systems to fund the PSR.²⁵ This statutory framework means that:
- the PSR fees rules are issued by the FCA
 - fees collected are paid to the FCA, which then transfers them to the PSR to fund its activities

The operators will therefore be acting as collection agents for the FCA and PSR with respect to the PSR regulatory fees.

- 2.65 The two card operators requested more time between the adoption of fees rules and when operators need to invoice their direct members. This would make it easier for them to finalise their fee collection process, inform their members and issue invoices. Visa specifically requested for future consultations that systems have at least two months, and ideally six months, following the close of the consultation in which to finalise the process, inform members and issue invoices. We note the following points:
- a. The FCA fee consultation cycle typically has a number of stages (including typically more than one consultation) and therefore usually takes at least 10 months in total. It is therefore difficult to see how several months' time lag can be built in between the end of the consultation process (i.e. when the final Policy Statement is issued) and when the payment of remaining fees is due.
 - b. 2015/16 is the first year in which PSR regulatory fees are being collected, and the first year in which we consulted on allocation methodologies between regulated payment systems and fee calculation and collection methodologies for direct members are being set. Our consultations raised a number of novel issues which resulted in an additional round of consultation, given our efforts to reduce the regulatory burden on industry (including through discussions with HMRC).
 - c. We consider that this year's fee consultation exercise has resulted in a good framework for the allocation, calculation and collection of PSR regulatory fees going forward. Where changes are made, we would not expect them to be so substantial as to warrant significant advance notification to fee-paying PSPs such as acquiring and card issuing PSPs operating in the United Kingdom, or for wholly new processes to be developed within operators.

²⁵ See also paragraph 9, Schedule 4 FSBRA.

- d. In addition to setting out the anticipated timetable in the Consultation Paper, we have regularly provided updates to operators and emphasised to them over the past six months the need to inform their members of developments, even during the consultation phase. We did this knowing that it was not possible for us to provide a lag of several months between the end of a consultation period and the implementation of amended fees rules. We are happy to work with operators to look at how they and we can communicate relevant information as early as possible to PSPs that need to pay PSR fees in future years.
- 2.66 Visa also commented on the logistical difficulties it faces in issuing invoices as a collection agent for us. MasterCard made similar comments. We acknowledge that the additional complexity and associated administration costs are disadvantages of 'indirect billing' for both operators and ourselves. Our view is that, compared to the 'billing operators' approach, these are manageable problems and, importantly, are considerably outweighed by the advantages of 'indirect billing'. We also believe that now that the fee collection timeline is firmed up, it will be easier in future for operators to make the necessary advance arrangements to issue invoices on a sufficiently timely basis to enable PSP members to pay their PSR fees by the deadlines set out in the fees rules.
- 2.67 Regarding communications with the PSP members that are required to pay PSR fees, MasterCard raised a concern about handling queries about PSR regulatory fees from acquiring and card issuing PSPs operating in the United Kingdom. It asked for a way for queries to be sent to the PSR. We are addressing this concern by setting up a dedicated email address for queries relating to PSR regulatory fees (PSRfees@psr.org.uk). This email address can also be included on operators' invoices to their direct members. We will continue to work closely with operators as we have done over the past months, and encourage them to update their members on the fees consultation cycle (both proposals and decisions) and timelines.

Description of resulting fee calculation rules

- 2.68 We summarise below the 2015/16 PSR fee calculation methodologies for each regulated payment system resulting from the consultation, and the FCA's decision and fees rules. PSPs²⁶ which are direct payment service providers of Bacs, C&C, CHAPS, FPS, LINK or NICC, and acquirers and card issuers operating in the United Kingdom which are members of MasterCard or Visa, can calculate their 2015/16 PSR regulatory fees by applying the relevant calculation methodology to the transaction volumes data published in Annex 1 of FEES 9:²⁷
- a. **Bacs:** The PSR fee to be recovered from individual direct payment service providers of the Bacs payment system will be calculated proportionally to the transactions processed on behalf of that direct member through Bacs during the relevant time period. The 2015/16 relevant time period for transaction volumes processed through the Bacs regulated payment system is between 1 January and 31 December 2014. For these purposes, the direct members are listed at <http://www.bacs.co.uk/Bacs/Corporate/CorporateOverview/Pages/OurMembers.aspx>, excluding the Bank of England.
 - b. **C&C:** The PSR fee to be recovered from individual direct payment service providers of the C&C payment system will be calculated proportionally to the transactions processed on behalf of that direct member through C&C during the relevant time period. The 2015/16 relevant time period for transaction volumes processed through the C&C regulated payment system is between 1 October 2014 and 31 March 2015. Transaction volumes include cleared transaction volumes 'in clearing' and 'out clearing' for GBP, USD and EUR. For these purposes, the direct members are listed at http://www.chequeandcredit.co.uk/about_us_and_our_members/our_members/, excluding the Bank of England.

²⁶ In the fees rules, these PSPs are referred to as 'direct payment service providers'. This includes the acquirers and card issuers which are members of MasterCard and Visa.

²⁷ This is subject to the application for MasterCard and Visa of the minimum transaction volume thresholds.

- c. **CHAPS:** The PSR fee to be recovered from individual direct payment service providers of the CHAPS payment system will be calculated proportionally to the transactions processed on behalf of that direct member through CHAPS during the relevant time period. The 2015/16 relevant time period for transaction volumes processed through the CHAPS regulated payment system is between 1 January and 31 December 2014. Transaction volumes are all transfers of funds with CHAPS MT103 and MT202 message types. For these purposes, the direct members are the direct participants listed at <http://www.chapsco.co.uk/participation/currentparticipants/>, excluding the Bank of England.
- d. **FPS:** The PSR fee to be recovered from individual direct payment service providers of the FPS payment system will be calculated proportionally to the transactions processed on behalf of that direct member through FPS during the relevant time period. The 2015/16 relevant time period for transaction volumes processed through the FPS regulated payment system is between 1 June 2014 and 31 May 2015. For these purposes, the direct members are listed at <http://www.fasterpayments.org.uk/membership/access-options/direct-membership/current-members>.
- e. **LINK:** The PSR fee to be recovered from individual direct payment service providers of the LINK payment system will be calculated proportionally to the transactions issued and acquired on behalf of that direct member through LINK during the relevant time period. The 2015/16 relevant time period for transaction volumes issued and acquired through the LINK regulated payment system is between 1 January and 31 December 2014. Transaction volumes include all transactions issued and acquired through the LINK regulated payment system (including GBP cash withdrawals, foreign currency dispenses, balance enquiries, PIN management, charity donations, non-cash transactions and mobile payment transactions), excluding 'on us' cash withdrawals (which do not get processed through the LINK regulated payment system). For these purposes, the direct members are listed at <http://www.link.co.uk/AboutLINK/Pages/Members.aspx>.
- f. **MasterCard:** The PSR fee to be recovered from individual acquirers and card issuers operating in the United Kingdom that are members of the MasterCard payment system will be calculated proportionally to the relevant transaction volumes issued and acquired on behalf of that acquirer or card issuer under the MasterCard system during the relevant time period. The 2015/16 relevant time period for UK transactions issued and acquired under the MasterCard regulated payment system is between 1 January and 31 December 2014. This includes all transactions by acquirers or card issuers operating in the United Kingdom under the MasterCard regulated payment system, including point of sale transactions, merchant sales volumes, and cash purchase transactions on cards (such as buying foreign currency at a bureau de change or getting cashback when buying groceries at a supermarket), but excluding cash-only withdrawals (such as from ATMs or over the counter). All MasterCard-branded transactions are included irrespective of the processing entity (MasterCard itself, a third party processing entity or 'on us' transactions). For these purposes, 'transactions by acquirers and card issuers operating in the United Kingdom' means:
- On the acquiring side:
 - all transactions acquired by UK-based acquirers resulting in payments to merchants located in the United Kingdom
 - all transactions acquired by UK-based acquirers resulting in payments to merchants located outside the United Kingdom
 - all transactions acquired by non-UK-based acquirers resulting in payments to merchants located in the United Kingdom

- On the issuing side: all transactions on cards issued by UK-based card issuers, irrespective of where the cardholder is located or the payment is initiated

A minimum transaction volume threshold is applied whereby an acquirer or card issuer operating in the United Kingdom is not required to pay a PSR fee in the given year, and the UK transaction volumes that they realise are to be excluded from the total MasterCard transaction volumes used for fee calculation purposes, if (i) it has acquired or issued less than 100,000 relevant UK transactions in the relevant time period, or (ii) the PSR fee it would normally pay, as calculated according to the fee calculation fees rules, would be less than £50 for the current fee year if the minimum transaction volume threshold was not applied.

- g. **NICC:** The PSR fee to be recovered from individual direct payment service providers of the NICC payment system will be calculated proportionally to its shareholding in the operator of the NICC regulated payment system (Belfast Bankers' Clearing Company Ltd) during the relevant time period. For the NICC regulated payment system, this is defined as relevant shareholdings as of 31 December 2014. The direct payment service providers are Northern Bank Ltd t/a Danske Bank, AIB Group (UK) plc t/a First Trust, Bank of Ireland (UK) Ltd and Ulster Bank Ltd.
- h. **Visa Europe:** The PSR fee to be recovered from individual acquirers and card issuers operating in the United Kingdom that are members of the Visa payment system will be calculated proportionally to the relevant transaction volumes issued and acquired on behalf of that acquirer or card issuer under the Visa system during the relevant time period. The 2015/16 relevant time period for UK transactions issued and acquired under the Visa regulated payment system is between 1 January and 31 December 2014. This includes all transactions by acquirers and card issuers operating in the United Kingdom under the Visa regulated payment system, including point of sale transactions, merchant sales volumes, and cash purchase transactions on cards (such as buying foreign currency at a bureau de change or getting cashback when buying groceries at a supermarket), but excluding cash-only withdrawals (such as from ATMs or over the counter). All Visa-branded transactions are included irrespective of the processing entity (Visa itself, a third party processing entity or 'on us' transactions). For these purposes, 'transactions by acquirers and card issuers operating in the United Kingdom' means:
- On the acquiring side:
 - all transactions acquired by UK-based acquirers resulting in payments to merchants located in the United Kingdom
 - all transactions acquired by UK-based acquirers resulting in payments to merchants located outside the United Kingdom
 - all transactions acquired by non-UK-based acquirers resulting in payments to merchants located in the United Kingdom
 - On the issuing side: all transactions on cards issued by UK-based card issuers, irrespective of where the cardholder is located or the payment is initiated.

A minimum transaction volume threshold is applied whereby an acquirer or card issuer operating in the United Kingdom is not required to pay a PSR fee in the given year, and the UK transaction volumes that they realise are to be excluded from the total Visa transaction volumes used for fee calculation purposes, if (i) it has acquired or issued less than 100,000 relevant UK transactions in the relevant time period, or (ii) the PSR fee it would normally pay, as calculated according to the fee calculation fees rules, would be less than £50 for the current fee year if the minimum transaction volume threshold was not applied.

2.69 The table below summarises the fee calculation methodologies for fee-paying PSPs in each regulated payment system:

Table 2: Table relating to FEES 9 Annex 1R – Allocation methodology by regulated payment system and calculation methodology for PSR fees payable by direct members and acquiring and card issuing PSPs operating in the United Kingdom within those payment systems

Regulated payment system	Allocation methodology for the PSR annual funding requirement across regulated pan-UK payment systems			Calculation methodology for 2015/16 PSR fee (as set out in Column 3 of FEES 9 Annex 1R Table A)
	Allocation methodology	%	£ million	
Bacs	Equal allocation to pan-UK payment systems = 1/7	14.3%	4.01	The PSR fee is calculated for each individual direct member proportionally to the transaction volumes processed on behalf of that direct member through the regulated payment system in question during the relevant time period.
CHAPS	Equal allocation to pan-UK payment systems = 1/7	14.3%	4.01	
FPS	Equal allocation to pan-UK payment systems = 1/7	14.3%	4.01	
Pan-UK cheques system	Equal allocation to pan-UK payment systems = 1/7	14.3%	4.01	
C&C	Within the pan-UK cheques system: 97%	13.9%	3.91	
NICC	Within the pan-UK cheques system: 3%	0.4%	0.11	
LINK	Equal allocation to pan-UK payment systems = 1/7	14.3%	4.01	The PSR fee is calculated for each individual direct member proportionally to the transaction volumes issued and acquired on behalf of that direct member through the regulated payment system in question during the relevant time period.

Regulated payment system	Allocation methodology for the PSR annual funding requirement across regulated pan-UK payment systems			Calculation methodology for 2015/16 PSR fee
	Allocation methodology	%	£ million	
MasterCard	Equal allocation to pan-UK payment systems = 1/7	14.3%	4.01	The PSR fee is calculated for each individual acquiring and card issuing PSP operating in the United Kingdom proportionally to the transaction volumes issued and acquired on behalf of that acquiring or card issuing PSP under the card payment system in question during the relevant time period. A minimum transaction volume threshold is applied where an acquiring or card issuing PSP operating in the United Kingdom (i) has acquired or issued less than 100,000 relevant UK transactions in the relevant time period, or (ii) the PSR fee it would normally pay calculated according to the fee calculation fees rules would be less than £50 for the current fee year (in the absence of the minimum threshold).
Visa Europe	Equal allocation to pan-UK payment systems = 1/7	14.3%	4.01	
Total		100.0%	28.1	

Notes: Figures may not sum exactly due to rounding. The 97% and 3% figures indicated for C&C and NICC relate to their respective share of the total allocation to the pan-UK cheque system based on their 2014 transaction volumes.

Amendments to the FCA's fees rules

- 2.70 This section sets out a summary of the amendments to the fees rules giving effect to the 'indirect billing' approach to reflect the outcome of the consultation and the FCA's fees decision. The current fees rules (FEES 9) are available at <http://fshandbook.info/FS/html/handbook/FEES/9>. The final fees instrument is included as Annex 2 to this document, and will also be available at the same weblink.
- 2.71 The amended fees rules which give effect to the 'indirect billing' approach (and which require the operators to act as collection agents) will take effect from 27 October 2015.
- 2.72 The main proposed amendments to the fees rules which we consulted on in CP15/26 to give effect to the 'indirect billing' approach, and in particular the role of operators as collection agents, included:

- adding definitions to support the ‘indirect billing’ approach
- the requirement on operators to issue separate invoices to their direct members (without adding any other charges, fees, administrative or handling fees)²⁸
- the requirement on direct members and acquiring and issuing PSPs to pay their PSR fees to the operator of each regulated payment system, acting as our collection agents,²⁹ by electronic transfer unless otherwise advised to the operator³⁰
- the dates by which direct members and acquiring and issuing PSPs must make payments of their share of the PSR fees to the operators of the payment systems in question³¹ (by 15 August,³² unless the on-account rules apply – see below)
- the requirement on operators to issue invoices on a sufficiently timely basis to enable their direct members and acquiring and issuing PSPs to pay their PSR fee on time³³
- the requirement on operators to pay the amounts they have collected to us³⁴
- the dates by which the operators must pay the amounts that they have collected to us³⁵ (by 30 August,³⁶ unless the on-account rules apply – see below)
- the actual fees calculation methodology which must be followed by operators, as set out in modifications to the fees rules in FEES 9 Annex 1R

2.73 We had made some other proposals in relation to the fees rules, as set out below. We did not receive any comments on these proposals, which we consider are still warranted. The FCA is therefore modifying the fees rules in accordance with the proposals in CP15/26. This involves:

- modifications to the existing rules which set out what happens if a regulated payment system ceases to be designated by the Treasury, to also cover the situation of a PSP ceasing to be a direct member of a regulated payment system³⁷
- not introducing specific rules at this point in time on what happens when a payment system is designated for FSBRA regulation (as we will conduct a separate consultation at that time)
- not introducing a specific rule covering what happens when a PSP becomes a direct member of a regulated payment system during the course of a fee year – this means that for the time being, a new direct member will not be required to pay PSR fees to operators in the first year that they have become a direct member of a regulated payment system, reflecting the fact that at the time they become a direct member, their historic transaction volumes (as a direct member) are nil
- modifying the rules on late payment penalties and relieving provisions to reflect that liability for payment of the PSR fee rests with the direct members and acquiring and issuing PSPs of

28 See FEES 9.2.4C(1) and (2) and HMRC ruling at paragraphs 5(i) and (ii).

29 See FEES 9.2.4A and HMRC ruling at paragraph 5.

30 See FEES 9.2.4.

31 See FEES 9.2.2 and 9.2.3.

32 If the on-account rule does not apply, the direct payment service providers must pay the entire PSR fee by 15 August of that fee year, or, if later, within 30 days of the date of the invoice (FEES 9.2.3R).

33 See FEES 9.2.AC(3).

34 See FEES 9.2.4B and HMRC ruling at paragraph 5(iv).

35 See FEES 9.2.2A and 9.2.3A.

36 If the on-account rule does not apply, the operator must pay the monies collected by 30 August of that fee year, or, if later, within 15 days of when payment is received (FEES 9.2.3AR).

37 See FEES 9.2.5, 9.2.6 and 9.2.6A.

regulated payment systems, rather than with the operators³⁸, and to set out how unpaid fees can be recovered³⁹

- 2.74 Amendments resulting from the consultation in CP15/26 and the FCA fees decision relate to:
- a. refining the definitions of transactions and fee calculation methodology for card payment systems (see paragraphs 2.75 to 2.78 below)
 - b. introducing a minimum transaction volume threshold for card payment systems (see paragraphs 2.79 to 2.82 below)
 - c. modifying the on-account rule for 2016/17 (see paragraph 2.83 below)
 - d. definition of '*payment service provider*' for fees purposes – the FCA has also taken this opportunity to modify the definition of payment service provider to align with section 42(8) FSBRA by making it clear that the Bank of England is not captured by this definition for fees purposes

Definitions, transaction and fee calculation methodology for card payment systems

- 2.75 The glossary (included as Annex A in the fees instrument, which is Annex 1 to this Policy Statement) has been amended to include definitions for: acquirer, card issuer, card payment system, 'on us' transactions, non-card payment system, payee, payer, payment transaction, processing entity, transactions by acquirers operating in the United Kingdom, and transactions by card issuers operating in the United Kingdom.
- 2.76 In particular, following consultation the fees rules replace the definition of '*transactions issued and acquired in the United Kingdom ... including point of sale and merchant sales volumes in the United Kingdom*' with the following more precise definitions in relation to card payment systems:
- a. In relation to the definition of transactions by acquiring and card issuing PSPs operating in the United Kingdom, the fees rules set out that this includes:
 - i. **On the issuing side**, all transactions on cards issued by **UK-based card issuers** (irrespective of where the cardholder is located or the payment is initiated).
 - ii. **On the acquiring side:**
 1. All transactions acquired by **UK-based acquirers** (irrespective of where these transactions are initiated, where the merchants are located or where the card issuers are based).
 2. All transactions resulting in payments to **merchants located in the UK**, whether through a physical point of sale or e-commerce purchase transaction (irrespective of where the card is issued or where the transaction is acquired). This includes **non-UK-based acquirers** of merchants located in the UK.
 - b. With respect to the types of transaction included in the **transaction volumes**, the fees rules set out that 'transactions' includes:
 - iii. All MasterCard-branded, respectively Visa-branded, transactions irrespective of the processing entity (MasterCard or Visa itself, a third party processing entity or 'on us' transactions).

³⁸ See FEES 9.2.7 and 9.2.10.

³⁹ See FEES 9.2.7A.

- iv. All purchase transactions are included (Point of Sale (POS), Merchant Sales Volumes (MSV) and cash purchase transactions, but cash-only withdrawals are excluded.

- 2.77 All of these additional definitions (set out in the glossary) relate to PSR fees payable by participants in the MasterCard and Visa payment systems, and define more precisely which transactions by acquiring and card issuing PSPs members of the MasterCard or Visa systems operating in the United Kingdom fall within the relevant definitions and trigger liability to pay PSR regulatory fees. The table in *FEES 9 Annex 1R* is also modified to reflect the more precise fee calculation rules for MasterCard and Visa.
- 2.78 The reasons for the modifications to these definitions and fee calculation rules are set out in paragraphs 2.36 to 2.45.

Introducing a minimum transaction volume threshold for card payment systems

- 2.79 The fees rules introduce a **minimum transaction volume threshold**, below which an acquiring or card issuing PSP member of MasterCard or Visa does not need to pay a PSR fee in a given year. The threshold is set as alternatives:
- a. The acquirer has realised fewer than 100,000 'transactions by an acquirer operating in the United Kingdom' in the relevant year, or
 - b. The card issuer has realised fewer than 100,000 'transactions by a card issuer operating in the United Kingdom' in the relevant year, or
 - c. The fee that would be payable by the acquirer or card issuer operating in the United Kingdom (in the absence of the minimum threshold) would be less than £50 in a given fee year.
- 2.80 The transactions by acquiring and issuing PSPs operating in the United Kingdom that fall below the minimum threshold will be excluded from the total MasterCard or Visa transaction volumes used for fee calculation purposes (the 'payment system denominator' in the fees rules). The PSR annual funding requirement allocated to each of the MasterCard and Visa systems will therefore be collected based only on transactions by acquirers and card issuers operating in the United Kingdom who realise larger (100,000 or above) volumes of transactions or who would pay more than £50 in fees in 2015/16 (in the absence of the minimum threshold). This is reflected in the final fees rules.
- 2.81 The minimum transaction volume threshold for card payment systems is introduced through the new *FEES 9.2.1AR*, and consequential amendments to the definition of 'payment system denominator' and *FEES 9.2.1R* and Table A in *FEES 9 Annex 1R*.
- 2.82 The rationale for the threshold is set out in paragraphs 2.46 to 2.54.

Modifying the on-account rule for 2016/17

- 2.83 With respect to the on-account rule, and as described in paragraphs 2.57 – 2.59, the fees rules are modified for 2016/17 so that the level of the 'on-account' payment in 2016/17 is 30%, as opposed to the normal 50%. The transitional fees rule TP 12.3R makes this change for 2016/17 by modifying fees rule *FEES 9.2.2R*.

Assessment of compatibility with FCA duties and PSR regulatory principles

- 2.84 In paragraphs 4.55 to 4.71 of CP15/26 we explained why the consultation proposals were compatible with FCA duties⁴⁰ and PSR regulatory principles.⁴¹ The final rules being issued do not differ in substance from those proposed in Annex 2 of CP15/26, except regarding the modifications set out in paragraphs 2.72 to 2.83 of this Policy Statement.
- 2.85 These changes relate to:
- a. refining the definitions of transactions and fee calculation methodology for card payment systems
 - b. introducing a minimum transaction volume threshold for card payment systems
 - c. modifying the on-account rule for 2016/17
- 2.86 In our opinion, these changes do not alter the overall compatibility assessment set out in CP15/26. For completeness, however, we note the following points regarding the modifications we have introduced for card systems:
- **The need to use our resources in the most efficient and economical way**
- 2.87 The FCA is introducing a minimum transaction volume threshold for card systems based on feedback received that the draft rules might capture some PSPs with very small volumes of relevant UK transactions, where the cost of collecting the fees for the operators may equal or even exceed the amount collected. This would particularly be the case for some non-UK acquirers with very low volumes of acquired UK merchant transactions.
- 2.88 A minimum transaction volume threshold reduces the administrative burden of fee collection for both us and the card systems, without making any material difference to the allocation of PSR fees between PSPs (because the amounts involved are so small).
- **The principle that a burden or restriction should be proportionate to the benefits, considered in general terms, which are expected to result from the imposition of that burden or restriction**
- 2.89 By refining the definition of *'transactions by acquirers and card issuers operating in the UK'* for card systems, the FCA has ensured that only transactions with a sufficient UK nexus are captured. This avoids imposing a fees burden on a large number of direct members of card systems for whom this may not be appropriate (because they have no activities at all in the UK), and reduces the resulting administrative invoicing burden on card systems and us.
- 2.90 This is also supported by the introduction of the minimum transaction volume threshold, by ensuring that the administrative burden on operators of invoicing is not greater than the sum being collected.
- **The desirability of exercising our functions in a way that recognises differences in the nature of the businesses carried on by different persons we regulate**

⁴⁰ Under the Financial Services and Markets Act 2000 (FSMA), as amended by the 2012 Act and FSBRA, the FCA is exempt from the obligation to carry out a cost benefit analysis in relation to PSR fees rules (FSBRA Schedule 4, para 9(9)).

⁴¹ Under s.53 FSBRA.

2.91 The changes introduced in the FCA's final fees rules to refine the definition of *'transactions by acquirers and card issuers operating in the UK'*, and to introduce the minimum threshold, recognise some specific differences in the nature of card systems. For example, merely referring to 'direct members' could capture hundreds of acquirers and issuers who have no activities in the UK. The changes applied to the FCA's final rules recognise these differences and ensure only transactions with a sufficient UK nexus are captured.

- **The principle that we should exercise our functions as transparently as possible**

2.92 The FCA believes this Policy Statement clearly explains why changes to the draft fees rules for card systems are being made. The FCA's approach is intended to minimise the regulatory burden and cost on industry participants, while ensuring a simple and transparent method of both calculating PSR fees payable by each individual direct member in a regulated payment system, and collecting PSR fees (via the regulated payment systems acting as collection agents).

- **Compatibility with the duty to promote effective competition in the interests of consumers**

2.93 Both CP15/26 and the changes that have been made in the FCA's final fees rules demonstrate flexibility in dealing with circumstances unique to different payment systems. The FCA believes this will reduce concerns of other, non-designated payment systems regarding the potential direct financial cost if they were to be designated for FSBRA regulation in future, as well as for potential new direct members of existing regulated payment systems.

Annex 1

Fees instrument giving effect to the ‘indirect billing’ approach and making amendments to the PSR fees rules (*FEES* 1 and 9, *FEES* TP12, and *FEES* 9 Annex 1)

**FEES (PAYMENT SYSTEMS REGULATOR) (INDIRECT BILLING)
INSTRUMENT 2015**

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of:
- (1) the powers in paragraph 9 (Funding) of Schedule 4 (The Payment Systems Regulator) of the Financial Services (Banking Reform) Act 2013 (“FSBRA”); and
 - (2) the following powers and related provisions in the Financial Services and Markets Act 2000 (“the Act”):
 - (a) section 137T (General supplementary powers);
 - (b) section 139A (Power of the FCA to give guidance); and
 - (c) paragraph 23 of schedule 1ZA (Fees).
- B. The rule-making powers listed above are specified for the purpose of paragraph 9 of schedule 4 to FSBRA and section 138G (Rule-making instruments) of the Act.

Commencement

- C. This instrument comes into force on 27 October 2015.

Amendments to the Handbook

- D. The Glossary of definitions is amended in accordance with Annex A to this instrument.
- E. The Fees manual (FEES) is amended in accordance with Annex B to this instrument.

Notes

- F. In the Annexes to this instrument, the “notes” (indicated by “**Note:**”) are included for the convenience of readers but do not form part of the legislative text.

Citation

- G. This instrument may be cited as the Fees (Payment Systems Regulator) (Indirect Billing) Instrument 2015.

By order of the Board
22 October 2015

Annex A

Amendments to the Glossary of definitions

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

Insert the following new definitions in the appropriate alphabetical position. The text is not underlined.

<i>acquirer</i>	a <i>payment service provider</i> contracting with a <i>payee</i> to enable them to accept <i>payment transactions</i> made by means of any card, telecommunication, digital or IT device or software, and which result in a transfer of funds to the <i>payee</i> .
<i>Bacs</i>	the Bacs regulated payment system designated by HM Treasury under section 43 of <i>FSBRA</i> .
<i>C&C</i>	the Cheque & Credit regulated payment system designated by HM Treasury under section 43 of <i>FSBRA</i> .
<i>card issuer</i>	a <i>payment service provider</i> contracting with a <i>payer</i> to enable the latter to initiate a <i>payment transaction</i> , made by means of any card, telecommunication, digital or IT device or software.
<i>card payment system</i>	a <i>regulated payment system</i> that enables a holder of a payment card to effect a payment.
<i>CHAPS</i>	the CHAPS regulated payment system designated by HM Treasury under section 43 of <i>FSBRA</i> .
<i>direct access</i>	access to a <i>regulated payment system</i> to enable a <i>payment service provider</i> to provide services for the purposes of enabling the transfer of funds using the <i>regulated payment system</i> , as a result of arrangements made between that <i>payment service provider</i> and the <i>operator</i> (and other <i>participants</i> , as applicable). [Note: see section 42(6) of <i>FSBRA</i>]
<i>direct payment service provider</i>	any <i>person</i> with <i>direct access</i> to a <i>regulated payment system</i> who provides services to consumers or businesses who are not <i>participants</i> in a <i>regulated payment system</i> , for the purposes of enabling the transfer of funds using that <i>regulated payment system</i> . For the purposes of <i>FEES 9</i> , <i>direct payment service provider</i> includes an <i>acquirer</i> and a <i>card issuer</i> , and does not include the Bank of England.
<i>FPS</i>	the Faster Payments Scheme regulated payment system designated by HM Treasury under section 43 of <i>FSBRA</i> .
<i>LINK</i>	the LINK regulated payment system designated by HM Treasury under section 43 of <i>FSBRA</i> .

<i>MasterCard</i>	the MasterCard regulated payment system designated by HM Treasury under section 43 of <i>FSBRA</i> .
<i>NICC</i>	the Northern Ireland Cheque Clearing regulated payment system designated by HM Treasury under section 43 of <i>FSBRA</i> .
<i>non-card payment system</i>	a <i>regulated payment system</i> other than a <i>card payment system</i> .
<i>'on us' transactions</i>	transactions where the <i>acquirer</i> and <i>card issuer</i> are the same entity.
<i>payee</i>	a <i>person</i> who is the intended recipient of transferred funds.
<i>payer</i>	a <i>person</i> who holds a payment account and allows instructions to be given to transfer funds from that payment account, or who gives instructions to transfer funds.
<i>payment system allocation</i>	for each <i>regulated payment system</i> listed in column 1 of Table A of <i>FEES 9 Annex 1R</i> , the annual allocation of <i>PSR fees</i> specified for that <i>regulated payment system</i> in column 2 of Table A of <i>FEES 9 Annex 1R</i> .
<i>payment system denominator</i>	for each <i>regulated payment system</i> listed in column 1 of Table A of <i>FEES 9 Annex 1R</i> , the figure specified for that <i>regulated payment system</i> in column 6 of Table A and which is also the total <i>transaction volumes</i> for that <i>regulated payment system</i> undertaken by all relevant <i>direct payment service providers</i> in the <i>relevant time period</i> , prior to any adjustment resulting from the application of <i>FEES 9.2.1AR</i> .
<i>payment transaction</i>	an action of transferring funds, initiated by the <i>payer</i> or on its behalf or by the <i>payee</i> , irrespective of any underlying obligations between the <i>payer</i> and the <i>payee</i> .
<i>processing entity</i>	any <i>person</i> providing payment transaction processing services, in terms of the actions required for the handling of a payment instruction between the <i>acquirer</i> and the <i>card issuer</i> in a <i>card payment system</i> .
<i>relevant time period</i>	for each <i>regulated payment system</i> listed in column 1 of Table A of <i>FEES 9 Annex 1R</i> , the time period or date specified for that <i>regulated payment system</i> in column 4 of Table A.
<i>transaction volumes</i>	for each <i>regulated payment system</i> listed in column 1 of Table A of <i>FEES 9 Annex 1R</i> , the number of transfers of funds of the type specified in column 5 of Table A undertaken by a <i>direct payment service provider</i> in the <i>relevant time period</i> .
<i>transactions by acquirers operating in the United Kingdom</i>	all transactions acquired by: <ul style="list-style-type: none"> (a) <i>UK-based acquirers</i> resulting in payments to merchants located

in the *United Kingdom*;

- (b) *UK-based acquirers* resulting in payments to merchants located outside the *United Kingdom*; and
- (c) non-*UK-based acquirers* resulting in payments to merchants located in the *United Kingdom*.

transactions by card issuers operating in the United Kingdom

all transactions on cards issued by *UK-based card issuers*, irrespective of where the cardholder is located or the payment is initiated.

Visa

the Visa Europe regulated payment system designated by HM Treasury under section 43 of *FSBRA*.

Amend the following definitions as shown.

participant

- (a) (except in *FEES 9*) (in accordance with section 235(2) of the *Act* (~~*Collective investment*~~ *Collective investment* schemes)) a *person* who participates in a *collective investment scheme*.
- (b) (in *FEES 9*) in relation to a regulated payment system, any operator, payment service provider and infrastructure provider to that regulated payment system.

[**Note:** see section 42(2) of *FSBRA*]

payment service provider

...

- (3) (in *FEES 9*) any person with access to a regulated payment system who provides services to consumers or businesses who are not participants in a regulated payment system, for the purposes of enabling the transfer of funds using that regulated payment system. For the purposes of *FEES 9*, the Bank of England is not considered a payment service provider.

payment system

- (a) (in accordance with section 41 of *FSBRA*), a system which is operated by one or more *persons* in the course of business for the purpose of enabling *persons* to make transfers of funds, and includes a system which is designed to facilitate the transfer of funds using another payment system;
- (b) but “payment system” does not include:
 - (i) any arrangements for the physical movement of cash;
 - (ii) a system which does not make any provision for the transfer of funds by payers, or to recipients, in the *United Kingdom*;

- (iii) ~~a securities settlement system operated by a *person* approved under regulations made under section 785 of the Companies Act 2006 (provisions enabling procedures for evidencing the transferring title);~~
- (iv) ~~a system operated by a *recognised clearing house*;~~
- (v) ~~any other system whose primary purpose is not that of enabling *persons* to transfer funds.~~

[Note: section 42(3) of *FSBRA*]

PSR the Payment Systems Regulator Limited, the *body corporate* established by the *FCA* under section 40(1) of *FSBRA*.

PSR fee the fee payable to the *FCA* by an ~~operator of a regulated payment system~~ a direct payment service provider under *FEES* 9.2.1R.

Annex B

Amendments to the Fees manual (FEES)

In this Annex, underlining indicates new text and striking through indicates deleted text, unless otherwise stated.

1 Fees Manual

1.1 Application and purpose

...

Application

...

- 1.1.2A R *FEES 1 and FEES 9 apply to ~~an operator~~ operators of a regulated payment ~~system~~ systems and direct payment service providers.*

...

9 Payment Systems Regulator funding

9.1 Application and purpose

Application

- 9.1.1 R This chapter applies to ~~an operator~~ operators of a regulated payment ~~system~~ systems and direct payment service providers.

Purpose

- 9.1.2 G This chapter sets out the fee payable by ~~an operator of a regulated payment system~~ a direct payment service provider to establish and fund the PSR.

...

- 9.1.4 G (1) Paragraph 9 of Schedule 4 of *FSBRA* allows the *FCA* to make *rules* requiring ~~participants~~ participants in regulated payment systems to pay the *FCA* specified amounts or amounts calculated in a specified way to:

...

...

...

9.2 PSR fees

Obligation to pay PSR fees

9.2.1 R ~~An operator of a regulated payment system~~ A direct payment service provider, acquirer or card issuer must pay the ~~applicable PSR fee fees~~ applicable to it and calculated as set out in FEES 9 Annex 1R:

- (1) in full and without deduction; and
- (2) in accordance with this chapter, subject to FEES 9.2.1AR.

9.2.1.A R If either of the following tests is met by an acquirer or card issuer in any given fee year, the transaction volumes attributable to that acquirer or card issuer are not be included in the payment system denominator for that card payment system for that fee year, and that acquirer or card issuer is not required to pay any PSR fee for that fee year where:

- (1) the PSR fee for that acquirer or card issuer calculated as set out in FEES 9 Annex 1R would be less than £50 for the current fee year if FEES 9.2.1AR were not applied; or
- (2) for an acquirer, less than 100,000 transactions by an acquirer operating in the United Kingdom were realised in the relevant time period; or
- (3) for a card issuer, less than 100,000 transactions by a card issuer operating in the United Kingdom were realised in the relevant time period.

Time of payment

9.2.2 R ~~If an operator of a regulated payment system's fee~~ the PSR fee paid by a direct payment service provider for the previous fee year for a particular regulated payment system was at least £50,000 £20,000, that operator direct payment service provider must pay:

- (1) an amount equal to 50% of the PSR fee payable for the previous fee year, by ~~30~~ 15 April in the current fee year; and
- (2) the balance of the PSR fee due by ~~1 September~~ 15 August in the current fee year.

9.2.2A R The operator of each regulated payment system must pay the amounts collected (as collection agent for the FCA) under FEES 9.2.2R to the FCA by the following dates:

- (1) 30 April in the current fee year;
- (2) 1 September in the current fee year.

9.2.3 R ~~If an operator of a regulated payment system's fee~~ the PSR fee paid by a direct payment service provider for a particular regulated payment system for the previous fee year was less than £50,000 £20,000, the operator of that regulated payment system direct payment service provider must pay its PSR fee in full:

- (1) by ~~1~~ 15 August in the current fee year; or

- (2) if later, within 30 *days* of the date of the invoice ~~in the current *fee year*.~~

~~[**Note:** Transitional provisions apply to both *FEES* 9.2.2R and *FEES* 9.2.3R: see *FEES* TP 12.]~~

9.2.3A R The operator of each regulated payment system must pay the amounts collected (as collection agent for the FCA) under *FEES* 9.2.3R to the FCA by the following date:

- (1) 30 August in the current *fee year*; or
- (2) if later, within 15 *days* of the date payment of an amount in respect of *PSR fees* is received by the operator from a *direct payment service provider*.

[**Note:** Transitional provisions apply to *FEES* 9.2.2R to *FEES* 9.2.3AR inclusive: see *FEES* TP 12.]

Method of payment and invoicing

9.2.4 G An operator of a regulated payment system A direct payment service provider should pay its fees by electronic credit transfer and should notify the FCA operator to whom it is paying the relevant *PSR fee* if it intends to pay in another way.

9.2.4A R A direct payment service provider must pay its *PSR fees* to the operator (acting as collection agent for the FCA) of the regulated payment system to which the fee relates.

9.2.4B R The operator of a regulated payment system, acting as collection agent for the FCA, must pay to the FCA the amounts it receives from or on behalf of direct payment service providers under *FEES* 9.2.4AR.

9.2.4C R With respect to invoices for *PSR fees*:

(1) the operator of each regulated payment system must issue invoices to its direct payment service providers for the amount of the *PSR fee* relating to each direct payment service provider for their participation in that regulated payment system;

(2) invoices must be separate invoices which include only the amount of the *PSR fee* applicable to each direct payment service provider, and must include no other charges, fees, administrative or handling fees;

(3) invoices must be issued by the operator on a sufficiently timely basis to enable the direct payment service providers to pay *PSR fees* to the operator (acting as collection agent for the FCA) by the dates specified in *FEES* 9.2.2R and 9.2.3R.

9.2.4D R (1) The operator of a regulated payment system must provide to the PSR, for each of its direct payment service providers, a copy of:

(a) its calculations (as specified in column 3 of Table A of FEES 9 Annex 1R); and

(b) the underlying data (as specified in column 5 of Table A of FEES 9 Annex 1R).

(2) The operator of a regulated payment system must provide the information in (1) no later than the date it issues invoices to direct payment service providers in accordance with FEES 9.2.4CR.

9.2.4E G An operator of a regulated payment system should pay the amounts due to the FCA under FEES 9.2.4BR by electronic credit transfer and should notify the FCA if it intends to pay in another way.

Regulated payment systems ceasing to be a designated payment system Ceasing to be designated as a regulated payment system and ceasing to be a direct payment system provider of a regulated payment system

9.2.5 G The FCA will not relieve or refund a PSR fee if a payment system ceases to be a regulated payment system, or if a person ceases to be a direct payment service provider of a regulated payment system, after the start of that fee year.

9.2.6 R If a payment system ceases to be a regulated payment system, ~~the operator~~ all direct payment service providers of that system must pay any outstanding PSR fees before ~~it~~ the system ceases to hold that status.

9.2.6A R If a person ceases to be a direct payment service provider of a regulated payment system, it must pay any outstanding PSR fees in respect of that system, before it ceases to be a direct payment system provider of the system.

Late payments

9.2.7 R If ~~an operator of a regulated payment system~~ a direct payment service provider does not pay the total amount of its PSR fees before the end of the date on which it is due, it must pay to the FCA:

- (1) an administrative fee of £250; plus
- (2) interest on any unpaid part of the fee at an annual rate of 5% above the Official Bank Rate from time to time in force, accruing daily from the date on which the amount concerned became due.

9.2.7A G (1) The FCA may recover a PSR fee as a debt owed to it under paragraph 23 (8) of Schedule 1ZA of the Act.

(2) The FCA will consider taking action for the recovery (including interest) through the civil courts.

Reduction, remission and repayment of fees

...

- 9.2.10 G The *FCA* will not consider a claim to refund a *PSR fee* due to a mistake of fact or law by the fee paying ~~*operator of a regulated payment system*~~ *direct payment service provider* if the claim is made more than two years after the beginning of the *fee year* to which the fee relates.

...

[continued]

9 Annex 1R PSR fees for the period 1 April 2015 to 31 March 2016

The table below shows the *PSR fee* applicable to the ~~operator~~ *direct payment system providers, acquirers and card issuers* of each *regulated payment system*.

Table A

Name of regulated payment system	Amount payable by the relevant operator (£)
{tbc}	{tbc}

Substitute the following new table for the table in 9 Annex 1R. The text is not underlined.

Regulated payment system (column 1)	Payment system allocation for 2015/16 (£) (column 2)	Calculation methodology for PSR fee payable by direct payment service providers, acquirers and card issuers of regulated payment systems (column 3)	Relevant time period (column 4)	Relevant transaction volumes or shareholdings, as applicable (column 5)	Payment system denominator (column 6) (rounded to the nearest '000)
<i>Bacs</i>	4,014,300	The <i>PSR fee</i> is calculated for each individual <i>direct payment service provider</i> proportionally to the <i>transaction volumes</i> processed on behalf of that <i>direct payment service provider</i> through the <i>regulated payment system</i> in question during the <i>relevant time period</i> . The calculation formula is: <i>payment system allocation</i> multiplied by <i>direct payment service provider's</i>	1 January to 31 December 2014	All transactions processed through the <i>Bacs regulated payment system</i> .	5,840,932,000
<i>C&C</i>	3,905,400		1 October 2014 to 31 March 2015	All transactions including 'in clearing' and 'out clearing' transactions for GBP, USD and EUR processed through the <i>C&C regulated payment system</i> .	471,660,000
<i>CHAPS</i>	4,014,300		1 January to 31 December 2014	All MT103 and MT202 transactions processed through the <i>CHAPS regulated payment system</i> .	36,454,000
<i>FPS</i>	4,014,300		1 June 2014 to 31 May 2015	All transactions processed through the <i>FPS regulated payment system</i> .	1,154,701,000
<i>LINK</i>	4,014,300		1 January to 31 December 2014	All transactions issued and acquired under the <i>LINK regulated payment system</i> , including GBP cash	6,298,014,000

Regulated payment system (column 1)	Payment system allocation for 2015/16 (£) (column 2)	Calculation methodology for PSR fee payable by direct payment service providers, acquirers and card issuers of regulated payment systems (column 3)	Relevant time period (column 4)	Relevant transaction volumes or shareholdings, as applicable (column 5)	Payment system denominator (column 6) (rounded to the nearest '000)
		<i>transaction volumes</i> divided by <i>payment system denominator</i> .		withdrawals, foreign currency dispenses, balance enquiries, PIN management, charity donations, non-cash transactions and mobile payment transactions, but excluding ' <i>on us</i> ' transactions. Both issuing and acquiring transactions are taken into account.	
MasterCard	4,014,300	The PSR fee is calculated for each individual acquirer and card issuer proportionally to the relevant <i>transaction volumes</i> under the regulated card payment system in question during the <i>relevant time period</i> . The calculation formula is: <i>payment system allocation</i> multiplied by <i>acquirer or card issuer's relevant transaction volumes</i> divided by <i>payment system denominator</i> .	1 January to 31 December 2014	All transactions by acquirers and card issuers operating in the United Kingdom under the MasterCard regulated payment system, including point of sale transactions, merchant sales volumes, and cash purchase transactions on cards, but excluding cash-only withdrawals. All MasterCard-branded transactions are included irrespective of the processing entity (MasterCard itself, a third party processing entity or ' <i>on us</i> ' transactions).	4,612,855,000 (prior to any adjustment resulting from the application of FEES 9.2.1AR)
Visa	4,014,300	The calculation formula is: <i>payment system allocation</i> multiplied by <i>acquirer or card issuer's relevant transaction volumes</i> divided by <i>payment system denominator</i> .	1 January to 31 December 2014	All transactions by acquirers and card issuers operating in the United Kingdom under the Visa regulated payment system, including point of sale transactions, merchant sales volumes, and cash purchase transactions on cards, but excluding cash-only withdrawals. All Visa-branded transactions are included irrespective of the processing entity (Visa itself, a third party processing entity or ' <i>on us</i> ' transactions).	21,843,411,000 (prior to any adjustment resulting from the application of FEES 9.2.1AR)

Regulated payment system (column 1)	Payment system allocation for 2015/16 (£) (column 2)	Calculation methodology for PSR fee payable by direct payment service providers, acquirers and card issuers of regulated payment systems (column 3)	Relevant time period (column 4)	Relevant transaction volumes or shareholdings, as applicable (column 5)	Payment system denominator (column 6) (rounded to the nearest '000)
NICC	108,900	<p>The <i>PSR fee</i> is calculated for each <i>direct payment service provider</i> proportionally to its <i>shareholding</i> in the <i>operator</i> of the <i>NICC regulated payment system</i> during the <i>relevant time period</i>.</p> <p>The calculation formula is: <i>payment system allocation</i> multiplied by <i>direct payment service provider's shareholding</i> in the capital of the Belfast Bankers' Clearing Company Ltd (expressed as a percentage).</p>	31 December 2014	All shareholdings held in Belfast Bankers' Clearing Company Ltd, the <i>operator</i> of the <i>NICC regulated payment system</i> .	Not applicable

Amend the following as shown.

TP 12 Transitional provisions relating to operators of regulated payment systems direct payment service providers

(1)	(2) Material to which the transitional provision applies	(3)	(4) Transitional provision	(5) Transitional provision: dates in force	(6) Handbook provision: coming into force
12.1	<i>FEES</i> 9.2.2R and <i>FEES</i> 9.2.3R	R	<p>Replace the current <i>FEES</i> 9.2.2R and <i>FEES</i> 9.2.3R with the following:</p> <p><i>“An operator of a regulated payment system A direct payment service provider, acquirer or card issuer must pay its PSR fee in full to the operator (acting as collection agent for the FCA) of the regulated payment system to which the PSR fee relates by no later than 1 August 2015 10 December 2015 or, if later, within 30 days of the date of the invoice to which the PSR fee relates.”</i></p>	From 1 April 2015 until 31 March 2016	1 April 27 <u>October 2015</u>
<u>12.2</u>	<u><i>FEES</i> 9.2.2AR and <i>FEES</i> 9.2.3AR</u>	R	<p>Replace the current <i>FEES</i> 9.2.2AR and <i>FEES</i> 9.2.3R with the following:</p> <p><i>“The operator of each regulated payment system must pay the amounts collected in respect of PSR fees (acting as collection agent for the FCA) pursuant to <i>FEES</i> 9.2.4AR to the FCA by no later than 21 December 2015.”</i></p>	<u>From 1 April 2015 until 31 March 2016</u>	<u>27 October 2015</u>

<u>12.3</u>	<u>FEES 9.2.2R</u>	<u>R</u>	<p>Replace the current <u>FEES 9.2.2R</u> with the following:</p> <p><u>“If the <i>PSR fee</i> paid by a <i>direct payment service provider, acquirer or card issuer</i> for the previous <i>fee year</i> for a particular <i>regulated payment system</i> was at least £20,000, that <i>direct payment service provider, acquirer or card issuer</i> must pay:</u></p> <p>(1) <u>an amount equal to 30% of the <i>PSR fee</i> payable for the 2015/16 <i>fee year</i>, by 15 April 2016; and</u></p> <p>(2) <u>the balance of the <i>PSR fee</i> due for 2016/17 by 15 August 2016.”</u></p>	From <u>1 April 2016</u> until <u>31 March 2017</u>	<u>27 October 2015</u>
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Annex 2 Glossary

Glossary

This table includes the glossary and abbreviations used for the purposes of this Policy Statement on 2015/16 PSR regulatory fees.

Expressions which are defined in the fees rules are italicised in the table (for example, '*direct payment service provider*').

Term or abbreviation	Description
Acquirer (acquiring PSP)	<i>A payment service provider contracting with a payee to enable them to accept payment transactions made by means of any card, telecommunication, digital or IT device or software, and which result in a transfer of funds to the payee</i>
AFR	Annual funding requirement
Allocation	The methodology whereby the PSR AFR is allocated across regulated payment systems to be recovered
Bacs	<i>The Bacs regulated payment system designated by HM Treasury under section 43 of FSBRA</i> (The regulated payment system which processes payments through two principal electronic payment schemes: Direct Debit and Bacs Direct Credit. The payment system is operated by Bacs Payment Schemes Limited (BPSL).)
'billing operators' approach	The approach to raising PSR fees whereby PSR fees are levied on operators of regulated payment systems, as set out in CP14/26 and CP14/15
C&C (Cheque & Credit)	<i>The Cheque & Credit regulated payment system designated by HM Treasury under section 43 of FSBRA</i> (The regulated payment system in England, Scotland and Wales that processes cheques and other paper instruments. It is operated by Cheque and Credit Clearing Company Limited (C&CCCL).)
CA98	Competition Act 1998
calculation (fee calculation)	The methodology whereby the PSR AFR allocated to a specific regulated payment system is calculated for an individual direct member (part of the 'indirect billing' approach)
card issuer (card issuing PSP)	<i>A payment service provider contracting with a payer to enable the latter to initiate a payment transaction, made by means of any card, telecommunication, digital or IT device or software</i>
card payment system	<i>A regulated payment system that enables a holder of a payment card to effect a payment</i>

CHAPS (Clearing House Automated Payment System)	<i>The CHAPS regulated payment system designated by HM Treasury under section 43 of FSBRA (The UK's real-time, high-value sterling regulated payment system, where payments are settled over the Bank of England's Real Time Gross Settlement (RTGS) system. It is operated by CHAPS Co.)</i>
collection (fee collection)	<i>The methodology whereby the operators act as collection agents for the PSR fee (part of the 'indirect billing' approach)</i>
CP14/26	<i>'Regulatory fees and levies: policy proposals for 2015/16' – a document published in November 2014 at https://www.psr.org.uk/psr-publications/consultations/cp-14.26-fees-levies</i>
CP15/14	<i>'FCA Regulated fees and levies: Rates proposals 2015/16' – a document published in March 2015 at https://www.psr.org.uk/cp15-14-fca-reg-fees-levies-rates-proposals-15-16</i>
CP15/26	<i>'PSR regulatory fees 2015/16' – a document published in August 2015 at https://www.psr.org.uk/about-psr/how-psr-funded and http://fca.org.uk/</i>
CPMI IOSCO Principles	<i>Principles for Financial Market Infrastructures published by CPSS-IOSCO in April 2012. These were adopted as principles by the Bank of England under section 188 of the Banking Act 2009 for payment systems recognised by the Bank (i.e. Bacs, CHAPS, FPS and Visa)</i>
direct access	<i>Access to a regulated payment system to enable a payment service provider to provide services for the purposes of enabling the transfer of funds using the regulated payment system, as a result of arrangements made between that payment service provider and the operator (and other participants, as applicable). See also s.42(6) FSBRA</i>
'direct billing' approach	<i>The approach to raising PSR fees whereby PSR fees are invoiced directly on participants in regulated payment systems</i>
direct payment service provider (also referred to as a 'direct member' of a regulated payment system)	<i>Any person with direct access to a regulated payment system who provides services to consumers or businesses who are not participants in a regulated payment system, for the purposes of enabling the transfer of funds using that regulated payment system. For the purposes of FEES 9, direct payment service provider includes an acquirer and a card issuer, and does not include the Bank of England.</i>
EA02	<i>Enterprise Act 2002</i>
FCA	<i>Financial Conduct Authority</i>
FEES 9	<i>PSR fees rules included in the FCA Fees Manual (FEES) at FEES 9 (http://fshandbook.info/FS/html/FCA/FEES/9)</i>

FPS (Faster Payments Scheme)	<i>The Faster Payments Scheme regulated payment system designated by HM Treasury under section 43 of FSBRA</i> (The regulated payment system that provides near real-time payments as well as Standing Orders. It is operated by Faster Payments Scheme Limited (FPSL).)
FSBRA	<i>Financial Services (Banking Reform) Act 2013</i>
FSMA	<i>Financial Services and Markets Act 2000</i>
HMRC	Her Majesty's Revenue & Customs
HMRC ruling	HMRC ruling dated 9 August 2015 to the PSR on VAT treatment of Payment Systems Regulator (PSR) fees
'indirect billing' approach	The approach to raising PSR fees whereby PSR fees are levied on direct members of Bacs, CHAPS, C&C, FPS, LINK or NICC, and on acquiring and issuing PSPs that are members of MasterCard or Visa operating in the United Kingdom, and are collected on behalf of the FCA and PSR by operators acting as collection agents (fee collection methodology). The operators also issue invoices for the PSR fees determined for individual direct members using the fee calculation methodology. See Chapter 4 of CP15/26.
LINK	<i>The LINK regulated payment system designated by HM Treasury under section 43 of FSBRA</i> (The regulated payment system which enables end users to take cash out of their accounts (amongst other activities) using the network of ATMs in the UK. It is operated by LINK Scheme.)
MasterCard	<i>The MasterCard regulated payment system designated by HM Treasury under section 43 of FSBRA</i> (The regulated payment system supporting payments made by cards and operated by MasterCard Inc.)
NICC (Northern Ireland Cheque Clearing)	<i>The Northern Ireland Cheque Clearing regulated payment system designated by HM Treasury under section 43 of FSBRA</i> (The regulated payment system in Northern Ireland that processes cheques and other paper instruments. It is operated by Belfast Bankers' Clearing Company Ltd)
non-card payment system	<i>A regulated payment system other than a card payment system</i>
'on us' transactions	<i>Transactions where the acquirer and card issuer are the same entity</i>
operator	<i>In relation to a payment system, any person with responsibility under a payment system for managing or operating it; and any reference to the operation of a payment system includes a reference to its management. See also s.42(3) FSBRA.</i>
ORA	Ongoing regulatory activity
participants	<i>In relation to a regulated payment system, any operator, payment service provider and infrastructure provider to a regulated payment system. See also s.42(2) FSBRA.</i>

payee	<i>A person who is the intended recipient of transferred funds</i>
payer	<i>A person who holds a payment account and allows instructions to be given to transfer funds from that payment account, or who gives instructions to transfer funds</i>
payment service provider (PSP)	<i>Any person who provides services to consumers or businesses who are not participants in the system, for the purposes of enabling the transfer of funds using that payment system. For the purposes of FEES 9, the Bank of England is not considered a payment service provider (See also s.42(5) FSBRA).</i> <i>(This includes direct PSPs and indirect PSPs)</i>
payment system	<i>A system which is operated by one or more persons in the course of business for the purpose of enabling persons to make transfers of funds, and includes a system which is designed to facilitate the transfer of funds using another payment system (in accordance with section 41 of FSBRA)</i>
payment system allocation	<i>For each regulated payment system listed in column 1 of Table A of FEES 9 Annex 1R, the allocation of PSR fees specified for that regulated payment system in column 2 of Table A of FEES 9 Annex 1R</i>
payment system denominator	<i>For each regulated payment system listed in column 1 of Table A of FEES 9 Annex 1R, the figure specified for that regulated payment system in column 6 of Table A and which is also the total transaction volumes for that regulated payment system undertaken by all relevant direct payment service providers in the relevant time period, prior to any adjustment resulting from the application of FEES 9.2.1AR</i>
payment transaction	<i>An action of transferring funds, initiated by the payer or on its behalf or by the payee, irrespective of any underlying obligations between the payer and the payee</i>
person	<i>(In accordance with the Interpretation Act 1978) any person, including a body of persons corporate or unincorporate (that is, a natural person, a legal person and, for example, a partnership)</i>
processing entity	<i>Any person providing payment transaction processing services, in terms of the actions required for the handling of a payment instruction between the acquirer and the card issuer in a card payment system</i>
PS15/15	<i>'FCA regulated fees and levies 2015/16' – a document published in June 2015 at http://www.fca.org.uk/news/ps15-15-fca-regulated-fees-and-levies</i>
PS15/25	<i>'PSR regulatory fees 2015/16' – a document published in October 2015 at https://www.psr.org.uk/about-psr/how-psr-funded and www.fca.org.uk</i>
PSR	<i>The Payment Systems Regulator Limited, the body corporate established by the FCA under section 40(1) of FSBRA</i>

PSR fee (also referred to as PSR regulatory fee)	<i>The fee payable by a direct payment service provider under FEES 9.2.1R</i>
recognised payment systems	Systems regulated for financial stability purposes by the Bank of England pursuant to the Banking Act 2009. As of the date of publication, the regulated payment systems which are also recognised payment systems are Bacs, CHAPS, FPS and Visa.
regulated payment system	<i>Any payment systems designated by the Treasury in accordance with s.43 FSBRA. As of the date of publication this includes Bacs, C&C, CHAPS, FPS, LINK, NICC, MasterCard and Visa.</i>
relevant time period	<i>For each regulated payment system listed in column 1 of Table A of FEES 9 Annex 1R, the time period or date specified for that regulated payment system in column 4 of Table A</i>
service-user	Those who use, or are likely to use, services provided by payment systems
Supplementary Paper	<i>'Supplementary Paper to FCA CP15/14 on PSR fees'</i> – a document published in May 2015 – available at https://www.psr.org.uk/supplementary-document-fca-cp-1514-psr-fees
transaction volumes	<i>For each regulated payment system listed in column 1 of Table A of FEES 9 Annex 1R, the number of transfers of funds of the type specified in column 5 of Table A undertaken by a direct payment service provider in the relevant time period</i>
transactions by acquirers operating in the United Kingdom	All transactions acquired by: (a) UK-based acquirers resulting in payments to merchants located in the United Kingdom (b) UK-based acquirers resulting in payments to merchants located outside the United Kingdom, and (c) non-UK-based acquirers resulting in payments to merchants located in the United Kingdom
transactions by card issuers operating in the United Kingdom	<i>All transactions on cards issued by UK-based card issuers, irrespective of where the cardholder is located or the payment is initiated</i>
(the) Treasury	Her Majesty's Treasury
Visa (Visa Europe)	<i>The Visa Europe regulated payment system designated by HM Treasury under section 43 of FSBRA</i> (The regulated payment system supporting payments made by cards and operated by Visa Europe and Visa UK Limited)

Annex 3

List of non-confidential respondents

List of non-confidential respondents

The following participants in regulated payment systems submitted non-confidential responses to our consultation CP15/26:

- Bacs
- Barclays
- C&C
- CHAPS
- Clydesdale Bank/Yorkshire Bank
- FPS
- LINK
- MasterCard
- Nationwide
- NICC
- Visa

We also received a confidential response from a PSP.