

**FEES (PAYMENT SYSTEMS REGULATOR) INSTRUMENT (No 6) 2018**

**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”);
  - (2) the powers in and under Regulation 15 of The Payment Card Interchange Fee Regulations 2015 (SI 2015/1911);
  - (3) the powers in and under Regulation 136 of the Payment Services Regulations 2017 (SI 2017/752); and
  - (4) 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 (Fees) in Part 3 (Penalties and Fees) of Schedule 1ZA (The Financial Conduct Authority).
- 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 1 April 2018.

**Amendments to the Handbook**

- D. The Glossary 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.

**Citation**

- F. This instrument may be cited as the Fees (Payment Systems Regulator) Instrument (No 6) 2018.

By order of the Board  
22 March 2018

## 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>operator acting as a PSR fee payer</i>	an operator of a <i>card payment system</i> or an <i>IFR card payment system</i> acting as an <i>acquirer</i> , as a <i>card issuer</i> or as both an <i>acquirer</i> and <i>card issuer</i> in that <i>payment system</i> .
<i>PSR fee payer</i>	a <i>direct payment service provider</i> , or an <i>operator acting as a PSR fee payer</i> , eligible to pay a <i>PSR fee</i> in accordance with <i>FEES 9.2.1R</i> .
<i>transaction values</i>	for each <i>payment system</i> listed in column 1 of the table in <i>FEES 9 Annex 1R</i> the total value of the transfers of funds of the type specified in column 2 of the table undertaken by each <i>PSR fee payer</i> in the <i>relevant time period</i> .

Amend the following definitions as shown.

<i>operator</i>	...  (3) (in <i>FEES 1</i> and <i>FEES 9</i> ), any <i>person</i> with responsibility under a <i>payment system</i> for managing or operating it; and any reference to the operation of a <i>payment system</i> includes a reference to its management. <u>It does not include the Bank of England.</u>
<i>PSR fee</i>	the fee payable by a <del><i>direct payment service provider</i></del> or an <del><i>operator of an IFR card payment system</i></del> <u><i>PSR fee payer</i></u> under <i>FEES 9.2.1R</i> .
<i>relevant time period</i>	(a) for each <del><i>regulated payment system</i></del> listed in column 1 of <del>Table A of the table in</del> <u><i>FEES 9 Annex 1R</i></u> , the time period or date specified for that <del><i>regulated payment system</i></del> in column 4 <del>3</del> of <del>Table A</del> <u>the table</u> .  (b) for each <del><i>IFR card payment system</i></del> listed in column 1 of <del>Table C of</del> <u><i>FEES 9 Annex 1R</i></u> , the time period specified for that <del><i>IFR card payment system</i></del> in column 2 of <del>Table B</del> and column 4 of <del>Table C of</del> <u><i>FEES 9 Annex 1R</i></u> .
<i>transaction volumes</i>	(a) for each <del><i>regulated payment system</i></del> listed in column 1 of <del>Table A of the table in</del> <u><i>FEES 9 Annex 1R</i></u> , the <u>total</u> number of transfers of funds of the type specified in column 5 <del>2</del> of <del>Table A</del> <u>the table</u> undertaken by a <del><i>direct payment service provider</i></del> <u>each <i>PSR fee</i></u>

*payer* in the *relevant time period*.

- (b) ~~for each *IFR card payment system* listed in column 1 of Table C of *FEES 9 Annex 1R*, the number of transfers of funds of the type specified in column 1 of Table B and column 5 of Table C of *FEES 9 Annex 1R* undertaken in the *relevant time period* by:~~
- ~~(i) an *acquirer*; or~~
  - ~~(ii) a *card issuer*; or~~
  - ~~(iii) an *operator* of an *IFR card payment system* acting as such an *acquirer* or *card issuer*.~~

Delete the following definitions. The text is not shown struck through.

- payment system allocation*
- (a) for each *regulated payment system* listed in column 1 of Table A of *FEES 9 Annex 1R*, the annual allocation of *PSR fees* specified for that *regulated payment system* in column 2 of Table A of *FEES 9 Annex 1R*.
  - (b) for each *IFR card payment system* listed in column 1 of Table C of *FEES 9 Annex 1R*, the annual allocation of *PSR fees* specified for that *IFR card payment system* in column 2 of Table C of *FEES 9 Annex 1R*.
- payment system denominator*
- (a) 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*.
  - (b) for each *IFR card payment system* listed in column 1 of Table C of *FEES 9 Annex 1R*, the figure specified for that *IFR card payment system* in column 4 of Table B and column 6 of Table C of *FEES 9 Annex 1R*, and which is also the total *transaction volumes* for that *IFR card payment system* undertaken by all relevant *acquirers*, *card issuers* and *operators* acting as such *acquirers* or *card issuers* in the *relevant time period*, prior to any adjustment resulting from the application of *FEES 9.2.1CR*.

## Annex B

### Amendments to the Fees manual (FEES)

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

## 9 Payment Systems Regulator funding

### 9.1 Application and purpose

...

#### Purpose

- 9.1.2 G This chapter sets out the fee payable by ~~a direct payment service provider or an operator of an IFR card payment system~~ PSR fee payers, to establish and fund the *PSR*.

#### Introduction

- 9.1.3 G Section 40(1) of *FSBRA* (The Payment Systems Regulator) requires the *FCA* to establish the *PSR*.

- 9.1.4 G (1) Paragraph 9 of Schedule 4 of *FSBRA* and the *2015 Interchange Regulations* applying *FSBRA* in a modified form and the *Payment Services Regulations* applying *FSBRA* in a modified form allow the *FCA* to make *rules* requiring *participants* in *regulated payment systems* and *IFR card payment systems* to pay the *FCA* specified amounts or amounts calculated in a specified way to:
- (a) meet the relevant costs referred to in (2) below; and
  - (b) enable the *PSR* to maintain adequate reserves.
- (1A) ~~The specified amount or amounts calculated in a specific way in (1) are *PSR fees* which are levied for the funding of the *PSR's* functions and activities in relation to:~~
- ~~(a) *regulated payment systems* on *participants* in *regulated payment systems*; and~~
  - ~~(b) the *IFR* on *regulated persons* [deleted]~~

...

...

#### Annual budget and annual plan

- 9.1.8 G (1) *PSR fees* will vary from year to year, depending on the *PSR's* annual plan and budget.
- (2) These details are in *FEES 9 Annex 1R*.
- (3) The *FCA* and *PSR* will prepare and consult on new details for each *fee year*.

## 9.2 PSR fees

### Obligation to pay PSR fees

- 9.2.1 R *A direct payment service provider, acquirer, card issuer or operator of an IFR card payment system PSR fee payer* must pay to the *FCA* the *PSR fees* applicable to it and calculated ~~as set out in~~ by the *FCA* in accordance with *FEES 9 Annex 1R*:
- (1) in full and without deduction; and
- (2) in accordance with this chapter, subject to:
- (a) *FEES 9.2.1AR*;
- (b) *FEES 9.2.1CR*; and
- (c) *FEES 9.2.1DR*; and
- (d) ~~*FEES 9.2.1FR*~~.
- 9.2.1A R ~~If either of the following tests is met by an acquirer or card issuer in a card payment system in any given fee year, the transaction volumes attributable to that acquirer or card issuer are not to 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 in respect of the payment system allocation to that card payment system 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 for that card payment system if *FEES 9.2.1AR* were not applied; or~~ A *PSR fee payer* is not required to pay any *PSR fee* in accordance with *FEES 9.2.1R* where, in the opinion of the *FCA* and *PSR*, the costs of collection would be disproportionate to the amount payable.
- (2) ~~a direct payment service provider in that card payment system realises in total less than 100,000 transactions by an acquirer operating in the United Kingdom plus transactions by a card issuer operating in the United Kingdom in the relevant time period. If (1) applies in any given fee year, the transaction volumes and transaction values attributable to that PSR fee payer are not to be included in the sum of all PSR fee payers' relevant transactions set~~

out in columns 4 and 5 of the table in FEES 9 Annex 1R for that fee year.

(3) [deleted]

...

9.2.1C R (1) ~~If an acquirer or card issuer meets either of the following tests in an IFR card payment system in any given fee year, the transaction volumes attributable to that acquirer or card issuer are not to be included in the payment system denominator for that IFR card payment system for that fee year, and that acquirer or card issuer is not required to pay any PSR fee in respect of the payment system allocation to that IFR card payment system for that fee year where: An operator acting as a PSR fee payer must pay the entire PSR fee for the relevant card payment system or IFR card payment system for that fee year.~~

(a) ~~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 for that IFR card payment system if FEES 9.2.1CR were not applied; or~~

(b) ~~a direct payment service provider in that IFR card payment system realises in total less than 100,000 IFR transactions by an acquirer operating in the United Kingdom plus IFR transactions by a card issuer operating in the United Kingdom in the relevant time period.~~

(2) ~~If the total number of IFR transactions by an acquirer operating in the United Kingdom plus IFR transactions by a card issuer operating in the United Kingdom under a given IFR card payment system in the relevant time period amount to less than 100,000, no payment system allocation must be made to that IFR card payment system for the relevant fee year, and the acquirers, card issuers and operator in that IFR card payment system are not required to pay any PSR fee in respect of that IFR card payment system for that fee year.~~

9.2.1D R ~~If there is a payment system allocation for a given fee year to an IFR card payment system (as set out in Table C of FEES 9 Annex 1R), and none of the acquirers and card issuers in that IFR card system is required to pay any PSR fee for that fee year as a result of the application of FEES 9.2.1CR(1), then the operator of that IFR card payment system must pay the entire payment system allocation for that IFR card payment system as PSR fees for that fee year. Where FEES 9.2.1CR applies, no other acquirers or card issuers are required to pay any PSR fee for that card payment system or IFR card payment system in accordance with FEES 9.2.1R.~~

9.2.1E R If:

(1) there is a payment system allocation for a given fee year to a card

~~payment system or to an IFR card payment system (in either Table A or Table C of FEES 9 Annex 1R respectively); and~~

- (2) ~~the operator of that payment system is acting as an acquirer, as a card issuer or as both an acquirer and card issuer in that card payment system or IFR card system;~~

~~that operator must pay the entire payment system allocation for that card payment system or IFR payment system as PSR fees for that fee year. [deleted]~~

9.2.1F R ~~Where FEES 9.2.1ER applies, no other acquirers or card issuers are required to pay any PSR fee for that card payment system or IFR card system in accordance with FEES 9.2.1R. [deleted]~~

9.2.1G G ~~Where FEES 9.2.1ER applies, the payment system denominator for that card payment system or IFR card payment system is not included in column 6 of Table A or Table C, as appropriate, of FEES 9 Annex 1R. [deleted]~~

#### Time of payment

9.2.2 R If the PSR fee paid by a *direct payment service provider PSR fee payer* for the previous fee year for a particular regulated payment system or IFR card payment system was at least £20,000, that *direct payment service provider PSR fee payer* must pay to the FCA:

- (1) an amount equal to 50% of the PSR fee payable for the previous fee year, by 1 April in the current fee year or, if later, within 30 days of the date of the invoice; and
- (2) the balance of the PSR fee due by 1 September in the current fee year or, if later, within 30 days of the date of the invoice.

...

9.2.2B R ~~If an operator of an IFR card payment system or card payment system is liable to pay PSR fees itself under FEES 9.2.1DR or FEES 9.2.1ER, and the PSR fee it paid for the previous fee year for its IFR card payment system or card payment system was at least £20,000, that operator must pay to the FCA:~~

- (1) ~~an amount equal to 50% of the PSR fee payable for the previous fee year, by 1 April in the current fee year or, if later, within 30 days of the date of the invoice; and~~
- (2) ~~the balance of the PSR fee due by 1 September in the current fee year or, if later, within 30 days of the date of the invoice. [deleted]~~

9.2.3 R If the PSR fee paid by a *direct payment service provider* for a particular regulated payment system or IFR card payment system *PSR fee payer* for the previous fee year was less than £20,000, the *direct payment service provider*

PSR fee payer must pay its *PSR fee* in full to the *FCA*:

- (1) by 1 ~~September~~ August in the current *fee year*; or
- (2) if later, within 30 *days* of the date of the invoice.

...

9.2.3B R ~~If an operator of an IFR card payment system or card payment system is liable to pay PSR fees itself under FEES 9.2.1DR or FEES 9.2.1ER, and the PSR fee it paid for the previous fee year for its IFR card payment system or card payment system was less than £20,000, that operator must pay its PSR fee in full to the FCA:~~

- (1) by 1 September in the current *fee year*; or
- (2) if later, within 30 *days* of the date of the invoice. [deleted]

#### Method of payment and invoicing

9.2.4 G ~~A direct payment service provider or an operator of a regulated payment system or an IFR card payment system~~ PSR fee payer should pay its fees to the *FCA* by direct debit, electronic credit transfer, cheque, Maestro, Visa Debit or by credit card (*Visa/MasterCard* only).

9.2.4A R ~~A direct payment service provider or an operator of a regulated payment system or an IFR card payment system must pay its PSR fees to the FCA.~~ [deleted]

...

#### Provision of information

9.2.4D R (1) The operator of a regulated payment system or *IFR card payment system* must provide to the *FCA* and *PSR*, for each of its *direct payment service providers* (and for itself, where it is an operator acting as an *acquirer* or *card issuer*); ~~a copy of the data required to calculate the fees allocation of each fee payer.~~

- (a) a copy of the data setting out the transaction volumes and transaction values required by the FCA to calculate the PSR fees as set out in FEES 9 Annex 1R; and
- (b) the following information (which is either in the operator's possession or to which it has reasonable access) to enable and/or assist the FCA to issue invoices to PSR fee payers and/or collect PSR fees:
  - (i) telephone and/or e-mail contact information (including named point of contact);
  - (ii) billing address;



- (iii) FCA firm reference number (where applicable);
  - (iv) company name, registered address and company number; and
  - (v) any other information which in the opinion of the operator would assist the FCA in issuing invoices to the relevant PSR fee payers within the operator's regulated payment system or IFR card payment system.
- (2) The operator of a regulated payment system or IFR card payment system must:
- (a) provide the information in (1) to the PSR and FCA as soon as practicable, but no later than 1 March each year; and
  - (b) provide such other data to the FCA and PSR on request to enable the individual PSR fees to be verified.

...

- 9.2.4G G The FCA will use the data provided by the relevant operators in FEES 9.2.4DR to calculate the PSR fees. Before being submitted to the FCA, if requested by a PSR fee payer, the operator should confirm with the relevant PSR fee payer the accuracy of the data it proposes to submit. In the event of a dispute raised by a PSR fee payer over the accuracy of the data provided to the FCA, the FCA will continue to use the data as originally provided. Any later dispute should be directed to the relevant operator of the regulated payment system or IFR card payment system responsible for the provision of the data to the FCA.

...

#### Late payments

- 9.2.7 R If a ~~direct payment service provider or an operator of an IFR card payment system~~ PSR fee payer 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.

- (3) In addition, the FCA or PSR may be entitled to take regulatory action in relation to the non-payment of PSR fees. What action, if any, that is taken by the FCA or PSR will be decided upon given the particular circumstances of the case.

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 direct payment service provider or operator of an IFR card payment system~~ PSR fee payer if the claim is made more than two years after the beginning of the fee year to which the fee relates.

...

FEES 9 Annex 1R (PSR fees for the period 1 April 2017 to 31 March 2018) is deleted in its entirety and replaced with a new FEES 9 Annex 1R. The deleted text is not shown and the new text is not shown underlined.

**9 PSR fees for the period 1 April to 31 March for each fee year**  
**Annex**  
**1R**

The table below shows the methodology used by the FCA to determine the PSR fee payers for each fee year.

Regulated payment system or IFR card payment system (column 1)	Relevant transactions (column 2)	Relevant time period (column 3)	Volume block ("Vo") (column 4)	Value block ("Va") (column 5)	Calculation methodology for PSR fee payable (column 6)
<i>Bacs</i>	All transactions processed through the <i>BACS regulated payment system</i> . Transactions include both the initiation of the transfer of the funds, and the receipt of transferred funds.	The full calendar year (1 January to 31 December) before the start of the relevant <i>fee year</i> .	$Vo = (PSR's\ AFR^* \times 80\%) \times \text{the } PSR\ \text{fee payer's \% in the volume block}$ $= \left( \frac{\text{The } PSR\ \text{fee payer's relevant transaction volumes in all systems}}{\text{Sum of all } PSR\ \text{fee payers' relevant transaction volumes across all systems}^{**}} \right)$	$Va = (PSR's\ AFR^* \times 20\%) \times \text{the } fee\ \text{payer's \% in the value block}$ $= \left( \frac{\text{The sum of the } PSR\ \text{fee payer's relevant transaction values in all systems}}{\text{Sum of all } PSR\ \text{fee payers' relevant transaction values across all systems}^{***}} \right)$	Fees allocated to a <i>PSR fee payer</i> = its fees under the volume block (Vo) + its fees under the value block (Va)
<i>C&amp;C</i>	All transactions including 'in clearing' and 'out clearing' transactions for GBP, USD and EUR processed through the <i>C&amp;C regulated payment system</i> .				
<i>CHAPS</i>	All MT103 and MT202 transactions processed through the <i>CHAPS regulated payment system</i> . Transactions include both the initiation of the transfer of the funds, and the receipt of transferred funds.				
<i>FPS</i>	All transactions processed through the <i>FPS regulated payment system</i> . Transactions include both the initiation of the transfer of funds, and the receipt of transferred funds.				
<i>LINK</i>	All transactions issued and acquired under the <i>LINK regulated payment system</i> , including GBP cash withdrawals, foreign currency dispenses, balance enquiries, PIN management, charity donations, non-cash transactions and mobile payment				

	<p>transactions but excluding 'on us' transactions. Both issuing and acquiring transactions are taken into account.</p>			
<p><i>Mastercard</i></p>	<p>All transactions by acquirers operating in the United Kingdom and transactions by 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 'on us' transactions). Both issuing and acquiring transactions are taken into account.</p>			
<p><i>NICC</i></p>	<p>All transactions including 'in clearing' and 'out clearing' transactions for GBP, USD and EUR processed through the NICC regulated payment system.</p>			
<p><i>Visa</i></p>	<p>All transactions by acquirers operating in the United Kingdom and transactions by 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</p>			

	<p>irrespective of the <i>processing entity</i> (Visa itself, a third party <i>processing entity</i> or 'on us' <i>transactions</i>). Both issuing and acquiring transactions are taken into account.</p>			
AmEx	All <i>IFR transactions</i> by			
Diners Club	<i>acquirers operating in the United Kingdom and IFR transactions by card issuers operating in the United Kingdom</i> (or by the <i>operator of that IFR card payment system acting as such an acquirer or card issuer</i> ) under that <i>IFR card payment system</i> , including point of sale transactions, merchant sales volumes, and cash purchase transactions on cards, but excluding cash-only withdrawals.			
JCB				
UPI				
	<p>All transactions under the brand of that <i>IFR card payment system</i> are included irrespective of the <i>processing entity</i> (the <i>operator</i> or the <i>IFR card payment system</i> itself, a third party <i>processing entity</i> or 'on us' <i>transactions</i>). Both issuing and acquiring transactions are taken into account for each <i>IFR card payment system</i>.</p>			
<p><b>Notes:</b>          * This is the PSR's annual funding requirement (AFR). The PSR will publish the PSR AFR for each fee year annually.          **The PSR will publish this figure annually. The figure represents the sum of all PSR fee payers' relevant transaction volumes across all systems in the relevant time period.          ***The PSR will publish this figure annually. This figure represents the sum of all PSR fee payers' relevant transaction values across all systems in the relevant time period.</p>				

FEES TP 12 (Transitional provisions relating to direct payment service providers and operators of IFR card payment systems) is deleted in its entirety. The deleted text is not shown.

**TP 12** Transitional provisions relating to direct payment service providers and operators of IFR card payment systems [deleted]