

Chapter 9

Payment Systems Regulator funding

9.1 Application and purpose

Application

9.1.1

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This chapter applies to:

- (1) operators of regulated payment systems;
- (2) operators of IFR card payment systems;
- (2A) operators of payment systems under the *Payment Services Regulations*; and
- (3) direct payment service providers.

Purpose

9.1.2

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This chapter sets out how the fees payable by *PSR fee payers* and other participants will be calculated, to establish and fund the *PSR*.

Introduction

9.1.3

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

9.1.4

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- (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) [deleted]
- (2) The relevant costs in (1)(a) means:
 - (a) the expenses incurred, or expected to be incurred, by the *PSR* in connection with the discharge of its functions;
 - (b) the expenses incurred by the *FCA* in establishing the *PSR*;
 - (c) any other expenses incurred by the *FCA* in connection with the discharge of its functions under Part 5 of *FSBRA*; and
 - (d) any expenses incurred, or expected to be incurred, by the *FCA* in connection with the discharge of the *PSR's* functions by an officer

or member of staff of the *FCA* under arrangements made under paragraph 5 of Schedule 4 of *FSBRA*.

- (3) The amounts in (1) may include the expenses of the *FCA* in collecting *PSR fees*.

9.1.5 G ■ FEES 9 sets out the *rules* referred to in ■ FEES 9.1.4 G

9.1.6 G The *FCA* must pay to the *PSR* the amounts that it receives as *PSR fees*, apart from the following amounts (which it may keep):

- (1) expenses under ■ FEES 9.1.4G (2)(b) to ■ (d); and
- (2) collection costs, referred to in ■ FEES 9.1.4G (3).

Publication of fees information
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- 9.1.7** G
- (1) Paragraph 4(1) of Schedule 4 of *FSBRA* requires the *PSR* to adopt an annual budget which has been approved by the *FCA*.
 - (2) Paragraph 6(1) of Schedule 4 of *FSBRA* requires the *PSR* to prepare an annual plan which has been approved by the *FCA*.

- 9.1.8** G
- (1) *PSR fees* will vary from year to year, depending on the *PSR's AFR* and the *transaction volumes* and *transaction values* in the *relevant time period*.
 - (2) The *PSR* will publish each year the *PSR's AFR* along with the total *transaction volumes* and *transaction values* for the *relevant time period* to enable *PSR fee payers* to apply the methodology in ■ FEES 9 Annex 1R if they wish.
 - (3) [deleted]

9.2 PSR fees

Obligation to pay PSR fees

9.2.1

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A *PSR fee payer* must pay to the *FCA* the *PSR fees* applicable to it and calculated by the *FCA* in accordance with ■ FEES 9 Annex 1 R:

- (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.

9.2.1A

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- (1) 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) 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]

9.2.1B

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- (1) If a *payment service provider* (A) acquires all or part of the business of another *payment service provider* which includes *transaction volumes* (B), whether by merger, acquisition or transfer, during the course of a *fee year*, the liability for paying the *PSR fee* in the following *fee year* in relation to B shall rest with A.

(2) ■ FEES 9.2.1BR(1) also applies when the business acquired, transferred or merged is not a legal entity but is an unincorporated business, or is in the form of assets and/or contracts.

9.2.1C **R** 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.

9.2.1D **R** 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** [deleted]

9.2.1F **R** [deleted]

9.2.1G **G** [deleted]

Time of payment

9.2.2 **R** PSR fee payers falling within the scope of ■ FEES 4.3.6R(1C) – (1E) 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.

9.2.2A **R** [deleted]

9.2.2B **R** [deleted]

9.2.3 **R** If ■ FEES 9.2.2R does not apply, the PSR fee payer must pay its PSR fee in full to the FCA:

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

9.2.3A **R** [deleted]

9.2.3B **R** [deleted]

Method of payment

9.2.4 **G** A 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** [deleted]

9.2.4B **R** [deleted]

9.2.4C **R** [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) 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.

(3) [deleted]

9.2.4E **G** [deleted]

9.2.4F **G** [deleted]

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*.

Ceasing to be designated as a regulated payment system, ceasing to be a direct payment system provider of a regulated payment system or IFR card payment system, and ceasing to be subject to the IFR
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9.2.5 **G** The *FCA* will not relieve or refund a *PSR fee* if after the start of that *fee year*:

- (1) a *payment system* ceases to be a *regulated payment system*; or
- (2) an *IFR card payment system* ceases to be subject to the *IFR*; or
- (3) a *person* ceases to be a *direct payment service provider* of a *regulated payment system* or an *IFR card payment system*.

9.2.6 **R** If a *payment system* ceases to be a *regulated payment system*, or an *IFR card payment system* ceases to be subject to the *IFR*, all *direct payment service providers* of that system, and the *operator* of that *IFR card payment system*, must pay any outstanding *PSR fees* before the system ceases to hold that status.

9.2.6A **R** If a *person* ceases to be:

- (1) a *direct payment service provider* of a *regulated payment system* or of an *IFR card 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; or
- (2) the *operator* of a *IFR card payment system*, it must pay any outstanding *PSR fees* in respect of that system before it ceases to be the *operator* of that *IFR card payment system*.

Late payments
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9.2.7 **R** If a *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

9.2.8 **G** The *FCA* may reduce or remit all or part of a *PSR fee*, if it appears to the *FCA*, having consulted the *PSR*, that in the exceptional circumstances of a particular case paying all or part of it would be inequitable.

9.2.9 **G** The *FCA* may refund all or part of a *PSR fee* if it appears to the *FCA*, having consulted the *PSR*, that in the exceptional circumstances of a particular case the *FCA* or the *PSR* retaining all or part of it would be inequitable.

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 *PSR fee payer* if the claim is made more than two years after the beginning of the *fee year* to which the fee relates.

VAT

9.2.11 **R** *PSR fees* payable are stated net of VAT. Where VAT is applicable this must also be included.

9.3 PSR Special Project Fee

- 9.3.1** **R** The PSR Special Project Fee (the PSPF) is only payable by *operators of regulated payment systems, operators of IFR card payment systems, and operators of payment systems* under the *Payment Services Regulation*.
- 9.3.2** **G** The purpose of this section is to enable the *PSR* to undertake and fund specific, time-limited projects which relate to one or more *persons* falling within **■ FEES 9.3.1R** in such a way as to promote the interests of *payment service users* as a whole.
- 9.3.3** **R** The PSPF becomes payable by a *person* falling within **■ FEES 9.3.1R** if:
- (1) The *PSR* is to undertake or is already undertaking work (the Project) in relation to or consequential upon the designation of a new *regulated payment system, new IFR card payment system, or new payment system* under the *Payment Services Regulations*.
 - (2) The *PSR* determines that:
 - (a) the costs for the Project should be met by means of the PSPF, on the basis of an assessment which includes (but is not limited to) the compatibility of the levying of a PSPF in relation to that Project with the regulatory principles applicable to the *PSR* under section 53 of *FSBRA*, and the degree of support which the levying of a PSPF would offer to the *PSR* in discharging its statutory duties; and
 - (b) it is appropriate to charge a PSPF for the Project to an *operator* of the new *regulated payment system, new IFR card payment system, or new payment system* under the *Payment Services Regulations*.
- 9.3.4** **R**
- (1) For each year in which a Project in connection with which the PSPF is payable is anticipated to be undertaken, the PSPF to be charged is calculated by estimating the total expenditure on the Project during that year, comprising the *PSR's* internal costs and any fees and disbursements the *PSR* reasonably assesses it will be invoiced.
 - (2) Where more than one *person* is to be charged a PSPF in relation to that Project, the determination undertaken by the *PSR* pursuant to **■ FEES 9.3.3R(2)** will include an assessment of the appropriate allocation of the PSPF between those *persons*.

- 9.3.5** **G** Where a *person* is charged a PSPF in a given year, the PSPF is payable in addition to, and not instead of or as part of, any *PSR fee* which is payable by that *person*.
- 9.3.6** **R** A *person* who is liable to pay a PSPF must pay it in full to the *FCA*:
- (1) by 1 September of the *fee year* in which the PSPF is invoiced; or
 - (2) if later, within 30 *days* of the date of the invoice.
- 9.3.7** **G** A *person* who is liable to pay a PSPF should pay it to the *FCA* by direct debit, electronic credit transfer, cheque, Maestro, Visa Debit or by credit card (*Visa / MasterCard* only) or by any other method of payment which the *FCA* permits from time to time.
- 9.3.8** **R** If a *person* who is liable to pay a PSPF does not pay it in full before the end of the date on which it is due, that *person* 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.
- 9.3.9** **G**
- (1) The *FCA* may recover a PSPF 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 a PSPF. What action, if any, that is taken by the *FCA* or *PSR* will be decided upon given the particular circumstances of the case.
- 9.3.10** **R** Where the actual cost of the regulatory work undertaken by the *PSR* on a Project referred to in **FEES 9.3.3R** which is the subject of a PSPF differs in a given year from the total PSPF charged to one or more *persons* in relation to that Project for that year:
- (1) Where the actual cost exceeds the total PSPF charged in respect of that Project in that year, the additional cost (or, if more than one *person* was charged the PSPF in relation to that Project, a share of the additional cost proportionate to the share of the PSPF for that Project allocated pursuant to **FEES 9.3.4R(2)** to that *person*) will, in the following year:
 - (a) be added to the PSPF to be invoiced to the *person* or *persons*; or
 - (b) if the Project has come to an end, be invoiced as a PSPF to the *person* or *persons*.
 - (2) Where the actual cost is lower than the total PSPF charged in respect of that Project in that year, the difference (or, if more than one

person was charged the PSPF in relation to that Project, a share of the difference proportionate to the share of the PSPF for that Project allocated pursuant to ■ FEES 9.3.4R(2) to that *person*) will, in the following year:

- (a) be deducted from the PSPF invoiced to the *person* or *persons*; or
- (b) if the Project has come to an end, be refunded to the *person* or *persons*.

PSR fees methodology

The table below shows the methodology used by the *FCA* to determine the *PSR fee* applicable to *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)
Bacs	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 fee year. For example this would be 1 January to 31 December 2017 for the 2018/2019 fee year.	$V_o = (PSR's\ AFR \times 80\%) \times \text{the } PSR\ \text{fee payer's percentage share of the volume block}$ $\text{A } PSR\ \text{fee payer's percentage share of the volume block} = \left(\frac{\text{Sum of that } PSR\ \text{fee payer's relevant transaction volumes in all systems}}{\text{Sum of all } PSR\ \text{fee payers' relevant transaction volumes across all systems}^*} \right)$	$V_a = (PSR's\ AFR \times 20\%) \times \text{the fee payer's percentage share of the value block}$ $\text{A } PSR\ \text{fee payer's percentage share of the value block} = \left(\frac{\text{Sum of that } PSR\ \text{fee payer's relevant transaction values in all systems}}{\text{Sum of all } PSR\ \text{fee payers' relevant transaction values across all systems}^{**}} \right)$	Fees allocated to a PSR fee payer = its fees under the volume block (Vo) + its fees under the value block (Va)
C&C	All transactions processed through the <i>C&C regulated payment system</i> . This includes 'in clearing' and 'out clearing' transactions in paper clearing, and the payment and the receipt of the transfers of funds in image clearing.				

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>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.				

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>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 transactions but excluding 'on us' transactions. Both issuing and acquiring transactions are taken into account.				

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>Mastercard</i>	<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>				

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>NICC</i>	All transactions including 'in clearing' and 'out clearing' transactions for GBP, USD and EUR processed through the <i>NICC regulated payment system</i> .				

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)
<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 irrespective of the processing entity (Visa itself, a third party processing entity or 'on us' transactions). Both issuing and acquiring transactions are taken into account.</p>				

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)
AmEx Diners Club JCB UPI	All IFR transactions by acquirers operating in the United Kingdom and IFR transactions by card issuers operating in the United Kingdom (or by the operator of that IFR card payment system acting as such an acquirer or card issuer) under that IFR card payment system, including point of sale transactions, merchant sales volumes, and cash purchase transactions on cards, but excluding cash-only withdrawals. All transactions under the brand of that IFR card payment system are included in				

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)
	respective 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 ' <i>on us</i> ' <i>transactions</i>). Both issuing and acquiring transactions are taken into account for each <i>IFR card payment system</i> .				
<p>Notes:</p> <p>* 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.</p> <p>** 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>					

