

**SUPERVISION MANUAL (PAYMENT SERVICES) (REPORTING)
INSTRUMENT 2010**

Powers exercised

- A. The Financial Services Authority makes this instrument in the exercise of its powers under regulation 82 (Reporting requirements) and regulation 93 (Guidance) of the Payment Services Regulations 2009.

Commencement

- B. This instrument comes into force on 23 July 2010.

Amendments to the Handbook

- C. The Supervision manual (SUP) is amended in accordance with the Annex to this instrument.

Citation

- D. This instrument may be cited as the Supervision Manual (Payment Services) (Reporting) Instrument 2010.

By order of the Board
22 July 2010

Annex

Amendments to the Supervision manual (SUP)

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

- 16.1.1 R This chapter applies to every *firm* within a category listed in column (2) of the table in SUP 16.1.3R and in accordance with column (3) of that table.
- 16.1.1A D The directions and guidance in SUP 16.13 apply to an authorised payment institution and a small payment institution.
- ...
- 16.3.2 G This chapter has been split into the following sections, covering:
- ...
- (8) product sales data reporting (*SUP 16.11*); ~~and~~
- (9) integrated regulatory reporting (*SUP 16.12*); and
- (10) reporting under the *Payment Services Regulations*.

Insert the following new section after SUP 16.12. The text is not underlined.

16.13 Reporting under the Payment Services Regulations

Application

- 16.13.1 G This section applies to *authorised payment institutions* and *small payment institutions* (see SUP 16.1.1AD).

Purpose

- 16.13.2 G The purpose of this section is to give directions to *authorised payment institutions* and *small payment institutions* under regulation 82 (Reporting requirements) of the *Payment Services Regulations* in relation to:
- (1) the information in respect of their provision of *payment services* and their compliance with requirements imposed by or under Parts 2 to 6 of the *Payment Services Regulations* that they must provide to the *FSA*; and
 - (2) the time at which and the form in which they must provide that information.

Reporting requirement

- 16.13.3 D (1) An *authorised payment institution* or a *small payment institution* must submit to the *FSA* the duly completed return applicable to it as set out in column (2) of the table in *SUP 16.13.4D*.
- (2) An *authorised payment institution* or a *small payment institution* must submit the return referred to in (1):
- (a) in the format specified as applicable in column (3) of the table in *SUP 16.13.4D*;
- (b) at the frequency and in respect of the periods specified in column (4) of that table;
- (c) by the due date specified in column (5) of that table; and
- (d) by electronic means made available by the *FSA*.
- 16.13.4 D The table below sets out the format, reporting frequency and due date for submission in relation to regulatory returns that apply to *authorised payment institutions* and *small payment institutions*.

(1)	(2)	(3)	(4)	(5)
Type of firm	Return	Format	Reporting Frequency	Due date
<i>Authorised Payment Institution</i>	Authorised Payment Institution Capital Adequacy Return	FSA056 (Note 1)	Annual (Note 2)	30 <i>business days</i> (Note 3)
<i>Small Payment Institution</i>	Payment Services Directive Transactions	FSA057 (Note 4)	Annual (Note 5)	1 month (Note 3)
Note 1	When submitting the completed return required, the <i>authorised payment institution</i> must use the format of the return set out in <i>SUP 16 Annex 27AD</i> . Guidance notes for the completion of the return are set out in <i>SUP 16 Annex 27BG</i> .			
Note 2	This reporting frequency is calculated from an <i>authorised payment institution's accounting reference date</i> .			
Note 3	The due dates are the last day of the periods given in column (5) of the table above following the relevant reporting frequency period set out in column (4) of the table above.			

Note 4	When submitting the completed return required, the <i>small payment institution</i> must use the format of the return set out in SUP 16 Annex 28AD. Guidance notes for the completion of the return are set out in SUP 16 Annex 28BG.
Note 5	This reporting frequency is calculated from 31 December each calendar year.

After SUP 16 Annex 26 insert the following new Annex as SUP 16 Annex 27AD. The text is not underlined.

16 Annex 27AD Authorised Payment Institution Capital Adequacy Return

FSA056 Authorised Payment Institution Capital Adequacy Return

	A	B
		yes/no
1	Is the firm included in the consolidated supervision of a parent credit institution pursuant to the Banking Consolidation Directive?	<input style="width: 100px; height: 25px;" type="text"/>
2	If 'yes', please give the Firm Reference Number of the firm that submitted the most recent consolidated capital statement to the FSA	<input style="width: 100px; height: 25px;" type="text"/>

Part One: CAPITAL REQUIREMENT

Initial Capital Requirement

3	Initial capital requirement at authorisation	<input style="width: 100px; height: 25px;" type="text"/>
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Own Funds Requirement

4 – 6	Please indicate which method your firm uses to calculate its own funds requirement	<input style="width: 200px; height: 40px;" type="text"/>
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Method A

7	Total fixed overheads for preceding year	
8	Own funds requirement (10% of fixed overheads for preceding year)	
9	Total capital requirement (higher of initial capital and own funds requirement)	

Method B

10	Total payment volume (in Euro)	
11	4% of first €5m of payment volume	
12	2.5% of payment volume between €5m and €10m	
13	1% of payment volume between €10m and €100m	
14	0.5% of payment volume between €100m and €250m	
15	0.25% of any remaining payment volume	
16	Total	
17	Scaling factor	
18	Own funds requirement	
19	Total capital requirement (higher of initial capital and own funds requirement)	

Method C**Relevant Indicator**

20	Interest income	
21	Interest expenses	
22	Gross commissions and fees received	
23	Gross other operating income	

24 Total Relevant Indicator

--

Multiplication Factor

25 10% of the first €2.5m of the total relevant indicator

--

26 8% of the total relevant indicator between €2.5m and €5m

--

27 6% of the total relevant indicator between €5m and €25m

--

28 3% of the total relevant indicator between €25m and €50m

--

29 1.5% of any remaining amount of the total relevant indicator

--

30 Total

--

31 Scaling factor

--

32 Own funds requirement

--

33 Total capital requirement (higher of initial capital and own funds requirement)

--

Part Two: TOTAL CAPITAL RESOURCES

34 Paid up capital

--

35 Reserves

--

36 Retained profit/loss

--

37 Revaluation reserves

--

38 Eligible general or collective provisions

--

39 Eligible securities and instruments

--

40 Cumulative preference shares (other than fixed term)

--

41 Eligible members' commitments

--

42 Eligible borrowers' commitments

--

43 Eligible fixed term cumulative preference shares and subordinated loans

--



44 Total resources

Deductions

45	Own shares at book value	
46	Intangible assets	
47	Material losses	
48	Deductible holdings of shares	
49	Deductible participations	
50	Deductible instruments	
51	Total deductions	
52	Total capital resources	
53	£/€ exchange rate	
54	Total capital resources (Euro equivalent)	
55	Total capital requirement (in Euro)	
56	Capital surplus/deficit (in Euro)	

Part Three: SUPPLEMENTARY INFORMATION

AUDITED ACCOUNTS

57 If your firm is incorporated, does your firm qualify for the Companies House small firms' exemption from having its accounts audited?

58 If the firm is required to submit audited accounts, please report the date on which your accounts were last audited

59 Does your firm have an obligation to submit separate accounts for PSD business only?

60 If yes, please confirm when these were last submitted to the

FSA _____

SAFEGUARDING OF CLIENT ASSETS

Please indicate which method the firm uses to safeguard client assets (tick at least one box)

- | | | |
|----|---|--------------------------|
| 61 | Placed in a separate account with an authorised credit institution | <input type="checkbox"/> |
| 62 | Invested in approved secure liquid assets held in a separate account with an authorised custodian | <input type="checkbox"/> |
| 63 | Covered by an insurance policy with an authorised insurer | <input type="checkbox"/> |
| 64 | Covered by a guarantee from an authorised insurer | <input type="checkbox"/> |
| 65 | Covered by a guarantee from an authorised credit | <input type="checkbox"/> |

NUMBER OF AGENTS

- | | | |
|----|---|--------------------------|
| 66 | Please report the number of agents the firm has | <input type="checkbox"/> |
|----|---|--------------------------|

After SUP 16 Annex 27AD insert the following new Annex as SUP 16 Annex 27BG. The text is not underlined.

16 Annex 27BG **Notes on Completing FSA056 (Authorised Payment Institution Capital Adequacy Return – SUP 16 Annex 27AD)**

NOTES ON COMPLETING FSA056 AUTHORISED PAYMENT INSTITUTION CAPITAL ADEQUACY RETURN
Valuation

Firms should follow their normal accounting practice wherever possible.

Currency

Elements 3 to 33 and 54 to 56 should be completed in Euros. Elements 34 to 52 should

be completed in GBP.

Data elements

These are referred to by row first, then by column, so data element 2B will be the element numbered 2 in column B.

- 1B Answer 'Yes' if your firm is included in the consolidated supervision of a parent credit institution. If your firm is not part of a banking group subject to consolidated supervision, you should answer this question 'No'.
-
- 2B Firms that answer 'Yes' to question 1 should input the FSA 'Firm reference number' of the parent credit institution. If you answered 'No' to question 1, you should not answer this question.
-

Please note that if you have answered 'Yes' to question 1 and have input the FSA reference number of your parent credit institution in Element 2B, you can proceed straight to question 61.

Part One: CAPITAL REQUIREMENT

Initial Capital Requirement

- 3B Firms should insert the firm's initial capital requirement at authorisation.
-

Own Funds Requirement

- 4B – Firms should indicate which of the three methods they use to calculate their own funds requirement.
-
- 6B
-

Method A: these questions should only be answered by firms that have indicated Method A at 4B-6B

- 7B Insert the total fixed overheads (in Euros) for the preceding year.
-
- 8B Insert the figure equal to 10% of the figure you have reported in 'Element 7B'.
-
- 9B Insert the larger of the two figures you have reported in 'Element 3B' and 'Element 8B'.
-

Method B: These questions should only be answered by firms that have indicated Method B at elements 4B-6B

- 10B Insert the total value (in Euros) of payment services transactions for the year.
-
- 11B Insert the figure that equals 4% of the first €5m of payment volume.
-
- 12B Insert the figure that equals 2.5% of payment volume between €5m and €10m. If the firm has undertaken less than €5m in payment volume, insert a zero in this box.
-
- 13B Insert the figure that equals 1% of payment volume between €10m and €100m. If the firm has undertaken less than €10m in payment volume, insert a zero in this box.
-

-
- 14B Insert the figure that equals 0.5% of payment volume between €100m and €250m. If the firm has undertaken less than €100m in payment volume, insert a zero in this box.
-
- 15B Insert the figure that equals 0.25% of all payment volume over €250m and €250m. If the firm has undertaken less than €250m in payment volume, insert a zero in this box.
-
- 16B This figure must be the sum of 'Elements 11B to 15B'.
-
- 17B The 'scaling factor' is:
- 0.50 for firms that only undertake the 'Money remittance' payment service.
- 0.80 for firms that undertake only the 'The execution of payment transactions where the consent of the payer to execute the payment transaction is given by means of any telecommunication, digital or IT device and the payment is made to the telecommunication, IT system or network operator acting only as an intermediary between the payment service user and the supplier of the goods or services' activity.
- 1.00 for firms that undertake any other payment service.
- The scaling factor should be entered to 2 decimal places.
-
- 18B This figure is calculated using the following equation - 'Element 16B x Element 17B'.
-
- 19B Insert the larger of the two figures you have reported in 'Element 3B' and 'Element 18B'.
-

Method C: These questions should only be answered by firms that have indicated Method C at elements 4B-6B

Relevant indicator

- 20B Insert the firm's total interest income (in Euros).
-
- 21B Insert the firm's total interest expenses (in Euros).
-
- 22B Insert the firm's total gross commission and fees (in Euros).
-
- 23B Insert the total of any other operating income generated by the firm (in Euros).
-
- 24B This figure must be the sum of 'Elements 20B - 23B'.
-

Multiplication factor

- 25B Insert the figure that equals 10% of the first €2.5m of the 'total relevant indicator'.
-
- 26B Insert the figure that equals 8% of the 'total relevant indicator' between €2.5m
-

and €5m (if your firm's total relevant indicator is less than or equal to €2.5m, you should enter zero in this box).

27B Insert the figure that equals 6% of the 'total relevant indicator' between €5m and €25m (if your firm's total relevant indicator is less than or equal to €5m, you should enter zero in this box).

28B Insert the figure that equals 3% of the 'total relevant indicator' between €25m and €50m (if your firm's total relevant indicator is less than or equal to €25m, you should enter zero in this box).

29B Insert the figure that equals 1.5% of all of the 'total relevant indicator' over €50m (if your firm's total relevant indicator is less than or equal to €50m, you should enter zero in this box).

31B The 'scaling factor' is:

0.50 for firms that only undertake the 'Money remittance' payment service.

0.80 for firms that undertake only the 'The execution of payment transactions where the consent of the payer to execute the payment transaction is given by means of any telecommunication, digital or IT device and the payment is made to the telecommunication, IT system or network operator acting only as an intermediary between the payment service user and the supplier of the goods or services' activity.

1.00 for firms that undertake any other payment service.

The scaling factor should be entered to 2 decimal places.

32B This figure is calculated using the following equation - 'Element 30B x Element 31B'.

33B Insert the larger of the two figures you have reported in 'Element 3B and Element 32B'.

Part Two: TOTAL CAPITAL RESOURCES (answer all of these questions in GBP)

34B Insert the total paid up capital, including share premium accounts, but excluding amounts arising in respect of cumulative preference shares.

35B Insert the total of all reserves, except revaluation reserves (unincorporated and LLP firms should include capital in members' capital and current accounts in this element).

36B Insert the retained profit (or loss). Please note that a firm subject to statutory audits may only include interim profits if they have been verified by the firm's auditor. Retained profit should be reported net of any foreseeable charge or dividend.

37B Insert the total revaluation reserves.

-
- 38B Insert the total eligible provisions (general and collective provisions are only eligible if they are freely available to the firm, they are fully disclosed in internal accounting records, and the amount of provisions have been verified by a statutory auditor or audit firm.
-
- 39B Insert the total eligible securities and instruments (securities and instruments are only eligible if they may not be reimbursed at the bearer's initiative or without the agreement of the FSA, the firm must have the option to defer any interest payments on the debt, and the debt is subordinated to those of non-subordinated creditors.
-
- 40B Insert the total of non-fixed term cumulative preference shares.
-
- 41B This field applies only to 'co-operative' firms. These institutions should insert the total amount of uncalled capital, and the total amount of non-refundable payments that can be demanded of members to offset any losses that the institution incurs.
-
- 42B This field applies only to APIs organised as funds. These institutions should insert the total amount of uncalled capital, and the total amount of non-refundable payments that can be demanded of borrowers to offset any losses that the institution incurs.
-
- 43B Insert the total of all fixed term cumulative preference shares and subordinated loans.
-
- 44B This figure is the sum of 'Elements 34B to 43B'.
-

Deductions (Answer all of these questions in GBP except where stated otherwise)

-
- 45A Insert the total of own shares at book value held by the authorised payment institution.
-
- 46A Insert the total of intangible assets.
-
- 47A Insert the total of material losses in the current financial year.
-
- 48A Insert the total holdings of shares in credit and financial institutions that exceed 10% of their capital.
-
- 49A Insert deductible participations - these are participations which the authorised payment institution holds in an insurance undertaking, reinsurance undertaking or insurance holding company.
-
- 50A Insert deductible instruments - these include shares held in another credit institution, insurance undertaking, reinsurance undertaking or insurance holding company that are temporarily held for the purposes of a financial assistance operation designed to reorganise and save that entity.
-
- 51A This is the sum of 'Elements 45A to 50 A'.
-
- 52B This is calculated by the following equation; 'Element 44A - 51A'.
-

-
- 53B Input the £/€ exchange rate as at the end of the reporting period.
-
- 54B Insert the 'Euro equivalent' of 'Element 52B'.
-
- 55B Insert the same figure as you have reported in 'Element 9B', 'Element 19B' or 'Element 33B' (depending on the method your firm uses to calculate its capital requirement).
-
- 56B This figure is calculated by the following equation; 'Element 54B - Element 55B'.
-

Part Three: SUPPLEMENTARY INFORMATION

Audited Accounts

-
- 57B Answer this question 'yes' or 'no'.
-
- 58B This question should only be answered if you answered 'no' to Element 57B. The format of the date entered should be dd/mm/yyyy.
-
- 59B All firms that undertake other types of business as well as payment services activities must submit separate PSD only accounts to the FSA. If your firm falls into this category, you must answer this question 'yes'. If your firm only undertakes payment services activities, you should answer 'no'.
-
- 60B This question should only be answered if you answered 'yes' to Element 59B. The format of the date entered should be dd/mm/yyyy.
-

Safeguarding of client assets

-
- 61B - Tick the relevant box(es) to identify the method(s) used by the firm to safeguard
65B client assets. At least one method must be selected.
-

Number of agents

-
- 66B Insert the number of agents in the UK

(i.e. sole traders/partnerships/companies) that undertake payments services activities under your firm's registration.
-

After SUP 16 Annex 27BG insert the following new Annex as SUP 16 Annex 28AD. The text is not underlined.

16 Annex 28AD Small Payment Institution Return

- D This annex consists only of one or more forms. Forms are to be found through the following address:

FSA057 PAYMENT SERVICES DIRECTIVE TRANSACTIONS

A

1 Please report the total number of Payment Services Directive transactions the firm has undertaken in the last calendar year

2 Please report the total value of these transactions (this figure must be entered in Euro)

000s

3 How many full calendar months are covered by this return?

SAFEGUARDING OF CLIENT ASSETS

4 Has your firm voluntarily adopted safeguarding arrangements?

If you have answered YES to question 4, please indicate which method(s) the firm uses to safeguard client assets (tick at least one box)

5 Placed in a separate account with an authorised credit institution

6 Invested in approved secure liquid assets held in a separate account with an authorised custodian

7 Covered by an insurance policy with an authorised insurer

8 Covered by a guarantee from an authorised insurer

9 Covered by a guarantee from an authorised credit institution

NUMBER OF AGENTS

10 Please report the number of agents the firm has

After SUP 16 Annex 28AD insert the following new Annex as SUP 16 Annex 28BG. The text is not underlined.

16 Annex 28BG Notes on Completing FSA057 (Payment Services Directive Transactions – SUP 16 Annex 28AD)

NOTES ON COMPLETING FSA057 PAYMENT SERVICES DIRECTIVE TRANSACTIONS

1A Insert the number of payment transactions your firm has undertaken during the last calendar year. (Please note: if your firm was not FSA-registered for the entire calendar year, you should only include transactions made since your firm was FSA-registered.)

2A Insert the total value of all transactions made during the calendar year. (Please note: it is the total value of transactions that is required, not the income generated by them, and, again, if your firm was not FSA-registered for the entire calendar year, you should only include transactions made since your firm was FSA-registered.

"The figure should be entered in Euros and rounded to the nearest thousand - e.g. 1,000,250.50 is entered as 1000"

3A Insert the number of months during the last calendar year that your firm was FSA registered. (If your firm was registered midway through a month, you should count a part month as if it were a full one.)

SAFEGUARDING OF CLIENT ASSETS

4A – If your firm has opted in to the voluntary safeguarding arrangements, you should answer Yes and tick the applicable method(s) (Elements 5A 9A) that your firm use(s) to safeguard client assets. If you answer No to this question, move straight to Element 10A.

NUMBER OF AGENTS

10A Insert the number of agents in the UK (i.e. sole traders/partnerships/companies) that undertake payments services activities under your firm's registration.

Amend the following as shown.

Schedule 2 Notification requirements

Handbook reference	Matter to be notified	Contents of notification	Trigger event	Time allowed
<i>SUP 16.10.4R</i>	...			
<u><i>SUP 16.13.3 D to 16.13.4 D</i></u>	<u>Reporting – authorised payment institution</u>	<u>FSA056 Capital Adequacy Return</u>	<u>Annually</u>	<u>30 business days</u>
<u><i>SUP 16.13.3 D to 16.13.4 D</i></u>	<u>Reporting – small payment institution</u>	<u>FSA057 Payment Services Directive Transactions</u>	<u>Annually</u>	<u>1 month</u>
<i>SUP 17</i>	...			

...

Schedule 4 Powers exercised

Insert the following text after SUP Schedule 4.3G. The text is new and is not underlined.

4.4G

The following additional powers and related provisions have been exercised by the <i>FSA</i> to give the directions and make the <i>guidance</i> in <i>SUP</i> :	
	Regulation 82 (Reporting requirements) of the <i>Payment Services Regulations</i>
	Regulation 93 (Guidance) of the <i>Payment Services Regulations</i>