

FEES (PAYMENT SYSTEMS REGULATOR) INSTRUMENT (No 4) 2017

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); and
 - (3) 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 21 July 2017.

Amendments to the Handbook

- D. The Fees manual (FEES) is amended in accordance with the Annex to this instrument.

Citation

- E. This instrument may be cited as the Fees (Payment Systems Regulator) Instrument (No 4) 2017.

By order of the Board
20 July 2017

Annex

Amendments to the Fees manual (FEES)

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

Amend the following as shown.

9 Annex 1R PSR fees for the period 1 April 2016 2017 to 31 March 2017 2018

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Tables A, B and C in FEES 9 Annex 1R are deleted in their entirety and the deleted text is not shown. Insert the following new Tables A, B and C in FEES 9 Annex 1R. The text is not underlined.

Table A

Regulated payment system (column 1)	Payment system allocation for 2017/18 (£) (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 500)
<i>Bacs</i>	£1,628,571	The <i>PSR fee</i> is calculated for each individual <i>direct payment service provider</i> proportionally to the relevant <i>transaction volumes</i> processed, issued or acquired 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> .	1 January to 31 December 2016	All transactions processed through the <i>Bacs regulated payment system</i> . Transactions include both the initiation of the transfer of funds, and the receipt of transferred funds.	12,436,987,000
<i>C&C</i>	£1,579,302	The calculation formula is: <i>payment system allocation</i> multiplied by <i>direct payment service provider's</i> relevant <i>transaction volumes</i> divided by <i>payment system denominator</i> .	1 July to 31 December 2016	All transactions including 'in clearing' and 'out clearing' transactions for GBP, USD and EUR processed through the <i>C&C regulated payment system</i> .	354,564,500
<i>CHAPS</i>	£1,628,571	The calculation formula is: <i>payment system allocation</i> multiplied by <i>direct payment service provider's</i> relevant <i>transaction volumes</i> divided by <i>payment system denominator</i> .	1 January to 31 December 2016	All MT103 and MT202 transactions processed through the <i>CHAPS regulated payment system</i> . Transactions include both the initiation of the transfer of funds, and the receipt of transferred funds.	77,764,500

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<i>FPS</i>	£1,628,571		1 January to 31 December 2016	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.	2,852,185,500
<i>LINK</i>	£1,628,571		1 January to 31 December 2016	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.	6,341,414,500
<i>MasterCard</i>	£1,628,571	General calculation methodology: The <i>PSR fee</i> is calculated for each individual <i>acquirer</i> and <i>card issuer</i> proportionally to the relevant <i>transaction volumes</i> under the <i>card payment system</i> 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 2016	All transactions by acquirers operating in the <i>United Kingdom</i> and transactions by card issuers operating in the <i>United Kingdom</i> under the <i>MasterCard regulated payment system</i> , including point of sale transactions, merchant sales volumes, and cash purchase transactions on cards, but excluding cash-only withdrawals. All <i>MasterCard-branded</i> transactions are included irrespective of the <i>processing entity</i> (<i>MasterCard</i> itself, a third party <i>processing entity</i> or 'on us' transactions). Both issuing and acquiring transactions are taken into account.	5,440,165,500 (prior to any adjustment resulting from the application of <i>FEES 9.2.1AR</i>)
<i>Visa</i>	£1,628,571	Exception pursuant to <i>FEES 9.2.1ER</i> : Where the operator of a card payment	1 January to 31 December 2016	All transactions by acquirers operating in the <i>United Kingdom</i> and transactions by card issuers operating in the <i>United Kingdom</i> under the <i>Visa regulated payment system</i> , including point of sale	27,169,986,000 (prior to any adjustment resulting from the

Regulated payment system (column 1)	Payment system allocation for 2017/18 (£) (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 500)
NICC	£49,269	<p>The PSR fee is calculated for each direct payment service provider proportionally to its shareholding in the operator of the NICC regulated payment system during the relevant time period.</p> <p>The calculation formula is: <i>payment system allocation multiplied by direct payment service provider's shareholding in the capital of the Belfast Bankers' Clearing Company Ltd</i> (expressed as a percentage).</p>	December 2016	<p>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> <p>All shareholdings held in Belfast Bankers' Clearing Company Ltd, the operator of the NICC regulated payment system.</p>	<p>application of FEES 9.2.1AR)</p> <p>Not applicable</p>

Table B below shows the tiers and their levels for determining how the *payment system allocation* is allocated to individual *IFR card payment systems*.

Table B

Relevant IFR transaction volumes (column 1)	Relevant time period (column 2)	Tier (column 3)	Payment system denominator (rounded to the nearest '000) (column 4)	Allocation methodology for the payment system allocation for 2017/18 for each IFR card payment system (column 5)
<p>All <i>IFR transactions by acquirers operating in the United Kingdom and IFR transactions by card issuers operating in the United Kingdom</i> (or those by the operator of that <i>IFR card payment system</i> acting as such an <i>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.</p> <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 <i>IFR card payment system</i> itself, a third party <i>processing entity</i> or '<i>on us</i>' transactions).</p> <p>Both issuing and acquiring transactions are taken into account for each <i>IFR card payment system</i>.</p>	1 January to 31 December 2016	3	Total relevant <i>IFR transaction volumes</i> for the <i>IFR card payment system</i> in question of <100,000 in the <i>relevant time period</i> (application of FEES 9.2.1DR)	Exemption from <i>PSR fees</i>
	2	Total relevant <i>IFR transaction volumes</i> for the <i>IFR card payment system</i> in question of between 100,000 and 10,000,000 in the <i>relevant time period</i> (prior to any adjustment resulting from the application of FEES 9.2.1CR)	<i>Payment system allocation</i> to each relevant <i>IFR card payment system</i> amounting to 0.5% of the total 2017/18 funding requirement in relation to the <i>PSR's IFR</i> functions and activities	
	1	Total <i>IFR transaction volumes</i> for the <i>IFR card payment system</i> in question of greater than 10,000,000 in the <i>relevant time period</i> (prior to any adjustment resulting from the application of FEES 9.2.1CR)	Equal <i>payment system allocation</i> to each relevant <i>IFR card payment system</i> for the remaining total 2017/18 funding requirement in relation to the <i>PSR's IFR</i> functions and activities	

Table C below shows the PSR fee applicable to the acquirers, card issuers and operators of each IFR card payment system.

Table C

IFR card payment system (column 1)	Payment system allocation for 2017/18 (£) (column 2)	Calculation methodology for PSR fee payable by acquirers, card issuers and operators of IFR card payment systems (column 3)	Relevant time period (column 4)	Relevant IFR transaction volumes (column 5)	Payment system denominator (column 6) (rounded to the nearest '000)
<i>JCB</i>	Nil	General calculation methodology: The PSR fee is calculated for each individual acquirer and card issuer proportionally to the relevant transaction volumes under the IFR card payment system in question during the relevant time period.		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.	Not applicable as a result of the application of FEES 9.2.1DR
<i>UPI</i>	Nil				Not applicable as a result of the application of FEES 9.2.1DR
<i>Diners Club</i>	£3,000				Not applicable as a result of the application of FEES 9.2.1GG
<i>AmEx</i>	£199,000	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 2016		Not applicable as a result of the application of FEES 9.2.1GG
<i>MasterCard</i>	£199,000	The figure in column 6 of Table C is the <i>payment system denominator</i> set out in column 6 of Table A, and it must be adjusted for the purposes of Table C by the operator to reflect the total relevant <i>transaction volumes</i> for that IFR card payment system, including IFR transactions by acquirers operating in the United Kingdom.		All transactions under the brand of that IFR card payment system are included irrespective of the processing entity (the operator or the IFR card payment system itself, a third party processing entity or 'on us' transactions).	5,440,165,500 (prior to any adjustment resulting from the application of FEES 9.2.1 CR and prior to any adjustments by the operator as set out in column 3 of Table C to reflect the relevant transaction volumes for that IFR card payment system)
<i>Visa</i>	£199,000			Both issuing and acquiring transactions are taken into account for each IFR card payment system.	27,169,986,000 (prior to any adjustment resulting from the application of FEES 9.2.1 CR and prior to any adjustments by the operator as set out in column 3 of Table C to reflect the relevant transaction volumes)

IFR card payment system (column 1)	Payment system allocation for 2017/18 (£) (column 2)	Calculation methodology for PSR fee payable by acquirers, card issuers and operators of IFR card payment systems (column 3)	Relevant time period (column 4)	Relevant IFR transaction volumes (column 5)	Payment system denominator (column 6) (rounded to the nearest '000)
		<p><i>Kingdom plus IFR transactions by card issuers operating in the United Kingdom, as set out in column 5 of Table C.</i></p> <p>Exception pursuant to <i>FEES 9.2.1DR</i> or <i>FEES 9.2.1ER</i>:</p> <p>Where the operator of an <i>IFR card payment system</i> is acting as an acquirer, as a card issuer or as both, the <i>PSR fee</i> is equal to the <i>payment system allocation</i> for that <i>IFR card payment system</i>.</p>			for that <i>IFR card payment system</i>