

FEES (PAYMENT SYSTEMS REGULATOR) INSTRUMENT (No 7) 2018

Powers exercised

- A. The Financial Conduct Authority makes this instrument in the exercise of the following powers and related provisions:
- (1) paragraph 9 (Funding) of Schedule 4 (The Payment Systems Regulator) of the Financial Services (Banking Reform) Act 2013 (“FSBRA”);
 - (2) in and under Regulation 15 of The Payment Card Interchange Fee Regulations 2015 (SI 2015/1911);
 - (3) in and under Regulation 136 of the Payment Services Regulations 2017 (SI 2017/752); and
 - (4) 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 29 June 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 7) 2018.

By order of the Board
28 June 2018

Annex A

Amendments to the Glossary of definitions

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

PSR's AFR the annual funding requirement of the *PSR* which is published by the *PSR* at the start of each *fee year*.

Annex B

Amendments to the Fees manual (FEES)

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

9 Payment Systems Regulator funding

9.1 Application and purpose

Purpose

- 9.1.2 G This chapter sets out how the fee payable by *PSR fee payers* will be calculated, to establish and fund the *PSR*.

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~~Annual budget and annual plan~~ Publication of fees information

- 9.1.8 G (1) *PSR fees* will vary from year to year, depending on the *PSR's* ~~annual plan and budget~~ *AFR* and the *transaction volumes* and *transaction values* in the *relevant time period*.
- (2) ~~These details are in FEES 9 Annex 1R.~~ 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) ~~The *FCA* and *PSR* will prepare and consult on new details for each *fee year*.~~ [deleted]

9.2 PSR fees

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Time of payment

- 9.2.2 R ~~If the *PSR fee* paid by a *PSR fee payer* for the previous *fee year* was at least £20,000, that *PSR fee payer*~~ *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.

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9.2.3 R If ~~the *PSR fee* paid by a *PSR fee payer* for the previous *fee year* was less than £20,000~~ 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.

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

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)
LINK	<p>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.</p>				
Mastercard	<p>All transactions by acquirers operating in the United Kingdom and transactions by card issuers operating in the United Kingdom under the <i>Mastercard regulated payment system</i>, including merchant sales volumes, and cash purchase transactions on cards, but excluding cash-only withdrawals. All <i>Mastercard</i> branded 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.</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)
NICC	All transactions including 'in clearing' and 'out clearing' transactions for GBP, USD and EUR processed through the NICC regulated payment system.				
Visa	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.				
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)				

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>(column 2)</p> <p>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 the <i>IFR card payment system</i> itself, a third party <i>processing entity</i> or '<i>on us</i>' <i>transactions</i>).</p> <p>Both issuing and acquiring transactions are taken into account for each <i>IFR card payment system</i>.</p>	(column 3)	(column 4)	(column 5)	(column 6)
<p>Notes:</p> <p>* This is the PSR's annual funding requirement (AFR). The PSR will publish the PSR AFR for each fee year annually.</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>					