

Code of Conduct for Indirect Access Providers

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Throughout the Code, a word initially shown in **bold** is defined in the glossary on page 13.

1 Introduction

1.1 Background to the Code

This voluntary Code of Conduct has been developed in response to the findings of the **Payment Systems Regulator's (PSR)** consultation paper CP14, '*A New Regulatory Framework for Payment Systems in the UK*', and its annexes. The consultation was launched in November 2014 in response to industry research into ease of access to **UK Payment Systems**. This research highlighted a variety of concerns around the supply of **Indirect Access** provided by **Payment Service Providers (PSPs)** offering Indirect Access to in-scope UK Payment Systems, (**Indirect Access Providers/IAPs**) to PSPs requiring Indirect Access to in-scope UK Payment Systems (**Indirect PSPs/IPSPs**), namely:

- security of supply of Indirect Access, such as the risk that IAPs discontinue the supply of Indirect Access;
- the sharing of commercially sensitive information between IAPs and IPSPs who are also downstream competitors;
- some aspects of the on-boarding and contractual arrangements that govern the supply of Indirect Access; and
- communication between IAPs and IPSPs.

The findings of the consultation were published in March 2015 in the form of the PSR's policy statement PS15/1 and its annexes, which recommended the development of a Code of Conduct to increase confidence in the supply of Indirect Access and lead to improved outcomes for service users.

1.2 About the Code

The Code sets out standards of best practice for key elements of the commercial arrangements between Indirect Access Providers and Indirect PSPs.

The principal aim of the Code is to improve the experience of Indirect PSPs by clearly setting out the responsibilities of Indirect Access Providers who have subscribed to the Code (**Code Subscribers**) to Indirect PSPs to whom they provide Indirect Access (**Code Beneficiaries**).

The Code is complementary to, rather than a replacement of, individual contractual arrangements, which set out the agreed negotiated terms between the parties for all aspects of the **services**. The parties are free to negotiate all components of the **agreement** between them and to agree terms that exceed the requirements of the Code.

Unless stated otherwise within the Code, 'we', 'us' and 'our' means the Code Subscriber; 'you' and 'your' means the Code Beneficiary.

1.3 In-Scope Payment Systems

The following UK Payment Systems are defined as being in scope of the Code by the PSR:

- **Bacs**
- **Faster Payment Service (FPS)**
- **CHAPS**
- **Cheque and Credit Clearing**
- **LINK**

1.4 Who the Code applies to

1.4.1 Code Subscribers

An Indirect Access Provider may choose to become a Code Subscriber if it is **registered with** or **authorised by** the **UK Financial Conduct Authority** for activities that include provision of payment services or is an **EEA-passported PSP**.

Code Subscribers agree to all of the Code Commitments and will be able to demonstrate business practices which align to and support compliance with these Commitments.

A list of current Code Subscribers is held by the **Code Administrator**, and is published on the Access to Payments website at www.accesstopaymentsystems.co.uk

1.4.2 Code Beneficiaries

An Indirect PSP that has an arrangement for Indirect Access to one or more in-scope UK Payment Systems with an Indirect Access Provider who is a Code Subscriber may qualify as a Code Beneficiary.

To qualify as a Code Beneficiary, an Indirect PSP must also be registered with or authorised by the UK Financial Conduct Authority for activities that include provision of payment services or is an EEA-passported PSP.

A Code Beneficiary can expect a Code Subscriber to adhere to the standards of best practice stated in the Code and has recourse to the Code Subscriber's complaint management process to support resolution of issues or concerns relating to the services which are not met as set out in the Code Commitments.

1.4.3 Eligible Payments

Payments considered eligible for inclusion within the scope of this Code are those where:

- both the payer's and beneficiary's **Payment Account** are domiciled in the UK; or
- for cross-border payments, those parts of the transaction which are completed using one of the in-scope UK Payment Systems.

1.5 Code Ownership & Administration

This Code is voluntary and is jointly owned by the Code Subscribers. Responsibility for administration of the Code is held by the Code Administrator, Payments UK. Contact details for the Code Administrator can be found at www.accesstopaymentssystem.co.uk.

Details of the processes and procedures relating to Code administration can be found in section 3 of this document.

2 Code Commitments

2.1 Commitment 1: Entitlement to an Agreement for the Supply of Indirect Access

You will be entitled to a written agreement which sets out in clear and transparent language the arrangements we have agreed with you that govern the supply of Indirect Access (your services).

The agreement will form part of the contractual arrangement between us and will include the following key components:

- 1) a definition of your services and any optional **additional services** we agree with you;
- 2) the terms on which your services will be provided;
- 3) the fees for your services, and details of when and how these fees will be applied and reviewed;
- 4) the duration of the agreement, what will happen at the end of the agreement and any procedures the Code Beneficiary must follow to request a renewal of the agreement;
- 5) any **service performance levels** we have agreed with you that are associated with your services;
- 6) how any changes to your services will be managed;
- 7) the **normal notice period** under which either party may terminate the agreement;
- 8) the circumstances that would result in a breach of the agreement and the effects for both parties;
- 9) the circumstances which may result in immediate **termination** of your services; and
- 10) your and our contact details.

All new relationships between a Code Subscriber and an Indirect PSP entered into once the Code is in place will have an agreement that will be Code compliant.

If you are a Code Beneficiary with an existing business relationship with a Code Subscriber at the date the Code comes into force, you will be entitled to request, and be provided with, an agreement that is compliant with the Code. For the avoidance of doubt, this includes the entitlement to a review of your existing agreement to ensure it is compliant with the Code, the arrangements for which should be agreed between the Code Subscriber and the Code Beneficiary.

A Code Beneficiary with an existing business relationship with a Code Subscriber will, irrespective of whether it has a code-compliant agreement as set out in the Code, be covered by its Code Subscriber's obligation to meet all other commitments set out in the Code.

2.2 Commitment 2: Support Services & Communication of Important Information

We will communicate to you all **important information** relevant to your use of your services.

Important Information is that information which we have agreed with you to be critical to the satisfactory operation of your services and to the use of the in-scope UK Payment Systems that we provide Indirect Access to. This will include information relating to the channels, technical specifications, security access requirements, operation, availability and/or service performance levels of your services. Important Information also includes any changes to these that will have a one-off or permanent impact to the **normal operating conditions** of your services, including planned and unplanned outages or maintenance and planned or unplanned extensions to operating hours.

We will provide a method for you to access all important information and will agree with you how and when we will notify you of changes to your services.

We will provide you with contact details and details of the availability of service support (e.g. operating hours for service support staff and other relevant staff with the **appropriate knowledge** to support all aspects of your use of your services and any changes to your services).

In communicating to you, we will ensure that all information provided is:

- clear, unambiguous, relevant and appropriately detailed;
- consistent with commonly-used and recognised industry terminology;
- accurate and current as at the time of communication; and
- notified in a timely manner and in accordance with any previously-agreed timescales.

2.3 Commitment 3: Managing the Security of Supply of Your Service

We will safeguard the supply of your services through our procedures and **service continuity plans**, to the extent this is within our control and in line with any obligations we have to in-scope payment systems under the relevant scheme rules, in the following scenarios:

- under **normal operating conditions**
- under **exceptional operating conditions**

Where either party decides to terminate the agreement or to discontinue any or all of your services under a normal notice period, we will work with you to put in place an appropriate plan for the **termination** of your services under the terms and notice period/s stated in your agreement.

If you will be migrating your services to become a **Direct** participant in an in-scope UK Payment System (where you will be considered to be a **Direct PSP** as you are a member of a payment scheme with **Direct Access** to the payment system), or to an alternative Indirect Access Provider, we will work with you and your new access provider to put in place a plan for the managed transition of your services to the alternative provider with the aim of ensuring, to the extent it is within our control, continuity of your services and the safeguarding of the services you provide to your customers during the transition.

We reserve the right to immediate termination of your services in circumstances that include, but are not limited to, where:

- continuing to provide your services would cause either of us to be in breach of a law or regulation;
- you no longer have the relevant authorisations to offer banking and/or payment services to your customers; or
- we have given the right amount of notice to terminate the agreement or withdraw your services.

Where we terminate your services, we will inform you of the reason/s where legally permissible.

2.4 Commitment 4: Ensuring the Security of Your Information

In recognition of the fact that we may be, or may become, direct competitors, we will maintain the security, commercial confidentiality and anonymity of all information and data you provide to us in connection with the arrangement and operation of your services at all times, and in line with any obligations we have to in-scope payment systems under the relevant scheme rules.

We will implement processes and procedures that ensure the security of the information that you provide to us in the course of our business relationship and minimise the risk of conflicts of interest, including where we mutually consider it appropriate to adopt specific non-disclosure arrangements.

We will:

- only request information relevant to evaluate, arrange, operate and review your services;
- ensure that any information provided to us in connection with the evaluation, arrangement, operation and review of your services is only used for those specific purposes; and
- implement internal procedures to prevent the disclosure of commercially sensitive information between those areas within the Code Subscriber's organisation responsible for supporting your services and those responsible for determining our own business strategy in areas we may compete with you or with third parties outside the Code Subscriber's organisation.

3 Code Administration

Responsibility for administration of the Code is held by the Code Administrator, currently Payments UK.

The Code Administrator will facilitate the management of the Code through the adoption of best practice Code administration, monitoring and engagement procedures and ensuring that non-confidential information is publicly available at www.accesstopaymentsystems.co.uk

3.1 Becoming a Code Subscriber

An Indirect Access Provider may apply to the Code Administrator to become a Code Subscriber; in doing so, they must commit to comply with the standards of best practice stated in the Code.

Code Subscribers will demonstrate their commitment to the Code in five ways:

- 1) initial public commitment to the Code;
- 2) implementation of regular internal monitoring of their own activities, processes and procedures to ensure their continuous compliance with the Code;
- 3) ongoing demonstration of compliance across all aspects of their Indirect Access service provision to Code Beneficiaries as evidenced by self-certification of their initial and ongoing compliance with the Code;
- 4) the adoption and ongoing operation of transparent complaints handling and dispute resolution procedures in order to manage complaints in relation to a Code Subscriber's compliance with the Code (see section 3.2); and
- 5) ongoing proactive review of Code effectiveness

On completing the application process and confirming their compliance with the Code commitments, the Code Administrator will add the Indirect Access Provider to the published list of Code Subscribers.

3.2 Complaint Management

Code Subscribers will inform Code Beneficiaries how to register any complaint where the Code Beneficiary considers that the Code Subscriber has not performed in accordance with the Code. The Code Subscriber will address the cause of the complaint within an agreed timescale and seek to resolve it to the Code Beneficiary's satisfaction.

The Code Subscriber will provide an escalation process to investigate further within its organisation an initial complaint where a Code Beneficiary is not satisfied with the proposed resolution made by the Code Subscriber. This will include an opportunity for the complaint to be escalated to an individual or group without responsibility for the day to day management of the services or commercial relationship with the Code Beneficiary. Where the parties cannot agree after further investigation, they will communicate their individual next step action to each other. This may include the option to refer the complaint to independent mediation.

A Code Beneficiary should always seek to resolve complaints via their Code Subscriber's complaint management process in the first instance. However, where a Code Beneficiary is still dissatisfied with a Code Subscriber's proposed resolution to their complaint after all avenues for resolution have been explored, either party can also direct the complaint to the PSR. The PSR has published guidance on its dispute resolution powers and the circumstances in which it will consider complaints and disputes in their Powers and Procedures Guidance (notably Annex D, p60-63 8.3 and 8.4), which is available on its website <https://www.psr.org.uk/powers-and-procedures-guidance>

If the PSR agrees to consider the complaint they will review the case, gather information and ultimately assess whether there are grounds for taking action.

3.3 Compliance Monitoring

A Code Subscriber's compliance with the Code will be assessed via a self-certification approach and monitored on an ongoing basis.

A Code Subscriber will commit to the standards of best practice stated in the Code and demonstrate compliance to the Code Commitments via completion of self-certification on initial subscription to the Code, and thereafter annually. This self-certification will be approved by the Code Administrator and will demonstrate the Code Subscriber's initial commitment to the Code and the Code Subscriber will be considered to continue to be compliant unless ongoing monitoring indicates otherwise.

The Code Administrator will assess initial and annual self-certifications and any complaints received by the Code Subscribers. A Code Subscriber found via ongoing monitoring to be non-compliant will be given the opportunity to remedy the situation and to demonstrate their compliance with the standards of best practice stated in the Code to the satisfaction of the Code Administrator.

Where a Code Subscriber is unable to satisfactorily demonstrate compliance with the Code, the Code Administrator may remove that organisation from the list of Code Subscribers and notify the PSR of the removal. If a Code Subscriber is removed from the list, once that organisation is able to adequately demonstrate their compliance they may re-apply to the Code Administrator to be reinstated to the list of Code Subscribers.

Compliance monitoring will be managed by the Code Administrator.

3.4 Ongoing monitoring of the Effectiveness of the Code

The Code Administrator and the existing Code Subscribers will consult and engage with the PSR on an annual basis, following the submission of the self-certifications, to discuss the outcomes of the monitoring and compliance processes to enable all parties to monitor the effectiveness of the Code and to identify and address any issues with Code implementation, operation and associated matters.

Any changes to the Code required as a result of ongoing or focused effectiveness reviews will be collated by the Code Administrator and agreed with the Code Subscribers and the PSR prior to changing the Code. The Code Administrator will manage updates to and communication of any changes to the Code.

4 Appendices

4.1 Glossary

Term	Description
Additional services	Services agreed between a Code Subscriber and a Code Beneficiary that are considered by the Code Subscriber to be above their standard service level .
Agreement	One or more documents that detail the services agreed between a Code Subscriber and a Code Beneficiary for Indirect Access and the terms on which those services will be provided.
Appropriate knowledge	Knowledge that a member of staff employed by the Code Subscriber or its agents specifically for the purposes of supporting Code Beneficiaries in their use of the services can reasonably be expected to hold about the services and the associated UK Payment Systems.
Authorised [by UK Financial Conduct Authority]	An organisation that has met the standards required and has been granted authorisation by the Financial Conduct Authority to conduct defined payment activities.
Bacs	The payment system which processes payments through two principal payment schemes: Direct Debit and Bacs Direct Credit. The payment system is operated by Bacs Payment Schemes Ltd.
CHAPS	The UK's real-time, high-value sterling payment system, where payments are settled over the Bank of England's Real Time Gross Settlement system. It is operated by CHAPS Clearing Company Ltd.

Cheque and Credit Clearing	The payment system in England, Scotland and Wales that processes cheques and other paper instruments; operated by Cheque and Credit Clearing Company Ltd.
Code Administrator	The organisation responsible for overseeing and operating the administrative processes required to support the Code.
Code Beneficiary	An Indirect PSP who has an agreement for Indirect Access with a Code Subscriber.
Code Subscriber	An Indirect Access Provider who has subscribed to the Code and meets the qualifying criteria as stated in the Code.
Continuity [of services] - also referred to as Service Continuity and Service Continuity Plans]	<p>A Code Subscriber's provision of services to a Code Beneficiary under normal operating conditions and the plans maintained and executed in the case of exceptional operating conditions with the aim of safeguarding the ongoing operation of the services provided to a Code Beneficiary, to the extent this is within a Code Subscriber's control and in line with any obligations to in-scope payment systems under the relevant scheme rules.</p> <p>(Also see definition of Business Continuity in the FCA Handbook section SYSC 4.1.6 – 4.1.8 that state the business continuity responsibilities of a regulated firm.)</p>
Direct Access	The method by which a PSP may access one or more UK Payment Systems through membership of a payment scheme enabling the transfer of funds and for the purpose of clearing and/or settlement.
Direct PSP [also referred to as a Direct Participant]	A PSP who is a member of a payment scheme and therefore considered to have Direct Access to the payment systems.

EEA-passported PSP	A firm authorised in another EEA (European Economic Area) Member State that is eligible to carry out its permitted activities in the UK due to fulfilling the requirements under the scope of the relevant single market directive.
Exceptional operating conditions	The conditions which a Code Subscriber considers to be abnormal/unusual in the operation of the services (for example an unplanned outage or the unexpected failure of a payment system).
FPS (Faster Payments Service)	The UK payment system that provides near real-time payments as well as Standing Orders. It is operated by Faster Payments Scheme Ltd.
Important information	Any information agreed between a Code Subscriber and a Code Beneficiary and documented in the agreement that both parties have agreed to be critical to the satisfactory operation of the services – this may include information relating to the specifications, operation and/or service performance levels of the service provided by a Code Subscriber and any changes to these that will have a one-off or permanent impact to the normal operating conditions or availability of the services, as defined in the agreement.
Indirect Access	The method by which a PSP may access one or more UK Payment Systems through an Indirect Access Provider enabling the transfer of funds and for the purpose of clearing and/or settlement.
Indirect Access Provider	A Payment Service Provider offering Indirect Access to one or more in-scope UK Payment Systems.
Indirect PSP	A PSP that uses an Indirect Access Provider to access one or more UK Payment Systems for the purpose of enabling the transfer of funds.

LINK	The UK payment system which enables end-users to take cash out of their accounts (amongst other activities) using the network of Automated Teller Machines in the UK; operated by LINK Scheme.
Migrating [your service/s]	The managed transition of a Code Beneficiary's services to an alternative Indirect Access Provider.
Normal notice period	The pre-agreed period of time during which a Code Subscriber must continue to provide services to a Code Beneficiary with whom they have an agreement following notification from either the Code Subscriber to the Code Beneficiary or vice versa of termination of one or all of the services.
Normal operating conditions	The conditions which a Code Subscriber considers to be normal/typical in the operation of the services.
Payment Account	An account provided by an Indirect PSP to each of its customers used for payments submitted to and received from the payment systems in scope of this Code.
Payment Service Provider (PSP)	As under s.42 (5) of the Financial Services Banking Reform Act 2013 (FSBRA), a PSP, in relation to a payment system, means any person who provides services to persons who are not participants in the system for the purposes of enabling the transfer of funds using the payment system. For the purposes of this Code of Conduct, this includes Direct PSPs and Indirect PSPs.
Payment Systems Regulator (PSR)	The Payment Systems Regulator (PSR) is an independent economic regulator for the payment systems industry. The PSR is a subsidiary of the FCA but has its own statutory objectives, Managing Director and Board.

Planned outage	A scheduled interruption to the provision of services that a Code Subscriber can reasonably be expected to have known about in advance and/or planned for and/or communicated to a Code Beneficiary (for example, the scheduled maintenance of an operator's payment system that renders the service unavailable for a set period of time).
Registered [with UK Financial Conduct Authority]	An organisation that has met the standards required and has been registered on one of the Financial Conduct Authority's registers to conduct defined payment activities.
Service performance level	The standard of service (whether in terms of availability, quality and/or frequency) that a Code Beneficiary can expect in the use of the services and any support services to be provided whether specified in the agreement or otherwise arranged between it and the Code Subscriber.
Services	The combination of products, processes and support provided by the Code Subscriber to the Code Beneficiary for the purpose of Indirect Access to clearing and/or settlement functions and/or to provide a Code Beneficiary with access to payment services from the in-scope UK Payment Systems.
Standard service level	The level of service which a Code Subscriber considers to be the normal/typical provision for their service offering.
Termination of/Terminate [services]	The action of a Code Subscriber ceasing to provide services to a Code Beneficiary.
UK Financial Conduct Authority	The UK Financial Regulator, independent from UK government, which focuses on the regulation of conduct by both retail and wholesale financial services firms.

<p>UK Payment Systems</p>	<p>As under s.41 of the Financial Services [Banking Reform] Act 2013 (FSBRA), a payment system is a system which is operated by one or more persons in the course of business (for the purpose of enabling persons to make transfers of funds), and includes a system which is designed to facilitate the transfer of funds using another payment system. Limited exclusions are set out in s.41 (2) and (3) of the FSBRA. Only payment systems which are designated by the Treasury are deemed 'regulated payment systems' and only the payment systems noted in the scope section of the Code are covered by the Code Commitments.</p>
<p>Unplanned outage</p>	<p>An interruption to the provision of services that a Code Subscriber cannot reasonably be expected to have known about in advance and/or planned for and/or communicated to a Code Beneficiary (for example, the unexpected service disruption or failure of an operator's payment system that renders the services unavailable for an unspecified period of time).</p>

For more information on indirect access to UK payment systems, visit:
www.accesstopaymentssystems.co.uk