
MINUTES

TO Board Directors
FROM Rachel Langworth, Committee Manager
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DATE 9 May 2018

MINUTES OF THE BOARD MEETING HELD ON 30 APRIL 2018

PRESENT	David Rigney	Bacs (<i>Chair</i>)
	Rachel Langworth	Bacs (<i>Secretariat</i>)
	Michael Chambers	CEO
	Martin Henry	AIB (<i>via conference call</i>)
	Andrew Grice	Bank of England
	James Meyrick	Barclays
	John Walsh	Citibank
	Dougie Belmore	Clydesdale
	Vicki Hassan	Danske (<i>via conference call</i>)
	Sue Yarham	HSBC
	Anne Trolland	Lloyds Banking Group
	Mark Nalder	Nationwide
	Liz Cooper	Santander
	Kate Patterson	TSB
	Resat Bilgin	Turkish Bank
	Kathy Lennon	RBSG
	Ailsa Beaton	INED
	Jo Kenrick	INED
	Andy Hollingdale	Bacs (<i>Attendee</i>)
	Dave Stockwell	Bacs (<i>Attendee</i>)
	Julie Nash	Bacs Legal Advisor (<i>Attendee</i>)
	Anne Pieckielon	Bacs (<i>Attendee</i>)
	Fergus Ryan	Bacs (<i>Attendee</i>)
APOLOGIES	Julian Sawyer, Starling Bank	
	Alan Duff, Virgin Money	

ID	ITEM	ACTION
04/18.01	MINUTES OF LAST MEETING	
	The Declarations of Interest Register was <i>noted</i> .	
	The minutes of the meeting held 13 March were agreed subject to redacting R Langworth the reference to the Current Account Switch Service (CASS) Executive Committee (EC) becoming a separate entity.	
	The minutes of the meeting held 21 March were agreed.	

ID	ITEM	ACTION
04/18.02	<p data-bbox="368 353 528 376">ACTION LOG</p> <p data-bbox="368 409 951 432">The 13 items proposed to close were all agreed.</p> <p data-bbox="368 465 719 488"><u>09/17.08 Buffer Rule Change</u></p> <p data-bbox="368 521 1305 712">The Settlement Working Group (SWG) has confirmed it is content to progress and the Change Requests (CRs) have been scheduled for implementation; these will be implemented under governance of Bacs Executive Committee (Bacs EC) which will continue under NPSO. It was agreed to close the action.</p>	
04/18.03	<p data-bbox="368 745 624 768">DIRECTOR CHANGES</p> <p data-bbox="368 801 1305 880">Board noted that J Pettigrew resigned as alternate Director; D Belmore does not expect to appoint an alternate Director to replace Jim.</p>	
04/18.04	<p data-bbox="368 913 655 936">NPSO CONSOLIDATION</p> <p data-bbox="368 969 1305 1373">Referring to the accompanying paper detailing those items requiring Board agreement to affect consolidation, M Chambers advised Board that the staff consultation process undertaken with regard to the mapping against the New Payment System Operator (NPSO) Target Operating Model (TOM) V1.0 has now successfully concluded. The proposal as made by M Chambers was accepted with one amendment that was agreeable to the individual involved. It was confirmed that there were three roles that could have been considered at risk; all have been mapped to another role accordingly.</p> <p data-bbox="368 1406 1305 1585">It was confirmed that all of the ‘Set 1’ documents have been signed and returned. All ‘Set 2’ documents have been returned, with a number being held by the external lawyers, and all held to order. All Written Resolutions have been returned.</p> <p data-bbox="368 1619 1270 1641">M Chambers walked Board through the items to be agreed at the meeting:</p> <ul data-bbox="368 1675 1305 2016" style="list-style-type: none"> <li data-bbox="368 1675 1305 1753">• Provide the mandate for M Chambers to sign all legal documents affecting consolidation. This was agreed <li data-bbox="368 1787 1305 1865">• Provide the mandate for M Chambers to sign the admissions letter for NPSO to become the sole member of Bacs. This was agreed <li data-bbox="368 1899 1305 2016">• Agree for the Attestation Letter to be sent to Bank of England (BoE) Financial Markets Infrastructure Directorate (FMID) team, copying the external lawyers (to allow release of Set 2 being held to order), and 	

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	<p>NPSO. Referring to the letter, Bacs advised that BoE's feedback related to specific wording to be included in how BPSL was positioned (reflected as track changes), and changes to the tense used in the letter. This was agreed</p> <ul style="list-style-type: none"> • To ratify the revised Articles of Association. This was agreed • To adopt the new Director Eligibility Criteria; this has been devised to align with the FPS Director Eligibility criteria. Having adopted the criteria, Bacs will be asking whether any directors (whether in the meeting or outside of it) will be resigning. The Chair and INEDs will remain on the Board to oversee the closedown of the company. BoE has indicated it wishes to remain an observer; NPSO will be appointing an observer and alternate. This was agreed • To confirm the appointment of the General Manager for V1.0 of the NPSO TOM; it has been proposed that A Hollingdale take on this role. NPSO has asked A Hollingdale to act as special advisor to the change activity that is ongoing. This was agreed • [DELETED – COMMERCIALY SENSITIVE] To agree Member contact points post resignation of Board Directors. This will be discussed with the Bacs Executive Committee on 2 May, following which NPSO will be asked to continue and finalise this piece of work to ensure efficiency and consistency post day 1 of NPSO taking responsibility for Bacs. This was agreed. 	
	<p>S Yarham queried if Bacs is aware of the FMID teams decision regarding NPSO; the Chair confirmed NPSO has received non-objection from NPSO.</p>	
	<p>[DELETED – COMMERCIALY SENSITIVE]</p>	
	<p>A Trolland queried whether Bacs is comfortable that A Hollingdale covers both the General Manager role and special advisor to change; M Chambers advised that the General Manager role is not clearly defined by NPSO, but the central functions (change, risk etc) do not fall under the General Manager role. The special advisor to change, while not intended to be too cumbersome, will be vital going forward.</p>	

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	<p>M Nalder queried the period of time the General Manager role will exist for; M Chambers advised the role will be in place for as long as TOM V1.0 is.</p> <p>[DELETED – COMMERCIALY SENSITIVE</p> <p>BoE noted it will be retaining its observer status on Board, but will not necessarily choose to attend.</p> <p>It was agreed for the meeting to break such that Bacs can confirm the agreements made to NPSO, sign the legal documents to complete consolidation and send the Attestation Letter to BoE FMID (copied to NPSO and A&O). <i>[The Attestation Letter was sent to FMID at 13:54 on 30 April 2018].</i></p> <p>The meeting re-convened at 14:00. M Chambers confirmed he signed all of Set 1 and 2, and the Attestation Letter was sent to FMID. The Chair confirmed for those Directors that did not indicate they will be resigning; Bacs will contact each Director post meeting to discuss their future plans / intentions.</p>	
04/18.05	FINANCIAL PERFORMANCE	
	<p>M Chambers provided an update regarding Bacs financial performance, as at end of Q1 2018. The costs are in line with the forecast. The Bacs, CASS, Cash ISA, and Bulk Payment Redirection Service (BPRS) 2018 costs are in line with its budget.</p> <p>A Beaton provided an update regarding the Audit Committee going forward, noting that the Audit Committee will be attended by Richard Anderson of NPSO. NPSO has asked A Beaton to continue to Chair the Audit Committee so as to oversee the finalisation of Bacs accounts, receive any audit reports outstanding. In addition A Beaton expected to ensure transfer of the Cyber Resilience Programme and Committee. Once concluded, R Anderson will take over. It was confirmed R Anderson will attend from the 10 May meeting onwards. [DELETED – COMMERCIALY SENSITIVE It was confirmed by NPSO that a number of the current Bacs Directors will be asked to continue on the Audit Committee; however A Beaton is yet to be made aware of anyone being asked. It was noted that those individuals would have to attend as</p>	

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	<p>advisors.</p> <p>A Beaton advised that she has been asked to Chair the May Risk Committee meeting, following which the Chief Risk Officer (CRO) of NPSO will take over the chairmanship.</p>	
04/18.06	<p>RISK EXECUTIVE SUMMARY</p> <p>[DELETED – COMMERCIALLY SENSITIVE Bacs met with BoE in the week commencing 23 April, where BoE confirmed it has closed Priority 16-02. Good progress has been made with regard to controls; all controls are owned by a member of the Bacs Executive Team. It was confirmed that Deloitte will be engaged during May 2018 to audit all of the 113 Primary Controls (therefore a 100% sample) and IA will be undertaking a review of 40% of the remaining Secondary Controls in Q2 2018.</p> <p>[DELETED – COMMERCIALLY SENSITIVE J Kenrick noted caution that as this Board’s responsibilities are passed over to NPSO, are stakeholders happy that the risks are being taken forward appropriately. F Ryan advised that Bacs has identified risks that should transfer to NPSO in the short, medium and longer term based to NPSO progress with T1 and T2 operating models. Equally Bacs has minimised the number of IA actions that will carry over to NPSO and are content that there is nothing material to action.</p>	
04/18.07	<p>PROJECT SOMERSET</p> <p>A Hollingdale provided an update regarding Project Somerset, noting that Bacs continues to work to align itself with the New Payment Architecture (NPA) programme. The NPA Programme is still forming; it is currently working to recruit a Programme Director. Bacs continues to develop and define its requirements and engage with Participants to gather feedback.</p> <p>[DELETED – COMMERCIALLY SENSITIVE</p>	
04/18.08	<p>AOB</p> <p>Board agreed for MC to sign the Amended and Restated BASS Service Agreement.</p> <p>Board noted the signing of the proof of concept letter for the Funds repatriation.</p>	

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	<p>Board noted Bacs signing of the UKPA FSA. Bacs advised Board had previously chosen not to enter into the Hub Office Space Licence (HOSL) with UKPA given the potential for increased occupancy costs. Board did not accept the HOSL given the increased costs for the term and also did not wish to encumber NPSO with increased costs. This position was noted with an expectation that NPSO will instruct Bacs in relation to the HOSL.</p> <p>Board noted that post 1 May NPSO will be responsible for responding to the consultations with BoE and PSR. J Kenrick queried whether NPSO will be using the same individual as would be used under the guise of Bacs today; Bacs confirmed that NPSO has created a working group to provide regulatory affairs input.</p> <p>Board agreed for M Chambers to sign the Mule Insights Letter; it was clarified the number quoted in the letter is as per the negotiations with all parties privy to the letter. Bacs confirmed it is comfortable, noting it does not have a role to play and is therefore unaffected by the amount.</p> <p>[DELETED – COMMERCIAL SENSITIVE [DELETED – COMMERCIAL SENSITIVE A Beaton noted that the GDPR documents are due to be returned to Bacs by 4 May.</p> <p><i>[Secretariat note: BoE has acknowledged receipt of the Attestation Letter, and received a formal response from David Bailey]. The response confirmed FMID’s non-objection to the transfer of Bacs to NPSO and also noted that the remaining 2017/2018 Priorities would be transferred to NPSO.</i></p> <p>The Chair noted thanks to all of those in attendance and their predecessors, and the professionalism brought to Board. The Chair noted thanks to M Chambers for all of his work and the pride and professionalism he has brought to the role.</p> <p>M Chambers noted his thanks to Board.</p>	