



HM TREASURY

Recognition Order

The Treasury:

- having complied with the requirements of section 186(1) of the Banking Act 2009 ("the Act") (including the requirement to notify CHAPS Clearing Company Limited in accordance with section 186(1)(b)); and
- having had regard to the factors specified in section 185(2) of the Act,

are satisfied that the recognition criteria specified in section 185(1) of the Act are met in respect of the inter-bank payment system specified in point 1.

Accordingly, the Treasury make this Recognition Order in exercise of the power conferred by section 184(1) of the Act.

1. SYSTEM SPECIFIED AS A RECOGNISED SYSTEM FOR THE PURPOSES OF PART 5 OF THE ACT:

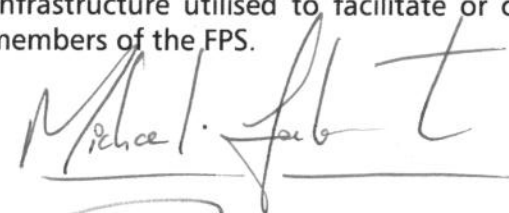

Faster Payments Service ("FPS")

2. ARRANGEMENTS CONSTITUTING THE RECOGNISED SYSTEM:

The system consisting of the formal arrangements and the standardised arrangements designed to facilitate or control payments to or from the members of the FPS. These arrangements include:

- the FPS Rules;
- the Reference Documents;
- the infrastructure utilised to facilitate or control payments to or from the members of the FPS.

SIGNED:

Two of the Lords Commissioners of Her Majesty's Treasury

DATE OF RECOGNITION: 06/02/2012

Notes

These notes do not form part of the Recognition Order

1. The FPS provides near real time net settlement for sterling payments in the UK. The FPS can be used to make 5 forms of payments: single immediate payments,¹ forward-dated payments,² payments originating overseas,³ direct corporate access payments,⁴ and standing orders.⁵ In December 2009, the FPS processed on average 1.45 million electronic payments per day with an average total value of £541 million per day.
2. The Treasury are satisfied that the recognition criteria specified in section 185(1) of the Act are met by the FPS, having regard to the factors specified in section 185(2) of the Act. The Treasury note, in particular, that since going live, the volumes and values of payments made using the FPS have risen⁶ and are expected to rise significantly in the future.
3. In accordance with section 186(1) of the Act, before making this Recognition Order, the Treasury consulted the Bank of England and notified the operator of the FPS, CHAPS Clearing Company Ltd, and considered any representations made.
4. In the first quarter of 2012, responsibility for managing and operating the FPS will pass from CHAPS Clearing Company Limited to Faster Payments Scheme Limited.

¹ Typically, these are payments that are made when a customer sends an instruction to their bank via telephone or internet banking services for an immediate payment to be made to a specific account.

² These are one-off payments requested to be made by a customer at a later date.

³ These are payments originally drawn from an account held outside the UK.

⁴ These are bulk payments submitted to the FPS directly by corporates.

⁵ Standing Orders are arrangements set up by a customer for regular payments to be made from a bank or building society account to another account.

⁶ For example, in August 2008, the average daily number of payments was 397,000 worth an average total value of £189 million, whereas in December 2008 the average daily volume of payments was approximately 900,000 and the average daily value of payments was approximately £300 million.