

Hetal Popat
Sent by email

20 December 2018

Dear Hetal,

Trustee Directions to HSBC Group (HSBCG)

I refer to our recent bilateral meetings. I appreciate that you have been working collaboratively with us in sharing your plans for Releases 3 and 4, and I welcome your commitments to deliver the majority of both Releases' components by their regulatory due dates, including Release 3's App to App Redirection (AIS) functionality for your key brands.

As Implementation Trustee, one of my key responsibilities is to ensure consistency across each of the CMA9's ability to deliver to regulatory due dates for Releases 3 and 4. It is therefore disappointing that HSBCG currently plans to deliver Release 3's App to App Redirection (PIS) functionality for the three retail brands in September 2019, six months later than the regulatory due date of 13 March 2019 (detailed in my P3 and P4 Evaluation Letter dated 11 July 2018) . This would represent a failure to comply with the CMA Order.

This letter formally confirms that I am using my powers under Article 11.6 and Schedule 1 of the CMA Order to issue the written Trustee Directions set out in the Annex to this letter to HSBCG. These Trustee Directions to HSBCG are in the form of Enhanced Implementation Monitoring, the details of which will have a public status.

Enhanced Implementation Monitoring will require you to provide additional Release 3 Status Reports to my Monitoring Function and for us to hold additional bilateral monitoring meetings, with the objective of ensuring no further delay in the delivery of the App to App Redirection (PIS) functionality and no slippage on any other Release 3 components. The full requirements of the Enhanced Implementation Monitoring are detailed in the annex to this letter.

Enhanced Implementation Monitoring is the first level of my Directions. However, if you are unable to comply, or there is further slippage on any Release delivery dates, or if you fail to deliver any Release 3 functionality on 13 March 2019, I reserve the right to put further Directions in place. These further Directions may be in the form of an Improvement Implementation Plan, the details of which would have a public status. An Improvement Implementation Plan can include the appointment of external consultants to review your Release delivery plans, and restricting the use of any current HSBCG own Open Banking products (e.g. preventing or restricting the number of new customers on-boarding) and/or delaying the launch of any future Open Banking products.

I will lift these Trustee Directions if you are able demonstrate a revised delivery plan in line with the regulatory due date, or when HSBCG delivers the functionality.

Yours sincerely,



Imran Gulamhuseinwala, OBE Implementation Trustee

Annex to Trustee Letter

On 10 December 2018 the Implementation Trustee provided HSBCG with draft directions specifying and describing the steps to be taken by HSBCG. The Implementation Trustee has had regard to the representations received on the draft directions, and now issues these Directions.

Trustee Directions issued under Article 11.6 and Schedule 1 of the Retail Banking Market Investigation Order 2017

1. Background and Interpretation

1.1 On 2 February 2017 the CMA made the Retail Banking Market Investigation Order 2017 (the Order). For the purpose of these Directions all terms unless expressly stated otherwise shall be as defined in the Order.

1.2 On 10 July 2018 the Implementation Trustee submitted a revised Agreed Timetable and Project Plan to the CMA. The CMA gave notice of its approval of the revision on 11 July 2018. The revision contained inter alia a requirement for Providers to deliver App-to-App authentication functionality for AIS and PIS redirection, by 13 March 2019.

1.3 On 15 October 2018, HSBCG informed the Implementation Trustee that it would be unable to deliver App-to-App Redirection functionality for some of its brands' AIS and PIS by 13 March 2019. HSBCG submitted a proposal to the Implementation Trustee under which it proposed to deliver this functionality in full by 13 September 2019. The Implementation Trustee notes this plan, with delayed elements being:

- i) 13 September 2019 for HSBC Retail and first direct PIS; and
- ii) 13 September 2019 for M&S Bank AIS and PIS.

1.4 The total number of current HSBCG customers potentially impacted by this delay is 3.5million (i.e. the total number of current UK PCA mobile App users in scope of the CMA Order), all of which will still be able to access the full range of Open Banking services during the delay period.

2. Commencement, revocation and variation

2.1 The Directions come into force on 20 December 2018.

2.2 Once in force these Directions will continue to be in force until such time they are varied or revoked by the Implementation Trustee under the Order. The variation or revocation of these Directions does not affect the validity or enforceability of any right or obligations that arose prior to such variation or revocation.

2.3 The Implementation Trustee shall revoke these Directions on confirmation by the Implementation Trustee's Monitoring Function that HSBCG is able to demonstrate a revised delivery plan in line with the regulatory due date, or when HSBCG delivers all Release 3 functionality, including the App to App Redirection (PIS) functionality.

3. Actions specified with respect to Enhanced Implementation Monitoring

3.1 HSBCG to provide monthly Release 3 Status Reports to the Monitoring Function. These Status Reports to cover:

- a) The current status of the Release 3 Programme detailing the status of each individual deliverable's milestones covering build/development, testing, and deployment.
- b) For each journey pertaining to Release 3's App to App Redirection (PIS) functionality, specific details of agile sprint activity (e.g. burn charts), testing with Third Party Providers (TPP's), risks, issues and advanced sharing of wireframes.
- c) For the overall Release 3 Programme, key risks, dependencies, and emerging issues, and the overall Programme's demand versus capacity planning (resourcing).
- d) HSBCG to follow the Open Banking Implementation Entity (OBIE) Project Management Group's Status Report guidelines in preparing these Status Reports.

3.2 HSBCG and OBIE to hold monthly bilateral monitoring meetings, commencing in January 2019, to review each monthly Status Report.