

# Minutes

## Wholesale Distribution Steering Group (WDSG)

14 December 2020

---

Location: **The Meeting took place via audio link.**

Attendees: **Bank of England:** Sarah John (Chair), Nick Butt, Elisabeth Bertalanffy-Fournier, Ronan Mcclintock, Camilla Pegg, Molly Galligan  
**UK Finance:** Eric Leenders, Phillip Mind, Russell Saunders, Julie Carruthers  
**Barclays:** Tim Leyden  
**Lloyds Banking Group:** Martin Barrett  
**HSBC:** Sue Yarham  
**NatWest Group:** Richard Talbot  
**Santander:** Robert White  
**HM Treasury:** Azin Roussos, Derek Dunne  
**Post Office:** Russell Hancock  
**Virgin Money UK:** Dougie Belmore  
**G4S:** Paul Van Der Knapp  
**Vaultex:** Phil Vaughan  
**Royal Mint:** Andrew Mills  
**Danske:** Kevin McMullan

Apologies: Julie Fitzgibbon (BOI), John Garrett (AIB)

### Item

#### 1. Standing agenda items

- **November 2020 minutes:**

The group agreed the November 2020 minutes, and approved their publication.

- **Sharing information on stakeholder engagement:**

None.

#### 2. Update from the Bank – NCS Review

The Bank reported that a review of the NCS was currently underway to consider how the current rules may need to change to help support the future wholesale distribution model and the efficient, sustainable and resilient circulation of banknotes in the UK. The functions and facilities of the NCS are being reviewed to assess whether the facilities would remain effective in achieving their aim under a utility model and to identify any areas where changes to the rules may be required.

To inform the review the Bank is seeking input from the industry and will be circulating a questionnaire by 18 December. The questionnaire will consist of a series of qualitative questions, which are aimed to help identify the areas where improvements may be needed.

The questionnaire responses from members will be important in achieving the optimal configuration of NCS facilities for the future of wholesale distribution. An update will be provided at a suitable point in the new year.

The members sought clarification on whether a comparable piece of work on coin was planned. HMT confirmed it will be monitoring any proposals that come out of the review, but there were no current plans to commission a similar review for coin. The Bank noted that there was a well-established scheme in place for notes, and it was therefore appropriate for any review to begin there.

### **3. Update from UK Finance**

#### **(a) Update from UK Finance on latest developments, including competition advice**

UK Finance reported that ISG members recently met and committed in principle to proceed with the next phase of the work which builds on the phase 2 business case in early Autumn. This will include a proposal on which assets should be retained by the utility and the development of a commercial transaction to underpin this. Given the commercial sensitivity associated with this piece of work, it was agreed, based on independent legal advice, that a clean team should be established to appropriately control how information can be shared. It was noted that there may be a need to create an SPV to ensure the protection of all colleagues involved in the clean teams.

Russell Saunders would be continuing on the project. An independent project director had been identified, and it was agreed that KPMG and Eversheds could continue to provide technical and legal support to the project. UKF confirmed that the ISG had also considered the need for a contingency plan and that this would be kept under review.

Members requested further detail on how the next phase would work in practice; in particular the timelines and resource requirements for clean teams. UK Finance confirmed that this was in progress and a summary proposal will be circulated later this week.

#### **(b) Update from G4S on their position**

G4S reported that an announcement had been made on 8 December that the Board of directors managing Allied Universal and of G4S had reached agreement on the terms of a recommended cash offer to be made by Allied Universal to acquire the entire issued and to be issued share capital of G4S. The documents had been made publically available and further detail could not be shared with the group as G4S was bound by the rules of the takeover code.

The offer is expected to close in the first quarter 2021. G4S did not foresee any impact on its participation in the WDSG and the next phases of the work.

#### **(c) Agreement on operating model for next step involving clean teams and appropriate oversight arrangements**

The Bank reported that it would consider how best to continue its role in supporting and chairing the WDSG in light of the establishment of a clean team. An update on this would be provided in due course.

### **4. Review Action Log**

Actions were reviewed and closed where applicable.

**5. AOB**

Azin Roussos had taken over from Mario Pisani at HMT. Azin would be leading the wholesale work for HMT and attending WDSG as the new HMT representative.