



**Link Scheme Holdings Ltd  
CPMI - IOSCO Public Disclosure  
for the LINK Payment System  
31<sup>st</sup> December 2023**

<b>Responding Institution:</b>	Link Scheme Holdings Ltd
<b>Jurisdiction:</b>	UK (English and Welsh Law)
<b>Authorities Regulating:</b>	The Bank of England Payment Systems Regulator
<b>Date of Disclosure:</b>	31 <sup>st</sup> December 2023
<b>Disclosure Location:</b>	<a href="http://www.link.co.uk/publications/policies-and-regulation/">www.link.co.uk/publications/policies-and-regulation/</a>
<b>For further information, please contact:</b>	<a href="mailto:risk@link.co.uk">risk@link.co.uk</a>



## 1 Executive Summary

Link Scheme Holdings Ltd (LINK) is the UK's largest cash machine network, connecting virtually all the UK's ATMs and ensuring communities have the access to cash that they need through channels such as ATMs and cashback at retailers' tills. LINK is the only way banks and building societies can offer their customers access to cash across the whole of the UK. All the UK's main debit and ATM card issuers are LINK Members.

Cash machine operators join LINK in order to offer cash to the 100 million-plus LINK-enabled UK cards in circulation.

The LINK Network is a fundamental part of the UK's payments infrastructure and cash machines are by far the most popular channel for cash withdrawal in the UK, used by millions of consumers every week.

LINK is a competitive scheme. There is no requirement to join LINK, and VISA and Mastercard are examples of competitors in the UK. LINK supports a free-to-use and pay-to-use model, and it is the competitive choice of LINK's 32 Network Members. A full list of Network Members can be found on LINK's website [here](#).

Those applying for membership of the LINK Scheme must meet specific membership criteria, both at the time of application and throughout the duration of their membership. Each Network Member is obliged to sign binding contracts in the form of a Members Agreement and a Switching and Settlement Agreement.

In terms of scale, the LINK Network is a high resilience, high volume, real-time system connecting circa 49,000 ATMs, and conducting over 125 million transactions a month and over billion transactions a year.

LINK publishes weekly and monthly updates on its transaction volumes and values and they can be accessed on LINK's website [here](#).

Cash use for payments is in long term decline and this means that LINK volumes are also trending downwards. While the overall reduction in transactions will put additional strain on providing free access to cash, LINK remains focused on fulfilling its strategic objectives.

These objectives are:

1. Deliver Satisfactory Consumer Access to Cash in the UK.
2. Ensure Effective Resilience of the LINK Payment System.
3. Ensure Systemic Risk Management of the LINK Payment System.
4. Sustain a Viable LINK Membership.

Comprehensive details on LINK can be found on its website [here](#).

The role LINK plays in the stability of the UK's economy has been recognised under s.184 of the Banking Act 2009, meaning that the Bank of England supervises LINK. The Bank achieves two objectives through its supervision of financial market infrastructures (FMIs) such as LINK: to ensure FMIs take appropriate steps to mitigate risks they face, given the systemic impact of a failure of an FMI; and to ensure that FMIs mitigate or do not increase risk in the financial system more generally.



As LINK is a recognised payment system, it must have regard to the internationally agreed CPMI-IOSCO Principles for Financial Market Infrastructures (Principles). This public disclosure sets out how LINK has performed against these Principles and is set out under the disclosure framework. The Principles can be found at [www.bis.org/cpmi/publ/d101a.pdf](http://www.bis.org/cpmi/publ/d101a.pdf). There are sixteen Principles that apply to LINK: 1, 2, 3, 4, 5, 7, 8, 9, 13, 15, 16, 17, 18, 21, 22, and 23. The eight remaining Principles: 6, 10, 11, 12, 14, 19, 20 and 24 do not apply. The key questions have been answered based upon the policies and procedures in place on 30<sup>th</sup> September 2023.

This year's submission takes full account of the work delivered since the last detailed report was completed in 2021. LINK maintains a mature risk management framework, which comprehensively manages its risks through a robust three lines of defence governance model. This sound risk management framework includes policies, processes, procedures, and systems that enable LINK to identify, measure, monitor and effectively manage the range of risks that arise in or are borne by LINK Scheme. LINK's management of risk is outlined in its Enterprise Risk Management Framework (ERMF) which documents how the Board and Senior Management Team are ultimately responsible for managing the level of aggregate risk tolerance and capacity for LINK.

## 2 Summary of Major Changes Since Last Disclosure

This year's submission takes stock of the work completed over the past year on Access to Cash in a declining market.

Under a new initiative agreed by the Cash Action Group, LINK has been asked to analyse the impact of the planned closures on local communities. Under the voluntary agreement, which began on 1<sup>st</sup> January 2022, the major high street banking firms will notify LINK of their planned branch closures. This is part of a commitment from the firms, supported by major consumer groups, to ensure that no community is left without the cash access and deposit services it needs. This is a new approach, and it is likely to change over time - as we learn more about how best to meet communities' needs.

Once LINK has been told about a planned closure, we assess whether the community's needs will still be met even after the closure has taken place. If we decide that a new service will be needed, we work with the firms who have signed up to the initiative to provide it. Further information can be found on LINK's website [here](#).

To support the ERMF significant work has taken place to mature LINK's operational resiliency. This has been supported by the completion of the Banks request for a self-assessment under the Policy on Operational Resilience which came into effect in March 2022, identifying LINK's Important Business Services.

LINK has created a Business Resilience Framework to ensure the holistic management of resilience across the LINK ecosystem. The Framework consists of key disciplines in ensuring the ongoing resilience of LINK, to ensure that LINK is able to maintain operations and recover in a timely manner in the event of a disruption or unplanned incident.



## 3 General Background on the FMI

### 3.1 General Description of LINK and the Market it Serves

LINK is the UK's largest cash machine network, connecting virtually all the UK's ATMs and ensuring communities have the access to cash that they need through channels such as ATMs and cashback at retailers' tills. LINK is the only way banks and building societies can offer their customers access to cash across the whole of the UK. All the UK's main debit and ATM card issuers are LINK Members.

Cash machine operators join LINK in order to offer cash to the 30 million-plus LINK-enabled UK cards in circulation.

The LINK Network is a fundamental part of the UK's payments infrastructure and cash machines are by far the most popular channel for cash withdrawal in the UK, used by millions of consumers every week.

LINK is a competitive scheme. There is no requirement to join LINK, and VISA and Mastercard are examples of competitors in the UK. LINK supports a free-to-use and pay-to-use model, and it is the competitive choice of LINK's 32 Network Members.

In terms of scale, the LINK Network is a high resilience, high volume, real-time system connecting circa 50,000 ATMs, and conducting over 120 million transactions a month and over a billion transactions a year.

When a consumer withdraws cash from a LINK-enabled free-to-use machine which is not owned by the consumer's bank, the consumer's bank pays a fee to the ATM provider to cover the cost of its transactions. This fee is known as Interchange.

LINK sets the Rules for ATM operators who want their cash machines to be part of the UK ATM Network or card issuers who want their cardholders to be able to use the UK ATM Network. Almost every cash machine in the UK, both free-to-use and pay-to-use, is connected to LINK, giving cardholders nationwide access to cash.

LINK is committed to maintaining free access to cash across the UK for as long as consumers need it. This includes maintaining the coverage of free-to-use ATMs in the most remote and rural locations, as well as improving free access in the most deprived areas of the UK.

LINK has operated a Financial Inclusion Programme (Programme) since 2006. The Programme is intended to improve free cash access in the most deprived and remote areas of the UK. LINK produces monthly Footprint and Dashboard Reports which give the public a view on the current status of the coverage of the ATM network in the UK. The latest reports can be downloaded from the LINK website [here](#).

### 3.2 General Organisation of LINK

Link Scheme Holdings Ltd. (LINK) is the operator of the LINK Scheme as set out in the Financial Services (Banking Reform) Act 2013. LINK is recognised as an inter-bank payment system under s.184 of the Banking Act 2009, bringing LINK into the scope of the



Bank of England's supervisory regime. This is because of the crucial role that LINK plays in the UK economy as the main facilitator of free-to-use cash withdrawals.

Link Scheme Holdings Ltd is a company limited by guarantee. The [Members](#) of the company are the companies that issue cards used in ATMs and provide ATMs and cash at the till terminals.

Link Scheme Holdings Ltd is regulated by the Bank of England and the Payment Systems Regulator.

The Link Scheme Holdings Ltd Board comprises a Chair, six Non-Executive Directors and the Chief Executive. An overview of the individual LINK Board members is provided on the LINK website [here](#).

LINK has three Board committees, the Risk Committee, the Remuneration and Nominations Committee, and the Audit Committee. All three Committees have delegated authority from the Board, however responsibility for major decisions, including the Rules of the LINK Scheme and setting the Interchange fees, rests with the Board.

In addition to the Board, LINK has an independent Consumer Council established to represent the interests of consumers and advise the Link Scheme Holdings Ltd (LINK) Board on consumer issues that relate to the LINK Scheme. To find out more about the work of the Consumer Council and read its Annual Report [here](#).

### 3.3 Legal and Regulatory

LINK is considered systemically important by UK policymakers and as such is designated as a Financial Market Infrastructure under the Financial Service (Banking Reform) Act 2013. Accordingly, LINK is regulated by the Bank of England as one of a handful of systemic payment systems in the UK. The Bank's focus is on ensuring that LINK manages systemic integrity effectively.

LINK is also regulated by the Payment Systems Regulator (PSR), which is concerned with ensuring that it meets the needs of its service users, and is effective at competition and innovation.

Both regulators work closely with the Board and the Senior Management Team.

LINK has in place a series of legally binding contractual documents between the various parties involved in the Scheme, which provide an effective framework within which the Scheme operates. The most important of these are the Members Agreement which sets out the Governance and Rules for Network Members; and the Switching and Settlement Agreement which exists between LINK, the third party that provides the infrastructure, and the Network Members.

Work continues to understand any new regulatory requirements stemming from the Financial Services and Markets Act 2023, which legislates for free cash access across the UK. LINK (in its work as the Co-ordinating Body for bank branch closures) will likely become a designated firm, subject to regulation by the Financial Conduct Authority (FCA). Work has focused on understanding the Act, thinking about the likely timeline for regulation, and identifying the artefacts that might be required by the FCA once LINK (as a Co-ordinating

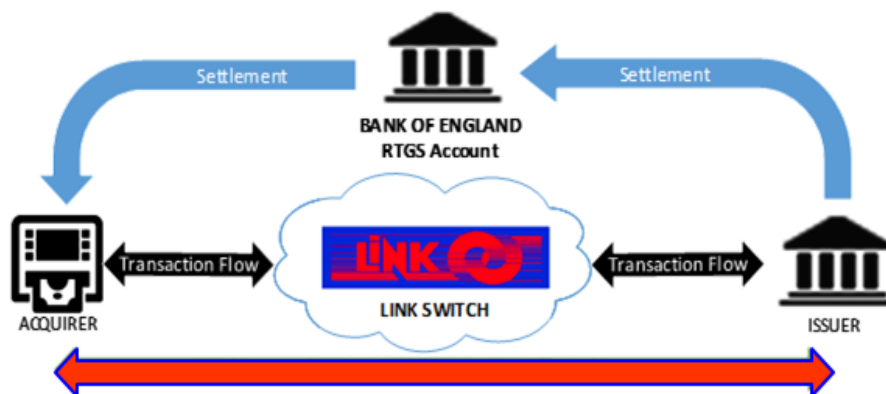


Body) has been “designated” by HM Treasury.

## 3.4 System Design and Operations

### 3.4.1 Overview

LINK provides the infrastructure that enables consumers in the UK who have a LINK-enabled card issued by their bank or building society to access their cash from a LINK enabled ATM. It does this by linking the Issuer (the bank or building society that issued the card and with whom the consumer holds their account) and the Acquirer (the bank, building society, or Independent ATM Deployer (IAD) who operates the machine from which cash is withdrawn), and providing a mechanism for balances owed by Issuers to Acquirers to be settled.



### 3.4.2 Processing a LINK Transaction

A typical LINK transaction follows these basic steps, and usually takes no more than a few seconds to complete:

1. A customer with a LINK-enabled card makes a request at a LINK cash machine (operated by an Acquirer), usually to withdraw cash;
2. The Acquirer sends relevant cardholder information together with the transaction request to the LINK Network;
3. The LINK Switch reads the information, undertakes basic checks, and forwards an authorisation request to the customer’s bank or building society (the Issuer);
4. The Issuer conducts a series of checks to validate the request before returning a response, either providing approval for, or declining, the requested transaction;
5. The LINK Switch receives the response and relays it to the cash machine operator (the Acquirer) who will then process the transaction or indicate that it has been declined.

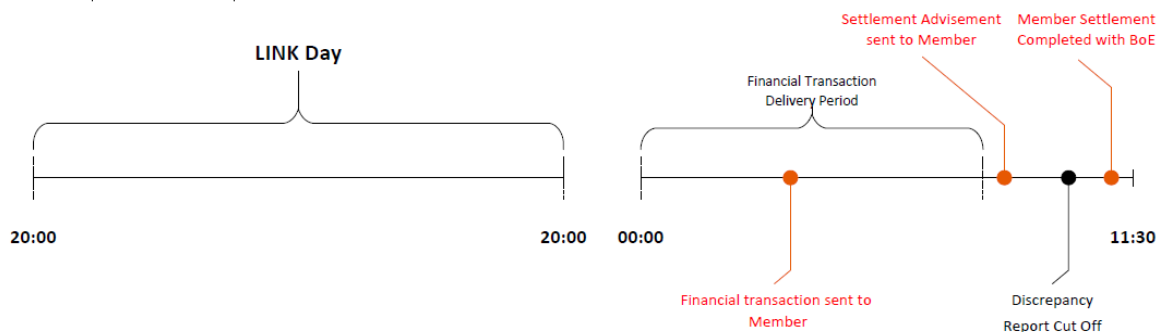
The funds for each approved cash withdrawal are paid by the Issuer to the respective Acquirers through the LINK Settlement process. The LINK Settlement process runs each English Banking Day.



### 3.4.3 LINK Settlement

An overview of the LINK Settlement process is as follows:

Delivery Time	Event
20:00 – 20:00	LINK Banking Day.
00:00 – 08:00	A Reconciliation File containing all financial transactions processed during the preceding LINK Day(s) is sent to Members to reconcile their Settlement position.
09:30	Settlement Adviseements sent to all Members showing by product their net financial position.
10:00	Time by which Members should advise the Infrastructure Provider of any discrepancies between the Settlement Adviseement data and their own reconciliation.
11:30	The Infrastructure Provider completes daily Settlement with Bank of England.



LINK transactions can take place at any time of the day or night; therefore, a LINK day runs over 24 hours - from 8pm on any given day to 8pm on the following day. All LINK transactions that are processed during the LINK day are then netted off for settlement purposes resulting one settlement position per Network Member.

Overnight, Network Members are sent a record of their individual settlement positions by the infrastructure provider, so that they can reconcile this with their own internal records. Any discrepancies need to be notified to the infrastructure provider so that these can be investigated and resolved prior to settlement taking place.

Settlement of monies owed to and from Network Members takes place at the Bank of England using the Bank's Real Time Gross Settlement System shortly before 11.00am on the banking day following the close of the LINK day. In the case of weekends and Bank Holidays, positions accumulated over preceding LINK days are amalgamated and are settled on the first banking day following the weekend or Bank Holiday.

Interchange fees due in respect of LINK transactions are calculated by the infrastructure provider on the first working day of the month and settled on the second working day of the month.

### 3.4.4 LINK Participants

There are several different participants in the LINK, fulfilling a variety of different roles:



**Link Scheme Holdings Ltd (LINK)** – The Operator of the LINK Payment Systems as set out in the Financial Services (Banking Reform) Act 2013.

**LINK Scheme Executive** – The LINK Scheme Executive is accountable to the Board and is responsible for the day-to-day running of LINK and managing LINK from a strategic perspective. The role of the Scheme Executive includes overseeing the performance of service providers, ensuring that they meet their contractual obligations towards LINK, administering Scheme membership and overseeing Network Members, ensuring that they are operating in accordance with Scheme Rules.

**Infrastructure Provider** – The infrastructure which enables LINK is provided by an outsourced service provider, currently Vocalink. It is responsible for ensuring that the infrastructure is operated in accordance with the Switching Settlement Agreement, maintaining a high level of operational availability and resilience as set out in the Service Level Agreement.

**Issuers** – The banks and building societies that issue LINK-enabled cards to their customers. They are responsible for ensuring that they comply with the Scheme Rules, thereby contributing to the ongoing security and resilience of the network, and for ensuring that Settlement is funded.

**Acquirers** – The banks, building societies and IADs who operate the cash machines that make up the Network. They are responsible for ensuring that the machines they operate are run efficiently and securely and that they are regularly replenished with cash, operating in accordance with the Scheme Rules, thereby contributing to the ongoing security and resilience of the Network.

**Certified Service Bureaux (CSB)** – Network Members (both Issuers and Acquirers) can choose to connect directly with the network or through a third party CSB. The CSB is responsible for ensuring that it operates in accordance with the Scheme Rules and that the Network Member(s) that it operates on behalf of remain connected to the network and do so in a secure and reliable manner.

**Bank of England** – The Bank of England, through its Real Time Gross Settlement System, provides the system through which settlement of LINK Settlement takes place.

**Customers** – Customers of the banks and building societies who use their LINK-enabled cards. Their responsibilities extend to keeping their cards and PIN details secure, thereby contributing to the secure operation of the Network and protecting it from fraudulent activity.

### **3.4.5 Framework for the Comprehensive Management of Risks**

Having an effective framework for identifying and managing the risks facing LINK is a fundamental enabler to LINK being able to meet its objectives and to deliver against its regulatory obligations as a systemic risk manager.

In April 2016, LINK was recognised as a Financial Market Infrastructure (FMI) by HM Treasury (HMT). An FMI facilitates the clearing, settlement and recording of monetary (or other) financial transactions in the market it serves. In this case the LINK Scheme “Settles” money owed through transactions performed at the ATM to its participants of the Scheme.



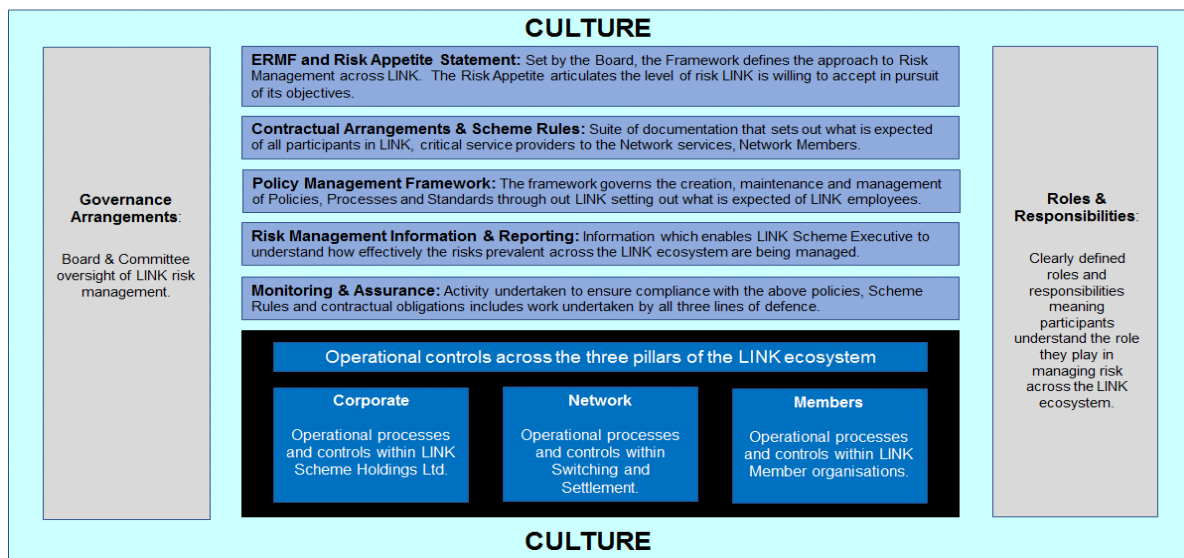


If LINK operations are not managed properly, LINK can pose significant risks to the financial system therefore, it is imperative that LINK has an effective risk management structure in place to meet its risk management obligations.

LINK’s approach to managing risk is multi-dimensional, with a number of component parts making up the Enterprise Risk Management Framework (ERMF). It is only through each of these component parts working together that LINK effectively manages the risks that it faces. The ERMF supports the consistent identification and management of risk, and opportunities, across the organisation supporting openness, challenge, innovation, and excellence in the achievement of business objectives. For the risk management framework to be considered effective, the following principles shall be applied:

- Risk management shall be an essential part of governance and leadership.
- Risk management shall be an integral part of LINK’s activities to support decision-making.
- Risk management shall be collaborative and informed.

These different components inform the ERMF and are set out in the diagram below:



LINK has defined Risk Appetites within which it aims to operate, set by the Board. These Risk Appetites articulate the level of risk that LINK is willing to accept in achieving its objectives and managing the different types of risk that LINK faces.

In defining Risk Appetites, the Board has set out both appetite and Risk Tolerances. Appetites define the parameters within which the business expects to operate, recognising that from time-to-time performance may slip outside of appetite. Controls are in place to manage risk such that the business is ordinarily operating within the appetites set. Risk Tolerances define the limit of the Board’s tolerance for particular outcomes. Controls are designed and implemented such that they prevent these outcomes occurring.

## 4 Principle by Principle Summary Narrative Disclosure



### **1. Legal basis**

***An FMI should have a well-founded, clear, transparent, and enforceable legal basis for each material aspect of its activities in all relevant jurisdictions.***

LINK is a UK-based company with its headquarters in North Yorkshire. Its business activities, contracts and Scheme Rules are all governed by English and Welsh law. The requirements to become, and remain a Network Member of LINK, are based on a clear, transparent, and enforceable legal basis for its operation of the LINK Scheme.

All documents have been prepared with the support of external independent legal advice.

### **2. Governance**

***An FMI should have governance arrangements that are clear and transparent, promote the safety and efficiency of the FMI, and support the stability of the broader financial system, other relevant public interest considerations, and the objectives of relevant stakeholders.***

LINK has in place established governance arrangements for the Board of Directors, Senior Management, and its stakeholders. The governance arrangements supported by LINK's Strategic Plan ("the Plan"), are clear and transparent, promoting the safety and efficiency of LINK. The Plan also supports the stability of the broader financial system, and the objectives relevant to maintaining access to cash.

Strategically, LINK is focused on maintaining access to cash for as long as is needed in the face of major changes to how consumers pay and the move to digital payments that is underway. As part of this, LINK is supporting the need for Access to Cash via its Financial Inclusion Policies and has decided to accept being appointed as Co-ordinating Body for the banking industry with a central role in assessing the impact of bank branch closures. As a result of the Financial Markets and Services Act 2023, LINK is expecting to be designated by HM Treasury for direct regulation by the FCA in connection with its activities as a Co-ordinating Body.

### **3. Framework for the Comprehensive Management of Risks**

***An FMI should have a sound risk-management framework for comprehensively managing legal, credit, liquidity, operational, and other risks.***

LINK has in place a mature risk management framework for comprehensively managing risk through a robust three lines of defence governance model. The risk management framework includes policies, processes, procedures, and systems that enable LINK to identify, measure, monitor and effectively manage the range of risks that arise in or are borne by LINK Scheme. LINK's management of risk is outlined in its Enterprise Risk Management Framework which documents how the Board and Senior Management Team are ultimately responsible for managing the level of aggregate risk tolerance and capacity for LINK.

LINK continues to mature its risk management framework and Second Line has responsibility for the business resilience and supplier management frameworks to support the operational activities of LINK.



<p><b>4. <u>Credit risk</u></b> <b><i>An FMI should effectively measure, monitor, and manage its credit exposures to participants and those arising from its payment, clearing, and settlement processes. An FMI should maintain sufficient financial resources to cover its credit exposure to each participant fully with a high degree of confidence.</i></b></p>
<p>LINK has a robust framework for managing its settled net indebtedness for transaction values and maintains capital and reserves in the form of liquid assets, equal to 50% of annual forecast operating expenditure, to ensure a recovery or orderly wind down of LINK’s critical operations and services if a wind down event, as identified in LINK’s Recovery and Wind Down Plan.</p> <p>LINK’s business strategy is aligned with clearly defined Risk Appetite and Risk Tolerance statements, including in respect of credit and liquidity risk. LINK has in place a range of tools to mitigate and manage these risks. Examples of these tools are the ERMF which enables it to identify and manage the risks it faces. LINK’s Risk Taxonomy identifies key categories of risk faced by LINK which are captured where appropriate within the Risk Register. LINK also has robust processes in place to manage any exposures to participants and those that can arise from its payment and settlement processes.</p>
<p><b>5. <u>Collateral</u></b> <b><i>An FMI that requires collateral to manage its or its participants’ credit exposure should accept collateral with low credit, liquidity, and market risks. An FMI should also set and enforce appropriately conservative haircuts and concentration limits.</i></b></p>
<p>The Board is satisfied that its collateral risk is sufficiently limited given the nature of the LINK payment system.</p>
<p><b>6. <u>Margin</u></b></p>
<p>N/A</p>
<p><b>7. <u>Liquidity Risk</u></b> <b><i>An FMI should effectively measure, monitor, and manage its liquidity risk. An FMI should maintain sufficient liquid resources in all relevant currencies to effect same-day and, where appropriate, intraday and multiday settlement of payment obligations with a high degree of confidence under a wide range of potential stress scenarios that should include, but not be limited to, the default of the participant and its affiliates that would generate the largest aggregate liquidity obligation for the FMI in extreme but plausible market conditions.</i></b></p>
<p>LINK does not guarantee Settlement in the event of Network Member default.</p> <p>Network Members are informed of their Settlement position in advance of Settlement being completed at the Bank and are required to fund Settlement through accounts held at the Bank.</p> <p>LINK makes use of a Liability Manager tool that monitors real-time liability positions of Network Members and issues automatic alerts when pre-agreed exposure thresholds are reached.</p>



<p>LINK has processes which include a playbook of stress test scenarios to ensure it is monitoring and managing the liquidity risk across the ecosystem.</p>
<p><b>8. <u>Settlement Finality</u></b>  <i>An FMI should provide clear and certain final settlement, at a minimum by the end of the value date. Where necessary or preferable, an FMI should provide final settlement intraday or in real time.</i></p>
<p>LINK has clear final settlement rules, outlined within the Scheme Rules. The Issuer is bound under the Members Agreement and the Switching and Settlement Agreement to settle its indebtedness to the Acquirer. The Issuer pays the Acquirer via Settlement and debits its individual cardholder's account in respect of the completed transaction.</p>
<p><b>9. <u>Money Settlements</u></b>  <i>An FMI should conduct its money settlements in central bank money where practical and available. If central bank money is not used, an FMI should minimise and strictly control the credit and liquidity risk arising from the use of commercial bank money.</i></p>
<p>LINK Settlement takes place using the Bank's Real Time Gross Settlement (RTGS) system in Sterling.</p> <p>Settlement takes place using the Bank's RTGS system on the Banking Day following the LINK Day when transactions took place. All Network Members are required to either hold a RTGS clearing account, for the purposes of processing Settlement, or are required to enter into an agreement with another Network Member that does have such an account, thereby giving them access to a RTGS account.</p> <p>Settlement is made between individual Network Members based on the Settlement figures provided by the Infrastructure Provider and confirmed by the Network Members. This is not conducted on the books of LINK.</p>
<p><b>10. <u>Physical Deliveries</u></b></p>
<p>N/A</p>
<p><b>11. <u>Central Security Depositories</u></b></p>
<p>N/A</p>
<p><b>12. <u>Linked Obligations</u></b></p>
<p>N/A</p>
<p><b>13. <u>Participant-default Rules and Procedures</u></b>  <i>An FMI should have effective and clearly defined rules and procedures to manage a participant default. These rules and procedures should be designed to ensure that the FMI can take timely action to contain losses and liquidity pressures and continue to meet its obligations.</i></p>
<p>LINK has a documented Default Plan and a regular testing process to ensure it has up to date defined rules and procedures to manage a participant default. The process articulates clearly defined actions in the event of a Network Member</p>



<p>default. These actions are designed to ensure that LINK can take timely action, along with the Bank of England, to contain any losses or liquidity pressures across the Scheme.</p> <p>These processes are tested regularly with the Infrastructure Provider to ensure LINK continues to meet its obligations as an FMI.</p>
<p><b>14. <u>Segregation and Portability</u></b></p>
<p>N/A</p>
<p><b>15. <u>General Business Risk</u></b></p> <p><b><i>An FMI should identify, monitor, and manage its general business risk and hold sufficient liquid net assets funded by equity to cover potential general business losses so that it can continue operations and services as a going concern if those losses materialise. Further, liquid net assets should at all times be sufficient to ensure a recovery or orderly wind-down of critical operations and services.</i></b></p>
<p>LINK's general business and operational risks are identified, monitored, and managed through the arrangements outlined below, which explain how LINK effectively discharges its systemic risk management responsibilities. The appropriate management of those risks effectively mitigates any wider systemic risk implications for LINK's Network Members and the broader financial markets.</p>
<p><b>16. <u>Custody and Investment Risks</u></b></p> <p><b><i>An FMI should safeguard its own and its participants' assets and minimise the risk of loss on and delay in access to these assets. An FMI's investments should be in instruments with minimal credit, market, and liquidity risks.</i></b></p>
<p>LINK assets are held within two large UK banks to minimise the risk of loss of and delay in access to its assets.</p>
<p><b>17. <u>Operational Risk</u></b></p> <p><b><i>An FMI should identify the plausible sources of operational risk, both internal and external, and mitigate their impact through the use of appropriate systems, policies, procedures, and controls. Systems should be designed to ensure a high degree of security and operational reliability and should have adequate, scalable capacity. Business continuity management should aim for timely recovery of operations and fulfilment of the FMI's obligations, including in the event of a wide-scale or major disruption.</i></b></p>
<p>To support the ERMF significant work has taken place to mature LINK's operational resiliency. This has been supported by the completion of the Banks request for a self-assessment under the Policy on Operational Resilience which came into effect March 2022, identifying LINK's Important Business Services.</p> <p>LINK has created a Business Resilience Framework to ensure the holistic management of resilience across the LINK ecosystem. The Framework consists of key disciplines in ensuring the ongoing resilience of LINK, to ensure that LINK is able to maintain operations and recover in a timely manner in the event of a disruption or unplanned incident.</p>
<p><b>18. <u>Access and Participation Requirements</u></b></p>



<p><b><i>An FMI should have objective, risk-based, and publicly disclosed criteria for participation, which permit fair and open access.</i></b></p>
<p>LINK promotes fair and open access to its participants. The membership of the Scheme is open to any organisation that meets the criteria set out in the Operating Rules. LINK continuously improves its Rules in line with the market it serves, to help control the risks to which it is exposed by its participants. LINK reviews and strengthens the applicable key areas within the Rules to ensure they are based upon reasonable risk related requirements, in line with LINK's business model.</p>
<p><b>19. Tiered Participation Arrangements</b></p>
<p>N/A</p>
<p><b>20. FMI Links</b></p>
<p>N/A</p>
<p><b>21. Efficiency and Effectiveness</b></p> <p><b><i>An FMI should be efficient and effective in meeting the requirements of its participants and the markets it serves.</i></b></p>
<p>LINK maintains an efficient and effective service to meet the needs of its Network Members and the consumers they serve.</p> <p>As one of its Objectives, LINK is committed to protecting free access to cash for those who need it for as long as it is needed. For example, as part of this LINK works alongside the PSR to ensure ongoing availability of free-to-use ATMs for UK consumers. As well as satisfying the PSR on the requirements of Specific Direction 12, LINK's commitments extend to ensuring that the ATM network remains effective across the UK. This means that LINK maintains a good spread of free-to-use ATMs, and has developed new services such as cash at the till.</p>
<p><b>22. Communication Procedures and Standards</b></p> <p><b><i>An FMI should use, or at a minimum accommodate, relevant internationally accepted communication procedures and standards in order to facilitate efficient payment, clearing, settlement, and recording.</i></b></p>
<p>LINK supports international telecoms standards. The LINK messaging standard is based on the international ISO 8583 standard for financial transaction card originated interchange messaging.</p>
<p><b>23. Disclosure of Rules, Key Procedures and Market Data.</b></p> <p><b><i>An FMI should have clear and comprehensive rules and procedures and should provide sufficient information to enable participants to have an accurate understanding of the risks, fees, and other material costs they incur by participating in the FMI. All relevant rules and key procedures should be publicly disclosed.</i></b></p>
<p>LINK has completed a review of information published on its website and concluded that there are no further disclosures required.</p> <p>Corporate governance matters are decisions which are reserved to the Board, which is the ultimate governance body of LINK and will, in broad terms, make all</p>



decisions in respect of the governance of LINK.
<b>24. Disclosure of Market Data by Trade Repositories</b>
N/A

## 5 List of Publicly Available Resources

In addition to the information contained within this document, all publicly available resources can be found on our website: [www.link.co.uk](http://www.link.co.uk).