
**Minutes of a Link Scheme Holdings Ltd (the “Company”) Board Meeting
held on Thursday 6th September 2018 at The Institute of Directors, Pall Mall, London,
SW1Y 5ED**

Present:

Sir Mark Boleat – Chairman
John Gill
Tracey Graham
John Howells
Lord David Hunt
Bill Raynal
Liz Richards
David Rigney

Apologies:

None

In Attendance:

Mary Buffee – LINK Scheme Executive
Mike Knight – The FDCentre
Graham Mott – LINK Scheme Executive
Adrian Roberts – LINK Scheme Executive
Sue Wallace – LINK Scheme Executive

1. Welcome and Conflict of Interest Declarations

The Chairman welcomed the Directors and those in attendance to the meeting.

The Chairman reminded the Directors of their obligations under the Companies Act 2006 and the Articles of Association of the Company to declare the nature and extent of their interests (whether direct or indirect) in a situation in which he/she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company.

As required by section 175 of the Act and the Articles, each Director confirmed that he/she has no interests that conflict with the interests of the Company.

2. Appointment of Bill Raynal and David Rigney as Directors

The Board approved the appointment of Bill Raynal and David Rigney as Directors of LSHL with effect from 1st August 2018. It noted that LSL approval will be sought by e-mail.
ACTION : COO.

3. Minutes of the Previous Board Meeting and Matters Arising

The Chairman stated that the minutes of the meeting on 5th July 2018 and the Board call on 18th July 2018 had already been approved.

All actions from the previous meetings of the Company have been completed or were on the agenda for this or future meetings.

There were no matters arising.

4. CEO's Report

The Board noted the contents of the CEO's Report and that the key matters were covered by separate agenda items.

(Redacted under Confidential Grounds)

The Board discussed the latest data on transaction volume and value decline. It was noted that total value is falling more slowly than the total volume.

The Board agreed that it would be useful to:

- (i) Include a regional split in future reports.
- (ii) Produce a comprehensive paper on cash usage.

ACTION : HEAD OF STRATEGY.

5. Update on Engagement with the PSR and Financial Inclusion

The Board had a thorough discussion on the engagement with the PSR and its recent communications with LINK.

(Redacted under Confidential Grounds)

6. Update on the Strategy Day

The Board agreed that a strategy session will be held on 4th October 2018 from 8.30 am – 10.30 am before a shortened Board meeting from 10.45 am – 12 noon. A Board Strategy Day and Dinner will be scheduled for the first quarter of 2019. **ACTION : HEAD OF INNOVATION.**

7. Update on the Access to Cash Review

The Board noted the report on the activities of the Access to Cash Review and expressed its satisfaction at the progress being made.

8. Update on the Mandated Tender

The Board was updated on the progress of the mandated tender. (Redacted under Confidential Grounds)

9. Scheme Risk Management

The Board noted that, as the owner of systemic risk management for LINK, it had delegated detailed oversight to the recently established Risk Committee.

The Board reviewed and discussed the risk position as shown in the Risk Dashboard and Risk Register. (Redacted under Confidential Grounds)

The Board reviewed and approved the revised Enterprise Risk Management Framework (ERMF) which had been developed in line with the Systemic Risk Management Strategy Implementation Plan.

10. Meeting the Bank's Annual Priorities

The Board was informed that four of the Bank's Priorities required a report or deliverable at the end of September.

(Redacted under Confidential Grounds)

The Board approved the contents of the draft reports provided. **ACTION: CEO/COO.**

11. Approval of the 2018 CPMI-IOSCO Submission

The Board reviewed the draft submission for the annual self-assessment against the CPMI-IOSCO Principles for Financial Market Infrastructures which is required to be received by the Bank by the end of September.

Subject to incorporating a small number of changes suggested by members, the Board approved the documents as presented for submission. **ACTION: CEO/COO.**

12. Response to the Operational Resilience Discussion Paper

The Board discussed the joint Bank, FCA and PRA Discussion Paper on operational resilience that was published in July, noting that this is likely to be the start of a process that will lead to better coordination across firms and much stronger coordination across regulators.

The Board agreed the draft response, emphasising its strong support for the initiative, and delegated finalisation of the paper to the Scheme Executive with oversight from the Chair of the Risk Committee. **ACTION : CEO/COO.**

13. Scheme Finances

The Board was updated on the Scheme's Finances.

(Redacted under Confidential Grounds)

14. Changes to Interchange as a Result of Changes to Interest Rates

The Board considered the proposal to adjust interchange following the increase in the base rate to 0.75% on 2nd August 2018.

In line with its Final Decision and Impact Assessment following its Consultation on LINK's Interchange Rates issued on 31st January 2018, the Board approved the following increases for implementation from 1st October 2018:

Interchange (pence)	Current Rate (Post July 2018)	Proposed New Rate (From Nov 2018)	Change
Branch Cash	23.8	24.3	0.5
Branch Non Cash	13.2	13.2	0
Remote Cash	26.9	27.3	0.4
Remote Non Cash	17.8	17.8	0

For those free-to-use ATMs designated as Protected ATMs that were exempted from the interchange reduction on 1st July 2018, the following changes apply.

Interchange (pence)	Current Rate	Proposed New Rate (From 1 st Nov 2018)	Change
Branch Cash	25.1	25.6	0.5
Branch Non Cash	13.9	13.9	0
Remote Cash	28.3	28.7	0.4
Remote Non Cash	18.7	18.7	0

The Board agreed that an e-mail communication be sent to Network Member Representatives notifying them of the interchange increases. **ACTION : HEAD OF INNOVATION/COO.**

15. Arrangements for LSHL AGM

The Board agreed that the AGM would be held immediately following the NMAG meeting scheduled for 14th November 2018.

The Board authorised the LINK Scheme Executive to issue the Advance Notification of the AGM out to LSHL Guarantor Representatives. **ACTION : COO.**

16. Sign-off BDO Report on Settlement Arrangements

The Board reviewed and approved the Internal Audit Report from BDO on Settlement Arrangement Risks, including the recommendations and the management responses.

17. Background Paper on the NPSO

The Board was presented with a paper on the New Payment System Operator (NPSO) including its history, scope, vision and priorities. The Board discussed the parallels with LINK and the similarity of the challenges faced by each organisation, particularly in the regulatory space.

18. Background Paper on PSR Powers

The Board noted a paper on the powers of the PSR to regulate LINK.

19. Noting of any E-mail Approvals

There were no e-mail approvals to note.

20. Any Other Business

(i) Audit Committee membership

The Board was informed that there was no reason to prevent either the appointment of the Chair of the Risk Committee as a member of the Audit Committee, nor the Chairman as a member of the Risk Committee. The Board therefore confirmed these appointments. The Terms of Reference and Scheme records will be updated accordingly. **ACTION : COO.**

(ii) Governance Directive

The Board was advised that a new governance directive which applies to listed companies had been issued. The Board agreed that this should be reviewed to assess whether there are any relevant matters for LINK. **ACTION : COO.**

21. Next Meeting

The next meeting will be held on Thursday 4th October 2018 at 10.30 am (Redacted under Confidential Grounds)