
**Minutes of a Link Scheme Ltd (the “Company”) Board Meeting
Held on Wednesday 8th June 2016**

Present:

Dr Ken Andrew - Chairman
Tracey Graham
John Howells
Lord David Hunt
Adrian Roberts
Fiona Walmsley

Apologies:

Jenny Campbell
Liz Richards

In Attendance:

Mary Buffee – Link Scheme Executive
Mike Knight – The FDCentre

1. Welcome

The Chairman welcomed the Directors to the meeting and noted the apologies for absence received from Jenny Campbell and Liz Richards. He advised that the focus of the meeting would be on innovation.

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, Adrian Roberts and Fiona Walmsley (each a **Member Director**, and together the **Member Directors**) confirmed and declared the nature and extent of his/her interest (whether direct or indirect) in accordance with section 175 of the Act and the Articles (the **Conflicted Directors**). In particular:

- (i) Adrian Roberts declared his existing relationship with Bank of Ireland, being a Network Member.
- (ii) Fiona Walmsley declared her existing relationship with RBS, being a Network Member.

2. Minutes of the Previous Board Meeting on 27th May 2016 and Matters Arising

The Board agreed the minutes of the meeting held on 27th May 2016.

All actions have been completed or were on the agenda for this meeting.

There were no matters arising.

3. Focus on LINK Innovation

3.1 Innovation propositions

John Howells emphasised that innovation is a priority for LSL and that there has been a considerable amount of effort carried out by LSL and the NMC, supported by the LINK Scheme Executive, in the recent past to identify opportunities for the Scheme to innovate. The approach followed has been to identify areas of unmet consumer demand and consider how best to leverage LINK's assets and capabilities to meet them. He then presented the ideas of LINK Payment Accounts and LINK Shared Branches that had previously been presented to NMC in March 2014.

The Board discussed the two propositions and considered LSL's ability to add value to each, noting that other organisations are actively exploring similar business opportunities in the market. On the LINK Shared Branches, it was noted that partnerships or a joint venture with others may well be the best way forward. There was also discussion regarding the appropriate timing of commencement of any innovation initiatives given the other priorities that LSL currently faces. It was agreed that John Howells will produce a paper for the next Board meeting dealing with the LINK Shared Branches, the VocaLink connectivity business proposition, and the ensuing resource implications. **ACTION: JOHN HOWELLS**

4. YourCash Balance Enquiry Paper

John Howells informed the Board that YourCash had submitted a proposal to the upcoming NMC meeting in June on changing Balance Enquiry Rules. YourCash maintained that implementation of its proposal is in the interest of consumers. Ahead of NMC, YourCash had raised four questions on which they requested that the Board provided a view.

After discussion, it was concluded that the Board fundamentally disagreed that the YourCash proposal was in the better interests of consumers than current LINK Rules, and in particular, that it did not give consumers equal choice in the selection of transactions. In addition, the Board did not agree with YourCash's position that the current Rules restrict innovation and competition, or weaken LINK's competitive position. John Howells is authorised to feedback on that basis. **ACTION: JOHN HOWELLS**

5. Committee Update

5.1 Audit Committee

The Board approved the appointment of Adrian Roberts and Fiona Walmsley to the Audit Committee.

5.2 Consumer Council

Tracey Graham and Mary Buffee provided an update to the Board of the LINK Consumer Council Meeting of 2nd June 2016.

Tracey Graham will come back to the Board in November 2016 with a paper that will summarise the results of her review of the LINK Consumer Council as recommended by the Independent Governance Review. **ACTION: TRACEY GRAHAM**

6. Any Other Business

Mary Buffee reported that the Payments Strategy Forum ("PSF") had agreed that the LINK Scheme was not in scope in connection with its work on payment scheme governance.

7. Next Meeting

The date of the next meeting is scheduled as Wednesday 6th July 2016 at 33 St James's Square, SW1Y 4JS. Lord David Hunt gave his apologies for this meeting if it cannot be rescheduled.

The Chairman will talk to individual Directors to ascertain whether there is a better schedule and timing for future Board meetings. **ACTION: CHAIRMAN**