
**Minutes of a LINK Scheme Ltd Board Meeting
Held on Wednesday 9th September 2015
The Institute of Directors, 116 Pall Mall, London**

Present:

Dr. Ken Andrew - Chairman
Tim Allen
Jenny Campbell
Anne Dalgleish
Michael Coffey
John Howells
Lord David Hunt

In Attendance:

Mary Buffee – Secretariat
Sue Wallace was in attendance from agenda item 5 onwards.

1. Minutes of Board Meeting on 5th August

The minutes of 5th August had already been approved via e-mail.

2 Matters Arising from the Minutes

The Chairman confirmed that he had started to meet with organisations that could support the search for independent non-executive Directors for the LSL Board. Three organisations in all have been contacted. They are being briefed on the general requirement for independents to support a new Scheme structure, with priority skills to include consumer, finance, and regulatory. Once the various proposals and approaches have been considered, one organisation will be selected to conduct the search. There will be updates provided at future meetings. **ACTION: CHAIRMAN.**

The Chairman updated the meeting on the LINK switch. These discussions have been redacted on commercial grounds.

All other actions were complete or are to be covered in the agenda.

3. Independent Governance Review (IGR)

It was confirmed that the attached report would be issued to NMC along with the papers on the 10th September. Lord Hunt would be presenting the paper for discussion and consideration at the September NMC and any votes on new governance arrangements would be taken at the NMC scheduled for 22nd October.

Lord Hunt thanked the Panel, the Review Team, the Chairman Ken Andrew, and colleagues from the LSL Board and NMC for their hard work and support throughout the IGR. The Panel has met for the last time and presented to the Board its final report and recommendations. These recommendations have been considered very carefully by the Panel members and have their unanimous support.

Lord Hunt explained that the Panel's overwhelming wish was to set out a model that was simple to understand and straightforward to implement, and would be one that would

support the continued success of the LINK Scheme in its significant role in the UK financial services sector. The Panel members have become strong advocates for the continuation of the Scheme and have therefore tried hard to find a model that has the support of NMC.

The PSR's objectives have generated much discussion and, whilst the report is clear that more thinking is needed on the issues of competition and innovation, the Panel is satisfied that its recommendations meet the PSR's objectives as they are currently set out.

Interchange has been recognised as crucial for the long term stability of the Scheme and so the report recommends that an independent economic review be established by the Board with the assumption that the current decision making remains in place until that is completed.

Lord Hunt also confirmed that the Panel was adamant that the Board should be small, have an independent majority, and that its members should be independently selected.

The Chairman thanked Lord Hunt and the Panel for conducting the IGR and producing what is a very helpful piece of work for the future of the Scheme. The Board Directors agreed with this and echoed the Chairman's comments of the review being extremely valuable. Jenny Campbell requested that, as a point of clarification, the voting cap should be explicit in the report, alongside more detail on the role of the Governance & Performance Committee.

4. PSR Governance Direction

The Board was reminded that the PSR has requested an annual governance compliance submission from all of the Schemes. The PSR has issued a draft template, and has requested a meeting with the Scheme Executive to discuss the submission for LINK.

The current draft is included, at this stage for Board information only. At the moment, the expectation is that this year's submission, which is due in October, will explain that there is an IGR underway but not describe it in detail. The focus of the PSR's template appears to be existing consumer engagement mechanisms and this is therefore the main content of the current draft. Both NMC and Board will be kept updated on progress, given the importance of the governance issues. **ACTION: JOHN HOWELLS.**

5. Commercial Workstream

This discussion is redacted on commercial grounds.

6. Separation Workstream

It was confirmed that no large LSL contracts have been signed and that the total LSL liability is below £100k. Details have been redacted on commercial grounds

The Board supported the proposal to move the LSL financial year end to 31st December to line up with the commercial and separation activity.

7. Scheme Finances

This discussion is redacted on commercial grounds.

Board has already agreed to a number of A&O requirements at its last meeting to enable LSL to be the client. A&O now has a supplementary requirement to enable it to advise both LSL and NMC simultaneously. This is that, in the case of any conflict between LSL and NMC, A&O will advise NMC instead of LSL. The Board approved this position on the basis that the current NMA has NMC as supreme so no conflict is possible. This position will be revisited at the time of voting for the IGR as this arrangement is likely to need revision at that point. **ACTION: JOHN HOWELLS.**

8. AOB and Date of the Next Meeting

There were no items of AOB.

The date for the next meeting is Wednesday 7th October at 10.30 at the IOD. Jenny Campbell gave her apologies and won't be able to attend this meeting.