

---

**Minutes of a Link Scheme Ltd (the “Company”) Board Meeting Held  
on Wednesday 7<sup>th</sup> December 2016**

**Present:**

Dr Ken Andrew - Chairman  
Tracey Graham  
John Howells  
Lord David Hunt  
Liz Richards  
Adrian Roberts  
Jonathan Simpson-Dent  
Fiona Walmsley

**Apologies:**

None

**In Attendance:**

Suzanne Davidson – LINK Scheme Executive (for item 10)  
Mike Knight – The FDCentre  
Graham Mott – LINK Scheme Executive (for item 5)  
Sue Wallace – LINK Scheme Executive

**1. Welcome**

The Chairman welcomed the Directors to the meeting, commenting that it was great to see everyone at LSL’s premises in Harrogate.

He 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, Jonathan Simpson-Dent 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 and a shareholder of VocaLink.
- (ii) Jonathan Simpson-Dent declared his existing relationship with Cardtronics, being a Network Member.
- (iii) Fiona Walmsley declared her existing relationship with RBS, being a Network Member and a shareholder of VocaLink.

**2. Minutes of the Previous Board Meetings on 3<sup>rd</sup> November 2016, and Matters Arising**

The Chairman stated that the minutes of the 3<sup>rd</sup> November 2016 meeting had already been approved.

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

There were no matters arising.

### **3. Chairman Succession Update**

It was agreed that John Howells would draft a communication to NMC with the agreement of Lord David Hunt and the Chairman to this effect. **ACTION : JOHN HOWELLS**

### **4. Setting up the CLG and Actions for the January 5<sup>th</sup> 2017 Board Meeting of LSL and CLG**

John Howells updated the Board on the progress in setting up the CLG.

He advised that the Accession Agreement to bring the CLG into the Members' Agreement will be signed by the LINK Scheme CEO on behalf of the Network Members and approved by the NMC on 8<sup>th</sup> December. The CLG will then be incorporated shortly afterwards.

He confirmed that the first meeting of CLG will be on 5<sup>th</sup> January 2017 and will include acceptance of the LSL shareholding transfer from Dr Ken Andrew to CLG.

The Board confirmed its agreement to the incorporation of the CLG.

### **5. Interchange Strategy**

*Graham Mott joined the meeting.*

The Chairman introduced the discussion on interchange strategy following the request by the Interchange Member Working Group for LSL to take back control of the Independent Economic Review of Interchange from NMC. The potential conflict of the three Member Directors, namely Adrian Roberts, Jonathan Simpson-Dent and Fiona Walmsley, was noted. The Board agreed that the Member Directors should participate in the discussion because of their valuable insight into this matter.

**ACTION : JOHN HOWELLS/GRAHAM MOTT**

*Graham Mott left the meeting.*

### **6. Responding to the Bank's Question on Wind-Down Plan**

John Howells reminded the Board that the Bank of England has asked LINK to explain its Wind Down Plan in the face of a large issuer leaving.

The Board agreed this approach.

A final response to the Bank will be presented to the Board for approval at the meeting on 5<sup>th</sup> January 2017. **ACTION : JOHN HOWELLS**

## 7. Agreement of Scheme Performance in 2016 and Approach for 2017 Scorecard

John Howells presented the summary of LINK performance against the 2016 objectives and the proposed 2017 Scorecard.

## 8. Update from the LINK Consumer Council

Tracey Graham (LINK Consumer Council Independent Chairman) advised that a full update had been given at the last Board meeting so no further update was needed.

## 9. Early Notice of some Key Items on January's Board Agenda

John Howells advised the Board that there are two further key issues which will require Board attention at the meeting on 5<sup>th</sup> January 2017:

- (i) Board Effectiveness review, as required by the Bank of England's current governance consultation and the CPMI-IOSCO Principles.

This was duly noted by the Board.

## 10. Scheme Risk Management

*Suzanne Davidson joined the meeting.*

Liz Richards (Chair of Audit Committee) informed the Board that, following a tender process, the recommendation is that BDO is appointed as LSL's outsourced Internal Auditor. The Board approved this appointment.

The Board also reviewed and approved the following:

- (i) Red and Amber risks as indicated in the Risk Dashboard and Risk Register;
- (ii) Project Plan to develop the Enterprise Risk Management Framework;
- (iii) Analysis of cyber risks across the end-to-end LINK payment system; and,
- (iv) Audit focus for the first year as presented.

An update on progress would be provided at the February Board meeting. **ACTION: JOHN HOWELLS**

*Suzanne Davidson left the meeting*

## 11. Scheme Finances

Mike Knight provided the Board with a brief update on the Scheme Finances.

## 12. Administrative Changes to Agreements

John Howells outlined the following administrative changes where email approval would be sought shortly after the Board meeting:

- (i) Changes to the membership name of two Network Members;
- (ii) Changes to the NMC Representatives for a number of Members;
- (iii) The introduction of Triodos Bank which successfully went live on 6<sup>th</sup> December;
- (iv) Amendments to the Switching and Settlement Agreement Appendix 3 Pricing Schedule Annex 2 to reflect the divestment of a number of ATMs from RBS to NoteMachine plus the introduction of Triodos Bank as a party to the Agreement.

### **13. Any Other Business**

#### ***Remuneration Committee***

Lord David Hunt (Chair of Remuneration Committee) summarised the following recommendations of the Remuneration Committee, which the Board duly approved, namely that:

- (i) Jonathan Simpson-Dent, having agreed to stand, be appointed as a Member Non-Executive Director on the Remuneration Committee;
- (ii) The terms of the contract with the CEO be amended regarding extension of his notice period and ability to take on one non-executive role,
- (iii) The remuneration of the CEO and senior LSL staff with respect to 2016 bonus and 2017 salary be approved as presented;
- (iv) A new senior commercial position for LSL be created to act as Deputy to the CEO with budget to be sought in the 2017 round and a target commencement date of January 2018.

### **14. Next Meeting**

The next meeting will be a Board Telephone call to specifically discuss interchange strategy and potential LSL proposals on Saturday 10<sup>th</sup> December 2016 from 12 – 1 pm.

The following meeting will be held on Thursday 5<sup>th</sup> January 2017 at 10.30 am at 33 St James's Square, London SW1Y 4JS.