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**Minutes of a Link Scheme Holdings Ltd (the “Company”) Board Meeting  
held on Thursday 4<sup>th</sup> October 2018 at The Institute of Directors, Pall Mall, London,  
SW1Y 5ED**

**Present:**

Sir Mark Boleat – Chairman  
Tracey Graham  
John Howells  
Lord David Hunt (*items 1 to 4*)  
Bill Raynal  
Liz Richards  
David Rigney

**Apologies:**

John Gill

**In Attendance:**

Mary Buffee – LINK Scheme Executive  
Gary Henshaw – 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. He highlighted the main items that were on the Agenda for Board consideration:

- LINK’s response to the PSR’s Specific Direction.

(Redacted under Confidential Grounds)

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 (as applicable) 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) David Rigney declared his position as Non-Executive Director of Principality Building Society which has a contractual relationship with a Network Member.

The Chairman advised the Board that although John Gill was unable to attend the Board Meeting, he had provided written input on various topics on the agenda and he would feed these into the discussion.

## 2. Minutes of the Previous Board Meetings and Matters Arising

The Chairman stated that the minutes of the meeting on 6<sup>th</sup> September 2018 and the Board call on 21<sup>st</sup> September 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.

## 3. Committee Updates

### (i) *Audit Committee*

Liz Richards (Chair of Audit Committee) provided a report on the meeting that had taken place on 6<sup>th</sup> September 2018. (Redacted under Confidential Grounds)  
The Audit Committee had also approved the internal audit plan for 2019.

### (ii) *Risk Committee*

On behalf of John Gill (Chair of Risk Committee), the Chairman provided a report on the first meeting that had taken place on 6<sup>th</sup> September 2018. He reported that the key foundations had been laid for the Committee's work going forward and good progress was being made on the implementation of the systemic risk management plan.

### (iii) *Consumer Council*

Tracey Graham (Chair of Consumer Council) provided a report on the meeting that had taken place on 7<sup>th</sup> September 2018. She reported that the Consumer Council is putting together its own response to the Access to Cash Review and that Natalie Ceeney will be attending the Consumer Council's December meeting.

The minutes of each of the above meetings had been previously circulated to the Board.

## 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.

Individual Directors raised specific points as follows:

(Redacted under Confidential Grounds)

The Board considered the latest data on transaction volume and value decline. It was noted that the trajectory of volume decline is accelerating with the reduction for Q3 2018 at 6.8% on the corresponding quarter in the previous year.

The Board agreed that it would be useful to show the regional changes over a six-month period. **ACTION : HEAD OF STRATEGY.**

The Board agreed that reporting on ATMs should now be based on LINK's own, as opposed to Members' self-reported, data given that this information has now been available since early 2018. This includes the splitting of branch vs non-branch ATM closures. **ACTION : HEAD OF CONSUMER AFFAIRS.**

*Lord Hunt left the meeting.*

## 5. Update on Network Footprint and Financial Inclusion

The Board was briefed on key points from the latest Access to Cash review:

(Redacted under Confidential Grounds)

The Board agreed that Scottish Output Areas should be included in the Financial Inclusion Programme in Scotland.

(Redacted under Confidential Grounds)

## 6. Update on the PSR's Specific Direction and LINK's Potential Commercial Development

The Board was updated on the PSR's draft Specific Direction 8 on Protected ATMs.

- The consultation period on the draft Specific Direction closes on 9<sup>th</sup> October 2018. The responses to the consultation will then be considered over the next 14 days before the final Specific Direction is published.
- LINK will gear up to respond in the press in a supportive manner.
- The Chairman and CEO have met with the main banks to outline LINK's strategy for dealing with the requirements of the Specific Direction.

(Redacted under Confidential Grounds)

The Board considered drafts of LINK's formal response to the consultation on the proposed Specific Direction and policies on protected ATMs, which had been circulated a few days previously. The Board approved the drafts subject to points made in discussion and delegated authority to the Chairman and CEO to finalise:

- (i) LINK's formal response to the consultation on the PSR's Specific Direction.
- (ii) the Protected ATM policies required under the PSR's Specific Direction.

**ACTION : CHAIRMAN/CEO.**

## 7. Update on the Mandated Tender

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

## 8. Executive Risk Summary

The Board was provided with an update on the key risks currently facing LINK and a high-level view of the action being taken to mitigate these risks.

The Board noted that, following the establishment of the Risk Committee which is performing the detailed work, it will now receive a summary report extracted from the Risk Register with explanatory narrative. The Board further noted that it had considered the key risks at length as specific agenda items.

## 9. Update on the Bank's Operational Resilience Roundtable

The Board was provided with feedback from the Bank's Roundtable on operational resilience held on 11<sup>th</sup> September 2018.

The Board agreed that the Risk Committee should develop the thinking further. The Chairman confirmed that this was supported by John Gill as Chair of the Risk Committee.

**ACTION : JOHN GILL/ INTERIM RISK LEAD.**

## 10. Approval of Risk Committee ToR

The Board reviewed and approved the Risk Committee Terms of Reference as presented, subject to confirming that the wording of Clause 7.2 is consistent with the wording in the Audit Committee Terms of Reference.

*Post Meeting note: this has been confirmed so there is no change to Clause 7.2*

## 11. Scheme Finances

The Board was updated on the Scheme's Finances.

(Redacted under Confidential Grounds)

## 12. Approach to Overseas ATMs

The Board approved the adoption of the rule changes as presented which will prevent the connection of overseas ATMs to the LINK network. The Chairman asked about the position of ATMs in the Channel Islands and Gibraltar. The Executive will prepare a paper for the Board to consider in due course. **ACTION : COO.**

The Board noted that final rule changes will be brought back for formal approval at a later Board meeting.

## 13. Reappointment of INEDs

The Board agreed the reappointment of Lord Hunt, Tracey Graham and Liz Richards for a further three-year term and authorised the Scheme Executive to complete the administration necessary to support this. **ACTION : CEO.**

The Board was informed that Guarantor approval is not required for the reappointment of existing Directors although it is required for the appointment of the three new Directors.

**14. Approval of the Internal Audit Plan for 2018/2019**

The Board reviewed and approved the revised Internal Audit Strategy and Plans for 2018/2019 from BDO.

**15. Noting of any E-mail Approvals**

There were no e-mail approvals to note.

**16. Any Other Business****(i) Invitation to Chairman of Lending Standards Board**

An invitation will be issued by the Chairman to Chris Pond (Chairman of the Lending Standards Board) or his designate for an informal meeting with the Board. The intention is for this to take place after the December Board meeting.

**ACTION : COO.**

**17. Next Meeting**

The next meeting will be held on Thursday 1<sup>st</sup> November 2018 at 9.30 am at (Redacted under Confidential Grounds)