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**Minutes of a Link Scheme Ltd (the “Company”) Board Meeting  
Held on Friday 27<sup>th</sup> May 2016**

**Present:**

Dr Ken Andrew - Chairman  
Tracey Graham  
John Howells  
Lord David Hunt (except items 1 & 2)  
Liz Richards  
Adrian Roberts (except item 6 ii)  
Fiona Walmsley (except item 6 ii)

**Apologies:**

Jenny Campbell

**In Attendance:**

Mike Knight – The FDCentre  
Graham Mott – LINK Scheme Executive  
Sue Wallace – LINK Scheme Executive  
Antti Lemberg – Frontier Economics (for item 6)  
Paul Cullum – Frontier Economics (for item 6)  
Mark Falcon – Frontier Economics (for item 6)

**1. Welcome**

The Chairman welcomed the Directors to the meeting and noted the apologies for absence received from Jenny Campbell.

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 11<sup>th</sup> May 2016 and Matters Arising**

The Board agreed the revised minutes of the meeting held on 11<sup>th</sup> May 2016.

There was one matter arising which has been redacted due to its confidential nature.

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All other actions have been completed or were on the agenda for this meeting or the meeting scheduled for 8<sup>th</sup> June 2016.

### 3. Update on Bank of England Recognition

The Chairman reported that he has been contacted by the Treasury and that the Recognition of the LINK Scheme by the Bank of England under the Banking Act 2009 has been completed. The Chairman and the CEO have been asked to meet with the Bank's David Bailey, Director Financial Market Infrastructure, on 7<sup>th</sup> July to understand the Bank's broad requirements. John Howells updated the Board on the potential impact of Recognition. He noted that he would be having an initial meeting with the Bank of England team on 14<sup>th</sup> June 2016 to brief them on the LINK Scheme and for the Bank to discuss its detailed requirements.

He reported that the LINK Scheme Executive had carried out an initial assessment of the impact of Recognition. At a minimum this will include:

- A risk management approach that is consistent with the three lines of defence model used by other Financial Market Infrastructures.
- A ring-fenced reserve at the level of 50% of Scheme operating costs.

The impact on the budget was discussed and this is redacted on commercial grounds.

It was also noted that the BIS/IOSCO framework requires suitably competent Scheme directors. John Howells reported that no formal structure for this could be identified but he would make further enquiries. **ACTION : JOHN HOWELLS**

### 4. Approval of CLG Articles

The Board approved the CLG Articles in principle subject to an amendment clarifying that the agreements between Members referred to in the Articles related only to such agreements in relation to the LINK Scheme. John Howells will now seek approval of the Articles in principle at the June NMC. **ACTION : JOHN HOWELLS**

The target remains for the LSL Board and NMC to formally approve the final Articles in September 2016.

### 5. Finance Approvals

The Board approved the remuneration of committee chairmanship backdated to the date of the first relevant committee meeting. The fee has been redacted due to its confidential nature.

It was noted that Member Non-Executive Directors are unremunerated on the basis that they are employed by the Member organisation and attending by virtue of that employment.

The Board approved that the Link Scheme Authorisation Matrix, originally approved by Board on 4<sup>th</sup> November 2015, is extended to cover contracts in addition to payments, and that John Howells, with the support of any other Director, is authorised to approve statutory documents on behalf of the Company.

**6. Next Steps on Independent Economic Review of Interchange**

Antii Lemberg, Mark Falcon and Paul Cullum from Frontier Economics joined the meeting to present and discuss their work. This is redacted on commercial grounds.

**7. Any Other Business**

None

**8. Next Meeting**

The date of the next meeting is Wednesday 8<sup>th</sup> June 2016 at 33 St James's Square, SW1Y 4JS.