
**Minutes of a Link Scheme Ltd (the “Company”) Board Meeting
held on Thursday 4th May 2017**

Present:

Mark Boleat - Chairman
Tracey Graham
John Howells
Lord David Hunt
Liz Richards
Adrian Roberts
Jonathan Simpson-Dent (by phone)
Fiona Walmsley

Apologies:

None

In Attendance:

Mary Buffee – LINK Scheme Executive
Mike Knight – The FDCentre
Sue Wallace – LINK Scheme Executive

1. Welcome

The Chairman welcomed the Directors to the meeting. He set the scene by highlighting the progress that had been made in addressing the interchange issue, and the discussions with the PSR on aligning views on procurement (see item 5 below) and on interchange (item 4).

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, 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.

Lord Hunt declared his interest as a Partner of DAC Beachcroft LLP.

2. Minutes of the Previous Board Meetings held on 6th April 2017, and Matters Arising

The Chairman stated that the minutes of the meeting on 6th April 2017 had already been approved.

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

There was one matter arising:

The Board was informed that the revised Directors' contracts had been approved by e-mail, based on advice given independently by DAC Beachcroft. Each Director's contract will now be executed. **ACTION : CEO**

3. CEO's Report

The CEO Report was noted. Two topics were specifically discussed:

a) *LINK App*

The Board agreed that the LINK App will be a useful consumer tool. Some observations were made about the completeness of the ATM database and the location accuracy, which is largely based on post code data from Members. It was agreed to investigate the possibility of using more specific geodata (eg longitude/latitude) to improve data quality. **ACTION : MARY BUFFEE**

The Board was informed that data on usage and downloads will be provided to the Consumer Council in June and would be shared with the Board at the July meeting. **ACTION : MARY BUFFEE**

b) *Consumer Cash Usage*

The Board noted that, whilst the volume of LINK transactions showed some growth, there was an overall decline in cash withdrawal volumes of between 5-10%. LINK's growth is due to the divestment of bank branch ATMs into LINK, ie a reduction in "on-us" transactions.

The Board requested that a more general paper be produced showing the trend in cash and non-cash usage over the previous two years and incorporating latest forecasts for future usage. This would provide valuable input for the Board Strategy Day (see item 7). **ACTION : CEO**

4. Interchange Strategy

(This point has been redacted due to confidentiality.)

5. Agenda Item

(This point has been redacted due to confidentiality.)

6. Scheme Governance Implementation Next Steps

The Board noted that the implementation of the Independent Governance Review had been completed with effect from 1st May 2017 following the abolition of the NMC. The communication to Members to that effect and on other related matters was approved by the Board, subject to the amendments that were noted. **ACTION : SUE WALLACE**

The Board agreed that the Chairman should write to the HM Treasury, the Bank of England, and the PSR to advise them that the Independent Governance Review had now been fully implemented. **ACTION : CHAIRMAN**

The Board noted that, with effect from the June meeting, the LSL and LSHL Board meetings would reverse. The LSHL Board would become the primary/lead Board and all sub-committees would move from LSL to LSHL. The position of the Consumer Council under the revised Scheme governance will be checked and advised to the Board. **ACTION : MARY BUFFEE**

7. Approach to the Strategy Day and the Board and Governance Effectiveness Review

The Board was informed that the date for the Strategy Day has now been set as Monday 24th July, 3pm – 7 pm, followed by a dinner.

The Board agreed that the Board Effectiveness Review should therefore now take place in May with questionnaires to be circulated and results aggregated by early June.

ACTION : MARY BUFFEE

The Chairman advised the Board that he would be arranging individual review meetings with Directors during the course of May. **ACTION: CHAIRMAN**

8. Trademark Matters

The Board was updated on the various trademark matters that would follow from the completion of the MasterCard acquisition of VocaLink.

The Board resolved to:

- (i) approve the proposed LINK Brand Opposition Policy.
- (ii) approve the Confirmatory Assignment document and grant John Howells, authorisation to sign the document on behalf of LSL.
- (iii) note the existence of the (redacted due to confidentiality) Co-existence Agreement and to authorise John Howells to issue the confirmation letter as presented on behalf of LSL.

ACTION : CEO

9. Audit Committee Amended Terms of Reference for Approval

The Board reviewed the Audit Committee Terms of Reference as presented and agreed the following amendments which will be reflected in the final version:

- (i) Clause 1.3: amend “*external / internal*” to “*external and internal*”.

- (ii) Clause 4.2: the “*executive responsible for internal audit*” has been amended to the “*head of internal audit*”. This change should be replicated each time “*executive responsible for internal audit*” is referenced i.e. 5.1, 8.6.1 and 8.6.7 plus any other references where this phrase may be used.
- (iii) Clause 8.1.2.1: extra space between “*a*” and “*year*” to delete.
- (iv) Clause 8.2: “*the committee should review*” to be amended to “*the committee shall review*”.
- (v) Clause 8.2: “*and any annual reports that support the annual report and accounts*”. Delete first “*annual*”.
- (vi) Clause 8.3.1: “*and risk management systems and the three lines of defence model*”. Amend this to “*and risk management systems adopting a three lines of defence model*”. This change should be replicated each time the three lines of defence model is referenced i.e. 8.6.8.
- (vii) Clause 8.4.2: “*to consider with management*” to be amended to “*to consider and agree with management*”.
- (viii) Clause 8.4.3: Reference to management to be changed as 8.4.2.
- (ix) Clause 8.7.9: Full stop at end not a semi-colon.

ACTION : SUE WALLACE

The Board approved the Terms of Reference as amended.

10. Scheme Risk Management

The Board reviewed the overall risk position summarised in the LSL Risk Management Dashboard. The Board agreed add appropriate wording, to record the potential impact on the Scheme of the current regulatory approach. **ACTION : SUE WALLACE**

The Board also agreed that the Scheme Governance risk (LSL01) should now move to green and that the Issuer Leaving (LSL02) and Interchange (LSL03) risks should remain at Red. **ACTION : SUE WALLACE**

The Board requested a package of information covering Incident Management, the Business Continuity Process, and the VocaLink ISAE 3000 Audit Report. This would provide a good starting point for the Board to be educated on these matters over time. **ACTION : SUE WALLACE**

It was noted that the linkage to the Board on the Business Continuity Planning process, which currently feeds through to the CEO, needs to be formalised. **ACTION : SUE WALLACE**

11. Scheme Finances

The Board was updated on the Scheme Finances.

(The Board discussed the Scheme Finances but has been redacted due to confidentiality.)

12. Any Other Business

Trademark challenge

The Board wished to record its thanks to the Chairman for achieving this satisfactory outcome.

(Part of this discussion has been redacted under confidential grounds.)

13. Next Meeting

The next meeting will be held on Thursday 1st June 2017 following the conclusion of the LSHL Board meeting.

Lord David Hunt gave his apologies in advance that he would not be able to attend in person but that he would endeavour to attend by phone.