

LINK Scheme Membership Structure

Categories of Membership

There are four categories:

1. General Members

General Network Members are those who designate for sharing in the LINK Network both a Card Base and ATMs.

2. Card Issuer Only Members (CIOMs)

Card Issuer Only Members are those Network Members who participate in the LINK Network primarily through designation of a Card Base that can access LINK ATMs but do not install ATMs. While they may also designate a number of ATMs for sharing within the LINK Network, their formal designation as CIOMs results from the fact that the number of ATMs is less than the minimum established by the Network Members Council, and then in effect, as qualification for General Member status (this is currently 1 ATM).

3. Independent ATM Deployer Members (IAD Members)

IAD Members are a category of Network Member who participates in the LINK Network through the provision of ATMs but who do not issue LINK cards.

4. Mobile Payment Only Members (MPOMs)

Mobile Payment Only Members are those Network Members who participate in the LINK Network through generation or receipt of mobile payments.

Contractual and Fee Requirements

Network Members must sign a Members Agreement which defines their legal obligations to other Network Members (as well as the obligations between each Network Member and Link Scheme Ltd, including Scheme fees), including obligations to operate in accordance with the Operating Rules. Network Members must also sign a Switching & Settlement Agreement which defines the legal obligations between Network Members, Link Scheme Ltd and VocaLink, including Processing fees. The consequences of failure to meet the legal obligations are addressed in each Agreement.

Admission Criteria

Membership of the LINK Scheme is open to any organisation that meets the relevant defined criteria set out below. No person shall be entitled to become a Network Member unless they meet such criteria.

(1) Prospective Network Members

- (a) Network Members (except IAD Members) must issue cards for use in ATMs connected to the LINK Network, but there is no obligation for Network Members to install ATMs;
- (b) Network Members that issue cards must be regulated by an appropriate body acceptable to Scheme Executive and the Bank of England;
- (c) To participate in the LINK Scheme, Network Members must have access to a Settlement Account at the Bank of England. They must either satisfy the Bank of England as to their creditworthiness (including any collateral supporting surety required) to operate a Settlement Account at the Bank of England, or else have access to the Settlement Account of another Network Member. Prospective Network Members should contact the Bank of England at the earliest opportunity to confirm that they will be provided with this facility or alternatively, seek to settle through another Network Member's Settlement Account;
- (d) Scheme Executive will liaise with the Bank of England in order to consider the adequacy of regulation and creditworthiness for each application for acceptance as an Issuer Member on a case-by-case basis;
- (e) Network Members of the LINK Scheme must confirm their acceptance of, and compliance with all relevant regulatory requirements as they relate to ATMs and the use of cards in ATMs;
- (f) Network Members must conform to the Operating Manual and Ancillary Documents and Technical Specifications and Ancillary Documents and provide an annual Certificate of Compliance. In addition, Scheme Executive has the right to carry out an audit of Network Members which it does on both a random and 'just cause' basis; and
- (g) Network Members must be of appropriate integrity and business reputation.

In addition to the criteria set out in sections (b) to (g), IAD Members must also meet the following criteria:

- (h) Be incorporated in, and carry out, business in the EU;
- (i) Be capable of performing the functions and responsibilities of an IAD

Member in accordance with the Operating Manual;

- (j) Have the financial resources appropriate to discharge the liabilities under the Members Agreement and Switching & Settlement Agreement incurred in its forecast and actual levels of payment message traffic; and
- (k) Have completed an application in a form satisfactory to Scheme Executive and, as a condition of being permitted to continue to perform the function of IAD Member, the applicant shall, at all times, continue to meet the above criteria.

(2) Prospective Mobile Payments Only Members

Prospective Mobile Payments Only Members (MPOM) of the LINK Scheme must meet the following criteria:

- (a) An MPOM must be a participant of the Mobile Payments Scheme;
- (b) An MPOM must be a designated "Payment Services Provider" as defined in, and in accordance with, the Payment Services Regulations 2009 and be regulated by an appropriate body acceptable to Scheme Executive and the Bank of England;
- (c) To participate in the LINK Scheme, an MPOM must have access to a Settlement Account at the Bank of England. They must either satisfy the Bank of England as to their creditworthiness (including any collateral supporting surety required) to operate a Settlement Account at the Bank of England, or else have access to the Settlement Account of another Network Member. Prospective MPOMs should contact the Bank of England at the earliest opportunity to confirm that they will be provided with this facility or alternatively, seek to settle through another Network Member's Settlement Account;
- (d) Scheme Executive will liaise with the Bank of England in order to consider the adequacy of regulation and creditworthiness for each application for acceptance as an MPOM on a case-by-case basis;
- (e) An MPOM must confirm their acceptance of, and compliance with all relevant regulatory requirements as they relate to Mobile Payments;
- (f) An MPOM must conform to the Operating Manual and Ancillary Documents and Technical Specifications and Ancillary Documents and provide an annual Certificate of Compliance. In addition, Scheme Executive has the right to carry out an audit of MPOMs which it does on both a random and just cause basis;

- (g) An MPOM must conform to the MPS Scheme Rules and MPS Technical Standards;
- (h) MPOMs must be of appropriate integrity and business reputation;
- (i) MPOMs must have the financial resources appropriate to discharge the liabilities under the Members Agreement and Switching & Settlement Agreement incurred in its forecast and actual levels of payment message traffic; and
- (j) MPOMs must have completed an application in a form satisfactory to Scheme Executive and, as a condition of being permitted to continue to perform the function of MPOM, the applicant shall, at all times, continue to meet the above criteria.

(3) **Business Case**

Prospective Network Members (other than prospective Mobile Payments Only Members as to which see section (4)) must produce and deliver to Scheme Executive a business plan in connection with their proposed membership of the LINK Scheme that includes:

- (a) Forecast by year of the number of cards (by type) in issue for the next five years;
- (b) The expected number of transactions to be issued by each of the card types for each of the next five years;
- (c) Any customer charging intentions (although it is accepted that these may change over time);
- (d) The number of ATMs installed at the end of each of the next five years;
- (e) The number of transactions expected to be acquired in each of the next five years;
- (f) Any intentions with respect to other forms of charging, e.g. Surcharging; and
- (g) Details of connection and processing arrangements (e.g. in-house, outsource etc.).

A senior representative of the prospective Network Member's management team must also confirm that they have read and accepted the requirements of the Operating Manuals and the Rate Card

(4) **Business Case - Prospective Mobile Payments Only Members**

Prospective MPOMs must produce and deliver to Scheme Executive a Business Plan that includes:

- (a) Forecast by year of the number of Mobile Payment transactions to be generated for each of the next five years.
- (b) Forecast by year the number of Mobile Payment transactions to be received for each of the next five years.
- (c) Details of connection and processing arrangements (e.g. in-house, outsource etc.).

A senior representative of the prospective MPOM's management team must also confirm that they have read and accepted the requirements of the Operating Manual, the Rate Card.