

Minutes of a Link Scheme Holdings Ltd (the “Company”) Board Meeting held on Thursday 7th March 2019 at (Redacted on Confidential Grounds).

Present:

Sir Mark Boleat – Chairman
John Gill
Tracey Graham
John Howells
Lord David Hunt
Bill Raynal
Liz Richards
David Rigney

Apologies:

None

In Attendance:

Mary Buffee – LINK Scheme Executive
Mike Knight – LINK Scheme Executive
Graham Mott – LINK Scheme Executive
Adrian Roberts – LINK Scheme Executive
Tom Sleight – 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 drew attention to the key issues affecting LINK which were on the Agenda for the Board’s consideration: (Redacted on 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).

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

Although it was noted unlikely to present a conflict, Lord Hunt informed the Board that he would be chairing a British Insurance Brokers’ Association meeting which involved the Bank of England, FCA, and CMA.

2. Minutes of the Previous Board Meetings and Matters Arising

The Chairman stated that the minutes of the meetings held on 7th February 2019 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 and Meeting Updates

The minutes of the Remuneration and Nominations Committee and Risk Committee meetings held on 7th February 2019 had been circulated prior to the meeting.

John Gill (Chair of the Risk Committee) highlighted the main areas covered at the Risk Committee meeting: (Redacted on Confidential Grounds).

A rewording of the first sentence of the third paragraph under item 8 of the Risk Committee meeting minutes to reflect on page 4 will be made. **ACTION : CRO.**

Post meeting note:

Subject to Risk Committee approval, the existing wording:

“Currently all Policies are reviewed by the Audit Committee, however TS suggested that it would be better if they went through the Risk Committee before Board.”

Will be replaced by:

“Currently, all Policies are reviewed by the Audit Committee. TS suggested that, other than those Policies which the Audit Committee is required to approve in accordance with its terms of reference, it would be appropriate for the Risk Committee to review Policies and recommend to the Board for approval. This would then enable the internal audit function to undertake oversight of the Policy Management Framework and associated approval process.”

4. CEO's Report

The Board noted the contents of the CEO's Report and discussed a number of the main topics: (Redacted on Confidential Grounds).

The Board reviewed the data and trends in the COO's Report. The tables included in the report will be reviewed to ensure all headings, units and descriptions are precise and clear. **ACTION : COO.**

5. Network Footprint Update

The Board was updated on the ATM network footprint, the various initiatives underway to manage the network including Low Volume Premiums and Direct Commissioning, and recent press activity and interactions with the PSR.

(Redacted on Confidential Grounds).

Direct Commissioning

(Redacted on Confidential Grounds).

The Board noted that the list of closed dynamic protected ATMs by location is on the LINK website in anonymised form.

The table included in Item 6 Network Footprint Update on page 7 of the Board paper is to be corrected to show the annual change in the number of of ATMs as -7.19%. **ACTION : CCO.**

Lloyds Purchase with Cashback Pilot

The Board discussed the Lloyds initiative to boost the number of retailers offering purchase with cashback. Whilst recognising that this was currently a small-scale pilot, the Board agreed that it was an important initiative and would be supported by LINK.

6. (Redacted on Confidential Grounds)**7. Approval of the Protected and Deprived Area ATM Policies**

The Board reviewed the LINK Policy on Protected ATMs version 2.0 and the LINK Policy on Financial Inclusion ATMs version 2.0, both of which were attached as appendices to the Board papers.

The Board noted that these policies have been updated to:

- (i) Incorporate the new Low Volume Premiums which will be effective 1st April 2019.
- (ii) Amend the number of months' transaction volumes used to assess the level of premiums from three months to twelve months to make the Financial Inclusion ATM Policy consistent with the Protected ATM Policy.

The Board approved the LINK Policy on Protected ATMs version 2.0 and the LINK Policy on Financial Inclusion ATMs version 2.0.

8. Access to Cash Report

The Board noted that the Access to Cash Report had been published on 6th March 2019 and agreed that it had been an extremely useful exercise. Following the earlier discussion under Item 4, the Board briefly further discussed the Review's findings and recommendations, noting that Natalie Ceeney will be attending the Board Strategy Event on 28th March 2019 where there will be an opportunity for a more thorough discussion.

9. LINK Report on the ATM Marketplace an Access to Cash

The Board discussed the outline proposal for a public report by LINK on developments in the ATM and access to cash marketplace one year on from the publication of the Interchange Decision.

Directors made the following observations:

- (i) The report should be framed more widely than the current proposal in light of the Ceeney Review.
- (ii) It should include trends in access to cash.
- (iii) There should be a piece at the outset regarding consumers and also the role of the LINK Consumer Council.
- (iv) It should emphasise LINK's leadership role.

The structure of the report will be reframed to incorporate the above points. **ACTION : STRATEGY DIRECTOR.**

(Redacted on Confidential Grounds).

The Board resolved to delegate authority to finalise the LINK Report on the ATM Marketplace and Access to Cash to the Chairman and CEO, with all Board members being invited to comment prior to publication. ACTION : CHAIRMAN/CEO.

10. Tender Update

The Board was updated on the progress of the mandated tender.

(Redacted on Confidential Grounds).

11. Scheme Finances

The Board was updated on the Scheme's Finances.

(Redacted on Confidential Grounds).

12. Executive Risk Summary

The Board reviewed the Top Risks report (Redacted on Confidential Grounds).

13. Approval of Revised Risk Appetite Statements

The Board reviewed and approved the updated Risk Appetite Statements and Impact Tolerances attached as Appendix 1 to Item 13 in the Board papers.

(Redacted on Confidential Grounds).

The Board noted the updated Statements had been discussed in detail at the Risk Committee on 7th February 2019.

14. Board Access to Directors' e-mails and Documentation

(Redacted on Confidential Grounds).

15. Final Arrangements for the Strategy Event and Board Dinner

The Board was updated on the final arrangements for the Board Strategy Event on 28th March 2019 which will include an opportunity to discuss the final recommendations from the Access to Cash Review with Natalie Ceeney who will now join the session at 2.30 pm. The Board was informed that the agenda was being reworked accordingly and that a pre-reading pack, including scenarios, will be distributed to Directors prior to the session for Friday 15th March. **ACTION : CCO.**

16. Noting of any E-mail Approvals

There were no e-mail approvals to note.

17. Any Other Business

There was no other business for the meeting.

18. Next Meeting

The next meeting will be held on Thursday 4th April 2019 at 10.30 am (Redacted on Confidential Grounds).