

Form B – General Direction 3

Please complete the form below, ensuring that you respond to each section of the paper. The **main headings** relate to the reporting requirements of general direction 3 (3.4, a-f). The *sub-headings* provide you with guidance on the information that we would like you to provide in order to meet the reporting requirements.

a) Self-assessment by the operator on compliance of its access requirements contained in regulation 97 of the PSR 2009 throughout <u>2016/17</u> .	
<p><i>I) Please provide a statement as to whether you consider that you have complied with the obligation contained in regulation 97 of the PSR 2009 throughout 2016/17.</i></p> <p><i>You should cross reference a statement of compliance from a responsible person.</i></p>	<p>It is the view of Link Scheme Ltd that "LINK Scheme" is compliant with the requirements of Regulation 97 of the PSR 2009.</p> <p>The covering letter with this submission contains a statement of compliance from the CEO.</p>
<p><i>II) Please provide us with an explanation of why you consider that your access requirements mean that you have complied with the obligation contained in regulation 97 of the PSR 2009.</i></p>	<p>As reported within the 2016 LINK Annual Compliance Report, Membership of LINK Scheme remains open to any organisation that meets the relevant defined access criteria set out at Para 1.3 of Members Agreement Appendix 1 Part A 1 - Operating Rules as attached (Confidential). In order to safeguard LINK Scheme against unnecessary risk Membership is conditional on meeting such criteria.</p> <p>In 2016, LINK provided a detailed explanation why it's access criteria ensured that it met the requirement as laid down in regulation 97; objectivity, proportionality and non-discrimination. Additionally, LINK would like to highlight the following:</p> <p>1. Objectivity On behalf of the Scheme Membership, the Scheme Executive (employees of Link Scheme Ltd) manage all membership applications to ensure an objective approach and that no undue influence is placed regarding new applications from existing Members either individually or collectively. No new Member application has ever been refused.</p>

	<p>2. Proportionality The access criteria recognise the differences in the nature of businesses, enabling a variety of prospective participants to enjoy the benefits of being a Member. For example, Independent ATM Deployers (IADs) are not required to issue cards but must be capable of performing the functions and responsibilities of an IAD Member in accordance with the Operating Manual. Similarly, only certain access criteria apply to Issuer Only Members and Mobile Only Payment Members.</p> <p>3. Non-discrimination During the reporting period, the access criteria were publicly available via the LINK and Link Scheme Ltd websites and can be found as follows;</p> <p>LINK Scheme website: http://www.link.co.uk/about-link/joining/applying-for-membership/</p> <p>Link Scheme Ltd website: http://www.linkschemeltd.co.uk/</p> <p>For Information, from 9th October 2017 the above websites have been amalgamated into a single website presence with corresponding access criteria at the following location:</p> <p>https://www.link.co.uk/membership/joining/</p> <p>They are applied in a consistent manner without favour or discrimination and in doing so provide an opportunity for a broad spectrum of organisations to take part in the Scheme. For example, as of July 2017, LINK Members range from an Independent ATM Deployer with two (2) ATMs to a General Member operating +7k ATMs and issuing +16m cards.</p> <p>The Members Agreement contains rules (including Operating Rules) which ensure operational stability of the payment system. All Members become party to the Agreement and there is therefore a consistent approach.</p>
<p><i>III) Please highlight any changes that have been made to the access requirements over 2016/17. Where changes have been made, please explain how they better meet the obligation contained in regulation 97 of the PSR 2009 and how they</i></p>	<p>There have been no changes to the LINK Scheme access requirements over the period 2016/17.</p> <p>As part of the 2016 report we detailed progress towards the development of a structured On-boarding Process in line with guidance provided within the PSR Access and Governance Report 2015.</p> <p>This process is now in place and actively used to support access enquiries to LINK Scheme in providing relevant information to help PSPs make informed decisions as to whether LINK Scheme is an appropriate PSO for their business whilst recognising that LINK operates in a competitive</p>

<p><i>addressed any relevant concerns or focus areas we have identified.</i></p>	<p>environment amongst other card payment systems. We created a library of collateral¹ from which information can be included within a bespoke On-boarding Pack to support membership enquiries with the proviso that provision of Scheme information will always be proportionate to the needs of the prospective Member and be dependent on the stage of application and to safeguard proprietary Scheme information.</p> <p>¹ LINK recognises that expressions of interest to join the Scheme can arise from organisations with varying levels of background knowledge. To aid initial engagement, LINK maintains a library of introductory documents, in addition to standard technical and contractual documentation.</p>											
<p>b) Details of all occasions in 2016/17 when an expression of interest in potentially securing direct access or direct technical access has been made and details of the operator's response to, and outcome of, such expression of interest.</p>												
<p><i>I) Information for publication on new members and demand for access.</i></p>	<table border="1" data-bbox="674 687 2033 823"> <thead> <tr> <th data-bbox="680 692 1016 751"><i>Expressions of interest</i></th> <th data-bbox="1023 692 1359 751"><i>Signed letters of intent</i></th> <th data-bbox="1366 692 1702 751"><i>New members during reporting period</i></th> <th data-bbox="1709 692 2027 751"><i>No. of participants</i></th> </tr> </thead> <tbody> <tr> <td data-bbox="680 756 1016 815">➤ 12</td> <td data-bbox="1023 756 1359 815">➤ 2</td> <td data-bbox="1366 756 1702 815">➤ 1</td> <td data-bbox="1709 756 2027 815">➤ 38</td> </tr> </tbody> </table> <p>There are active discussions ongoing with five of the companies who have expressed interest in accessing the LINK Network since October 2016</p>				<i>Expressions of interest</i>	<i>Signed letters of intent</i>	<i>New members during reporting period</i>	<i>No. of participants</i>	➤ 12	➤ 2	➤ 1	➤ 38
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<p><i>II) Confidential information on demand for access.</i></p>	<p>There have been several expressions of interest to participate in LINK Scheme during this reporting period. A complete list of all such requests is detailed in confidential annex 1.</p>											
<p>c) Details of all occasions in 2016/17 when an enquiry or objection regarding potential changes to the access requirements has been made to the operator and details of the operator's response to, and outcome of, such enquiry or objection.</p>												
<p><i>I) Number of enquires made to change access requirements</i></p>	<p>There have been no enquiries regarding the defined access requirements during this reporting period.</p>											

<i>II) Please provide a general explanation of the process that is followed to deal with these enquires.</i>	There is a dedicated Senior Manager responsible for progressing all applications in line with the criteria set out above. Final approval is delegated by the Link Scheme Holdings Ltd Board to the LINK Scheme Executive.
<i>III) Number of objections made to any proposed changes.</i>	There have been no challenges to the defined access requirements during this reporting period.
<i>IV) Please provide a general explanation of the process that is followed to deal with these objections.</i>	There is a dedicated Senior Manager responsible for dealing with objections. Objections received will be initially categorised depending on what is being objected to, whether Regulatory, Contractual/Rules based, or Technical. Once this is established, the relevant stakeholder group, i.e. in the instance of an objection to a regulatory requirement then the appropriate regulator, would be engaged to review the objection and provide feedback as to its substance and whether it should be recognised for amendment. The Senior Manager would provide feedback to the originator as to the decision. Should the originator wish to make an appeal, this would be escalated to the CEO in the first instance and then the Link Scheme Holdings Ltd Board. The PSR will be engaged if felt necessary by the Board.
<i>V) Confidential information on enquiries and objections.</i>	There were no enquiries or challenges during the reporting period to include within the confidential annex 2. It is therefore left blank.
d) Details of all occasions in 2016/17 when the operator has engaged with, and considered, the views of payment service providers and other interested parties on the operation and effectiveness of its access requirements.	
<i>I) Please provide a general explanation of the process you follow to engage with interested parties.</i>	No change since last report.
<i>II) Confidential information on views expressed relating to the operation and effectiveness of the access requirements.</i>	There has been no requirement to review access criteria during the reporting period. Confidential annex 3 is therefore left blank.

e) Details of any anticipated *operator* review, or engagement with *payment service providers* and other interested parties, that the *operator* plans to take over the following 12-month period in relation to its access requirements.

*If you have work **on-going** reviewing your access requirements please include a description of that work. You should explain the aim of the work (and how it related to the GD2 obligation), the progress that has been made to date, the way in which stakeholders have informed the work and the expected completion date.*

There are no changes to the LINK Scheme access or the process for assessing access criteria under review at this time.

*If you are **planning** to review your access requirements in the next 12 months please include a description of the planned work. You should explain the aim of the work (and how it related to the GD2 obligation), the way in which stakeholders will be engaged in the work, the planned stages of the project and the expected completion date.*

No review is planned in the next 12 months.

f) Details of any anticipated future developments that the *operator* considers may require or justify material updates or changes to its access requirements.

Please provide an explanation of the anticipated future developments you have identified.

None that will impact on access requirements.

Please provide an explanation of how any of these developments could have an impact on your access requirements.	Not Applicable

Form C - General Direction 4

Please complete the form below, ensuring that you respond to each section of the paper. The **main headings** relate to the reporting requirements of general direction 4 (4.2, a-c). The *sub-headings* provide you with guidance on the information that we would like you to provide in order to meet the reporting requirements.

a) self-assessment by the <i>operator</i> on compliance of the representation of the interests of service users in the operators governing body's decision making process throughout <u>2016/17</u>	
<p><i>I) Please provide a statement as to whether you consider that you have complied with the obligation in Direction 4.1.</i></p> <p><i>You should cross reference a statement of compliance from your responsible director.</i></p>	<p>Link Scheme Holdings Ltd (LSHL) considers consumers and Member PSPs to be the Service Users of the LINK Scheme and therefore in our view LSHL is compliant with the PSRs requirement that there is appropriate representation of their interests in its decision-making.</p> <p>The covering letter with this submission contains a statement of compliance from the CEO.</p>
<p><i>II) Please provide us with an explanation and evidence of why you consider that your governance arrangements and internal processes mean that there is appropriate representation of the interests of service-users in the operator's governing body's decision-making processes.</i></p>	<p>Our 2015/16 report highlighted that consideration was being given to the future role of the Network Members Council in line with the Independent Governance Review² (IGR). As a result, the Network Members Council has been abolished and the management of the Scheme is carried out by the independent Board of LSHL.</p> <p>Network Members continue to be represented through their Network Member Representatives'.</p> <p>Network Members have a number of Reserved Matters that remain under their control (Rules, interchange and Fees).</p> <p>In terms of the LINK Consumer Council, the report remains the same as last year's, other than the appointment of DWP as an independent member to increase public sector insight, and the launch of the LINK App to assist consumers in locating ATMs.</p> <p>² Further details of the Independent Governance Review (IGR) can be found within the LINK 2015/16</p>

	Annual Compliance Report.
<i>III) Please explain the process that you have in place to collect service users' views (eg forms/user groups, surveys and research, meetings and request, consultation).</i>	No change since last report.
<i>IV) Please explain the process that you have in place to ensure these views are represented at board level (eg INED, service users represented on the board, board sub-committees)</i>	No change since last report.
<i>V) Please explain the process that you have in place to ensure that service users get general and specific feedback from the board and understand the rationale for the board's decisions.</i>	No change since last report.
<i>VI) Please highlight any changes that have been made to your governance arrangements and internal processes over the relevant period. Where changes have been made, please explain how they better meet the obligation in General Direction 4.1.</i>	<p>A new independent Chair has been appointed to the Scheme (Sir Mark Boleat) to replace Dr Ken Andrew.</p> <p>As reported in our 2015/16 report and in line with the recommendations of the Independent Governance Review the Operator company has been set up as a company limited by guarantee, called Link Scheme Holdings Ltd.</p>
<i>VII) Please provide examples of how this service user representation is captured in the</i>	No change since last report.

<p><i>decisions of your board when performing its functions and duties.</i></p> <p><i>For example – How do you ensure that your strategy captures service-user needs?</i></p>	
<p>b) Details of all occasions in <u>2016/17</u> when the operator has engaged with, and considered, the views of service-users (including indirect payment service providers) and other interested parties on the effectiveness of the representation of the interests of service-users in its decision-making processes of its governing body.</p>	
<p><i>I) Confidential information on engagement with service-users.</i></p>	<p><i>Please complete the table at confidential annex 4. This information will not be published.</i></p>
<p>c) details of any anticipated review, or engagement with service-users (including indirect payment service providers) and other interested parties, that the operator plans to take over the following 12-month period in the representation of the interests of service-users in its decision-making processes of its governing body.</p>	
<p><i>If you have on-going work reviewing or changing your engagement with service users please include a description of that work. You should explain the aim of the work (and how it related to the GD4 obligation and any relevant concerns or focus areas we have identified), the progress that has been made to date, the way in which stakeholders have informed the work and the expected completion date.</i></p>	<p>LINK's consumer focus is not planned to diminish over the next year. The current Scheme plans include:</p> <ul style="list-style-type: none"> • Launch of the new LINK website. • Defining the strategic approach to Scheme Innovation for consumers • Continued implementation of the Financial Inclusion Programme, along with analysis on how the programme could be developed over time. <p>Further information regarding Innovation for consumers, in particular the Financial Inclusion Programme is publicly available on the LINK website:</p> <p>https://www.link.co.uk/initiatives/</p>

*If you are **planning** to review or change your engagement with service users in the next 12 months please include a description of the planned work. You should explain the aim of the work (and how it related to the GD4 obligation), the way in which stakeholders will be engaged in the work, the planned stages of the project and the expected completion date.*

Reserved Matters are anticipated to move from the Network Members to the Board by the end of 2017 to ensure compliance with the Bank of England’s Governance Code of Conduct.
